

Financial Statements

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

Year Ended June 30, 2022

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

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Independent Auditor's Report on Financial Statements

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

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and each major fund of the Commission as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Independent Auditor's Report on Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Emphasis of Matter

During the fiscal year ended June 30, 2022, the Commission implemented Government Accounting Standards' Board ("GASB") Statement No. 87 - *Leases*. The June 30, 2021 net position was not impacted by the implementation of the standard as the intangible right of use asset and corresponding lease liability at June 30, 2021 were of equal amounts.

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 39, GASB 68 schedules on pages 40-41 and GASB 75 schedules on pages 42-43 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 44 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Independent Auditor's Report on Financial Statements (Continued)

Other Supplementary Information (Continued)

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 28, 2022 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.



Louisville, Kentucky
November 28, 2022

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 \$96.3 million at June 30, 2022.
- Total net position increased by \$15.6 million for the fiscal year ending June 30, 2022.

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 leisure and hospitality industry. The Commission continues to recover from the pandemic alongside the leisure and hospitality industry locally and worldwide.

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, 2022, the Commission provided \$420,000 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 38.

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 \$96.3 million at June 30, 2022 compared to \$111.9 million at June 30, 2021. 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 \$131.7 million at June 30, 2022. The condensed information below was derived from the Commission's Statement of Net Position (Deficit) at June 30, 2022 and June 30, 2021.

Louisville and Jefferson County Visitors and Convention Commission

Assets, Liabilities, and Net Position (Deficit)

	June 30		Variance	
	2022	2021	\$	%
Assets				
Other assets, net	\$ 55,054,174	\$ 43,217,829	\$ 11,836,345	27%
Capital assets, net	361,132	363,279	(2,147)	-1%
Total Assets	55,415,306	43,581,108	11,834,198	27%
Deferred outflows of resources	3,304,360	4,534,484	(1,230,124)	-27%
Total Assets and Deferred Outflows of Resources	\$ 58,719,666	\$ 48,115,592	\$ 10,604,074	22%
Liabilities				
Long-term liabilities, net	\$ 139,796,434	\$ 153,138,419	\$ (13,341,985)	-9%
Other liabilities, net	9,046,284	5,383,564	3,662,720	68%
Total Liabilities	148,842,718	158,521,983	(9,679,265)	-6%
Deferred inflows of resources	6,144,145	1,462,009	4,682,136	320%
Total Liabilities and Deferred Inflows of Resources	\$ 154,986,863	\$ 159,983,992	\$ (4,997,129)	-3%
Net Position (Deficit)				
Invested in capital assets, net	\$ 361,132	\$ 363,279	\$ (2,147)	-1%
Restricted	32,074,790	26,229,639	5,845,151	22%
Unrestricted	(128,703,119)	(138,461,318)	9,758,199	-7%
Total Net Position (Deficit)	\$ (96,267,197)	\$ (111,868,400)	\$ 15,601,203	-14%

FINANCIAL ANALYSIS OF THE COMMISSION - CONTINUED

Total assets and deferred outflows of resources increased by \$10.6 million, or 22%. Key elements of this change were:

- Other assets increased by \$11.8 million, or 27%, primarily due to stronger transient room tax receipts which contributed to a \$3.9 million increase in cash and cash equivalents, a \$3.1 million increase in investments and restricted cash and cash equivalents in the Debt Service Fund, and a \$4.5 million increase in transient room tax amounts due from other governmental units and from trustee. Transient room tax earned in May and June is received after fiscal year-end and both months were quite robust in 2022 increasing the amounts due to the Commission at fiscal year-end. The addition of a right-of-use asset of \$0.8 million upon implementation of GASB 87 *Leases* also contributed to the increase.
- Deferred outflows of resources decreased by \$1.2 million, or 27%, with the deferred outflow for pension decreasing by \$0.8 million and the deferred outflow for postemployment benefits other than pensions ("OPEB") decreasing by \$0.4 million.

Total liabilities and deferred inflows of resources decreased by \$5.0 million, or 3%. Key elements of this change were:

- Long-term liabilities, net decreased by \$13.3 million, or 9%, due to several factors including Paycheck Protection Program ("PPP") loan forgiveness, changes in the net pension and OPEB liabilities, and a reduction in net bonds payable. The Commission borrowed \$2.7 million under the PPP program during the prior year and the associated loans were fully forgiven during the current year, which eliminated the respective liability. The net pension liability decreased by \$5.5 million and the net OPEB liability decreased by \$1.8 million as reductions to compensation during the measurement period impacted the calculation of the associated liabilities. Net bonds payable decreased by \$4.0 million following a \$3.3 million bond principal payment during the year and \$0.7 million amortization of the net bond issuance premium.
- Other liabilities, net increased by \$3.7 million, or 68%, due to a \$2.0 million increase in accounts payable and accrued expenses in the normal course of business and a \$1.4 million increase in deferred revenue from an Economic Development Administration ("EDA") grant received but not expended at year-end.
- Deferred inflows of resources increased by \$4.7 million, or 320%, as the deferred inflow for pension and the deferred inflow for OPEB rose \$3.5 million and \$1.2 million, respectively.

