Financial Statements

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND CONVENTION COMMISSION

Year Ended June 30, 2021

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND CONVENTION COMMISSION

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Year Ended June 30, 2021

Independent Auditor's Report

The Board of Commissioners
Louisville and Jefferson County Visitors and
Convention Commission

Report on the Financial Statement

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit and each major fund of the Louisville and Jefferson County Visitors and Convention Commission (the "Commission") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and each major fund of the Commission as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-10, budgetary comparison information on page 40, GASB 68 schedules on pages 41-42 and GASB 75 schedules on pages 43-44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The Schedule of Collection of Transient Room Tax - Historical Transient Room Tax Collections on page 45 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Collection of Transient Room Tax - Historical Transient Room Tax Collections 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Collection of Transient Room Tax - Historical Transient Room Tax Collections is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2021 on our consideration of the Commission'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 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 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 Commission's internal control over financial reporting and compliance.

MCM CPAs & Advisors LLP

Louisville, Kentucky
November 17, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis is provided as a supplement to the accompanying financial statements and footnotes to help provide an understanding of the financial position, changes in financial position, and results of operations of the Louisville and Jefferson County Visitors and Convention Commission (the "Commission"), doing business as Louisville Tourism. Management's discussion and analysis should be read in conjunction with the accompanying financial statements and footnotes.

The Commission was established pursuant to KRS 91A.350. The mission of the Commission is to support the local economy's growth by driving tourism to the city and region. The agency serves as the leading voice for Louisville's hospitality industry to unite other sectors of the community, both private and public, in partnership to make the destination attractive to visitors and investment. In pursuit of its mission, the Commission generates increased visitor spending, local tax receipts and job development.

FINANCIAL HIGHLIGHTS

To provide context to these financial highlights, it should be noted that the Commission's net position was impacted by the issuance on August 31, 2016 of Dedicated Tax Revenue Bonds with a par amount of $148.8 million ("the Series 2016 Bonds") to finance a portion of the renovation and expansion of the Kentucky International Convention Center ("KICC"). KICC is owned by the Commonwealth of Kentucky and therefore not recorded as an asset by the Commission. The deficit net position results from the net bonds payable being reflected as a liability with no recognition of a corresponding asset.

- Total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by $111.9 million at June 30, 2021.
- Total net position decreased by $1.3 million for the fiscal year ending June 30, 2021.

It should also be noted that in March 2020, the World Health Organization declared the global novel coronavirus disease 2019 ("COVID-19") outbreak a pandemic. After the United States Centers for Disease Control and Prevention confirmed the spread of the disease throughout the United States, public health orders were issued that significantly impacted the hospitality industry. The impact of the COVID-19 pandemic on the financial statements of the Commission is further described in Note Y of the notes to financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This overview and analysis is intended to serve as an introduction to the Commission's basic financial statements, which include two components: (1) the financial statements and (2) notes to the financial statements. This report also contains supplementary information, which is comprised of a budgetary comparison schedule, net pension obligation, and net OPEB liability as required supplementary information and a schedule of collection of transient room tax as other supplementary information. These components are described below.

The financial statements provide both short-term and long-term information about the Commission's financial position and consist of (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. The Commission's government-wide financial statements are prepared on an accrual basis. The fund financial statements are prepared on a modified accrual basis, in accordance with generally accepted accounting principles for governmental units.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position (Deficit) (page 11) presents the Commission's assets and liabilities, with the difference between the two reported as "Total Net Position (Deficit)." Over time, increases or decreases in the Commission's net position serve as an indicator of whether the financial position of the Commission is improving or deteriorating. The Statement of Activities (page 12) reports information on all Commission revenues and expenses in a manner similar to that used by most private-sector companies and presents information regarding how net position changed during the fiscal year. All changes in net position are reported when the underlying event occurs, regardless of the timing of the related cash flow.

GOVERNMENT-WIDE FINANCIAL STATEMENTS - CONTINUED

The Greater Louisville Sports Commission (the "GLSC") is included as a discretely presented component unit of the Commission as it is fiscally dependent upon the Commission. In the fiscal year ended June 30, 2021, the Commission provided $370,000 of operating funds to the GLSC without which the GLSC would have been unable to continue operations. It is the Commission's intention to continue to fund GLSC in future years. However, because the GLSC is a separate organization with a separate board that is not controlled by the Commission, the GLSC financial information has been intentionally omitted from this discussion.

FUND FINANCIAL STATEMENTS

The Balance Sheet - Governmental Funds (page 13) consists of two fund types, the General Fund and the Debt Service Fund. The General Fund is used to record the general operations of the Commission and the Debt Service Fund is used to account for the accumulation of resources for payment of general long-term debt principal and interest.

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position (Deficit) (page 14) provides a summary and explanation of differences between the fund financial statements and the government-wide financial statements.

The Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (page 15) reports actual operations of both the General and Debt Service funds.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities (page 16) provides a summary and explanation of differences between the fund financial statements and the government-wide financial statements.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements may be found immediately following the financial statements and preceding the supplementary information, on pages 17 through 39.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also contains certain supplementary information. Required supplementary information includes a budget to actual comparison schedule, certain net pension liability information, and certain net OPEB liability information. Other supplementary information includes a schedule of historical transient room tax collections.

FINANCIAL ANALYSIS OF THE COMMISSION

The Commission's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $111.9 million at June 30, 2021 compared to $110.6 million at June 30, 2020. The net position was impacted by the Commission's issuance on August 31, 2016 of the Series 2016 Bonds with a par amount of $148.8 million to finance a portion of the renovation and expansion of KICC. KICC is owned by the Commonwealth of Kentucky and therefore the facility, including any funds provided to support its renovation and expansion, is not recorded as an asset by the Commission. The deficit net position results from the net bonds payable being reflected as a liability with no recognition of a corresponding asset. Net bonds payable was $135.7 million at June 30, 2021. The condensed information below was derived from the Commission's Statement of Net Position (Deficit) at June 30, 2021 and June 30, 2020.

Louisville and Jefferson County Visitors and Convention Commission

Assets, Liabilities, and Net Position (Deficit)

June 30

			Variance	
	2021	**2020**	**$**	**%**
Assets				
Other assets, net	$ 43,217,829	$ 44,047,300	$ (829,471)	-2%
Capital assets, net	363,279	430,016	(66,737)	-16%
Total Assets	43,581,108	44,477,316	$ (896,208)	-2%
Deferred outflows of resources	4,534,484	4,457,658	76,826	2%
Total Assets and Deferred Outflows of Resources	$ 48,115,592	$ 48,934,974	$ (819,382)	-2%
Liabilities				
Long-term liabilities, net	$ 153,138,419	$ 152,653,303	$ 485,116	0%
Other liabilities, net	5,383,564	5,080,335	303,229	6%
Total Liabilities	158,521,983	157,733,638	$ 788,345	0%
Deferred inflows of resources	1,462,009	1,780,711	(318,702)	-18%
Total Liabilities and Deferred Inflows of Resources	$ 159,983,992	$ 159,514,349	$ 469,643	0%
Net Position (Deficit)				
Invested in capital assets, net	$ 363,279	$ 430,016	$ (66,737)	-16%
Restricted	26,229,639	28,719,674	(2,490,035)	-9%
Unrestricted	(138,461,318)	(139,729,065)	1,267,747	-1%
Total Net Position (Deficit)	$ (111,868,400)	$ (110,579,375)	$ (1,289,025)	1%

FINANCIAL ANALYSIS OF THE COMMISSION - CONTINUED

Total assets and deferred outflows of resources decreased by $0.8 million, or 2%. Key elements of this change were:

- Other assets decreased by $0.8 million, or 2%, primarily due to a $3.5 million decrease in investments and restricted cash and cash equivalents in the Debt Service Fund, which were used to supplement dedicated transient room tax receipts as needed to meet debt service requirements on the Series 2016 Bonds. Amounts due from related party and other receivables declined by $0.4 million as associated funds were received during the year. These declines were partially offset by a collective $3.2 million increase in amounts due from other governmental units and due from trustee as the transient room tax rebounded in the last quarter of the fiscal year 2021. Transient room tax earned in May and June is received after fiscal year-end.
- Deferred outflows of resources increased by $0.1 million, or 2%, with the deferred outflow for pension decreasing by $0.7 million and the deferred outflow for postemployment benefits other than pensions (OPEB) increasing by $0.8 million.

Total liabilities and deferred inflows of resources increased by $0.3 million, or 0%. Key elements of this change were:

- Long-term liabilities, net increased by $0.5 million, or 0%, primarily as a result of new Paycheck Protection Program ("PPP") loans and changes in the net pension and OPEB liabilities. The Commission borrowed $2.7 million in PPP loans during the year that remained outstanding and were reported as a liability at year-end. The net pension liability increased by $0.8 million and the net OPEB liability increased by $1.3 million. This increase was partially offset by a $3.9 million reduction in net bonds payable that resulted from the $3.2 million bond principal payment during the year and $0.7 million amortization of the net bond issuance premium.
- Deferred inflows of resources decreased by $0.3 million, or 18%, as the deferred inflow for OPEB fell $0.2 million and the deferred outflow for pension declined $0.1 million.

Total net position (deficit) decreased by $1.3 million, or 1%. Key elements of this change were:

- Restricted net position decreased by $2.5 million primarily due to a reduction in investments and restricted cash and cash equivalents that were used to pay debt service on the Series 2016 Bonds. This decline was partially offset by a $1.3 million increase in transient room tax due from other governmental units in the Debt Service Fund.
- Unrestricted net position (deficit) increased by $1.3 million primarily due to a $3.9 million reduction in net bonds payable following the annual principal payment and amortization of the net bond issuance premium. A $1.9 million increase in transient room tax due from other governmental units and from trustee in the General Fund also contributed to this increase. This positive impact on the unrestricted net position (deficit) was partially offset by the $2.7 million increase in the liability for PPP loans along with increases in the net pension and net OPEB liabilities.

FINANCIAL ANALYSIS OF THE COMMISSION - CONTINUED

A summary of the Commission's changes in net position (deficit) is shown below.

