

# Louisville/Jefferson County Metro Government COMPREHENSIVE ANNUAL FINANCIAL REPORT



July 1, 2009–June 30, 2010



JERRY E. ABRAMSON  
MAYOR

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

## **LOUISVILLE-JEFFERSON COUNTY METRO GOVERNMENT LOUISVILLE, KENTUCKY**



**Fiscal Year Ended June 30, 2010**

**JERRY E. ABRAMSON  
Mayor**

Prepared by:  
Office of Management & Budget

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 For the Fiscal Year Ended June 30, 2010**

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Fiscal Year Ended June 30, 2010**

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LOUISVILLE, KENTUCKY  
OFFICE OF THE MAYOR

JERRY E. ABRAMSON  
MAYOR

December 21, 2010

To The Citizens of Louisville:

I am pleased to present the Comprehensive Annual Financial Report of the Louisville Metro Government for the fiscal year ended June 30, 2010. This is the eighth annual report issued for the consolidated government since the merger of the City of Louisville and Jefferson County governments in 2003. This report demonstrates that we have delivered on the pledge to make local government more efficient, effective and dependable for our citizens.

Over the past few years, we have made great progress despite great financial challenges posed by the global recession, mandated increases in employee pension contributions and ever-rising health insurance costs. As a result of our continued strong financial operations and management policies, the nation's most respected credit rating agencies have placed Louisville among the highest rated large cities in America. Moody's, Standard and Poor's and Fitch recently reaffirmed the long-term ratings on Louisville Metro (Aa1, AA+ and AAA, respectively).

We have resisted the temptation that other cities could not. We have not tapped our financial reserves to spend our way out of tough fiscal challenges. As a result of prudent fiscal management, the undesignated fund balance at the close of fiscal year 2010 remained flat at \$65.4 million, or about 13 percent of total general fund expenditures.

We have created a safer community:

- investing in the MetroSafe Emergency Communications system to connect our emergency responders and improve response to citizens in need;
- putting more police officers on the streets to fight crime alongside our citizen partners;
- modernizing our fire and EMS operations to provide more professional care and response.

We have created a stronger community:

- putting a priority on health and healthier lifestyles, improving and expanding parks, adding bike paths, mandating smoke-free public places and reducing dangerous air emissions;
- devoting tens of millions of dollars to infrastructure improvements from roads and sidewalks to water lines and stormwater drains;
- expanding affordable housing opportunities throughout our community and creating livable neighborhoods where barracks-style tenements once stood.

December 21, 2010

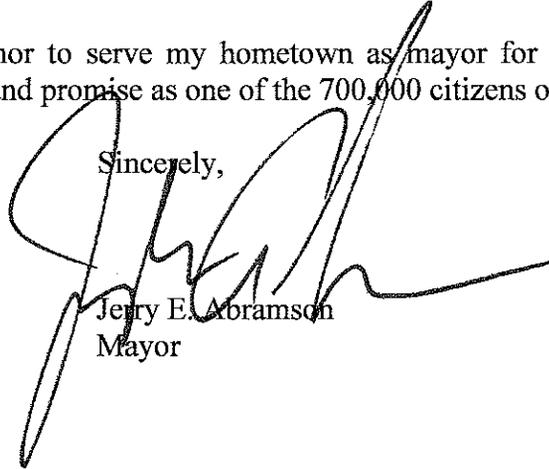
Page 2

We have created a better community:

- revitalizing our downtown now teeming with energy from restaurants, hotels, museums, galleries, businesses and the stunning KFC Yum! Center;
- embracing our entire community with a City of Parks commitment that ensures families in every part of Louisville can enjoy parks, playgrounds and green space;
- instilling a spirit of possibility that continues to turn dreams into reality and attract entrepreneurs, businesses and professionals.

It has been a great honor to serve my hometown as mayor for 21 years. And I look forward to continued progress and promise as one of the 700,000 citizens of this great city.

Sincerely,

A large, stylized handwritten signature in black ink, which appears to read "Jerry E. Abramson". The signature is written over the typed name and title.

Jerry E. Abramson  
Mayor



OFFICE OF MANAGEMENT & BUDGET  
LOUISVILLE, KENTUCKY

JERRY E. ABRAMSON  
MAYOR

JANE DRISKELL SISTRUNK  
DIRECTOR

December 21, 2010

To the Citizens of Metro Louisville:

As the Director of the Office of Management and Budget for the Louisville Metro Government, I have the distinct pleasure of submitting the Comprehensive Annual Financial Report ("CAFR") for the year ended June 30, 2010. This is the eighth CAFR issued for Metro Government under the new merged government. On January 6, 2003 the Jefferson County Fiscal Court and the City of Louisville Governments merged and formed a new entity called the Louisville/Jefferson County Metropolitan Government ("Louisville Metro Government").

Responsibility for the accuracy, completeness and fairness of the data, including all disclosures, rests with the management of Louisville Metro Government. I have overseen completion of this CAFR, to the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to report fairly the financial position and results of operations of Louisville Metro Government. All disclosures necessary to enable the reader to gain an understanding of Louisville Metro Government's financial activities are included. There were no changes to any financial policies that had a significant impact on the current year's financial statements.

Louisville Metro Government is a public body corporate and politic, duly created and existing as a political subdivision of the Commonwealth of Kentucky under the Constitution and laws of the Commonwealth. The Metro Government is governed by an elected Mayor and the Metro Council composed of twenty-six council members (elected from each of the twenty-six council districts for staggered terms initially commencing on January 6, 2003, and eventually all extending for four years). All executive and administrative power of the consolidated local government is vested in the office of the Mayor. As outlined in the organizational chart included in this report, the administration of Louisville Metro Government has divided operations into a 12-department structure.

Louisville Metro Government provides some of the following services: public safety, streets and roads, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and other administrative services.

An annual appropriated budget is adopted for the General Fund on a cash basis, which differs from the basis used for financial report under accounting principles generally accepted in the

United States. On or before June 1 of each year, pursuant to state statute, the Mayor proposes an Executive Budget to the Metro Council. On or before June 30 of each year, as required by state statute, the Metro Council adopts the Executive Budget as it may have been amended, as the approved budget for the fiscal year beginning July 1. An affirmative vote of a majority of the Metro Council is required to change the proposed appropriations, to amend the budget once it has been approved, or to approve any supplemental appropriations. All budget adjustments at the department level must be approved by the Chief Financial Officer consistent with the approved budget. The capital improvements budget and program for Louisville Metro Government is prepared annually to include a program of proposed capital expenditures for the ensuing fiscal year.

Louisville Metro Government undertakes long-term financial planning through the development of a 5-year Capital Improvement Plan (CIP) in conjunction with the use of a debt-capacity model. The CIP is an annual survey of capital needs, prioritized relative to the city's 10-year strategic plan, and based on factors such as legal mandates, financial leverage, operating impact, and useful life of the asset. The debt capacity model identifies a portion of revenues that are available for funding debt service and/or pay-go capital. The revenue stream is currently based on occupational tax receipts to include employee wages, corporate profits, and insurance premiums. The capital budget is intended to be funded with the revenues available for debt service and/or pay-go capital.

The 2010 CAFR reflects a government that continues to be financially strong. During the second half of fiscal year 2010, Louisville Metro Government experienced a slight recovery from the previously projected revenue shortfall, as the economic downturn seemed to stabilize. The primary reason for this recovery can be attributed to increased collections of occupational tax, Metro's largest source of revenue, during the last two quarters of fiscal year 2010. This letter should be read in conjunction with the Management's Discussion & Analysis, beginning on page 5 of this report.

## **FINANCIAL INFORMATION**

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of Louisville Metro Government are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the presentation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: a) the cost of a control should not exceed the benefits likely to be derived, and b) the valuation of costs and benefits requires estimates and judgments by management.

**Single Audit.** As a recipient of federal and state assistance, Louisville Metro Government is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

Louisville Metro Government is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, is provided in a separate report.