Total net position (deficit) increased by \$15.6 million, or 14%. Key elements of this change were:

- Restricted net position increased by \$5.8 million primarily due to a rise in investments and restricted cash and cash equivalents along with amounts due from other governmental units and the trustee in the Debt Service Fund, which resulted from stronger transient room tax receipts during the year.
- Unrestricted net position (deficit) increased by \$9.8 million primarily due to several factors including a \$4.0 million reduction in net bonds payable following the annual principal payment and amortization of the net bond issuance premium. A \$2.7 million increase in transient room tax due from other governmental units and from trustee in the General Fund contributed to the increase. The full forgiveness of the PPP loans and corresponding elimination of the related liability positively impacted the unrestricted net position (deficit) by \$2.7 million.

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

	2022	2021	\$	Variance
				%
Expenses				
Operating	\$ 16,467,712	\$ 11,867,635	\$ 4,600,077	39%
Interest	3,995,459	4,030,185	(34,726)	-1%
Other	139,445	150,163	(10,718)	-7%
Total Expenses	\$ 20,602,616	\$ 16,047,983	\$ 4,554,633	28%
Revenues				
Transient room tax	\$ 32,966,493	\$ 13,974,228	\$ 18,992,265	136%
Matching funds	532,589	324,245	208,344	64%
Partnership dues	291,165	235,461	55,704	24%
Advertising	36,247	6,076	30,171	497%
Investment income (loss)	(536,546)	134,486	(671,032)	-499%
PPP loan forgiveness	2,662,000	-	2,662,000	#DIV/0!
Other income	251,871	84,462	167,409	198%
Total Revenues	\$ 36,203,819	\$ 14,758,958	\$ 21,444,861	145%
Changes in Net Position (Deficit)	\$ 15,601,203	\$ (1,289,025)	\$ 16,890,228	-1310%

FINANCIAL ANALYSIS OF THE COMMISSION - CONTINUED

The Commission's change in net position (deficit) was an increase of \$15.6 million for the year ended June 30, 2022 compared to a \$1.3 million decrease for the year ended June 30, 2021.

Expenses of the Commission consist primarily of operating and interest expenses. Total expenses increased by \$4.6 million, or 28%. Key elements of this change were:

- Operating expenses rose \$4.6 million, or 39%, as the Commission continued to resume normal business activities alongside the rebound in tourism following spending reductions that were implemented during the depths of the COVID-19 pandemic across virtually all primary expense categories. Operating expenses include personnel, occupancy, sales and marketing, and general and administrative expenses. Areas experiencing the largest restoration of funds included a \$2.6 million increase in advertising, a \$1.8 million increase in personnel costs, a \$1.3 million increase in sponsorships and events, a \$0.9 million increase in travel and trade shows, and a \$0.4 million increase in mass marketing. These increases were partially offset by a \$3.1 million decrease in pension and OPEB expense.

Revenues of the Commission consist primarily of transient room tax. Total revenues increased by \$21.4 million, or 145%. Key elements of this change were:

- Transient room tax experienced a robust turnaround during the year as tourism rebounded locally and nationally. Transient room tax increased by \$19.0 million, or 136%, as travel demand globally surged following government-imposed measures to control the pandemic and uncertainty around travel that weighed on the industry in the prior year. The growth occurred in both occupancy and average daily rate. 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.
- PPP loan forgiveness increased \$2.7 million, or 100%, as the first and second draw PPP loans were fully forgiven during the year.
- Investment income decreased by \$0.7 million, or 499%, following a sharp increase in market interest rates during the year. Although investments are limited primarily to short-term fixed-income securities, the rise in interest rates did impact the market value of securities at year-end. The Commission typically holds securities to maturity and in such instances, changes in market value have no impact on the actual investment income received for the respective security.

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 as the tourism industry continued to recover from the COVID-19 pandemic.

Revenues exceeded budget by \$3.3 million due to stronger transient room tax than projected following a robust rebound in tourism in the last quarter of the fiscal year. Investment income was below budget by \$0.6 million, which partially offset the favorable variance from transient room tax. Expenditures were below budget by \$1.0 million as additional savings were realized over various line items as business operations continued to normalize following the COVID-19 pandemic. The largest favorable variances in expenditures were seen in KICC capital improvements, where the timing of those improvements was delayed, and in travel and tradeshows.