Louisville and Jefferson County Visitors and Convention Commission

Changes in Net Position (Deficit)

For the Year Ended June 30

	2021	2020	Variance $	Variance %
Expenses				
Operating	$ 11,867,635	$ 19,021,551	$ (7,153,916)	-38%
Interest	4,030,185	4,090,807	(60,622)	-1%
Other	150,163	123,927	26,236	21%
Total Expenses	$ 16,047,983	$ 23,236,285	$ (7,188,302)	-31%
Revenues				
Transient room tax	$ 13,974,228	$ 23,841,314	$ (9,867,086)	-41%
Matching funds	324,245	648,364	(324,119)	-50%
Partnership dues	235,461	272,870	(37,409)	-14%
Advertising	6,076	45,324	(39,248)	-87%
Investment income	134,486	775,668	(641,182)	-83%
Other income	84,462	254,395	(169,933)	-67%
Total Revenues	$ 14,758,958	$ 25,837,935	$ (11,078,977)	-43%
Changes in Net Position (Deficit)	$ (1,289,025)	$ 2,601,650	$ (3,890,675)	-150%

FINANCIAL ANALYSIS OF THE COMMISSION - CONTINUED

The Commission's change in net position (deficit) was a decrease of $1.3 million for the year ended June 30, 2021 compared to a $2.6 million increase for the year ended June 30, 2020.

Expenses of the Commission consist primarily of operating and interest expenses. Total expenses decreased by $7.2 million, or 31%. Key elements of this change were:

- Operating expenses declined $7.2 million, or 38%, as the Commission worked diligently to appropriately manage spending due to the COVID-19 pandemic impact on associated revenues. These spending reductions were implemented judiciously as revenue projections changed throughout the year and they were felt across virtually all primary expense categories. Operating expenses include personnel, occupancy, sales and marketing, and general and administrative expenses. Areas experiencing the largest impact included a $2.6 million decline in sponsorships and events, a $1.4 million decrease in personnel costs, a $0.9 million decline in travel and trade shows, and a $0.8 million decrease in advertising.

Revenues of the Commission consist primarily of transient room tax. Total revenues decreased by $11.1 million, or 43%. Key elements of this change were:

- Transient room tax was significantly impacted by the COVID-19 pandemic during the year. Transient room tax decreased by $9.9 million, or 41%, as travel demand globally suffered from government-imposed measures to control the pandemic and uncertainty weighed on the overall appetite for convention, leisure, and business travel. The components of total transient room tax, including the 4.5% that supports the Commission's operations, are further described in Note R of the notes to financial statements.
- Matching funds revenue declined by $0.3 million, or 50%, due to a reduced allocation by the Commonwealth of Kentucky. Matching funds revenue is further described in Note S of the notes to the financial statements.
- Investment income decreased by $0.6 million, or 83%, following a sharp decline in market interest rates.

BUDGETARY CONTROLS

The Commission adopts a budget, which is approved by its Board of Commissioners and Louisville/Jefferson County Metro Government prior to the start of each new fiscal year. Budgets are a measure of the Commission's financial performance and accountability and are compared with actual revenues and expenses by the Board of Commissioners on a bi-monthly basis.

The Commission reviews unbudgeted expenditures that may arise due to unforeseen opportunities and that may also result in significant variations from the original budget amounts. The budgetary comparison schedule presented in the required supplementary information section of this report highlights the original and final budgets as compared to the actual revenues and expenditures. The budget was amended significantly during the fiscal year across many primary revenue and expense categories due to effects of the COVID-19 pandemic.

Revenues were below budget by $0.2 million primarily as a result of the timing of PPP loan forgiveness, which was budgeted during the fiscal year but did not occur until after fiscal year-end. Investment income was also below budget due to lower than anticipated market interest rates. Transient room tax revenues that were marginally better than projected over the final months of the fiscal year and partially offset the unfavorable revenue variance. Expenditures were below budget by $0.8 million as additional savings were realized over the over the final months of the fiscal year as normal business operations continued to be impacted by the COVID-19 pandemic.

ECONOMIC CONDITION AND OUTLOOK

The Commission prepared a budget for the fiscal year ending June 30, 2022 based on current and forecasted economic conditions. The COVID-19 pandemic continues to impact travel and tourism globally. The Commission's revenues improved in the summer and fall of 2021 as the vaccine rollout continued to expand. The Commission amended the fiscal year 2022 budget to incorporate better-than-expected revenues and will continue to closely monitor discretionary expenditures. The COVID-19 pandemic continues to create uncertainty and may have a significant effect on the Commission's financial performance. Management is actively monitoring the Commission's financial performance and will adjust to continued changes in the economic landscape as necessary throughout fiscal year 2022 and beyond.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the Commission to interested persons. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Chief Financial Officer
Louisville Tourism
One Riverfront Plaza
401 W. Main Street - Suite 2300
Louisville, KY 40202

The GLSC prepares separately issued annual financial statements. Requests for a copy of the GLSC audit report or other questions concerning the GLSC should be addressed to:

Executive Director
Greater Louisville Sports Commission
One Riverfront Plaza
401 W. Main Street - Suite 2200
Louisville, KY 40202

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND CONVENTION COMMISSION

STATEMENT OF NET POSITION (DEFICIT)

June 30, 2021

	Louisville and Jefferson County Visitors and Convention Commission	Component Unit Greater Louisville Sports Commission, Inc.
ASSETS		
Cash and cash equivalents	$ 6,706,474	$ 319,649
Cash and cash equivalents restricted	8,587,427	-
Investments	22,819,116	-
Due from other governmental units	3,407,036	-
Due from trustee	851,758	-
Other receivables, net	51,554	163,520
Inventory	36,768	-
Prepaid expenses	282,340	28,640
Debt issuance costs, net	475,356	-
Capital assets, net of depreciation	363,279	-
Total Assets	43,581,108	511,809
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow - pension	2,411,102	-
Deferred outflow - OPEB	2,123,382	-
Total Assets and Deferred Outflow of Resources	48,115,592	511,809
LIABILITIES		
Accounts payable and accrued expenses	559,890	15,855
Deferred revenue	-	245,865
Interest payable	387,322	-
Due to other governmental units	224,973	-
Current note payable, net	-	4,122
Current bonds payable, net	4,011,379	-
Current PPP loans	200,000	-
Compensated absences	198,385	-
Long-term PPP loans	2,462,000	-
Net pension liability	14,257,609	-
Net OPEB liability	4,489,089	-
Long-term note payable, net	-	275,878
Long-term bonds payable, net	131,731,336	-
Total Liabilities	158,521,983	541,720
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow - pension	490,646	-
Deferred inflow - OPEB	971,363	-
Total Liabilities and Deferred Inflow of Resources	159,983,992	541,720
NET POSITION (DEFICIT)		
Net investment in capital assets	363,279	-
Restricted	26,229,639	(148,437)
Unrestricted	(138,461,318)	118,526
Total Net Position (Deficit)	$ (111,868,400)	$ (29,911)

See accompanying independent auditor's report and notes to financial statements.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND CONVENTION COMMISSION

STATEMENT OF ACTIVITIES

Year ended June 30, 2021

	Louisville and Jefferson County Visitors and Convention Commission	Component Unit Greater Louisville Sports Commission, Inc.
EXPENSES		
Operating	$ 11,867,635	$ 995,576
Interest	4,030,185	-
Depreciation and amortization	92,562	-
Other bond fees	57,601	-
Total Expenses	16,047,983	995,576
GENERAL REVENUES		
Transient room tax	13,974,228	-
Partnership dues	235,461	-
Advertising	6,076	-
Merchandise, net	20,989	-
Services and fees	7,277	-
Matching funds	324,245	-
Investment income	134,486	-
Agency funding	-	370,000
Program service revenue	-	658,251
Other income	56,196	-
Total General Revenues	14,758,958	1,028,251
Change In Net Position	(1,289,025)	32,675
Net Position (Deficit), Beginning of Year	(110,579,375)	(62,586)
Net Position (Deficit), End of Year	$ (111,868,400)	$ (29,911)

See accompanying independent auditor's report and notes to financial statements.

FUND FINANCIAL STATEMENTS

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND CONVENTION COMMISSION

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2021

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 6,706,474	$ -	$ 6,706,474
Cash and cash equivalents restricted	3,523,645	5,063,782	8,587,427
Investments	6,909,104	15,910,012	22,819,116
Due from other governmental units	1,703,519	1,703,517	3,407,036
Due from trustee	851,758	-	851,758
Due from related party	-	-	-
Other receivables	17,976	33,578	51,554
Inventory	36,768	-	36,768
Prepaid expenses	282,340	-	282,340
Total Assets	$ 20,031,584	$ 22,710,889	$ 42,742,473
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable and accrued expenses	$ 554,995	$ 4,895	$ 559,890
Due to other governmental units	224,973	-	224,973
Total Liabilities	779,968	4,895	784,863
FUND BALANCE			
Nonspendable:			
Inventory	36,768	-	36,768
Prepaid expenses	282,340	-	282,340
Restricted	3,523,645	22,705,994	26,229,639
Committed	8,981,211	-	8,981,211
Unassigned	6,427,652	-	6,427,652
Total Fund Balance	19,251,616	22,705,994	41,957,610
Total Liabilities and Fund Balance	$ 20,031,584	$ 22,710,889	$ 42,742,473

See accompanying independent auditor's report and notes to financial statements.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND CONVENTION COMMISSION

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION (DEFICIT)

June 30, 2021

Total fund balance for governmental funds		$ 41,957,610
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets, net of depreciation, used in governmental activities are not financial resources and, therefore, not reported in the governmental funds financial statements.		363,279
Governmental funds financial statements report debt issuance costs as expenditures. However, debt issuance costs related to prepaid insurance are reported as an asset in the Statement of Net Position and amortized over the term of the debt.		475,356
Long-term assets and liabilities, and deferred inflows and outflows, are not due in the current period and, therefore, not reported in governmental funds.		
Due from related parties	$ -	
Bonds payable, net	(135,742,715)	
Net pension liability	(14,257,609)	
Net OPEB liability	(4,489,089)	
Deferred outflow - pension	2,411,102	
Deferred outflow - OPEB	2,123,382	
Interest payable	(387,322)	
Deferred inflow - pension	(490,646)	
Deferred inflow - OPEB	(971,363)	
PPP loans	(2,662,000)	
Compensated absences	(198,385)	(154,664,645)
Total Net Position (Deficit) of Governmental Activities		$ (111,868,400)