As a part of Louisville Metro Government's single audit described above, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that we have complied with applicable laws and regulations. Louisville Metro Government believes that the statements and schedules included in the financial section of this report continue to meet its responsibility for sound financial management.

### **OTHER INFORMATION**

**Independent Audit.** Kentucky law (KRS 64.810) allows the Auditor of Public Accounts ("APA") to perform the annual audit of the funds of Louisville Metro Government. The APA has granted permission for Louisville Metro Government to employ a private certified public accounting firm to conduct the audits of the basic financial statements for fiscal year 2010.

A copy of the Independent Auditor's report is included in this report. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act of 1984, Single Audit Amendments of 1996, Government Auditing Standards and the Office of Management and Budget Circular A-133.

**Acknowledgments.** The preparation of the eighth CAFR for Louisville Metro Government was made possible by the dedicated service of the staff of the Office of Management and Budget. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report for Louisville Metro Government.

Respectfully submitted,



Jane Driskell Sistrunk  
Director, Office of Management and Budget  
Chief Financial Officer

# LOUISVILLE METRO GOVERNMENT ORGANIZATION CHART



## Louisville Metro Government Executive Branch

### OFFICE OF THE MAYOR

Communications  
Affirmative Action  
Louisville At Work  
Intergovernmental Relations

### OFFICE OF MANAGEMENT AND BUDGET

Finance Operations • Budget  
Revenue Commission

### RELATED AGENCIES

Human Relations Commission  
Louisville Convention & Visitors Bureau  
Louisville Free Public Library  
Louisville Metro Housing Authority  
Louisville Regional Airport Authority  
Louisville Science Center  
Louisville Water Company  
Louisville Zoo  
Metropolitan Sewer District  
Office of Internal Audit  
Transit Authority of River City  
Waterfront Development Corporation

## Mayor

### Deputy Mayor

### DEPARTMENTS

#### PUBLIC PROTECTION

Louisville Fire • Suburban Fire Districts • Emergency Medical Services  
Emergency Management Agency/MetroSafe • Youth Detention Services • Corrections  
Animal Services • Criminal Justice Commission

#### LOUISVILLE METRO POLICE

#### ECONOMIC DEVELOPMENT

Metro Development • Downtown Development • Riverport Authority • Redevelopment  
Authority • Parking Authority • Air Pollution Control District • KentuckianaWorks

#### CODES AND REGULATIONS

Inspections, Permits and Licenses • Planning and Design Services

#### PARKS AND RECREATION

#### HOUSING AND FAMILY SERVICES

Community Action Partnership • Human Services • Housing

#### PUBLIC HEALTH AND WELLNESS

Community Health Services • Environmental Health Services • Center for Health Equity

#### NEIGHBORHOODS

MetroCall • Brightside • Community Outreach

#### PUBLIC WORKS AND ASSETS

Streets and Roads • Solid Waste Management • Fleet • Facilities • Project Management  
Property Management

#### TECHNOLOGY SERVICES

Archives • Phone Services

#### HUMAN RESOURCES

# LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT



Fiscal Year Ended June 30, 2010

HONORABLE JERRY E. ABRAMSON..... MAYOR

## METRO COUNCIL MEMBERS

JUDY GREEN.....	DISTRICT 1
BARBARA SHANKLIN.....	DISTRICT 2
MARY C. WOOLRIDGE.....	DISTRICT 3
DAVID TANDY.....	DISTRICT 4
CHERI BRYANT HAMILTON.....	DISTRICT 5
DEONTE HOLLOWELL.....	DISTRICT 6
KENNETH C. FLEMING.....	DISTRICT 7
TOM OWEN.....	DISTRICT 8
TINA WARD-PUGH.....	DISTRICT 9
JIM KING.....	DISTRICT 10
KEVIN KRAMER.....	DISTRICT 11
RICK BLACKWELL.....	DISTRICT 12
VICKI WELCH.....	DISTRICT 13
ROBERT HENDERSON.....	DISTRICT 14
MARIANNE BUTLER.....	DISTRICT 15
KELLY DOWNARD.....	DISTRICT 16
GLEN STUCKEL.....	DISTRICT 17
JON ACKERSON.....	DISTRICT 18
HAL HEINER.....	DISTRICT 19
STUART BENSON.....	DISTRICT 20
DAN JOHNSON.....	DISTRICT 21
ROBIN ENGEL.....	DISTRICT 22
JAMES PEDEN.....	DISTRICT 23
MADONNA FLOOD.....	DISTRICT 24
DOUG HAWKINS.....	DISTRICT 25
BRENT ACKERSON.....	DISTRICT 26

## OFFICE OF MANAGEMENT AND BUDGET

JANE DRISKELL SISTRUNK.....	DIRECTOR/CHIEF FINANCIAL OFFICER
KEVIN MOORE.....	CONTROLLER

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## Independent Auditors' Report

Honorable Jerry Abramson, Mayor and  
The Louisville Metro Council



We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Louisville/Jefferson County Metro Government ("Metro Government") as of and for the year ended June 30, 2010, which collectively comprise Metro Government's basic financial statements, as listed in the accompanying table of contents. These financial statements are the responsibility of the Metro Government's management. Our responsibility is to express opinions on these financial statements based on our audit.

We did not audit the financial statements of the Transit Authority of River City, the Louisville and Jefferson County Metropolitan Sewer District, and the Louisville Science Center, Inc. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as it relates to the amounts included for those entities, are based on the reports of the other auditors.

The following chart reflects the total assets and revenues, as applicable, for the entities referred to in the previous paragraph in relation to total Metro Government amounts.

	<u>Percent of Assets</u>	<u>Percent of Revenues</u>
Government-Wide Financial Statements:		
Component Units	66%	74%
Component Units	66%	65%

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Metro Government, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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As discussed in Note 2 to the financial statements, Metro Government recorded a prior period adjustment relating to a change in accounting policies pertaining to revenue recognition on certain non-exchange transactions.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 13, the budgetary comparison information on page 85, and the pension information related to funding progress on page 86 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, economical, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Metro Government's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based upon our audit and the reports of other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide assurance on them.

*STROTHMAN & COMPANY PSC*

Louisville, Kentucky  
December 21, 2010





**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
For the Year Ended June 30, 2010**

Our discussion and analysis of Louisville/Jefferson County Metro Government's ("Metro Government") financial performance provides an overview of Metro Government's financial activities for the fiscal year ended June 30, 2010. Please read it in conjunction with the Metro Government's financial statements, which begin on page 15.

**Financial Highlights**

- Total assets of the primary government exceeded total liabilities by approximately \$595.8 million at the close of fiscal year 2010. This amount includes a deficit of approximately \$77.1 million in unrestricted net assets.
- Total net assets decreased by \$265,773.
- At the end of fiscal year 2010, Metro Government's governmental funds reported a combined ending fund balance of approximately \$212.2 million. This was an increase of approximately \$40.6 million from the end of fiscal year 2009.
- At the end of fiscal year 2010, unassigned general fund balance was \$65.4 million or 13% of total general fund expenditures.

**Overview of the Financial Statements**

Management's discussion and analysis ("MD&A") are provided to serve as an introduction to the basic financial statements that follow. Metro Government's basic financial statements consist of the following: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements**

The government-wide financial statements provide information about the activities of Metro Government as a whole and present a longer-term view of the Metro Government's finances.

One of the most important questions raised about the Metro Government's finances is whether the Metro Government as a whole is better off or worse off as a result of the year's activities. The Statement of Net Assets (page 15) and the Statement of Activities (pages 16-17) report information about the Metro Government as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Metro Government's net assets and changes in them. Metro Government's net assets, the difference between assets, what the citizens own, and liabilities, what the citizens owe, is one way to measure the Metro Government's financial health, or financial position. Increases or decreases in the Metro Government's net assets over time are one indicator of whether its financial health is improving or deteriorating. Additional non-financial factors should be considered, such as changes in the Metro Government's property tax base and the condition of the Metro Government's capital assets (roads, buildings, etc.) in assessing the overall health of the Metro Government.