ECONOMIC CONDITION AND OUTLOOK

The Commission prepared a budget for the fiscal year ending June 30, 2023 based on current and forecasted economic conditions. The COVID-19 pandemic continues to impact travel and tourism globally. The Commission's revenues significantly improved beginning in the spring of 2022 and strength in tourism has continued through the summer and fall. Management is actively monitoring the Commission's financial performance and will adjust to continued changes in the economic landscape as necessary throughout fiscal year 2023 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, 2022

	Louisville and Jefferson County Visitors and Convention Commission	Component Unit Greater Louisville Sports Commission, Inc.
ASSETS		
Cash and cash equivalents	\$ 10,622,621	\$ 299,161
Cash and cash equivalents restricted	11,229,615	-
Investments	22,782,579	-
Due from other governmental units	7,034,412	-
Due from trustee	1,758,603	-
Other receivables, net	103,821	190,373
Inventory	75,064	-
Prepaid expenses	154,476	30,722
Debt issuance costs, net	456,468	-
Right-of-use asset, net	836,515	-
Capital assets, net of depreciation	361,132	-
Total Assets	55,415,306	520,256
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow - pension	1,644,011	-
Deferred outflow - OPEB	<u>1,660,349</u>	<u>-</u>
Total Assets and Deferred Outflow of Resources	58,719,666	520,256
LIABILITIES		
Accounts payable and accrued expenses	2,586,498	42,104
Deferred revenue	1,377,474	168,845
Interest payable	376,189	-
Due to other governmental units	233,971	-
Current note payable	-	3,387
Current bonds payable, net	4,083,262	-
Current lease liability	388,890	-
Compensated absences	285,910	-
Long-term lease liability	475,100	-
Net pension liability	8,758,160	-
Net OPEB liability	2,629,191	-
Long-term note payable, net	-	154,773
Long-term bonds payable, net	<u>127,648,073</u>	<u>-</u>
Total Liabilities	148,842,718	369,109
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow - pension	3,971,384	-
Deferred inflow - OPEB	<u>2,172,761</u>	<u>-</u>
Total Liabilities and Deferred Inflow of Resources	154,986,863	369,109
NET POSITION (DEFICIT)		
Net investment in capital assets	361,132	-
Restricted	32,074,790	122,337
Unrestricted	<u>(128,703,119)</u>	<u>28,810</u>
Total Net Position (Deficit)	\$ (96,267,197)	\$ 151,147

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, 2022

	Louisville and Jefferson County Visitors and Convention Commission	Component Unit Greater Louisville Sports Commission, Inc.
EXPENSES		
Operating	\$ 16,467,712	\$ 1,590,425
Interest	3,995,459	-
Depreciation and amortization	93,096	-
Other bond fees	46,349	-
Total Expenses	20,602,616	1,590,425
GENERAL REVENUES		
Transient room tax	32,966,493	-
Partnership dues	291,165	-
Advertising	36,247	-
Merchandise, net	86,553	-
Services and fees	112,980	-
Matching funds	532,589	-
Investment income (loss)	(536,546)	-
Agency funding	-	420,000
Program service revenue	-	1,351,483
PPP loan forgiveness	2,662,000	-
Other income	52,338	-
Total General Revenues	36,203,819	1,771,483
Change In Net Position	15,601,203	181,058
Net Position (Deficit), Beginning of Year	(111,868,400)	(29,911)
Net Position (Deficit), End of Year	\$ (96,267,197)	\$ 151,147

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, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 10,622,621	\$ -	\$ 10,622,621
Cash and cash equivalents restricted	4,498,027	6,731,588	11,229,615
Investments	5,463,203	17,319,376	22,782,579
Due from other governmental units	3,517,207	3,517,205	7,034,412
Due from trustee	1,758,603	-	1,758,603
Other receivables	82,185	21,636	103,821
Inventory	75,064	-	75,064
Prepaid expenses	<u>154,476</u>	<u>-</u>	<u>154,476</u>
Total Assets	<u>\$ 26,171,386</u>	<u>\$ 27,589,805</u>	<u>\$ 53,761,191</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable and accrued expenses	\$ 2,573,456	\$ 13,042	\$ 2,586,498
Due to other governmental units	233,971	-	233,971
Deferred revenue	<u>1,377,474</u>	<u>-</u>	<u>1,377,474</u>
Total Liabilities	<u>4,184,901</u>	<u>13,042</u>	<u>4,197,943</u>
FUND BALANCE			
Nonspendable:			
Inventory	75,064	-	75,064
Prepaid expenses	<u>154,476</u>	<u>-</u>	<u>154,476</u>
Restricted	4,498,027	27,576,763	32,074,790
Committed	7,981,211	-	7,981,211
Unassigned	<u>9,277,707</u>	<u>-</u>	<u>9,277,707</u>
Total Fund Balance	<u>21,986,485</u>	<u>27,576,763</u>	<u>49,563,248</u>
Total Liabilities and Fund Balance	<u>\$ 26,171,386</u>	<u>\$ 27,589,805</u>	<u>\$ 53,761,191</u>

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, 2022

Total fund balance for governmental funds	\$ 49,563,248
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.	361,132
Right-of-use assets, net of amortization, used in governmental activities are not financial resources and, therefore, not reported in the governmental funds financial statements.	836,515
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.	456,468
Long-term assets and liabilities, and deferred inflows and outflows, are not due in the current period and, therefore, not reported in governmental funds.	
Bonds payable, net	\$ (131,731,335)
Net pension liability	(8,758,160)
Net OPEB liability	(2,629,191)
Deferred outflow - pension	1,644,011
Deferred outflow - OPEB	1,660,349
Interest payable	(376,189)
Deferred inflow - pension	(3,971,384)
Deferred inflow - OPEB	(2,172,761)
Lease liability	(863,990)
Compensated absences	<u>(285,910)</u>
Total Net Position (Deficit) of Governmental Activities	<u><u>\$ (96,267,197)</u></u>