See accompanying independent auditor's report and notes to financial statements.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND CONVENTION COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended June 30, 2021	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES			
Transient room tax	$ 8,208,023	$ 5,766,205	$ 13,974,228
Partnership dues	235,461	-	235,461
Advertising	6,076	-	6,076
Merchandise, net	20,989	-	20,989
Services and fees	7,277	-	7,277
Matching funds	324,245	-	324,245
Investment income	76,944	57,542	134,486
Other income	56,196	-	56,196
Total Revenues	8,935,211	5,823,747	14,758,958
EXPENDITURES			
Rent	432,841	-	432,841
Parking	39,246	-	39,246
Maintenance	56,830	-	56,830
Utilities	4,700	-	4,700
Telephone	87,173	-	87,173
Supplies	40,652	-	40,652
Postage	47,176	-	47,176
Data processing	100,571	-	100,571
Payroll, full-time	3,891,282	-	3,891,282
Payroll, part-time	52,640	-	52,640
Payroll taxes	278,562	-	278,562
Pension plan	921,182	-	921,182
Employee relations	47,368	-	47,368
Employee benefits	463,188	-	463,188
Professional fees	197,295	-	197,295
Insurance	46,824	-	46,824
Dues and subscriptions	72,114	-	72,114
Printing	180,062	-	180,062
Advertising	1,082,126	-	1,082,126
Promotions	84,919	-	84,919
Photography and video	83,893	-	83,893
Website marketing	197,135	-	197,135
Mass marketing	122,002	-	122,002
Client events	5,338	-	5,338
Site visits	38,206		38,206
Travel and trade show s	121,560	-	121,560
Client development	23,553	-	23,553
Sponsorships and events	900,632	-	900,632
KICC capital improvements	388,012		388,012
Capital expenditures	25,825	-	25,825
Research	221,584	-	221,584
Bond principal	-	3,215,000	3,215,000
Interest expense	-	4,776,463	4,776,463
Other bond fees	-	38,714	38,714
Total Expenditures	10,254,491	8,030,177	18,284,668
Excess (Deficiency) of Revenues Over Expenditures	(1,319,280)	(2,206,430)	(3,525,710)
OTHER FINANCING SOURCES (USES)			
Loans from PPP	2,662,000	-	2,662,000
Loan repayment from related party	125,000	-	125,000
Total Other Financing Sources and Uses	2,787,000	-	2,787,000
Net Change in Fund Balances	1,467,720	(2,206,430)	(738,710)
Fund Balance, Beginning of Year	17,783,896	24,912,424	42,696,320
Fund Balance, End of Year	$ 19,251,616	$ 22,705,994	$ 41,957,610

See accompanying independent auditor's report and notes to financial statements.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND CONVENTION COMMISSION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2021

Net change in fund balances - total governmental funds			$ (738,710)
The change in net assets reported for governmental activities in the statement of activities is different because:			
Governmental funds financial statements report capital outlays as expenditures. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the Statement of Activities. This is the amount by which depreciation ($92,562) exceeded capital outlays ($25,825) in the current period.			(66,737)
Governmental funds financial statements report payments of bond principal as expenditures. However, bond principal payments are reflected as a reduction in the related liability in the Statement of Net Position.			3,215,000
Governmental funds financial statements report debt issuance costs as expenditures. However, debt issuance costs related to prepaid insurance are reported as an asset in the Statement of Net Position and amortized over the term of the debt. Debt issuance costs were amortized and increased other bond fees by $18,888.			(18,887)
Governmental funds financial statements report bond issuance premium as an other financing source. However, bond issuance premium is amortized in the Statement of Activities. Bond issuance premium was amortized and reduced interest expense by $774,213.			774,213
Governmental funds financial statements report bond issuance discount as an other financing use. However, bond issuance discount is amortized in the Statement of Activities. Bond issuance discount was amortized and increased interest expense by $38,651.			(38,651)
Pension expense related to long-term Net Pension Liability that is not included in the Governmental Funds.			(1,407,677)
Pension expense related to long-term Net OPEB Liability that is not included in the Governmental Funds.			(265,744)
Governmental funds financial statements report loans from the Paycheck Protection Program (PPP) as other financing sources. However, loans from the PPP are reported as liabilities in the Statement of Net Position.			(2,662,000)
Governmental funds financial statements report loans to related parties as other financing uses. However, loans to related parties are reported as assets in the Statement of Net Position. This is the amount by which the loan to related party was partially repaid in the current period.			(125,000)
Various expenses in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.			
Change in compensated absences	$	34,452	
Change in interest payable		10,716	45,168
Change in Net Position (Deficit) of Governmental Activities			$ (1,289,025)

See accompanying independent auditor's report and notes to financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity: In 1968, the Commonwealth of Kentucky's General Assembly enacted legislation which authorized the establishment of tourist and convention commissions. This legislation is now codified at KRS 91A.350 et seq. The Louisville and Jefferson County Visitors and Convention Commission (the "Commission"), doing business as Louisville Tourism, was established pursuant to this legislation and operates to support the local economy's growth by driving tourism to the city and region. The agency serves as the leading voice for Louisville's hospitality industry to unite other sectors of the community, both private and public, in partnership to make the destination attractive to visitors and investment. In pursuit of its mission, the Commission generates increased visitor spending, local tax receipts and job development.

As required by generally accepted accounting principles, these financial statements present the Commission (the primary government) and its component unit. The component unit, as discussed in Note V, is included in the Commission's reporting entity because of the significance of its operational and financial relationship with the Commission.

The Commission does not own the Kentucky International Convention Center ("KICC"), although it is authorized to issue bonds and pledge tax revenue used to finance its construction and renovation. As a result, the net book value of KICC is not reflected in these financial statements.

Government-Wide Financial Statements: In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, the Commission has presented a Statement of Net Position (Deficit) and Statement of Activities for the Commission as a whole. These statements include the primary government and its discretely presented component unit (Note V). Government-wide accounting is designed to provide a more comprehensive view of the Commission's operations and financial position as a single economic entity.

Government-wide statements distinguish between governmental-type and business-type activities. Governmental-type activities are those financed through taxes, intergovernmental revenues, and other non-exchange revenues and are usually reported in governmental and internal service funds. The Commission has no business-type activities.

Policies specific to the government-wide statements are as follows:

- **Capitalizing Assets** - Tangible assets greater than $1,000 that are used in operations and have an initial useful life that extends beyond one year are capitalized. Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the Statement of Net Position (Deficit).

Fund Financial Statements: The Commission uses funds to report on its financial position and the result of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A Fund is a separate entity with a self-balancing set of accounts. Funds of the Commission are classified as governmental. This category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds - Governmental funds account for all or most of the Commission's general activities, including the collection of legally restricted monies, administrative expenses, and the acquisition or construction of capital assets. Governmental funds include:

General Fund - The general operating fund accounts for all financial resources, except those required to be accounted for in other funds.

Debt Service Fund - The debt service fund accounts for the resources accumulated and payments made for principal and interest on general long-term debt.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus and Basis of Accounting: The accounting and financial treatment applied to a fund is determined by the type of financial statement presentation.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows in the statement of activities. In these financial statements, capital assets are reported and depreciated.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Revenues are recognized when they are both measurable and available. Revenues are considered measurable when the dollar amount is known or reasonably estimable. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when incurred, as under accrual accounting. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

Budgetary Accounting: The budget information reflected in the financial statements is the annual budget adopted by the Commission in accordance with the provisions of Commonwealth of Kentucky law. The budget is prepared on a basis consistent with generally accepted accounting principles.

Management's Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents: Cash and cash equivalents include cash on-hand and highly liquid investments with an original maturity of three months or less.

Investments: Investments consist of United States Treasury securities and certificates of deposit and are stated at fair market value.

Allowance for Doubtful Accounts: The Commission evaluates the collectability of receivables by considering several factors including historical loss rates, the age of the accounts receivable, changes in collection patterns, the status of ongoing disputes with third party payers, and general industry conditions. An allowance for doubtful accounts is recorded, if necessary, based on management's evaluation based on these criteria. Accounts receivable reflects the net realizable value of the receivables and approximates fair value.

Inventory: Inventory is presented at the lower of cost or market value. Cost is determined using the first-in, first-out (FIFO) method.

Capital Assets: Capital assets owned by the Commission, including leaseholds improvements, furniture and fixtures, office equipment, trademarks and intangibles are reported in the governmental activities column in the government-wide financial statements. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are expensed as incurred.

All capital assets are depreciated using the straight-line depreciation method over the following estimated useful lives:

Leasehold improvements	2 - 10 years
Furniture and fixtures	10 - 15 years
Office equipment	3 - 10 years
Trademarks	Indefinite
Intangibles	5 years

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Pension and Other Post-Employment Benefits ("OPEB"): For purposes of measuring the net pension liability, the net OPEB liability, deferred outflows of resources and deferred inflows of resources, and pension expense, information about the Commission's participation in the County Employees Retirement System ("CERS") of the Kentucky Retirement Systems (KRS) have been determined on the same basis as they are reported by the KRS for the CERS plan. For this purpose, benefits including refunds of employee contributions are recognized when due and payable in accordance with the benefit terms of the CERS plan of Kentucky Retirement Systems. The liabilities were measured at June 30, 2020.

Net Position/Fund Balance: In the Statement of Net Position, the difference between the Commission's assets and deferred outflows of resources and the Commission's liabilities and deferred inflows of resources is recorded as net position. The components of net position are as follows:

Unrestricted - This category represents net assets not appropriated for expenditures or legally segregated for a specific future use.

Invested in Capital Assets, Net of Related Debt - This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowing attributable to the acquisition, construction, or improvement of capital assets.

Restricted - This category represents net assets that are restricted by external sources such as banks or by law are reported separately as restricted net assets. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets. The Commission's restricted net assets consist of cash equivalents held by a trustee for future debt service.

In the Balance Sheet - Governmental Funds, the difference between the Commission's assets and liabilities is reported as fund balance. The classifications of fund balance are as follows:

Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted - This classification includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed - This classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Assigned - This classification includes amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned - This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The highest level of decision-making authority is the Board of Commissioners, which is comprised of nine (9) commissioners who function as the board of directors. In order to establish (and modify or rescind) amounts of fund balance as committed, a formal vote by the Commission outlining the specific purposes for which the amounts can only be used is required.