Metro Government's basic services are reported in the governmental activities section of the government-wide financial statements, including the police, fire, general administration, streets, and parks. Occupational taxes, property taxes, fines, and state and federal grants finance most of these activities.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued  
For the Year Ended June 30, 2010**

If a fee is charged to customers to help the Metro Government cover all or most of the cost of certain services it provides, those activities are considered to be business-type activities in most cases. The primary government did not report any business-type activities in fiscal year 2010.

The Metro Government includes the Louisville Water Company, the Parking Authority of River City, Inc., the Transit Authority of River City, the Louisville and Jefferson County Riverport Authority, the Louisville and Jefferson County Metropolitan Sewer District, and the Louisville Science Center, Inc. in its report as discretely presented component units. These legally separate component units are important because the Metro Government is financially accountable for them, and in the case of the Louisville Water Company, 100% of its stock is owned by the Metro Government. All of the component units separately issue their own respective financial statements, including MD&A, which should be read in conjunction with these statements.

Fund Financial Statements

The fund financial statements provide detailed information about Metro Government's most significant funds – not the Metro Government as a whole as presented in the government-wide financial statements. Fund financial statements begin on page 18. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Some funds are required to be established by State law and by bond covenants. However, other funds are established, as needed, to help control and manage money for particular purposes (such as the Special Purpose Fund) or to show that Metro Government is meeting legal responsibilities for using certain taxes, grants, and other money (for example, grants received from the U.S. Department of Housing and Urban Development).

The Metro Government's two kinds of funds, governmental and proprietary, use different accounting approaches (as discussed further in Note 1). The Metro Government also uses fiduciary funds, which are separate funds from the governmental and proprietary funds described below. Fiduciary funds are not included in the Metro Government's government-wide financial statements.

*Governmental funds:* Most of the Metro Government's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short-term view of the Metro Government's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Metro Government's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation following the fund financial statements.

*Proprietary funds:* Proprietary funds are reported in the same way that activities are reported in the Statement of Net Assets and Statement of Activities. Metro Government uses internal service funds, such as the Metro Government's Insurance and Risk Management Fund, to report activities that provide supplies and services to the Metro Government's other programs and activities.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued  
For the Year Ended June 30, 2010**

*Fiduciary funds:* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Metro Government's own activities or programs. The basis of accounting for fiduciary funds is similar to that of proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 33.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information. Required supplementary information includes a budgetary to actual comparison of Metro Government's general fund and a schedule of funding progress and employer contributions for Metro Government's pension and benefit trust fund. Required supplementary information begins on page 85. Metro Government presents combining financial statements for the nonmajor, internal service, and agency funds as other supplementary information. This information begins on page 88.

**Government-Wide Financial Analysis**

Net assets serve as a useful indicator of a government's financial position over time. Metro Government's assets exceeded liabilities by approximately \$595.8 million at June 30, 2010.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
NET ASSETS**

(amounts in thousands as of June 30,)

	<b>Governmental Activities</b>		<b>Total Percentage Change</b>
	<b>2009 (restated)</b>	<b>2010</b>	<b>2009-2010</b>
Current and other assets	\$ 295,104	\$ 354,537	20.1%
Capital assets	860,175	843,635	-1.9%
<b>Total assets</b>	<b>1,155,279</b>	<b>1,198,172</b>	<b>3.7%</b>
Long-term liabilities	465,030	522,544	12.4%
Other liabilities	94,172	79,818	-15.2%
<b>Total liabilities</b>	<b>559,202</b>	<b>602,362</b>	<b>7.7%</b>
Net assets			
Invested in capital assets, net of related debt	586,748	562,313	-4.2%
Restricted	63,000	110,554	75.5%
Unrestricted	(53,671)	(77,057)	43.6%
<b>Total net assets</b>	<b>\$ 596,077</b>	<b>\$ 595,810</b>	<b>0.0%</b>

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued  
For the Year Ended June 30, 2010**

Current and other assets increased by 20.1% mainly as a result of an increase in assets restricted for capital projects. Long term liabilities increased 12.4% as Metro Government issued \$96.4 million of bonds during fiscal year 2010.

The largest portion of Metro Government's net assets for governmental activities reflects the investment in capital assets (e.g. land, buildings, and infrastructure) less any related debt outstanding used to acquire those assets. Metro Government uses these capital assets to provide services to its citizens. These assets are not available for future spending and cannot be liquidated to repay the related debt.

This is a summary of the Metro Government's changes in net assets:

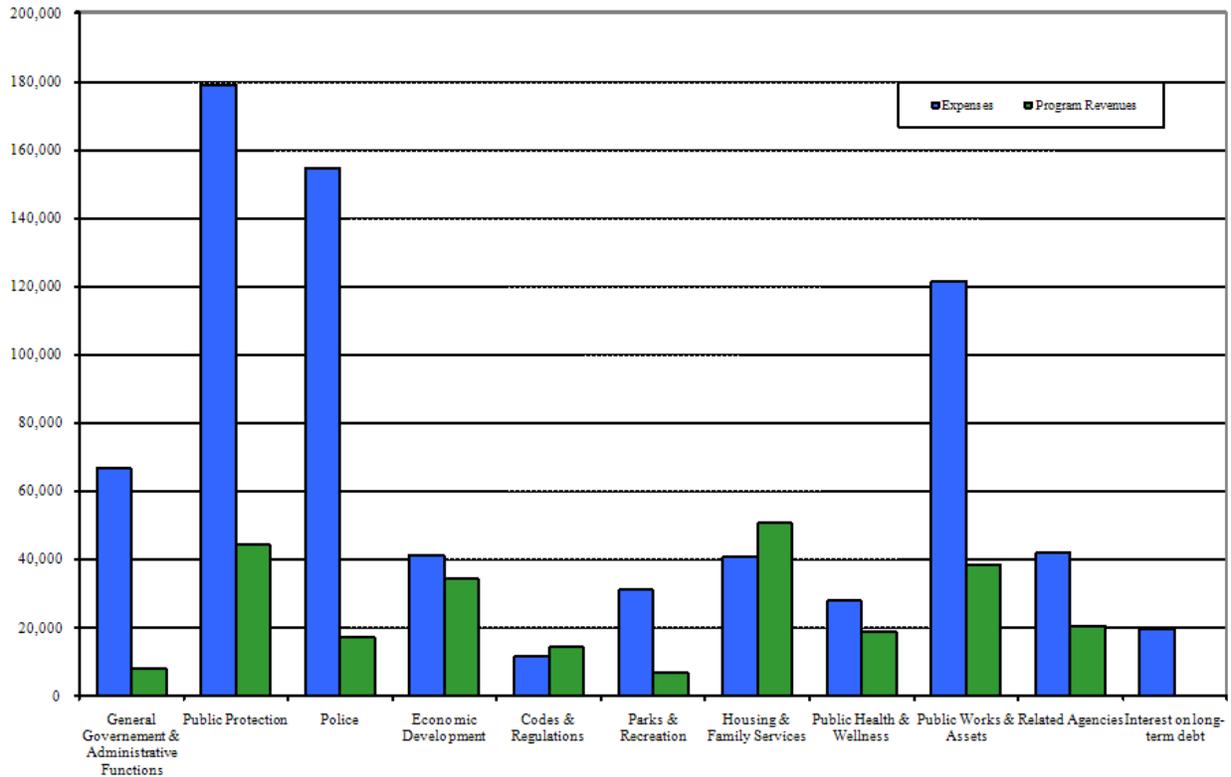
**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
CHANGES IN NET ASSETS  
For the Year Ended June 30,  
(amounts in thousands)**