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, 2022	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES			
Transient room tax	\$ 19,596,327	\$ 13,370,166	\$ 32,966,493
Partnership dues	291,165	-	291,165
Advertising	36,247	-	36,247
Merchandise, net	86,553	-	86,553
Services and fees	112,980	-	112,980
Matching funds	532,589	-	532,589
Investment income (loss)	(52,472)	(484,074)	(536,546)
Other income	52,338	-	52,338
Total Revenues	20,655,727	12,886,092	33,541,819
EXPENDITURES			
Rent	416,100	-	416,100
Parking	44,163	-	44,163
Maintenance	43,726	-	43,726
Utilities	4,679	-	4,679
Telephone	79,678	-	79,678
Supplies	74,796	-	74,796
Postage	77,452	-	77,452
Data processing	110,708	-	110,708
Payroll, full-time	4,102,125	-	4,102,125
Payroll, part-time	152,306	-	152,306
Payroll taxes	390,783	-	390,783
Commissions and incentive pay	927,640	-	927,640
Pension plan	1,331,082	-	1,331,082
Employee relations	89,199	-	89,199
Employee benefits	482,499	-	482,499
Professional fees	367,952	-	367,952
Insurance	50,241	-	50,241
Dues and subscriptions	93,627	-	93,627
Printing	291,653	-	291,653
Advertising	3,648,553	-	3,648,553
Promotions	340,035	-	340,035
Photography and video	86,310	-	86,310
Website marketing	344,682	-	344,682
Mass marketing	543,348	-	543,348
Client events	79,842	-	79,842
Site visits	57,773	-	57,773
Travel and trade shows	1,015,513	-	1,015,513
Client development	103,382	-	103,382
Sponsorships and events	2,222,347	-	2,222,347
Capital expenditures	90,949	-	90,949
Research	257,715	-	257,715
Bond principal	-	3,340,000	3,340,000
Interest expense	-	4,647,862	4,647,862
Other bond fees	-	27,461	27,461
Total Expenditures	17,920,858	8,015,323	25,936,181
Net Change in Fund Balances	2,734,869	4,870,769	7,605,638
Fund Balance, Beginning of Year	19,251,616	22,705,994	41,957,610
Fund Balance, End of Year	\$ 21,986,485	\$ 27,576,763	\$ 49,563,248

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, 2022

Net change in fund balances - total governmental funds \$ 7,605,638

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 (\$93,096) exceeded capital outlays (\$90,949) in the current period.

(2,147)

Governmental funds financial statements report rent payments as expenditures. However, the cost of right-of-use assets is allocated over their estimated useful lives and reported as amortization expense in the Statement of Activities. This is the amount by which amortization of the right-of-use asset (\$402,011) exceeded rent payments (\$374,536) in the current period.

(27,475)

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.

3,340,000

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.

(18,888)

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 \$711,260.

711,260

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 \$39,880.

(39,880)

Pension income (expense) related to long-term Net Pension Liability that is not included in the Governmental Funds.

1,251,620

Pension income (expense) related to long-term Net OPEB Liability that is not included in the Governmental Funds.

195,467

Governmental funds financial statements report loans from the Paycheck Protection Program ("PPP") as other financing sources when received. However, government-wide financial statements report PPP loan forgiveness as income when forgiven.

2,662,000

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 \$ (87,525)
Change in interest payable 11,133

(76,392)

Change in Net Position (Deficit) of Governmental Activities

\$ 15,601,203

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

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND

CONVENTION COMMISSION

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2022

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.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND

CONVENTION COMMISSION

NOTES TO FINANCIAL STATEMENTS--CONTINUED

Year ended June 30, 2022

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

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND

CONVENTION COMMISSION

NOTES TO FINANCIAL STATEMENTS--CONTINUED

Year ended June 30, 2022

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, 2021.

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.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND

CONVENTION COMMISSION

NOTES TO FINANCIAL STATEMENTS--CONTINUED

Year ended June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

New Accounting Pronouncements: 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. With the release of GASB No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* (see below) GASB No. 87, *Leases* was delayed 18 months for periods beginning after June 15, 2021. The adoption of this statement resulted in the recognition of an asset and liability on the statement of net position related to leases the Commission has in effect. See Note O for further detail.

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 April 2022, GASB issued Statement No. 99, *Omnibus 2022*. This pronouncement enhances comparability and improves consistency by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The adoption of these requirements did not have an impact on the Commission's financial position, results of operations, or cash flows. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The impact of these requirements on the financial statements has not yet been determined.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This pronouncement has the objective to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. GASB Statement No. 101 is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The impact of these requirements on the financial statements has not yet been determined.

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. No recognized or non-recognized subsequent events occurred through that date.