The Board of Commissioners is authorized to assign amounts to a specific purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Commission considers restricted amounts to have been spent.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the Commission first considers committed amounts to have been spent followed by assigned and then unassigned.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

New Accounting Pronouncements: In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This pronouncement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. GASB Statement No. 84 is effective for reporting periods beginning after December 15, 2020. The adoption of this statement did not have an impact on the Commission's financial position, results of operations, or cash flows.

In June 2017, GASB issued Statement No. 87, *Leases*. This pronouncement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. GASB Statement No. 87 is effective for reporting periods beginning after December 15, 2019. The impact of this statement on the financial statements has not yet been determined but is expected to result in the recognition of an asset and liability on the statement of net positions related to leases the Commission has in effect. With the release of GASB No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* (see below) GASB No. 87, *Leases* has been delayed 18 months for periods beginning after June 15, 2021.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This pronouncement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. GASB Statement No. 89 is effective for reporting periods beginning after December 15, 2019. The impact of this statement on the financial statements has not yet been determined but is not expected to have a material impact on the financial statements. With the release of GASB No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* (see below) GASB No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* has been delayed one year for periods beginning after December 15, 2020.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*. This pronouncement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. GASB Statement No. 90 is effective for reporting periods beginning after December 15, 2020. The adoption of this statement did not have an impact on the Commission's financial position, results of operations, or cash flows.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This pronouncement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB Statement No. 91 was effective for reporting periods beginning after December 15, 2020. With the release of GASB No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* (see below) GASB No. 91, *Conduit Debt Obligations* has been delayed one year for periods beginning after December 15, 2021. The impact of this statement on the financial statements has not yet been determined.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This pronouncement improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements including (1) the effective date of Statement No. 87, *Leases,* and Implementation Guide No. 2019-3, *Leases,* for interim financial reports, (2) the applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* as amended, to reporting assets accumulated for postemployment benefits, (3) the applicability of certain requirements of Statement No. 84, *Fiduciary Activities,* to postemployment benefit arrangements, and (4) reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. GASB Statement No. 92 is effective as follows: the requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance; the requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020; the requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020; and requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020. The impact of the provisions of this statement that are effective upon issuance had no impact on the financial statements. The impact of all other provisions of this statement on the financial statements has not yet been determined but are not expected to have a material impact on the financial statements. With the release of GASB No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* (see below) GASB No. 92, *Omnibus 2020* has been delayed one year for periods beginning after June 15, 2021.

In May 2020, GASB issued Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*. This pronouncement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. GASB Statement No. 95 is effective immediately. The impact of this statement had no impact on the financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This pronouncement (1) defines a subscription-based information technology arrangement ("SBITA"); (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. GASB Statement No. 96 is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The impact of this statement on the financial statements has not yet been determined.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32s*. This pronouncement (1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The impact of these requirements had no impact on the financial statements. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. The impact of these requirements on the financial statements has not yet been determined.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Subsequent Events: Subsequent events for the Commission have been considered through the date of the Independent Auditor's Report, which represents the date the financial statements were available to be issued. On September 8, 2021, the Commission was notified that the first draw Paycheck Protection Program ("PPP") loan dated January 20, 2021 in the amount of $1,331,000 was fully forgiven. See Note Q for further detail.

NOTE B - CASH AND CASH EQUIVALENTS

At June 30, 2021, restricted cash equivalents in the amount of $5,063,782 were held by financial institutions in accordance with bonded and other indebtedness trust agreements which do not require that the trustee provide collateral for the cash equivalents. These cash equivalents were held in money market funds that invest only in securities issued by the United States Treasury. These cash equivalents were held by the trustee for the benefit of the Commission and can be used only for debt service.

At June 30, 2021, unrestricted cash equivalents in the amount of $2,256,158 were held by financial institutions in money market funds that invest only in securities issued by the United States Treasury.

At June 30, 2021, restricted cash deposits in the amount of $3,544,600 and unrestricted cash deposits in the amount of $5,156,610 were held by financial institutions, of which $375,818 was collectively insured by the Federal Deposit Insurance Corporation ("FDIC") and the remainder was collateralized by securities held by the pledging financial institution.

Custodial Credit Risk - For a deposit, custodial credit risk is the risk that the deposit may not be returned to the Commission in the event of a bank failure. Consistent with the Commission's deposit policy, all unrestricted cash deposits were covered by FDIC insurance or a properly executed collateral security agreement at June 30, 2021.

NOTE C - INVESTMENTS

At June 30, 2021, the fair market values of the Commission's investment balances were as follows:

	Average Credit Quality	Debt Service Fund	General Fund	Total
US Treasuries	Aaa	$ 15,910,012	$ 6,407,750	$ 22,317,762
Certificates of Deposit	Aaa	-	501,354	501,354
Total		$ 15,910,012	$ 6,909,104	$ 22,819,116

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a financial instrument. The Commission's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from a change in interest rates.

Credit Risk - Credit risk is the risk of a loss of principal stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation. KRS 66.480 of Commonwealth of Kentucky law limits the investment of public funds to obligations of the United States Government, obligations backed by the full faith and credit of the United States Government, obligations of any corporation or agency of the United States Government, certificates of deposits, commercial paper, bonds or securities issued by a state or local government and shares of mutual funds. The Commission's written investment policy does not further limit its investment choices beyond those defined in KRS 66.480.

Concentration Risk - Concentration risk is the risk of loss arising from lopsided exposure to a particular group of counterparties. The Commission places no limit on the amount it may invest in any one issuer or type of investment except that the collective amount invested at any one time in uncollateralized certificates of deposit, bankers' acceptances, commercial paper, and securities issued by a state or local government may not exceed 20% of the total amount of funds invested.

NOTE C - INVESTMENTS Continued

Custodial Credit Risk - For an investment, custodial credit risk is the risk that in the event of failure of the counterparty or bank, the Commission will not be able to recover the value of its investments held in the possession of an outside party. Investments are held for the benefit of the Commission by a bank organized and existing under the laws of the United States of America.

NOTE D - FAIR VALUE MEASUREMENTS

The fair value provisions of the Accounting Standards Codification ("ASC") define fair value as the price that would be received by the entity for an asset or paid by the entity to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date in the entity's principal or most advantageous market for the asset or liability. The ASC also established a fair value hierarchy which requires the entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy places the highest priority on unadjusted quoted market prices in active markets for identical assets or liabilities (level 1 measurements) and gives the lowest priority to unobservable inputs (level 3 measurements). The following provides a description of the three levels of inputs that may be used to measure fair value under generally accepted accounting principles, the types of entity investments that fall under each category, and the valuation methodologies used to measure these investments at fair value.

- Level 1-Quoted prices in active markets for identical assets or liabilities.
- Level 2-Observable inputs such as quoted prices in active markets for similar assets or liabilities or quoted prices for identical or similar assets or liabilities in markets that are not active, or unobservable inputs that are derived principally from or corroborated by observable market data.
- Level 3-Unobservable inputs that are based on the Commission's own assumptions as to how knowledgeable parties would price assets or liabilities that are not corroborated by market data.

Fair values of assets/liabilities measured on a recurring basis at June 30, 2021:

	Fair Value	Level 1	Level 2	Level 3
Investments (See Note C)	$22,819,116	$ 22,819,116	$ -	$ -

NOTE E - DUE FROM OTHER GOVERNMENTAL UNITS

The amount due from other governmental units consists of transient room taxes due from the Louisville Metro Revenue Commission ("Revenue Commission").

NOTE F - DUE FROM TRUSTEE

The amount due from trustee consists of transient room taxes due from the trustee related to the Pledged 1.5% Operations Tax, as further described in Note J.

NOTE G - OTHER RECEIVABLES

Other receivables are stated at the amount the Commission expects to collect from balances outstanding at year-end. Other receivables reflect the net realizable value and approximate fair value of the receivables.

NOTE H - INVENTORY

Inventory consists of merchandise and expendable advertising supplies such as visitor brochures.

In the fund financial statements, inventory is recorded as an asset upon transfer of title and risk of loss. Recorded inventories are equally offset by a fund balance reserve since they do not constitute "available spendable resources", even though they are a component of fund balance.

NOTE I - CAPITAL ASSETS

	Beginning Balance	Additions	Disposals	Ending Balance
Louisville and Jefferson County Visitors and Convention Commission:				
Cost				
Leasehold improvements	$ 1,176,297	$ 2,481	$ -	$ 1,178,778
Furniture and fixtures	460,098	-	-	460,098
Office equipment	547,009	19,744	(3,287)	563,466
Intangible assets	122,813	3,600	-	126,413
Total cost	2,306,217	25,825	(3,287)	2,328,755
Less Accumulated Depreciation				
Leasehold improvements	1,089,068	26,133	-	$ 1,115,201
Furniture and fixtures	434,887	3,972	-	438,859
Office equipment	352,246	62,457	(3,287)	411,416
Total accumulated depreciation	1,876,201	92,562	(3,287)	1,965,476
Net Book Value	$ 430,016	$ (66,737)	$ -	$ 363,279

	Beginning Balance	Additions	Disposals	Ending Balance
The Greater Louisville Sports Commission:				
Cost				
Equipment	$ 17,505	$ -	$ -	$ 17,505
Intangible assets	20,000	-	-	20,000
Total cost	37,505	-	-	37,505
Less Accumulated Depreciation				
Equipment	17,505	-	-	17,505
Intangible assets	20,000	-	-	20,000
	37,505	-	-	37,505
Net Book Value	$ -	$ -	$ -	$ -

NOTE J - DEDICATED TAX REVENUE BONDS

Dedicated Tax Revenue Bonds Series 2016: On August 31, 2016, the Commission issued Dedicated Tax Revenue Bonds with a par amount of $148,765,000 (the "Series 2016 Bonds") to finance a portion of the renovation and expansion of the Kentucky International Convention Center. The Series 2016 Bonds are a special revenue obligation of the Commission secured solely by a pledge to and security interest in, (i) the 2% Dedicated Tax, (ii) the 1% Additional Dedicated Tax, and (iii) one-half of the receipts from the 3% Operations Tax (the "Pledged 1.5% Operations Tax"). See Note R for a further description of these taxes. The 2% Dedicated Tax, the 1% Additional Dedicated Tax, and the Pledged 1.5% Operations Tax are referred to collectively herein as the "Dedicated Taxes."