	<b>Governmental Activities</b>	
	<b>2009</b>	<b>2010</b>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 76,089	\$ 94,189
Operating grants and contributions	99,302	101,748
Capital grants and contributions	37,242	55,754
General revenues:		
Property taxes	134,091	144,035
Other taxes	301,344	292,400
Other	41,169	47,093
<b>Total revenues</b>	<b>689,237</b>	<b>735,219</b>
<b>Expenses</b>		
General Government & Administrative Functions	66,605	66,575
Public Protection	166,737	179,178
Police	147,980	154,758
Economic Development	39,617	41,026
Codes & Regulations	12,221	11,364
Parks & Recreation	31,493	31,235
Housing & Family Services	29,872	40,596
Public Health & Wellness	25,067	27,847
Public Works & Assets	117,839	121,630
Related Agencies	41,303	41,933
Interest on long-term debt	19,425	19,406
<b>Total expenses</b>	<b>698,159</b>	<b>735,548</b>
<b>Increase (decrease) in net assets</b>	<b>(8,922)</b>	<b>(329)</b>
Net assets--beginning	604,999	596,077
Prior period adjustment		62
Net assets--ending	<b>\$ 596,077</b>	<b>\$ 595,810</b>

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
For the Year Ended June 30, 2010**

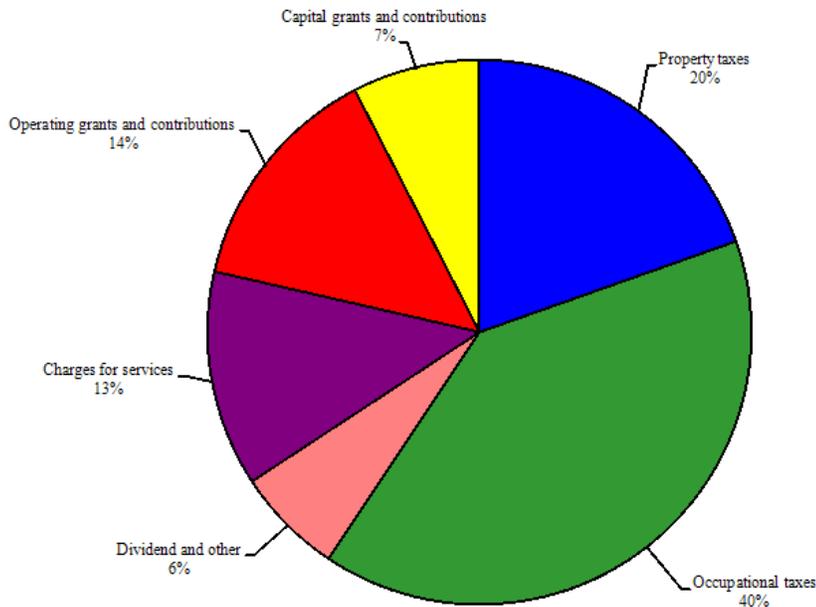
Governmental activities decreased \$265,773 in fiscal year 2010 versus a decrease of \$8.9 million in the prior fiscal year. Total revenue increased \$46.0 million over fiscal year 2010 while expenses increased \$37.4 million. Metro Government experienced the largest increases of revenue through the collection of charges for services as well as capital grants and contributions. There was a decrease in revenue from the collection of occupational taxes; however, Metro Government was able to offset the decrease in occupational taxes with the increased revenue mentioned above. Occupational taxes are directly related to the employment level in the community and unemployment has decreased slightly from 10.6% at June 30, 2009 to 10.3% at June 30, 2010.

**Expenses and Program Revenue – Governmental Activities – For the Year Ended June 30, 2010:**



**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued  
For the Year Ended June 30, 2010**

Revenues by Source – Governmental Activities – For the Year Ended June 30, 2010:



**Financial Analysis of the Government's Funds**

At the close of fiscal year 2010, Metro Government's governmental funds reported a combined ending fund balance of approximately \$212.2 million. This is an increase of \$40.6 million from fiscal year 2009. Metro Government reports fund balance as nonspendable, restricted, committed, assigned, or unassigned (refer to Note 1 for detailed information on the fund balance classifications). Metro Government had \$65.4 million of unassigned fund balance available in the General Fund at June 30, 2010. Unassigned fund balance of the General Fund (Metro Government's main operating fund) represents approximately 13% of total general fund expenditures for fiscal year 2010.

The General Fund's fund balance decreased \$1.5 million during fiscal year 2010 as compared to a decrease of \$6.8 million in fiscal year 2009. The General Fund experienced a decrease of \$6.2 million in the current year and reported a prior period adjustment increasing beginning fund balance by \$4.7 million. Occupational tax collections were lower than fiscal year 2009, however this decrease was offset in part by increased property tax collections and a higher dividend from the Louisville Water Company.

The Special Revenue Fund's fund balance increased \$13.6 million during fiscal year 2010 as compared to a \$9.6 million decrease in fiscal year 2009. Intergovernmental revenues and charges for services of the Special Revenue Fund increased primarily as a result of a change in revenue recognition from the prior year. See Note 2 for a detailed discussion of the change. Expenditures in the Special Revenue Fund decreased mainly as a result of a decrease in capital outlay in this fund.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued  
For the Year Ended June 30, 2010**

The Capital Projects Fund's fund balance increased \$33.6 million during fiscal year 2010 as compared to a \$14.7 million decrease in fiscal year 2009. Revenues in the Capital Project Fund increased due to insurance recoveries to reimburse capital outlay resulting from the August 4, 2009 flood and an increase in donations received by the Louisville Zoological Gardens for current capital projects. Expenditures of the Capital Projects Fund were lower than fiscal year 2009 as a result of fewer planned expenditures due to the recession.

The Special Purpose Fund's fund balance decreased \$5.4 million in fiscal year 2010 versus a \$4.8 million increase in fiscal year 2009 due to a large transfer to the General Fund in fiscal year 2010.

**General Fund Budgetary Highlights**

Actual expenditures were \$61.8 million below the final budgeted amounts. The largest variances between budget and actual amounts relate to fleet and depreciation adjustments which were approximately \$28.8 million in fiscal year 2010. These amounts are included in budgeted recoveries (within charges for service) and as budgeted departmental expenditures, but are not reflected in actual totals presented in the Comprehensive Annual Financial Report ("CAFR") because they are interagency charges and are eliminated.

Debt service for Metro Government is budgeted in the General Fund, but is reflected as a transfer out of the General Fund and the debt service expenditures recorded in the debt service funds, reflecting a variance of \$19.1 million from the budgeted expenditure of \$19.6 million to the actual expenditure of \$495,568. In addition to the eliminations for fleet and depreciation and transfers for debt service, expenditures were also under budget due to required departmental reductions in spending due to the decrease in revenue collections.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued  
For the Year Ended June 30, 2010**

**Capital Asset And Debt Administration**

Capital Assets

Metro Government held \$843.6 million of assets, net of accumulated depreciation at June 30, 2010. Depreciation charges for fiscal year 2010 totaled \$48.4 million.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
CAPITAL ASSETS  
(net of depreciation)**

	<b>2009</b>		<b>2010</b>	<b>Total Percentage Change</b>
	<b>restated</b>	<b>2010</b>		<b>2009-2010</b>
Land	\$ 311,097,040	\$ 310,005,534		-0.4%
Land improvements	44,683,264	49,827,481		11.5%
Buildings	233,526,601	217,504,996		-6.9%
Machinery and equipment	11,539,677	26,514,585		129.8%
Vehicles	30,536,088	33,182,822		8.7%
Collections and works of art	8,335,727	5,300,667		-36.4%
Infrastructure	103,231,060	91,926,227		-11.0%
Construction in progress	117,146,879	109,372,992		-6.6%
Total	\$ 860,096,336	\$ 843,635,304		-1.9%

Land improvements increased primarily due to the acquisition of land by the Metro Development Authority in downtown Louisville for future economic development. In addition, machinery and equipment increased \$15.0 million, mainly as a result of the completion and capitalization of a \$10 million component of the MetroSafe communications system and the replacement of items that were damaged in the August 4, 2009 flood. During fiscal year 2010, a full inventory of all Metro Government capital assets was completed and retired/obsolete assets were removed from Metro Government's financial system. These decreases in assets are reflected in the table above. See Note 5 for additional detail on Capital Assets.