NOTE B - CASH AND CASH EQUIVALENTS

At June 30, 2022, restricted cash equivalents in the amount of \$6,731,588 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, 2022, unrestricted cash equivalents in the amount of \$2,555,018 were held by financial institutions in money market funds that invest only in securities issued by the United States Treasury.

At June 30, 2022, restricted cash deposits in the amount of \$4,541,587 and unrestricted cash deposits in the amount of \$9,029,027 were held by financial institutions, of which \$413,970 was collectively insured by the Federal Deposit Insurance Corporation ("FDIC") and the remainder was collateralized by securities held by the pledging financial institution.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND**CONVENTION COMMISSION**

NOTES TO FINANCIAL STATEMENTS--CONTINUED

Year ended June 30, 2022

NOTE B - CASH AND CASH EQUIVALENTS - CONTINUED

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, 2022.

NOTE C - INVESTMENTS

At June 30, 2022, 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	\$ 16,866,375	\$ 4,310,212	\$ 21,176,587
Certificates of Deposit	Aaa	453,001	1,152,991	1,605,992
Total		\$ 17,319,376	\$ 5,463,203	\$ 22,782,579

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.

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.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND**CONVENTION COMMISSION****NOTES TO FINANCIAL STATEMENTS--CONTINUED**

Year ended June 30, 2022

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, 2022:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments (See Note C)	\$22,782,579	\$ 22,782,579	\$ -	\$ -

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.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND

CONVENTION COMMISSION

NOTES TO FINANCIAL STATEMENTS--CONTINUED

Year ended June 30, 2022

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	\$ 1,178,778	\$ 15,995	\$ -	\$ 1,194,773
Furniture and fixtures	460,098	-	-	460,098
Office equipment	563,466	74,359	(16,834)	620,991
Intangible assets	126,413	595	-	127,008
Total cost	2,328,755	90,949	(16,834)	2,402,870
Less Accumulated Depreciation				
Leasehold improvements	1,115,201	26,762	-	\$ 1,141,963
Furniture and fixtures	438,859	3,972	-	442,831
Office equipment	411,416	62,362	(16,834)	456,944
Total accumulated depreciation	1,965,476	93,096	(16,834)	2,041,738
Net Book Value	\$ 363,279	\$ (2,147)	\$ -	\$ 361,132
	Beginning Balance	Additions	Disposals	Ending Balance
The Greater Louisville Sports Commission:				
Cost				
Equipment	\$ 17,505	\$ -	\$ -	\$ 17,505
Less Accumulated Depreciation				
Equipment	17,505	-	-	17,505
Net Book Value	\$ -	\$ -	\$ -	\$ -

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND

CONVENTION COMMISSION

NOTES TO FINANCIAL STATEMENTS--CONTINUED

Year ended June 30, 2022

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, 2022 consist of the following:

Description	Due to be Redeemed or Repaid During Year Ending June 30	Interest Rate	Outstanding Balance
Serial and Term Bonds	2023 - 2046	2.75% - 4.00%	\$130,565,000

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
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	4,065,000	3,923,863	7,988,863
2028-2032	22,715,000	17,222,313	39,937,313
2033-2037	27,190,000	12,752,888	39,942,888
2038-2042	32,230,000	7,709,375	39,939,375
2043-2046	29,605,000	2,348,281	31,953,281
Total	\$ 130,565,000	\$ 61,157,172	\$ 191,722,172

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.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND

CONVENTION COMMISSION

NOTES TO FINANCIAL STATEMENTS--CONTINUED

Year ended June 30, 2022

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, 2022 was \$1,166,335.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND

CONVENTION COMMISSION

NOTES TO FINANCIAL STATEMENTS--CONTINUED

Year ended June 30, 2022

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%.

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, 2022 was 26.95% (21.17% pension and 5.78% insurance) of covered payroll. Contributions to the Pension Fund from the Commission were \$1,045,603 for the year ended June 30, 2022. By law, employer contributions are required to be paid. The KRS may intercept the Commission'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.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND CONVENTION COMMISSION

NOTES TO FINANCIAL STATEMENTS--CONTINUED

Year ended June 30, 2022

NOTE L - PENSION PLAN - CONTINUED

Net Pension Liability

At June 30, 2022, the Commission reported a liability of \$8,758,160 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the collective net pension liability and pension expense was determined using the employers' actual contributions for fiscal year 2021. This method is expected to be reflective of the employers' long-term contribution effort. At June 30, 2021, the Commission's proportion was 0.13737%.

Actuarial assumptions. The total pension liability as of June 30, 2021, 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 rate of return was 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		
US Equity	5.70%	21.75%
Non-US Equity	6.35%	21.75%
Private Equity	9.70%	10.00%
Specialty Credit/High Yield	2.80%	15.00%
Liquidity		
Core Bonds	0.00%	10.00%
Cash	-0.60%	1.50%
Diversifying Strategies		
Real Estate	5.40%	10.00%
Opportunistic	0.00%	0.00%
Real Return	4.55%	10.00%
Expected Real Return	5.00%	100.00%
Long Term Inflation Assumption	2.30%	
Expected Nominal Return	7.30%	

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND**CONVENTION COMMISSION****NOTES TO FINANCIAL STATEMENTS--CONTINUED**

Year ended June 30, 2022

NOTE L - PENSION PLAN - CONTINUED

Discount rate. The projection of cash flows used to determine the single discount rate of 6.25% assumed that participating employers would contribute at the actuarially determined employer contribution each future year calculated in accordance with the current funding policy. The single discount rate is based on the expected rate of return on pension plan investments.