The Series 2016 Bonds are fully registered bonds in denominations of $5,000 or integral multiples thereof. The Series 2016 Bonds have a final maturity on June 1, 2046. Interest is payable on June 1, 2017 and semiannually thereafter on June 1 and December 1 of each year. The Series 2016 Bonds maturing on or after June 1, 2027, are subject to redemption prior to maturity at the option of the Commission, from time to time in whole or in part on any date, on or after June 1, 2026, at the redemption price of 100% of the principal amount of the Series 2016 Bonds to be redeemed plus accrued interest to the redemption date. Following issuance of the Series 2016 Bonds, the Commission transferred $144,000,000 of net bond proceeds to the Commonwealth of Kentucky to support the renovation and expansion of KICC.

The Series 2016 Bonds outstanding at June 30, 2021 consist of the following:

Description	Due to be Redeemed Or Repaid During Year Ending June 30	Interest Rate	Outstanding Balance
Serial and Term Bonds	2022 - 2046	2.75% - 4.00%	$133,905,000

Debt service for the next five years and to maturity on all outstanding bonds at June 30, 2021 is as follows:

Payable During Year Ending June 30	Principal	Interest	Total
2022	$ 3,340,000	4,647,863	$ 7,987,863
2023	3,475,000	4,514,263	7,989,263
2024	3,615,000	4,375,263	7,990,263
2025	3,760,000	4,230,663	7,990,663
2026	3,910,000	4,080,263	7,990,263
2027-2031	21,955,000	17,984,638	39,939,638
2032-2036	26,140,000	13,798,488	39,938,488
2037-2041	31,255,000	8,686,094	39,941,094
2042-2046	36,455,000	3,487,496	39,942,496
Total	$ 133,905,000	$ 65,805,031	$ 199,710,031

Security and Guarantee: The Series 2016 Bonds are payable from and secured solely by a pledge to and security interest of the Trustee in, (i) the 2% Dedicated Tax, (ii) the 1% Additional Dedicated Tax, and (iii) one-half of the receipts from the 3% Operations Tax (the "Pledged 1.5% Operations Tax"). The Revenue Commission will remit directly to the Trustee monthly as collected the 2% Dedicated Tax, the 1% Additional Dedicated Tax, and the Pledged 1.5% Operations Tax. The 2% Dedicated Tax, the 1% Additional Dedicated Tax, and the 3% Operations Tax are further described in Note R.

NOTE J - DEDICATED TAX REVENUE BONDS - CONTINUED

A municipal bond insurance company has issued a municipal bond insurance policy for only the portion of the Series 2016 Bonds maturing on June 1, 2046 that guarantees the scheduled payment of principal and interest on the insured bonds when due.

Each of the following events is declared an "event of default": (a) payment of the principal or any installment of interest of any of the Series 2016 Bonds is not made on the date specified for payment, or (b) default shall be made in the due and punctual observance or performance of any of the covenants, conditions and agreements on the part of the Commission, and such default shall continue for a period of forty-five (45) days after written notice thereof. Upon the happening of any event of default, the Trustee may, and if requested by the holder(s) of fifty-one percent (51%) in principal amount or more of the Series 2016 Bonds then outstanding, declare all Series 2016 Bonds due and payable.

Continuing Disclosure: The Commission has entered into an agreement with a Disclosure Dissemination Agent, a Disclosure Dissemination Agent Agreement dated as of the date of original issuance of the Series 2016 Bonds (the "Continuing Disclosure Agreement"), for the benefit of the holders of the Series 2016 Bonds and in order to assist the underwriters of the Series 2016 Bonds in assuring continuing disclosure with respect to the Series 2016 Bonds in accordance with Rule 15c2-12 of the U.S. Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended. Under the Continuing Disclosure Agreement, the Commission has agreed to provide to the Disclosure Dissemination Agent, for posting on the Electronic Municipal Market Access ("EMMA") website of the Municipal Securities Rulemaking Board at https://emma.msrb.org the following information:

- audited financial statements of the Commission for its fiscal year ending June 30, 2016, and each fiscal year thereafter;
- the respective amounts of the 2% Dedicated Tax, the 1% Additional Dedicated Tax, and the 3% Operations Tax collected during the fiscal year and the percentage change in the total of such collections compared to the immediately preceding fiscal year;
- notice of any of the following events with respect to the Series 2016 Bonds: principal and interest payment delinquencies; non-payment related defaults, if material; unscheduled draws on debt service reserves reflecting financial difficulties; substitution of credit or liquidity providers, or their failure to perform; 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 Series 2016 Bonds, or other material events affecting the tax status of the Series 2016 Bonds; modifications to rights of securities holders, if material; bond calls, if material; defeasances; release, substitution, or sale of property securing repayment of the securities, if material; rating changes; tender offers; bankruptcy, insolvency, receivership or similar event of the Commission; merger, consolidation, or acquisition of the Commission, if material; and appointment of a successor or additional trustee, or the change of name of a trustee, if material;
- notice of a failure to timely provide any of the information required to be provided.

NOTE K - BOND ISSUANCE PREMIUM

In connection with the issuance of the Series 2016 Bonds, the Commission recognized a net bond issuance premium of $5,885,829, which consisted of bond issuance premium of $7,173,954 and bond issuance discount of $1,288,125. This net bond issuance premium is being amortized using the effective interest method over the term of the Series 2016 Bonds with the unamortized net balance reflected as an increase to net bonds payable. The unamortized balance of the net bond issuance premium at June 30, 2021 was $1,837,715.

NOTE L - PENSION PLAN

General Information

Plan description: Employees of the Commission are provided a defined benefit pension plan through the County Employees Retirement System ("CERS"), a cost-sharing multiple-employer defined pension plan administered by the Kentucky Retirement Systems ("KRS"). The Kentucky Retirement Systems was created by state statute under Kentucky Revised Statute ("KRS") 61.645. The Kentucky Retirement Systems Board of Trustees is responsible for the proper operation and administration of the Kentucky Retirement Systems. The Kentucky Retirement Systems issues a publicly available financial report that can be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by telephone at (502) 564-4646.

Benefits provided: KRS 61.645 establishes the benefit terms and can be amended only by the Kentucky General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. There are currently three benefit tiers. Tier 1 members are those participating in the plan before September 1, 2008, Tier 2 are those that began participation September 1, 2008 through December 31, 2013, and Tier 3 are those members that began participation on or after January 1, 2014.

Tier 1 Non-Hazardous members are eligible to retire with an unreduced benefit at age 65 with four years of service credit or after 27 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation, which must contain at least 48 months. Reduced benefits for early retirement are available at age 55 and vested or 25 years of service credit. Members vest with five years of service credit. Service-related disability benefits are provided after five years of service. Tier 2 Non-Hazardous members are eligible to retire based on the rule of 87: the member must be at least age 57, and age plus earned service must equal 87 years at retirement or at age 65 with five years of service credit. Benefits are determined by a formula using the member's highest five consecutive year average compensation, which must be 60 months. Reduced benefits for early retirement are available at age 60 with 10 years of service. Tier 3 Non-Hazardous members are also eligible to retire based on the rule of 87. Benefits are determined by a life annuity calculated in accordance with actuarial assumptions and methods adopted by the board based on a member's accumulated account balance. Tier 3 members are not eligible for reduced retirement benefits.

Prior to July 1, 2009, COLAs were provided annually equal to the percentage increase in the annual average of the consumer price index ("CPI") for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. After July 1, 2009, the COLAs were limited to 1.50%. No COLA has been granted since July 1, 2011.

Contributions. Contributions for employees are established in the statutes governing the Kentucky Retirement Systems and may only be changed by the Kentucky General Assembly. Employees contribute 5% of salary if they were plan members prior to September 1, 2008. Employees that entered the plan after September 1, 2008 are required to contribute 6% of their annual creditable compensation. Five percent (5%) of the contribution was deposited to the member's account while the 1% was deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420E). The Commission makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. The Commission's contractually required contribution rate for the year ended June 30, 2021 was 24.06% (19.30% pension and 4.76% insurance) of covered payroll. Contributions to the Pension Fund from the Commission were $738,937 for the year ended June 30, 2021. By law, employer contributions are required to be paid. The KRS may intercept the Bureau's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution ("ADC") and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

NOTE L - PENSION PLAN - CONTINUED

Net Pension Liability

The Commission's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.30% to 10.30%, varies by services
Payroll growth rate	2.00%
Investment rate of return	6.25%

The mortality used for active members was PUB-2010 General Mortality table, for the non-hazardous system projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table for healthy retired members was a 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. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The long-term expected rates of return were determined using a building block method in which best estimated ranges of expected future real rates of return were developed for each asset class. The ranges were combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the table below:

Asset Class	Long-Term Expected Rate of Return	Target Allocation
Growth		
U.S Equity	4.50%	18.75%
Non-U.S. Equity	5.25%	18.75%
Private Equity	6.65%	10.00%
Specialty Credit / High Yield	3.90%	15.00%
Liquidity		
Core Bonds	-0.25%	13.50%
Cash	-0.75%	1.00%
Diversified Strategies		
Real Estate	5.30%	5.00%
Opportunistic	2.25%	3.00%
Real Return	3.95%	15.00%
	3.96%	100.00%

NOTE L - PENSION PLAN - CONTINUED

Discount rate. The projection of cash flows used to determine the discount rate of 6.25% assumed that local employers would contribute at the actuarially determined contribution rate of projected compensation over the remaining 24 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic nominal rates of return for each major class are summarized in the Kentucky Retirement Systems' Comprehensive Annual Financial Report ("CAFR").