Debt Administration

At year-end, the Metro Government has outstanding debt as shown in the following table:

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
OUTSTANDING DEBT ADMINISTRATION  
(amounts in thousands)**

	<b>2009</b>		<b>2010</b>	<b>Total Percentage Change</b>
	<b>2009</b>	<b>2010</b>		<b>2009-2010</b>
General obligation debt	\$ 276,314	\$ 354,445		28.3%
Revenue bonds	99,718	95,980		-3.7%
Total	\$ 376,032	\$ 450,425		19.8%

Metro Government assumed all long-term debt of the former City of Louisville and Jefferson County upon merger in January 2003. During the year, total debt of the Metro Government increased by \$74.4 million. Additional information on the Metro Government's long-term debt activity can be found in Note 9 of this report.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued  
For the Year Ended June 30, 2010**

**Future Economic Factors**

The most recent unemployment rate for the Metro Louisville (September 2010) is 10.1%. The unemployment rates nationally and for Kentucky are 9.8% and 9.2% respectively. Metro Government's largest source of revenue, occupational taxes, is directly related to the employment rates in Metro Louisville. Metro Government's fiscal year 2011 budget projects minimal growth in revenue as a result of a slow recovery from the recent recession.

Downtown Louisville continues to experience steady growth and development. The KFC Yum! Arena opened in November 2010 and has been a driver of growth in the area surrounding the arena. In addition to being the home court for the University of Louisville basketball teams and hosting concerts for touring artists, the arena will host other collegiate sport tournaments in the next few years. The downtown medical center continues to expand and the number of downtown market rate housing units continues to increase.

**Contacting Metro Government's Financial Management**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of Metro Government's finances and to show Metro Government's accountability for the money it receives. If you have questions about this report or need additional information, contact Metro Government's Office of Management and Budget, 611 West Jefferson Street, Louisville, Kentucky, 40202.

## **BASIC FINANCIAL STATEMENTS**

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**STATEMENT OF NET ASSETS**  
**June 30, 2010**

	<b>Primary Government</b>		<b>Component</b>
	<b>Governmental</b>		<b>Units</b>
	<b>Activities</b>		
<b>ASSETS</b>			
Cash and cash equivalents	145,490,873	\$	41,444,318
Investments	84,152,766		5,789,865
Receivables, net of allowance for uncollectible amounts	74,876,245		64,530,359
Inventories	463,925		18,471,033
Prepaid items and deferred charges	4,402,265		22,592,179
Assets restricted by bond indentures and other legal provisions	45,151,359		660,410,254
Non-utility property			198,057
Capital assets:			
Land and improvements	315,099,510		29,440,561
Construction in progress	109,372,992		291,495,971
Works of art	255,000		
Infrastructure	915,554,497		3,388,375,923
Other capital assets	605,921,124		439,536,379
Less accumulated depreciation	(1,102,567,819)		(1,221,084,976)
Capital assets, net	<u>843,635,304</u>		<u>2,927,763,858</u>
Total assets	<u>1,198,172,737</u>		<u>3,741,199,923</u>
<b>LIABILITIES</b>			
Accounts payable and accrued payroll	50,627,954		58,507,669
Due to other government agencies	15,005,592		9,129,425
Notes payable	2,000,000		
Unearned revenue	11,316,542		17,979,020
Other liabilities	867,691		44,986,099
Long-term liabilities:			
Due within one year	73,742,000		497,443,966
Due in more than one year	448,802,000		1,735,629,100
Total liabilities	<u>602,361,779</u>		<u>2,363,675,279</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	562,313,226		1,121,867,588
Restricted for:			
Capital projects	59,275,794		177,550,020
Debt service	640,728		458,366,613
Other purposes	50,638,158		
Unrestricted	(77,056,948)		(380,259,577)
Total net assets	<u>\$ 595,810,958</u>	\$	<u>1,377,524,644</u>

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

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2010**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
<b>Primary government:</b>					
Governmental activities:					
General Government:					
Metro Council	\$ 6,514,532	\$ 5,196		\$ 40,624	\$ (6,468,712)
Mayor's Office	3,174,186	19,296	\$ 3,500		(3,151,390)
County Attorney	7,822,967	268,573	17,427		(7,536,967)
Other Elected Officials	8,527,237	255,330	99,134		(8,172,773)
Public Protection:					
Fire	57,030,790	352,802	2,092,117	1,969,717	(52,616,154)
Emergency Medical Services	27,139,663	14,188,669		51,450	(12,899,544)
Emergency Management	20,640,202	3,109,476	919,198	7,714,172	(8,897,356)
Corrections	54,199,208	1,991,420	5,992,168		(46,215,620)
Youth Detention Services	10,800,298	136,445	3,008,648		(7,655,205)
Animal Control Services	3,116,728	1,254,265	100,144	27,876	(1,734,443)
Criminal Justice Commission	729,917		277,332	1,062,429	609,844
Firefighters' Pension Fund	3,136,015				(3,136,015)
Police	154,758,199	2,018,283	8,282,265	6,646,842	(137,810,809)
Economic Development:					
Metro Development Authority	35,320,823	20,095,174	9,286,370	841,102	(5,098,177)
Air Pollution Control	5,705,366	1,952,968	2,008,660		(1,743,738)
Codes & Regulations:					
Inspections, Permits and Licenses	8,450,611	11,366,206	2,073,573		4,989,168
Planning and Design Services	2,912,683	363,477	203,292	111,179	(2,234,735)
Parks & Recreation	31,235,451	4,547,439	1,219,248	867,420	(24,601,344)
Housing & Family Services:					
Housing	6,129,395	7,837,889	5,798,464	15,637,965	23,144,923
Human Services	14,655,156	34,919	4,722,977	4,202,249	(5,695,011)
Community Action Partnership	19,811,586	73,678	12,283,292		(7,454,616)
Public Health & Wellness	27,846,578	1,370,928	17,066,856	236,367	(9,172,427)
Public Works & Assets					
Public Works	51,081,686	3,985,173	22,808,066	6,920,326	(17,368,121)
General Services Administration	48,830,208		7,755	16,741	(48,805,712)
Solid Waste Management Services	21,718,286	1,980,965	628,919	1,855,716	(17,252,686)
Information Technology	11,113,289	1,139,351			(9,973,938)
Office of Management & Budget	25,184,029	6,145,135			(19,038,894)
Human Resources	4,238,428				(4,238,428)
Related Agencies					
Human Relations Commission	964,968	11,245	212,415		(741,308)
Louisville Free Public Library	20,091,185	694,743	1,018,609	126,213	(18,251,620)
Louisville Zoological Gardens	13,696,038	8,696,270	711,292	7,099,078	2,810,602
Internal Audit	798,931				(798,931)
Waterfront Development Corporation	6,382,442	293,927	906,066	326,206	(4,856,243)
Interest expense	19,405,824				(19,405,824)
Total governmental activities	<u>\$ 735,547,651</u>	<u>\$ 94,189,242</u>	<u>\$ 101,747,787</u>	<u>\$ 55,753,672</u>	<u>\$ (483,856,950)</u>
<b>Component units:</b>					
Louisville Water Company	\$ 116,324,193	\$ 135,833,309		\$ 7,347,557	\$ 26,856,673
Parking Authority of River City, Inc.	13,819,857	16,076,596		614,602	2,871,341
Transit Authority of River City	71,038,084	11,084,178	\$ 72,440,444		12,486,538
Louisville and Jefferson County Riverport Authority	5,888,331	975,884			(4,912,447)
Metropolitan Sewer District	289,941,000	171,590,000		4,105,000	(114,246,000)
Louisville Science Center, Inc.	5,614,985	2,892,983	1,413,795		(1,308,207)
Total component units	<u>\$ 502,626,450</u>	<u>\$ 338,452,950</u>	<u>\$ 73,854,239</u>	<u>\$ 12,067,159</u>	<u>\$ (78,252,102)</u>

(The statement of activities continues on the following page.)