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	\$ 11,232,756	\$ 8,758,160	\$ 6,710,490

Pension expense. For the year ended June 30, 2022, the Commission recognized pension income of \$206,018.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2022, 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	\$ 100,571	\$ 85,004
Investment experience	339,758	1,507,074
Assumption changes	117,545	-
Changes in proportion and difference between employer contributions and proportionate share of plan contributions	40,534	2,379,306
Contributions subsequent to the measurement date of June 30, 2021	1,045,603	-
Total	\$ 1,644,011	\$ 3,971,384

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND**CONVENTION COMMISSION****NOTES TO FINANCIAL STATEMENTS--CONTINUED**

Year ended June 30, 2022

NOTE L - PENSION PLAN - CONTINUED

	Recognition of Existing Deferred Outflows (Inflows) of Resources for Future Measurement Period Ending June 30
2022	\$ (1,280,273)
2023	(1,387,971)
2024	(339,189)
2025	(365,543)
2026	-
Thereafter	-
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	\$ (3,372,976)

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, 2022, the Commission reported a payable of \$90,736 (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, 2022.

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 expense related to the plan was \$4,110 for the year ended June 30, 2022.

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 Statute 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 be 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.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND**CONVENTION COMMISSION****NOTES TO FINANCIAL STATEMENTS--CONTINUED**

Year ended June 30, 2022

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

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, 2022 was 26.95% (21.17% pension and 5.78% insurance) of covered payroll. Contributions to the Insurance Fund from the Commission were \$285,479 for the year ended June 30, 2022. 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, 2022, the Commission reported a liability of \$2,629,191 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2021 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 2021. This method is expected to be reflective of the employers' long-term contribution effort. At June 30, 2021, the Commission's proportion was 0.13733%.

For the year ended June 30, 2022, the Commission recognized OPEB expense of \$176,520. At June 30, 2022, 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	\$ 413,441	\$ 784,989
Investment experience	132,466	543,767
Assumption changes	697,048	2,445
Changes in proportion and difference between employer contributions and proportionate share of plan contributions	45,404	841,560
Implicit subsidy	86,511	-
Contributions subsequent to the measurement date of June 30, 2021	285,479	-
Total	\$ 1,660,349	\$ 2,172,761

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND**CONVENTION COMMISSION****NOTES TO FINANCIAL STATEMENTS--CONTINUED**

Year ended June 30, 2022

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

Of the total amount reported as deferred outflows of resources related to OPEB, \$285,479 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, 2023. 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
2022	\$ (144,917)
2023	(207,069)
2024	(205,463)
2025	(326,953)
2026	-
Thereafter	-
	<hr/>
	\$ (884,402)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, 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%
Mortality:	
Pre-retirement	PUB-2010 General Mortality table, for the Nonhazardous Plans, and the PUB-2010 Public Safety Mortality table for the Hazardous Plans, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Healthcare Trend Rates (Pre-65):	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Healthcare Trend Rates (Post-65):	Initial trend starting at 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND

CONVENTION COMMISSION

NOTES TO FINANCIAL STATEMENTS--CONTINUED

Year ended June 30, 2022

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

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:

Asset Class	Long-Term Expected Rate of Return	Target Allocation
Growth		
US Equity	5.70%	21.75%
Non-US Equity	6.35%	21.75%
Private Equity	9.70%	10.00%
Specialty Credit/High Yield	2.80%	15.00%
Liquidity		
Core Bonds	0.00%	10.00%
Cash	-0.60%	1.50%
Diversifying Strategies		
Real Estate	5.40%	10.00%
Opportunistic	0.00%	0.00%
Real Return	4.55%	10.00%
Expected Real Return	5.00%	100.00%
Long Term Inflation Assumption	2.30%	
Expected Nominal Return	7.30%	

Discount rate. The projection of cash flows used to determine the single discount rate of 5.20% assumed that participating employers would contribute the actuarially determined employer contribution each future year calculated in accordance with the current funding policy. The single discount rate is based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 1.92% as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plan's actuarial determined contributions, and any cost associated with the implicit subsidy are not expected to be paid out of the plan's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

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 (4.20%) or one percentage point higher (6.20%) than the current discount rate:

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
Net OPEB liability	\$ 3,609,859	\$ 2,629,191	\$ 1,824,390

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND**CONVENTION COMMISSION****NOTES TO FINANCIAL STATEMENTS--CONTINUED**

Year ended June 30, 2022

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

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	\$ 1,892,705	\$ 2,629,191	\$ 3,518,141

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, 2022, the Commission reported a payable of \$24,774 (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, 2022.