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the Commission calculated using the discount rate of 6.25%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage-point lower (5.25%) or one percentage-point higher (7.25%) than the current rate:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Net pension liability	$ 17,582,734	$ 14,257,609	$ 11,504,279

Pension expense. For the year ended June 30, 2021, the Commission recognized pension expense of $2,146,613.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2021, the Commission 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
Liability experience	$ 355,540	$ -
Investment experience	618,020	261,241
Assumption changes	556,736	-
Changes in proportion and difference between employer contributions and proportionate share of plan contributions	141,869	229,405
Contributions subsequent to the measurement date of June 30, 2020	738,937	-
Total	$ 2,411,102	$ 490,646

NOTE L - PENSION PLAN - CONTINUED

	Recognition of Existing Deferred Outflows (Inflows) of Resources for Future Measurement Period Ending June 30
2021	$ 559,237
2022	320,188
2023	158,803
2024	143,291
2025	-
Thereafter	-
	$ 1,181,519

In the table shown above, deferred inflows of resources amounts will decrease pension expense while deferred outflows of resources amounts will increase pension expense.

Payable to the Pension Plan. At June 30, 2021, the Commission reported a payable of $74,408 (included in accounts payable and accrued expenses amount on the Statement of Net Position (Deficit) and on the Balance Sheet - Governmental Funds) for the outstanding amount of contributions to the pension plan required at June 30, 2021.

GLSC

The GLSC adopted a simple Individual Retirement Account on January 1, 2004 for the benefit of its full-time employees. The GLSC matches contributions up to 3% of each participant's compensation. The GLSC matching were suspended for the year ended June 30, 2021.

NOTE M - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS ("OPEB")

General Information

Plan description. Employees of the Commission are provided hospital and medical insurance through the Kentucky Retirement Systems' Insurance Fund (Insurance Fund), a cost-sharing multiple-employer defined benefit OPEB plan. The KRS was created by state statute under Kentucky Revised Statue Section 61.645. The KRS Board of Trustees is responsible for the proper operation and administration of the KRS. The KRS issues a publicly available financial report that can obtained by writing to Kentucky Retirement System, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by telephone at (502) 564-4646.

Benefits provided. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003.

Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on, or after, July 1, 2003, earn $10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on, or after, July 1, 2003 earn $15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

Contributions. Contribution requirements of the participating employers are established and may be amended by the KRS Board of Trustees. The Commission's contractually required contribution rate for the year ended June 30, 2020 was 24.06% (19.30% pension and 4.76% insurance) of covered payroll. Contributions to the Insurance Fund from the Commission were $182,245 for the year ended June 30, 2021. Employees that entered the plan prior to September 1, 2008 are not required to contribute to the Insurance Fund. Employees that entered the plan after September 1, 2008 are required to contribute 1% of their annual creditable compensation which is deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420E).

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the Commission reported a liability of $4,489,089 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of that date. The Commission's proportion of the collective net OPEB liability and OPEB expense was determined using the employers' actual contributions for fiscal year 2020. This method is expected to be reflective of the employers' long-term contribution effort. At June 30, 2020, the Commission's proportion was 0.18591%.

NOTE M - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS ("OPEB") - CONTINUED

For the year ended June 30, 2021, the Commission recognized OPEB expense of $558,162. At June 30, 2021, the Commission 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
Liability experience	$ 750,033	$ 750,618
Investment experience	240,807	91,600
Assumption changes	780,836	4,748
Changes in proportion and difference between employer contributions and proportionate share of plan contributions	59,289	124,397
Contributions subsequent to the measurement date of June 30, 2020	182,245	-
Total	$ 2,013,210	$ 971,363

Of the total amount reported as deferred outflows of resources related to OPEB, $182,245 resulting from Commission contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Commission's OPEB expense as follows:

	Recognition of Existing Deferred Outflows (Inflows) of Resources for Future Measurement Period Ending June 30
2021	$ 226,075
2022	270,232
2023	185,673
2024	184,716
2025	(7,094)
Thereafter	-
	$ 859,602

NOTE M - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS ("OPEB") - CONTINUED

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.30%
Salary increases	3.30% to 10.30%, varies by service
Payroll growth rate	2.00%
Investment rate of return	6.25%
Healthcare cost trend rates (Pre-65)	Initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
Healthcare cost trend rates (Post-65)	Initial trend starting at 5.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years.
Mortality pre-retirement	PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (nondisabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

The long-term expected rate of return was determined by using a building-block method in which best estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized below

The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized below:

Asset Class	Long-Term Expected Rate of Return	Target Allocation
Growth		
U.S Equity	4.50%	18.75%
Non-U.S. Equity	5.25%	18.75%
Private Equity	6.65%	10.00%
Specialty Credit / High Yield	3.90%	15.00%
Liquidity		
Core Bonds	-0.25%	13.50%
Cash	-0.75%	1.00%
Diversified Strategies		
Real Estate	5.30%	5.00%
Opportunistic	2.25%	3.00%
Real Return	3.95%	15.00%
	3.96%	100.00%

NOTE M - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS ("OPEB") - CONTINUED

Discount rate. The projection of cash flows used to determine the discount rate of 5.34% for CERS Non-Hazardous assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 2.45%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2020. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's 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 nominal rates of return for each major asset class are summarized in the CAFR.

Sensitivity of the Commission's proportionate share of the collective net OPEB liability to changes in the discount rate. The following presents the Commission's proportionate share of the collective net OPEB liability as well as what the Commission's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.34%) or one percentage point higher (6.34%) than the current discount rate:

	1% Decrease (4.34%)	Current Discount Rate (5.34%)	1% Increase (6.34%)
Net OPEB liability	$ 5,767,161	$ 4,489,089	$ 3,439,365

Sensitivity of the Commission's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates. The following presents the Commission's proportionate share of the collective net OPEB liability, as well as what the Commission's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates:

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Net OPEB liability	$ 3,475,677	$ 4,489,089	$ 5,718,888

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued KRS financial report.

Payables to the OPEB Plan. At June 30, 2021, the Commission reported a payable of $18,351 (included in accounts payable and accrued expenses amount on the Statement of Net Position (Deficit) and on the Balance Sheet - Governmental Funds) for the outstanding amount of contributions to the OPEB plan required at the year ended June 30, 2021.

NOTE N - DUE TO OTHER GOVERNMENTAL UNITS

The amount due to other governmental units consists of incremental transient room taxes due to Louisville/Jefferson County Metro Government ("Metro Government") under the "Signature Project Program" as further described in Note R.

NOTE O - LEASES

The Commission is obligated under an operating lease for office space that previously expired in September 2023. On February 2, 2021, the operating lease was amended to reduce the size of the space under lease by 927 square feet and extend the lease term by two (2) months to November 2023. The lease allowed for cancellation in September 2018 with payment of the unamortized portion of any tenant improvements plus three months' rent. However, the Commission did not cancel the lease and the full lease term is disclosed below. The operating lease includes a rent escalation that began in October 2018.

The Commission is obligated under an operating lease for retail space that expires in December 2026. The operating lease includes a rent escalation beginning January 2023. The Commission has the option to extend the term for a period of five (5) years ending December 2031 and for a further period of five (5) years ending December 2036.

Rental expense under continuing obligations was $432,841 for the year ended June 30, 2021.

At June 30, 2021, obligations under operating leases with initial or remaining non-cancellable lease terms longer than one year were as follows:

Year Ending June 30	Operating Leases
2022	$ 404,644
2023	409,294
2024	238,610
2025	102,300
2026-2027	153,450
Total	$ 1,308,298

The Commission is not obligated under any capital leases as of June 30, 2021.

NOTE P - VACATION AND PTO

All full-time employees are eligible for paid vacation based on the number of years of service. Vacation days may be carried over to the succeeding fiscal year, up to a maximum of five (5) days. No payment can be made in lieu of vacation, except in the event of termination, resignation, or retirement. Accrued vacation was $61,475 at June 30, 2021. Accrued vacation is reported in the statement of net position (deficit) under accrued expenses.

All full-time employees are eligible for paid time off ("PTO") based on the number of months worked during the year. PTO is earned as service is performed and days may be accumulated and carried over year-to-year, up to a maximum of 60 days. PTO is not payable upon termination of employment with the only exception being an employee who retires from the Commission. The Commission will compensate a retiring employee any unused PTO time to a maximum of 60 days upon retirement from the Commission. Accrued PTO was $198,385 at June 30, 2021. PTO is reported in the statement of net position (deficit) under compensated absences.

NOTE Q – PPP LOAN

On January 20, 2021, the Commission received a first draw Paycheck Protection Program ("PPP") loan under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act in the amount of $1,331,000. The loan bears interest at 1.00%, is uncollateralized/unsecured, and is for a term of five years with a maturity date of January 25, 2026. Under the CARES Act, subject to limitations, as defined, the loan may partially or fully be forgiven depending on actual payroll and other qualified costs for a specified period following receipt of the loan proceeds.

On April 12, 2021, the Commission received a second draw PPP loan under the CARES Act in the amount of $1,331,000. The loan bears interest at 1.00%, is uncollateralized/unsecured, and is for a term of five years with a maturity date of April 12, 2026. Under the CARES Act, subject to limitations, as defined, the loan may partially or fully be forgiven depending on actual payroll and other qualified costs for a specified period following receipt of the loan proceeds.

The Commission has accounted for the loan proceeds as a financial liability (debt) in accordance with GASB Statement 70, *Accounting & Financial Reporting of Non-exchange Financial Guarantees*. As such, the Commission will continue to record the proceeds from the loans as a financial liability until either [1] the loans are partially or fully forgiven and the Commission has been legally released by the U.S. Small Business Administration ("SBA") or [2] the Commission pays-off the loans. To the extent the loans are not forgiven, the first draw loan requires monthly payments of principal and interest of $28,563 beginning February 1, 2022 and the second draw loan requires monthly payments of principal and interest of $28,574 beginning May 1, 2022. Accordingly, the $2,662,000 balance outstanding under the loan at June 30, 2021 is presented as a current ($200,000) and a non-current ($2,462,000) liability per the accompanying balance sheet as of June 30, 2021. Subsequent to year-end and prior to the initial February 1, 2022 payment date, the Commission was notified the first draw loan has been fully forgiven as of September 8, 2021 and the Commission has been legally released by the SBA. The Commission has not yet received a determination of forgiveness on the second draw loan. In accordance with the related PPP loan guidelines, the SBA reserves the right to audit any PPP loan at any time during the loan process, including after the loan is partially or fully forgiven and the Commission has been legally released.