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**STATEMENT OF ACTIVITIES (continued)**  
**For the Year Ended June 30, 2010**

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Component Units</u>
Net (expense) revenue (from preceding page)	\$ (483,856,950)	\$ (78,252,102)
General revenues:		
Taxes:		
Property taxes, levied for general purposes	144,034,671	
Occupational taxes	292,400,027	
Investment income	1,812,116	54,703,091
Dividends	18,148,381	
Other intergovernmental revenue	5,141,872	
Gain on sale of assets	32,174	
Other taxes	7,679,701	
Rental receipts	5,284,108	
Miscellaneous	8,995,989	407,771
Total general revenues	<u>483,529,039</u>	<u>55,110,862</u>
Change in net assets	(327,911)	(23,141,240)
Net assets--beginning	596,076,731	1,400,665,884
Prior period adjustment	62,138	
Net assets--ending	<u>\$ 595,810,958</u>	<u>\$ 1,377,524,644</u>

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

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2010**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Special Purpose Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 31,498,454	\$ 2,392,521	\$ 18,318,049	\$ 11,975,946	\$ 1,162,211	\$ 65,347,181
Investments	28,900,201	2,205,442	16,885,697	11,039,505	1,031,149	60,061,994
Receivables:						
Taxes receivable, less allowance for uncollectible amounts	6,003,315					6,003,315
Accounts receivable and accrued interest	18,235,793	12,459,162	40,349			30,735,304
Loans receivable, less allowance for uncollectible amounts	1,611,353	18,438,634	2,137,207			22,187,194
Notes receivable			3,319,066			3,319,066
Due from federal government		9,755,535				9,755,535
Due from state government		2,540,849				2,540,849
Due from other funds	25,337,418				140,761	25,478,179
Inventories	463,925					463,925
Prepaid items	354,618	20,709				375,327
Restricted assets:						
Cash and cash equivalents			13,487,756		640,728	14,128,484
Investments			31,022,875			31,022,875
Total assets	<u>\$ 112,405,077</u>	<u>\$ 47,812,852</u>	<u>\$ 85,210,999</u>	<u>\$ 23,015,451</u>	<u>\$ 2,974,849</u>	<u>\$ 271,419,228</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 11,655,112	\$ 13,803,816	\$ 4,711,824	\$ 253,237	\$ 12,051	\$ 30,436,040
Accrued payroll and withholdings	14,106,287	367,259				14,473,546
Matured bonds and interest payable					140,761	140,761
Notes payable			2,000,000			2,000,000
Deferred revenue	6,003,315	5,151,026				11,154,341
Unearned revenue	145,804					145,804
Other liabilities	867,691					867,691
Total liabilities	<u>32,778,209</u>	<u>19,322,101</u>	<u>6,711,824</u>	<u>253,237</u>	<u>152,812</u>	<u>59,218,183</u>
<b>FUND BALANCES</b>						
Nonspendable	2,429,896	18,459,343	3,456,273			24,345,512
Restricted for:						
Debt service reserve					640,728	640,728
Other capital projects			44,510,631			44,510,631
Committed	7,006,904	19,358,238				26,365,142
Assigned to:						
Capital projects	3,800,000		30,532,271	22,762,214	2,181,309	59,275,794
Other purposes	976,333					976,333
Unassigned	65,413,735	(9,326,830)				56,086,905
Total fund balances	<u>79,626,868</u>	<u>28,490,751</u>	<u>78,499,175</u>	<u>22,762,214</u>	<u>2,822,037</u>	<u>212,201,045</u>
Total liabilities and fund balances	<u>\$ 112,405,077</u>	<u>\$ 47,812,852</u>	<u>\$ 85,210,999</u>	<u>\$ 23,015,451</u>	<u>\$ 2,974,849</u>	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets of \$843,635,304, net of accumulated depreciation, reported in the government wide financial statements less \$175,846 of capital assets held by the internal service funds used in governmental activities are not financial resources and therefore are not reported in the funds.	843,459,458
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds, including deferred charges, are included in governmental activities in the Statement of Net Assets.	(5,339,228)
Certain revenues are earned but not available and therefore are deferred in the fund financial statements but are recognized as revenue in the government-wide statements.	11,154,341
Long-term liabilities of \$522,544,000, including bonds payable, less \$52,907,404 reported in internal service funds, less deferred charges and deposits with paying agents of \$3,971,938, are not due and payable in the current period and therefore are not reported in the funds.	(465,664,658)
Net assets of governmental activities	<u>\$ 595,810,958</u>

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



**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2010**

	General Fund	Special Revenue Fund	Capital Projects Fund	Special Purpose Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 141,716,498					\$ 141,716,498
Occupational taxes	292,400,027					292,400,027
Licenses and permits	11,057,738					11,057,738
Intergovernmental	28,886,237	\$ 129,311,067	\$ 210,682	\$ 886,400	\$ 5,011,399	164,305,785
Charges for services	59,319,202	14,228,330	1,278,257	445,786	436,263	75,707,838
Fees and fines	2,171,987		44,173			2,216,160
Investment income	744,838	319,161	711,928	36,064	125	1,812,116
Dividends	18,148,381					18,148,381
Donations	2,361,758	364,318	7,736,333			10,462,409
Miscellaneous	1,748,993		8,074,210		2,032	9,825,235
Total revenues	<u>558,555,659</u>	<u>144,222,876</u>	<u>18,055,583</u>	<u>1,368,250</u>	<u>5,449,819</u>	<u>727,652,187</u>
<b>EXPENDITURES</b>						
Current operating:						
General Government:						
Metro Council	5,867,409					5,867,409
Mayor's Office	2,838,566					2,838,566
County Attorney	7,048,338					7,048,338
Other Elected Officials	7,682,870					7,682,870
Public Protection:						
Fire	49,935,841	70,955				50,006,796
Emergency Medical Services	23,493,354	23,911				23,517,265
Emergency Management	9,467,093	8,213,463				17,680,556
Corrections	48,722,615					48,722,615
Youth Detention Services	9,557,250	84,181				9,641,431
Animal Control Services	2,764,739	13,977				2,778,716
Criminal Justice Commission	345,760	311,880				657,640
Firefighters' Pension Fund	3,171,218					3,171,218
Policemen's Retirement Fund	2,411,516					2,411,516
Police	136,301,949	2,142,562				138,444,511
Economic Development:						
Metro Development Authority	14,767,886	15,016,348				29,784,234
Air Pollution Control	979,491	4,046,101				5,025,592
Codes & Regulations:						
Inspections, Permits and Licenses	6,179,667	1,418,095				7,597,762
Planning and Design Services	2,511,429	103,135				2,614,564
Parks & Recreation	24,540,278	139,935				24,680,213
Housing & Family Services:						
Housing	1,766,264	3,754,217				5,520,481
Human Services	9,032,626	4,170,863				13,203,489
Community Action Partnership	371,148	11,981,768				12,352,916
Public Health & Wellness	9,544,798	15,318,343				24,863,141
Public Works & Assets:						
Public Works	16,358,573	12,768,487				29,127,060
General Services Administration	32,476,308	29,338				32,505,646
Solid Waste Management Services	19,513,990	26,242				19,540,232
Information Technology	9,236,175					9,236,175
Office of Management & Budget	22,527,708				24,328	22,552,036
Human Resources	3,817,202					3,817,202
Related Agencies:						
Human Relations Commission	795,780	65,118				860,898
Louisville Free Public Library	16,412,192	639,265				17,051,457
Louisville Zoological Gardens	12,010,643					12,010,643
Internal Audit	719,821					719,821
Waterfront Development Corporation	3,135,228					3,135,228
Debt service principal					29,820,000	29,820,000
Debt service interest and other charges	495,568		1,929,251		14,257,937	16,682,756
Capital outlay		35,180,064	49,237,241	8,340,029	59,089	92,816,423
Total expenditures	<u>516,801,293</u>	<u>115,518,248</u>	<u>51,166,492</u>	<u>8,340,029</u>	<u>44,161,354</u>	<u>735,987,416</u>
Excess (deficiency) of revenues over (under) expenditures	<u>41,754,366</u>	<u>28,704,628</u>	<u>(33,110,909)</u>	<u>(6,971,779)</u>	<u>(38,711,535)</u>	<u>(8,335,229)</u>