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 originally expired in September 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. 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 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.

The Commission, as a lessee, recognizes a lease liability and right-of-use asset at the commencement of the lease term. The lease liability is based on the present value of the lease payments expected to be paid during the lease term. The right-of-use asset should be valued at the lease liability in addition to accumulated amortization expense recognized throughout the life of the leases. The lease liability was discounted to the net present value by using a 2.95% implied interest rate.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND

CONVENTION COMMISSION

NOTES TO FINANCIAL STATEMENTS--CONTINUED

Year ended June 30, 2022

NOTE O - LEASES - CONTINUED

The Commission has entered into operating leases for the rental of building space. The Commission recognizes right-of-use assets and liabilities for building leases. As of June 30, 2022, the lease liability was as follows:

Governmental Activities	Beginning Lease Liability	Reduction	Ending Lease Liability	Implied Interest	Annual Lease Payments*
Office Lease	\$ 762,258	\$ 308,900	\$ 453,358	\$ 18,244	\$ 327,144
VIC Lease	476,268	65,636	410,632	11,866	77,502
Governmental activities					
Lease liabilities	<u>\$ 1,238,526</u>	<u>\$ 374,536</u>	<u>\$ 863,990</u>	<u>\$ 30,110</u>	<u>\$ 404,646</u>

*Annual Lease Payment = Liability Reduction + Implied Interest

Right-of-use assets for the governmental activities for the year ended June 30, 2022, was as follows:

Governmental Activities	Beginning Lease Asset	Amortization	Ending Lease Asset
Office Lease	\$ 762,258	\$ 315,417	\$ 446,841
VIC Lease	476,268	86,594	389,674
Governmental activities			
Right-of-use assets	<u>\$ 1,238,526</u>	<u>\$ 402,011</u>	<u>\$ 836,515</u>

The future minimum lease payments for the above leases are as follows:

Fiscal Year Ended June 30	Governmental Activities		
	Principal	Interest	Total
2023	\$ 388,890	\$ 20,406	\$ 409,296
2024	228,845	9,765	238,610
2025	96,331	5,969	102,300
2026	99,212	3,088	102,300
2027	50,712	437	51,149
Total	\$ 863,990	\$ 39,665	\$ 903,655

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND

CONVENTION COMMISSION

NOTES TO FINANCIAL STATEMENTS--CONTINUED

Year ended June 30, 2022

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 \$74,923 at June 30, 2022. 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 \$285,910 at June 30, 2022. 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 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 continued to record the proceeds from the loans as a financial liability until either [1] the loans were partially or fully forgiven and the Commission has been legally released by the U.S. Small Business Administration ("SBA") or [2] the Commission paid-off the loans. On September 8, 2021, the Commission was notified that the first draw PPP loan dated January 20, 2021 in the amount of \$1,331,000 was fully forgiven. On December 30, 2021, the Commission was notified that the second draw PPP loan dated April 12, 2021 in the amount of \$1,331,000 was fully forgiven. As such, the balance outstanding under all PPP loans is \$0 at June 30, 2022.

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.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND CONVENTION COMMISSION

NOTES TO FINANCIAL STATEMENTS--CONTINUED

Year ended June 30, 2022

NOTE R - TRANSIENT ROOM TAX - CONTINUED

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.

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.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND CONVENTION COMMISSION

NOTES TO FINANCIAL STATEMENTS--CONTINUED

Year ended June 30, 2022

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 \$532,589 for the year ended June 30, 2022.

Notes T - CHANGES IN LONG-TERM LIABILITIES

Long-term liabilities for the year ended June 30, 2022 were as follows:

	Balance 6/30/2021	Additions	Reductions	Balance 6/30/2022	Due within one year
Bonds payable	\$ 133,905,000	\$ -	\$ (3,340,000)	\$ 130,565,000	\$ 3,475,000
Bond issuance premium	2,952,665	-	(711,260)	2,241,405	649,412
Bond issuance discount	(1,114,950)	-	39,880	(1,075,070)	(41,150)
Bonds payable, net	135,742,715	-	(4,011,380)	131,731,335	4,083,262
Interest payable	387,322	-	(11,133)	376,189	376,189
Compensated absences	198,385	87,525	-	285,910	-
PPP loans	2,662,000	-	(2,662,000)	-	-
Net pension liability	14,257,609	-	(5,499,449)	8,758,160	-
Net OPEB liability	4,489,089	-	(1,859,898)	2,629,191	-
	<u>\$ 157,737,120</u>	<u>\$ 87,525</u>	<u>\$ (14,043,860)</u>	<u>\$ 143,780,785</u>	<u>\$ 4,459,451</u>

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND**CONVENTION COMMISSION****NOTES TO FINANCIAL STATEMENTS--CONTINUED**

Year ended June 30, 2022

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 \$27,576,763 restricted for debt service, \$4,112,923 restricted for capital improvements at KICC, and \$385,104 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 \$27,576,763 restricted for debt service, \$4,112,923 restricted for capital improvements at KICC, and \$385,104 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 \$122,337 of donor 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 \$420,000 that was paid by the Commission to the GLSC to support its operations.