NOTE R - TRANSIENT ROOM TAX

Sections 91A.350 through 91A.394 (the "Tourism and Conventions Commission Act") of the Kentucky Revised Statutes provides that a tourist and convention commission established thereunder shall submit annually to the local government which established the commission a request for funds for the operation of the commission and that the local government shall provide funds for the operation of the commission by imposing a transient room tax at a rate (in the case of a consolidated local government) of not more than three percent (3%) of the rent on every occupancy of a suite, room, or rooms charged by all persons, companies, corporations, or other like or similar persons, groups, or organizations doing business as motor courts, motels, hotels, inn, or like or similar accommodations businesses (the "3% Operations Tax"). The Tourism and Conventions Commission Act further provides that, in addition to the 3% Operations Tax described above, a consolidated local government may impose a transient room tax at a rate of not more than 1.5% for the purpose of funding additional promotion of tourism and convention business (the "1.5% Operations Tax"). The primary source of the Commission's revenue is the 3% Operations Tax and the 1.5% Operations Tax. Monies collected from these transient room taxes support the operations of the Commission. A fee of 1.25% of tax collected is retained by the Revenue Commission for collection services. Net tax collected and interest are remitted on a monthly basis.

The Tourism and Conventions Commission Act further provides that a consolidated local government may levy an additional transient room tax at a rate of not more than 2% (the "2% Dedicated Tax") and that all amounts collected from such tax shall be applied toward the retirement of bonds issued under the Tourism and Conventions Commission Act to finance the expansion, construction, or operation of a governmental convention center useful to the promotion of tourism located in the central business district of the consolidated local government. In 1995, Metro Government levied the 2% Dedicated Tax on every occupancy of a suite, room, or rooms charged by all persons, companies, corporations, or other like or similar persons, groups, or organizations doing business as motor courts, motels, hotels, inns, or like or similar accommodations businesses in Jefferson County, Kentucky. Monies collected from the 2% Dedicated Tax are applied toward the payment of the Commission's Series 2016 Bonds, which are described in Note J. A fee of 1.25% of tax collected is retained by the Revenue Commission for collection services. Net tax collected and interest are remitted on a monthly basis. The 2% Dedicated Tax is to remain in effect until June 23, 2046 or until the date on which all of the outstanding bonds of the Commission secured by the Dedicated Taxes are retired or no longer outstanding, whichever occurs first.

NOTE R - TRANSIENT ROOM TAX - Continued

The Tourism and Conventions Commission Act further provides that on or after August 1, 2014 a consolidated local government may impose a special transient room tax at a rate of not more than 1% (the "1% Additional Dedicated Tax") for the purpose of meeting the operating expenses of a convention center and financing the renovation or expansion of a convention center that is government-owned and located in the central business district of the consolidated local government, except that revenue derived from the 1% Additional Dedicated Tax shall not be used to meet the operating expenses of a convention center until any debt issued for financing such renovation or expansion is retired. In 2014, Metro Government levied the 1% Additional Dedicated Tax on every occupancy of a suite, room, or rooms charged by all persons, companies, corporations, or other like or similar persons, groups, or organizations doing business as motor courts, motels, hotels, inns, or like or similar accommodations businesses in Jefferson County, Kentucky. Monies collected from the 1% Additional Dedicated Tax must be used for the purposes of financing the renovation or expansion of the Kentucky International Convention Center and are applied toward the payment of the Commission's Series 2016 Bonds, which are described in Note J. A fee of 1.25% of tax collected is retained by the Revenue Commission for collection services. Net tax collected and interest are remitted monthly. The 1% Additional Dedicated Tax is to remain in effect until June 23, 2046 or until the date on which all of the outstanding bonds of the Commission secured by the Dedicated Taxes are retired or no longer outstanding, whichever occurs first. See Note J for the definition of the term "Dedicated Taxes."

KRS 154.30-050 established a "Signature Project Program" to encourage private investment in the development of major economic development projects that will have a significant impact on the Commonwealth and are determined to be of such a magnitude as to warrant extraordinary public support. The statute authorizes Metro Government to "release" and dedicate, to the payment of debt service on financing incurred to pay the costs of public infrastructure improvements for an eligible project, in addition to other state and local tax revenues, up to eighty percent (80%) of the incremental taxes generated within the project development area from the transient room taxes levied under KRS 91A.390, for a period of not more than thirty years or, if earlier, the date when the cumulative sum of the released taxes equals the total cost of the public infrastructure improvements approved by Metro Government. Metro Government has agreed to such a release of incremental transient room taxes, in the amount of not more than $400,000 in the first year and increased by 4% in each subsequent year (the "Annual Maximum"), generated within the defined geographic area of an economic development project in the Louisville central business district known as the "Center City Project", located one city block from the Convention Center and consisting of the development of a convention hotel opened in Spring 2018, rental apartment units, retail stores and restaurants, a public parking garage, and related public infrastructure improvements. The amount of incremental transient room taxes released to finance public infrastructure costs of the Center City Project, up to the Annual Maximum, will not be available to pay any obligations of the Commission, including the Series 2016 Bonds. The Center City Project is projected to generate annual incremental transient room taxes within the development area exceeding the Annual Maximum. The release of incremental transient room taxes for the benefit of the Center City Project was activated in December 2017 and is expected to continue for a maximum term of thirty years thereafter or, if earlier, until the date when the cumulative sum of the released taxes equals the total cost of the public infrastructure improvements approved by Metro Government.

NOTE S - STATE MATCHING FUNDS

The Commission is eligible to receive funding under KRS 142.400, which imposes a tax ("1% Statewide Transient Room Tax") at the rate of 1% of the rent (exclusive of any other local or state taxes paid by the person or entity renting the accommodations) for every occupancy of any suite, room, rooms, or cabins charged by all persons, companies, corporations, groups, or organizations doing business as motor courts, motels, hotels, inns, tourist camps, or similar accommodations businesses. Receipts from the 1% Statewide Transient Room Tax are deposited into the Tourism, Meeting and Convention Marketing Fund administered by the Tourism Cabinet, with the approval of the Governor's Office for Policy and Management, and used for the sole purpose of marketing and promoting tourism in the Commonwealth, including expenditures (except expenditures for capital construction projects) to market and promote events and venues related to meetings, conventions, trade shows, cultural activities, historical sites, recreation, entertainment, natural phenomena, areas of scenic beauty, craft marketing, and any other economic activity that brings tourists and visitors to the Commonwealth. The Tourism Cabinet distributes a portion of the 1% Statewide Transient Room Tax to tourism and convention commissions established under the Tourism and Convention Commission Act, including the Commission, based on the amount of the commission's expenses each year for marketing and promoting tourism in the Commonwealth, subject to an annual maximum amount determined by the Tourism Cabinet. The revenues distributed to the Commission under the Tourism and Convention Commission Act totaled $324,245 for the year ended June 30, 2021.

Notes T - CHANGES IN LONG-TERM LIABILITIES

Long-term liabilities for the year ended June 30, 2021 were as follows:

	Balance 6/30/2020	Additions	Reductions	Balance 6/30/2021	Due within one year
Bonds payable	$ 137,120,000	$ -	$ (3,215,000)	$ 133,905,000	$ 3,340,000
Bond issuance premium	3,726,878	-	(774,213)	2,952,665	711,260
Bond issuance discount	(1,153,601)	-	38,651	(1,114,950)	(39,881)
Bonds payable, net	139,693,277	-	(3,950,562)	135,742,715	4,011,379
Interest payable	398,038	-	(10,716)	387,322	387,322
Compensated absences	232,837	-	(34,452)	198,385	-
PPP loans	-	2,662,000	-	2,662,000	200,000
Net pension liability	13,459,700	797,909	-	14,257,609	-
Net OPEB liability	3,218,051	1,271,038	-	4,489,089	-
	$ 157,001,903	$ 4,730,947	$ (3,995,730)	$ 157,737,120	$ 4,598,701

NOTE U - NET POSITION (DEFICIT)/FUND BALANCE

In the Statement of Net Position (Deficit), the difference between the Commission's assets and deferred outflows of resources and the Commission's liabilities and deferred inflows of resources is recorded as net position (deficit). Restricted net position includes $22,705,994 restricted for debt service, $3,116,428 restricted for capital improvements at KICC, and $407,217 restricted for future payments to other governmental units.

In the Balance Sheet - Governmental Funds, the difference between the Commission's assets and liabilities is reported as fund balance. Restricted fund balance includes $22,705,994 restricted for debt service, $3,116,428 restricted for capital improvements at KICC, and $407,217 restricted for future payments to other governmental units. Committed fund balance represents amounts committed for board-designated reserves to ensure the stability of the mission, programs, employment and ongoing operations of the organization and to provide a source of funds to cover the liabilities and/or commitments of the organization.

Restricted net assets held by the Greater Louisville Sports Commission includes $92,026 of donor restricted funds and $16,500 of time restricted funds.

NOTE V - DISCRETELY PRESENTED COMPONENT UNIT

The Greater Louisville Sports Commission (the "GLSC") is a legally separate, tax-exempt 501(c)(3), component unit of the Commission. The GLSC acts primarily to foster national and international amateur sports competition, and for other charitable purposes to make the Greater Louisville area a hub of amateur sports and promote the general welfare and common good of amateur sports in the Greater Louisville area. Although it is legally separate from the Commission, the GLSC is fiscally dependent upon the Commission. This causes the relationship between the Commission and the GLSC to be that of related entities resulting in the need for inclusion as a discretely presented component unit in the financial statements of the Commission.

NOTE W - RELATED PARTY TRANSACTIONS

Operating expenses on the Statement of Activities includes $370,000 that was paid by the Commission to the GLSC to support its operations. The Commission issued an interest-free loan of $500,000 to GLSC on May 31, 2016. The loan was to be repaid to the Commission in four (4) annual installments of $125,000 beginning October 1, 2017. On September 10, 2020, the Commission amended the May 31, 2016 loan to GLSC to defer repayment of $25,000 of the loan to October 1, 2021. This loan was fully repaid to the Commission on April 16, 2021. The Commission issued an interest-free loan of $87,000 to GLSC on November 15, 2019. This loan was repaid to the Commission in one lump sum on July 1, 2020.

NOTE X - CONTINGENCIES

The Commission has entered into various contracts which require future payments to organizations for future conventions and meetings to be held in Louisville; however, if such conventions and meetings are cancelled by the respective organizations, no payments are due.