(Continued)

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

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS (continued)**  
**For the Year Ended June 30, 2010**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Special Purpose Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from sale of capital assets			32,174			32,174
Issuance of bonds, par	33,105,000		63,250,000			96,355,000
Issuance of bonds, premium	2,743,343					2,743,343
Issuance of refunding bonds, par					41,275,000	41,275,000
Issuance of refunding bonds, premium					3,976,585	3,976,585
Refunded bond principal					(44,000,000)	(44,000,000)
Transfers in	11,779,526	613,537	10,969,770	6,484,400	38,023,054	67,870,287
Transfers out	(95,572,142)	(2,254,042)	(7,518,498)	(4,906,400)	(260,074)	(110,511,156)
Total other financing sources (uses)	<u>(47,944,273)</u>	<u>(1,640,505)</u>	<u>66,733,446</u>	<u>1,578,000</u>	<u>39,014,565</u>	<u>57,741,233</u>
Net change in fund balances	(6,189,907)	27,064,123	33,622,537	(5,393,779)	303,030	49,406,004
Fund balances--beginning	81,085,142	14,917,933	44,876,638	28,155,993	2,519,007	171,554,713
Prior period adjustment	4,731,633	(13,491,305)				(8,759,672)
Fund balances--ending	<u>\$ 79,626,868</u>	<u>\$ 28,490,751</u>	<u>\$ 78,499,175</u>	<u>\$ 22,762,214</u>	<u>\$ 2,822,037</u>	<u>\$ 212,201,045</u>

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

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2010**

Net change in fund balances--total governmental funds	\$	49,406,004
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which the increase in capital assets of \$99,439,877, less \$48,435 in the internal service funds, was greater than depreciation of \$48,381,475 in the governmental funds, less \$93,030 in the internal service funds, for the current period.		51,102,997
In the Statement of Activities, only the loss on the disposal of assets is reported, while in the governmental funds, the proceeds from the disposal increase financial resources. Thus, the change in net assets differs from the change in fund balance by the basis of the assets disposed.		(67,519,434)
Deferred revenues added to net assets in the prior year are deducted in the current year.		(3,685,142)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		11,154,341
Decrease of fund balance reported in the governmental fund financials related to a prior period adjustment that did not have an impact on the net assets reported in the government wide statements.		(8,759,672)
Bond proceeds of \$99,098,343 from new issues and \$45,251,585 from refunding issuances provide current financial resources to governmental funds, but issuing debt increases the long-term liabilities in the Statement of Net Assets. Repayment of \$29,820,000 of bond principal, \$44,000,000 of refunded bonds and \$81,000 of capital lease payments are expenditures in the governmental funds, but these items reduce long-term liabilities in the Statement of Net Assets.		(70,448,928)
The changes in compensated absences and claims and judgements are reported in the Statement of Activities and do not require the use of current financial resources, therefore the changes are not reported as expenditures in governmental funds.		(45,304)
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The change in net assets of the internal service funds is reported with governmental activities.		41,260,435
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Accreted interest of \$4,224,701 and amortization less other charges of \$1,431,493 are also shown as differences for the year.		<u>(2,793,208)</u>
Change in net assets of governmental activities	\$	<u>(327,911)</u>

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

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**STATEMENT OF FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2010**

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 80,143,692
Investments	24,090,772
Accounts receivable	334,982
Deposits with paying agents	55,000
Total current assets	104,624,446
Capital assets:	
Machinery and equipment, net	175,846
Total capital assets	175,846
Total assets	104,800,292
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	5,577,607
Claims and judgments	41,995,826
Due to other funds	40,483,771
Unearned revenue	11,170,738
Total current liabilities	99,227,942
Noncurrent liabilities:	
Claims and judgments	10,911,578
Total noncurrent liabilities	10,911,578
Total liabilities	110,139,520
<b>NET ASSETS</b>	
Invested in capital assets	175,846
Restricted	21,013,172
Unrestricted	(26,528,246)
Total net assets	\$ (5,339,228)

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

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET ASSETS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2010**

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>OPERATING REVENUES:</b>	
Collection, investment and other fees	\$ 4,849,360
Insurance income	21,068,022
Insurance premiums	48,900,062
Total operating revenues	74,817,444
<b>OPERATING EXPENSES:</b>	
Professional services	4,275,286
Contractual services	321,545
Other supplies and expenses	470,449
Insurance claims, settlements and losses	75,521,435
Insurance premiums	4,410,837
Depreciation	93,030
Total operating expenses	85,092,582
Operating loss	(10,275,138)
<b>NONOPERATING REVENUES:</b>	
Investment income	271,018
Loss on disposal of equipment	(8,445)
Total nonoperating revenues	262,573
Net loss before transfers	(10,012,565)
Transfers in	51,300,000
Transfers out	(27,000)
Change in net assets	41,260,435
Total net assets--beginning	(46,599,663)
Total net assets--ending	\$ (5,339,228)

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

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2010**

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from collection, investment, and other fees	\$ 4,849,360
Insurance income	70,007,341
Payments to employees	(3,238,490)
Payments to suppliers	(1,969,400)
Contractual services	1,862,414
Claims paid	(92,818,916)
Insurance premiums paid	(4,410,837)
Decrease in cash collected for others	(5,225,258)
Other payments	(6,500)
	<u>(30,950,286)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Operating transfers from other funds	51,273,000
	<u>51,273,000</u>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES:</b>	
Acquisition and construction of capital assets	(48,435)
	<u>(48,435)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Change in investment pool participation	(2,945,995)
Investment income	271,018
	<u>(2,674,977)</u>
Net increase in cash and cash equivalents	17,599,302
Cash and cash equivalents, beginning of the year	62,544,390
Cash and cash equivalents, end of the year	\$ 80,143,692
<b>Reconciliation of Operating Loss to Net Cash Used In Operating Activities</b>	
Operating loss	\$ (10,275,138)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	93,030
Increase (decrease) in cash due to changes in assets and liabilities:	
Accounts receivable	39,257
Accounts and other payables	2,748,944
Liability for incurred claims	(18,246,433)
Due to other funds and governmental agencies	(3,595,453)
Unearned revenue	(1,714,493)
	<u>(30,950,286)</u>

During fiscal year 2010, there was no non-cash change to the fair value of investments.