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.

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, 2022

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Transient room tax	\$ 26,518,721	\$ 28,884,535	\$ 32,966,493	\$ 4,081,958
Partnership dues	285,000	285,000	291,165	6,165
Advertising	45,000	45,000	36,247	(8,753)
Merchandise, net	61,501	68,130	86,553	18,423
Services and fees	83,570	94,867	112,980	18,113
Matching funds	324,245	532,589	532,589	-
Investment income	106,571	106,571	(536,546)	(643,117)
Other income	29,450	179,450	52,338	(127,112)
Total Revenues	27,454,058	30,196,142	33,541,819	3,345,677
EXPENDITURES				
Rent	410,658	410,658	416,100	5,442
Parking	49,440	49,440	44,163	(5,277)
Maintenance	54,945	59,945	43,726	(16,219)
Utilities	4,800	4,800	4,679	(121)
Telephone	92,400	92,400	79,678	(12,722)
Supplies	97,421	89,423	74,796	(14,627)
Postage	57,450	92,450	77,452	(14,998)
Data processing	118,584	124,324	110,708	(13,616)
Payroll, full-time	4,132,454	4,142,754	4,102,125	(40,629)
Payroll, part-time	183,817	161,020	152,306	(8,714)
Payroll taxes	330,493	391,093	390,783	(310)
Commissions and incentive pay	179,068	936,267	927,640	(8,627)
Pension plan	1,157,800	1,359,600	1,331,082	(28,518)
Employee relations	96,725	96,725	89,199	(7,526)
Employee benefits	514,589	499,589	482,499	(17,090)
Professional fees	283,100	316,450	367,952	51,502
Insurance	54,600	54,600	50,241	(4,359)
Dues and subscriptions	122,198	121,838	93,627	(28,211)
Printing	276,250	397,250	291,653	(105,597)
Advertising	1,767,200	3,521,500	3,648,553	127,053
Promotions	426,695	389,171	340,035	(49,136)
Photography and video	113,000	93,000	86,310	(6,690)
Website marketing	285,400	354,939	344,682	(10,257)
Mass marketing	519,816	625,871	543,348	(82,523)
Client events	86,711	137,755	79,842	(57,913)
Site visits	101,810	66,000	57,773	(8,227)
Travel and trade shows	1,024,120	1,124,750	1,015,513	(109,237)
Client development	87,840	100,735	103,382	2,647
Sponsorships and events	2,650,750	2,388,047	2,222,347	(165,700)
KICC capital improvements	239,500	304,000	-	(304,000)
Capital expenditures	32,000	137,500	90,949	(46,551)
Research	307,860	267,860	257,715	(10,145)
Bond principal	3,340,000	3,340,000	3,340,000	-
Interest expense	4,647,863	4,647,863	4,647,862	(1)
Other bond fees	48,000	48,000	27,461	(20,539)
Total Expenditures	23,895,357	26,947,617	25,936,181	(1,011,436)
Excess of Revenues Over Expenditures	3,558,701	3,248,525	7,605,638	4,357,113
Fund Balance, Beginning of Year	41,957,610	41,957,610	41,957,610	-
Fund Balance, End of Year	\$ 45,516,311	\$ 45,206,135	\$ 49,563,248	\$ 4,357,113

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, 2022

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%
2021	0.13737%	\$ 8,758,160	\$ 4,939,079	177.32%	57.33%

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, 2021.

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%
2022	\$ 1,045,603	\$ 1,045,603	\$ -	\$ 4,939,079	21.17%

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 pension liability.

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
RELATED TO THE NET PENSION LIABILITY
Year ended June 30, 2022

The actuarially determined contribution rates effective for fiscal year 2021 were calculated as of June 30, 2019. Based on the June 30, 2019 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, 2019
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:	30 Years, Closed
Payroll Growth Rate:	2.00%
Investment Return:	6.25%
Inflation:	2.30%
Salary Increases:	3.30 to 10.30%, varies by services
Mortality:	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

**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, 2022

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
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%
2021	0.13733%	\$ 2,629,191	\$ 4,939,079	53.23%	62.91%

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, 2021.

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%
2022	\$ 285,479	\$ 285,479	\$ -	\$ 4,939,079	5.78%

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.

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
RELATED TO THE NET OPEB LIABILITY
Year ended June 30, 2022

The actuarially determined contribution rates effective for fiscal year 2021 were calculated as of June 30, 2019. Based on the June 30, 2019 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, 2019
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:	30 Years, Closed
Payroll Growth Rate:	2.00%
Investment Return:	6.25%
Inflation:	2.30%
Salary Increases:	3.30 to 10.30%, varies by services
Mortality:	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
Healthcare Trend Rates (Pre-65):	Initial trend starting at 6.25% January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2020 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 5.50% at January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years. The 2020 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, 2022

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%
2022	\$ 8,913,444	\$ 4,456,722	\$ 13,370,166	131.9%

* 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, 2022 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 28, 2022.

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*.

**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 28, 2022