NOTE Y - IMPACT OF COVID-19

In March 2020, the World Health Organization declared the global novel coronavirus disease 2019 ("COVID-19") outbreak a pandemic. After the United States Centers for Disease Control and Prevention confirmed the spread of the disease throughout the United States public health orders were issued that significantly impacted the hospitality industry.

The impact of COVID-19 on the June 30, 2021 financial statements was as follows:

- A decline in revenues compared to fiscal year 2020 of $11,078,977, or 43%.
- Discretionary spending was significantly reduced, with total operating expenses decreasing by $7,153,916, or 38%, compared to fiscal year 2020.
- A waiver was obtained for the $1 million annual commitment to the KICC Capital Improvement Fund for fiscal year 2021.

The Commission's revenues improved over the final four months of fiscal year 2021 as the vaccine rollout continued to expand. The Commission became eligible for the PPP loan program in fiscal year 2021 and was able to access funds through that program as further described in Note Q. With the organization's financial strength and liquidity, management believes it will sustain operations. However, the ultimate impact remains uncertain as the pandemic continues to cause volatility in the travel and tourism industry.

REQUIRED SUPPLEMENTARY INFORMATION

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND CONVENTION COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL

Year ended June 30, 2021

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Transient room tax	$ 23,159,612	$ 12,961,184	$ 13,974,228	$ 1,013,044
Partnership dues	222,250	242,742	235,461	(7,281)
Advertising	142,800	10,400	6,076	(4,324)
Merchandise, net	87,008	21,834	20,989	(845)
Services and fees	83,415	12,937	7,277	(5,660)
Matching funds	455,000	324,245	324,245	-
Investment income	138,750	346,812	134,486	(212,326)
PPP loan forgiveness	-	998,250	-	(998,250)
Other income	40,050	55,750	56,196	446
Total Revenues	24,328,885	14,974,154	14,758,958	(215,196)
EXPENDITURES				
Rent	439,596	432,876	432,841	(35)
Parking	59,160	46,220	39,246	(6,974)
Maintenance	59,820	54,744	56,830	2,086
Utilities	4,800	4,800	4,700	(100)
Telephone	86,875	78,416	87,173	8,757
Supplies	106,352	52,802	40,652	(12,150)
Postage	97,638	56,450	47,176	(9,274)
Data processing	110,926	110,926	100,571	(10,355)
Payroll, full-time	3,925,439	3,871,897	3,891,282	19,385
Payroll, part-time	204,971	69,371	52,640	(16,731)
Payroll taxes	301,925	288,209	278,562	(9,647)
Pension plan	944,461	931,619	921,182	(10,437)
Employee relations	120,748	54,060	47,368	(6,692)
Employee benefits	508,697	488,274	463,188	(25,086)
Professional fees	185,300	179,400	197,295	17,895
Insurance	53,900	53,900	46,824	(7,076)
Dues and subscriptions	118,483	85,333	72,114	(13,219)
Printing	388,000	224,000	180,062	(43,938)
Advertising	1,788,445	1,188,445	1,082,126	(106,319)
Promotions	387,562	136,098	84,919	(51,179)
Photography and video	86,000	86,000	83,893	(2,107)
Website marketing	233,950	217,950	197,135	(20,815)
Mass marketing	556,524	128,089	122,002	(6,087)
Client events	115,122	27,005	5,338	(21,667)
Site visits	92,450	53,669	38,206	(15,463)
Travel and trade shows	813,699	222,386	121,560	(100,826)
Client development	114,114	33,799	23,553	(10,246)
Sponsorships and events	2,747,465	1,131,899	900,632	(231,267)
KICC capital improvements	-	453,255	388,012	(65,243)
Capital expenditures	14,750	14,750	25,825	11,075
Research	234,060	235,027	221,584	(13,443)
Bond principal	3,215,000	3,215,000	3,215,000	-
Interest expense	4,776,463	4,776,463	4,776,463	-
Other bond fees	44,000	44,000	38,714	(5,286)
Total Expenditures	22,936,695	19,047,132	18,284,668	(762,464)
Excess of Revenues Over Expenditures	1,392,190	(4,072,978)	(3,525,710)	547,268
OTHER FINANCING SOURCES (USES)				
Loans from PPP	-	2,662,000	2,662,000	-
Loan repayment from related party	100,000	100,000	125,000	25,000
Fund Balance, Beginning of Year	42,696,320	42,696,320	42,696,320	-
Fund Balance, End of Year	$ 44,188,510	$ 41,385,342	$ 41,957,610	$ 572,268

See independent auditor's report

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND CONVENTION COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS AND SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year ended June 30, 2021

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS

Year Ended June 30,	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
2014	0.18521%	$ 6,009,000	$ 4,504,431	133.40%	66.80%
2015	0.18292%	$ 7,864,668	$ 4,758,394	165.28%	59.97%
2016	0.18608%	$ 9,161,861	$ 4,961,692	184.65%	55.50%
2017	0.18850%	$ 11,033,485	$ 4,915,007	224.49%	53.30%
2018	0.18562%	$ 11,304,580	$ 5,154,297	219.32%	53.54%
2019	0.19138%	$ 13,459,700	$ 4,648,098	289.57%	50.45%
2020	0.18589%	$ 14,257,609	$ 3,828,689	372.39%	47.81%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

The data provided in the schedule is as of the measurement date of KRS's net pension liability, which is June 30, 2020.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Statutorily Required Contribution	Actual Employer Contribution	Contribution Excess/(Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
2015	$ 574,316	$ 574,316	$ -	$ 4,504,431	12.75%
2016	$ 577,669	$ 577,669	$ -	$ 4,758,394	12.14%
2017	$ 692,156	$ 692,156	$ -	$ 4,961,692	13.95%
2018	$ 711,693	$ 711,693	$ -	$ 4,915,007	14.48%
2019	$ 836,027	$ 836,027	$ -	$ 5,154,297	16.22%
2020	$ 897,083	$ 897,083	$ -	$ 4,648,098	19.30%
2021	$ 738,937	$ 738,937	$ -	$ 3,828,689	19.30%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

The actuarially determined contribution rates effective for fiscal year 2021 were calculated as of June 30, 2018. Based on the June 30, 2018 actuarial valuation report, the actuarial methods and assumptions used to calculate the contribution rates are below:

Determined by the Actuarial Valuation as of:	June 30, 2018
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period:	25 Years, Closed
Payroll Growth Rate:	2.00%
Investment Return:	6.25%
Inflation:	2.30%
Salary Increases:	3.30 to 11.55%, varies by services
Mortality:	RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (setback 1 year for females)

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND CONVENTION COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND RELATED RATIOS AND SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year ended June 30, 2021

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND RELATED RATIOS

Year Ended June 30,	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Actual Covered Member Payroll	Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
2017	0.18850%	$ 3,789,495	$ 4,915,007	77.10%	52.40%
2018	0.18561%	$ 3,295,433	$ 5,154,297	63.94%	57.62%
2019	0.19133%	$ 3,218,051	$ 4,648,098	69.23%	60.44%
2020	0.18591%	$ 4,489,089	$ 3,828,689	117.25%	51.67%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

The data provided in the schedule is as of the measurement date of KRS's net OPEB liability, which is June 30, 2020.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Statutorily Required Contribution	Actual Employer Contribution	Contribution Excess/(Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
2018	$ 231,005	$ 231,005	$ -	$ 4,915,007	4.70%
2019	$ 271,116	$ 271,116	$ -	$ 5,154,297	5.26%
2020	$ 221,250	$ 221,250	$ -	$ 4,648,098	4.76%
2021	$ 182,245	$ 182,245	$ -	$ 3,828,689	4.76%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See independent auditor's report and notes related to the net OPEB liability

The actuarially determined contribution rates effective for fiscal year 2021 were calculated as of June 30, 2018. Based on the June 30, 2018 actuarial valuation report, the actuarial methods and assumptions used to calculate the contribution rates are below:

Determined by the Actuarial Valuation as of:	June 30, 2018
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period:	25 Years, Closed
Payroll Growth Rate:	2.00%
Investment Return:	6.25%
Inflation:	2.30%
Salary Increases:	3.30 to 11.55%, varies by services
Mortality:	RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)
Healthcare Trend Rates (Pre-65):	Initial trend starting at 7.00% January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2019 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Healthcare Trend Rates (Post-65):	Initial trend starting at 5.00% at January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years. The 2019 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Phase-in Provision:	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

SUPPLEMENTARY INFORMATION

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND CONVENTION COMMISSION

SUPPLEMENTARY INFORMATION

SCHEDULE OF COLLECTION OF TRANSIENT ROOM TAX--Historical Transient Room Tax Collections

Year ended June 30, 2021

Fiscal Year Ended June 30,	2% Dedicated Tax	1% Additional Dedicated Tax	3% Operations Tax*	% Change from Preceding Year
2012	$ 5,593,359	$ -	$ 8,390,039	14.1%
2013	$ 5,793,492	$ -	$ 8,690,238	3.6%
2014	$ 6,303,838	$ -	$ 9,455,757	8.8%
2015	$ 6,823,593	$ -	$ 10,235,390	8.2%
2016	$ 7,832,045	$ 3,916,023	$ 11,748,068	14.8%
2017	$ 7,342,136	$ 3,671,068	$ 11,013,204	-6.3%
2018	$ 7,951,842	$ 3,975,921	$ 11,927,763	8.3%
2019	$ 9,083,397	$ 4,541,699	$ 13,625,095	14.2%
2020	$ 6,470,868	$ 3,235,434	$ 9,706,302	-28.8%
2021	$ 3,844,137	$ 1,922,069	$ 5,766,205	-40.6%

* Only one-half of the 3% Operations Tax (the “1.5% Pledged Operations Tax”) is pledged to the payment of the Series 2016 Bonds.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Commissioners
Louisville and Jefferson County Visitors and
Convention Commission

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit and each major fund of the Louisville and Jefferson County Visitors and Convention Commission (the "Commission") as of and for the year ended June 30, 2021 and the related notes to the financial statements which collectively comprise the Commission's basic financial statements and have issued our report thereon dated November 17, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards (Continued)*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MCM CPAs & Advisors LLP

Louisville, Kentucky
November 17, 2021