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

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**June 30, 2010**

	<u>Pension &amp; Benefit Trust</u>	<u>Private- purpose Trust</u>	<u>Agency Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,214,430	\$ 352,411	\$ 8,180,831
Investments	12,737,529	324,855	10,443,456
Accounts receivable and accrued interest	324,890	11,371	
Due from other funds			15,005,592
Due from other governmental agencies			1,544,461
Total assets	<u>14,276,849</u>	<u>688,637</u>	<u>\$ 35,174,340</u>
<b>LIABILITIES</b>			
Accounts payable	22,390	13,767	
Notes payable			\$ 3,500,000
Health insurance reimbursement and accrued liabilities	316,876		
Due to other governmental agencies			23,642,621
Refundable deposits			8,031,719
Total liabilities	<u>339,266</u>	<u>13,767</u>	<u>\$ 35,174,340</u>
<b>NET ASSETS</b>			
Held in trust for pension benefits	13,937,583		
Held in trust for private purpose		674,870	
Total net assets	<u>\$ 13,937,583</u>	<u>\$ 674,870</u>	

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**For the Year Ended June 30, 2010**

	<u>Pension &amp; Benefit Trust</u>	<u>Private- purpose Trust</u>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 3,667,084	
Member	4,102	\$ 372,296
Total contributions	<u>3,671,186</u>	<u>372,296</u>
Investment earnings:		
Increase in fair value of investments	296,272	
Realized gains	457,645	
Interest and dividends	242,767	
Total investment earnings	<u>996,684</u>	
Investment expense	<u>(134,102)</u>	
Net investment earnings	862,582	
Other income	1,890,866	
Total additions	<u>6,424,634</u>	<u>372,296</u>
<b>DEDUCTIONS</b>		
Benefit payments	5,838,655	
Administrative expense	543,930	305,462
Health insurance reimbursement	1,176,715	
Total deductions	<u>7,559,300</u>	<u>305,462</u>
Net increase/(decrease)	<u>(1,134,666)</u>	<u>66,834</u>
Net assets--beginning of the year	15,072,249	608,036
Net assets--end of the year	<u>\$ 13,937,583</u>	<u>\$ 674,870</u>

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



**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**COMBINING STATEMENT OF NET ASSETS**  
**COMPONENT UNITS**  
**June 30, 2010**

	Louisville Water Company*	Parking Authority of River City, Inc.	Transit Authority of River City	Louisville and Jefferson County Riverport Authority	Metropolitan Sewer District	Louisville Science Center, Inc.	Total
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 13,391,787	\$ 1,750	\$ 2,686,583	\$ 147,922	\$ 24,700,000	\$ 516,276	\$ 41,444,318
Investments				5,689,865	100,000		5,789,865
Accounts receivable and accrued interest	14,375,732	251,479	6,986,080	24,771	16,919,000	92,886	38,649,948
Contract and assessments receivable, current portion	383,362						383,362
Pledges receivable, net						246,534	246,534
Inventories	6,297,482		1,248,220	7,779,136	3,110,000	36,195	18,471,033
Reserves, current portion	1,995,908						1,995,908
Prepaid expenses	1,609,960	23,088	226,082	61,333	1,373,000	200,885	3,494,348
Restricted cash and cash equivalents		4,707,700			58,923,000		63,630,700
Restricted investments					394,880,000		394,880,000
Total current assets	<u>38,054,231</u>	<u>4,984,017</u>	<u>11,146,965</u>	<u>13,703,027</u>	<u>500,005,000</u>	<u>1,092,776</u>	<u>568,986,016</u>
Noncurrent assets:							
Restricted cash and cash equivalents		22,715,644	1,489,351			33,190	24,238,185
Restricted investments		11,542,840				584,055	12,126,895
Pledges receivable, net						44,473	44,473
Reserves, less current portion	163,538,566						163,538,566
Note receivable		595,898					595,898
Contract and assessments receivable, less current portion	2,083,144				22,527,000		24,610,144
Deferred charges	4,799,165	1,791,351			12,192,000		18,782,516
Non-utility property	198,057						198,057
Other assets		241,000	31,590	42,725			315,315
Capital assets:							
Land	8,855,938	9,304,855	3,177,782	8,101,986			29,440,561
Buildings and improvements	103,776,859	93,877,028	31,993,186	29,777,039		6,025,449	265,449,561
Machinery and equipment	53,877,341	4,495,132	91,722,173	196,309		1,030,393	151,321,348
Capitalized leased vehicles			4,572,817				4,572,817
Museum exhibits						18,192,653	18,192,653
Infrastructure	915,945,923				2,472,430,000		3,388,375,923
Construction in progress	108,114,198	43,228,699			140,134,000	19,074	291,495,971
Less accumulated depreciation	<u>(321,407,138)</u>	<u>(48,612,730)</u>	<u>(80,976,703)</u>	<u>(17,555,976)</u>	<u>(734,552,000)</u>	<u>(17,980,429)</u>	<u>(1,221,084,976)</u>
Capital assets, net of accumulated depreciation	<u>869,163,121</u>	<u>102,292,984</u>	<u>50,489,255</u>	<u>20,519,358</u>	<u>1,878,012,000</u>	<u>7,287,140</u>	<u>2,927,763,858</u>
Total noncurrent assets	<u>1,039,782,053</u>	<u>139,179,717</u>	<u>52,010,196</u>	<u>20,562,083</u>	<u>1,912,731,000</u>	<u>7,948,858</u>	<u>3,172,213,907</u>
Total assets	<u>1,077,836,284</u>	<u>144,163,734</u>	<u>63,157,161</u>	<u>34,265,110</u>	<u>2,412,736,000</u>	<u>9,041,634</u>	<u>3,741,199,923</u>

(continued)

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**STATEMENT OF NET ASSETS (continued)**  
**COMPONENT UNITS**  
**June 30, 2010**

	Louisville Water Company*	Parking Authority of River City, Inc.	Transit Authority of River City	Louisville and Jefferson County Riverport Authority	Metropolitan Sewer District	Louisville Science Center, Inc.	Total
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	7,205,372	3,051,518	5,048,578	321,929	24,833,000	221,232	40,681,629
Accrued payroll and withholdings	256,474					166,261	422,735
Compensated absences payable	882,623		3,240,080				4,122,703
Capital lease obligation, current portion			166,102			4,350	170,452
Due to other governmental agencies	9,129,425						9,129,425
Customer advances and deposits payable	4,442,100				1,622,000		6,064,100
Accrued interest payable	906,258	166,047			14,701,000		15,773,305
Bonds payable, current portion	10,505,000	3,835,000			23,785,000		38,125,000
Bond anticipation note					452,680,000		452,680,000
Other payables from restricted assets	2,123,385	706,653					2,830,038
Claims and judgments payable			2,345,811				2,345,811
Deferred revenue		97,607	1,681,100	242,903		83,204	2,104,814
Total current liabilities	<u>35,450,637</u>	<u>7,856,825</u>	<u>12,481,671</u>	<u>564,832</u>	<u>517,621,000</u>	<u>475,047</u>	<u>574,450,012</u>
Noncurrent liabilities:							
Accounts payable					1,630,000		1,630,000
Deferred revenue	2,573,206				13,301,000		15,874,206
Unamortized debt premium	10,149,667	493,294			25,449,000		36,091,961
Interest rate swaps					78,446,000		78,446,000
Bonds payable, less current portion	284,605,000	89,085,100			1,283,493,000		1,657,183,100
Total noncurrent liabilities	<u>297,327,873</u>	<u>89,578,394</u>	<u>-</u>	<u>-</u>	<u>1,402,319,000</u>	<u>-</u>	<u>1,789,225,267</u>
Total liabilities	<u>332,778,510</u>	<u>97,435,219</u>	<u>12,481,671</u>	<u>564,832</u>	<u>1,919,940,000</u>	<u>475,047</u>	<u>2,363,675,279</u>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	574,053,121	26,217,956	50,323,153	20,519,358	450,754,000		1,121,867,588
Restricted for capital projects	165,534,474	11,136,991				878,555	177,550,020
Restricted for debt service		2,467,613			455,899,000		458,366,613
Unrestricted	5,470,179	6,905,955	352,337	13,180,920	(413,857,000)	7,688,032	(380,259,577)
Total net assets	<u>\$ 745,057,774</u>	<u>\$ 46,728,515</u>	<u>\$ 50,675,490</u>	<u>\$ 33,700,278</u>	<u>\$ 492,796,000</u>	<u>\$ 8,566,587</u>	<u>\$ 1,377,524,644</u>

\*Amounts for the Louisville Water Company are for December 31, 2009.

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

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
COMBINING STATEMENT OF ACTIVITIES  
COMPONENT UNITS**

For the Year Ended June 30, 2010

Function/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Assets					Total	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Louisville Water Company*	Parking Authority of River City, Inc.	Transit Authority of River City	Louisville and Jefferson County Riverport Authority	Metropolitan Sewer District		Louisville Science Center, Inc.
Component Units:											
Louisville Water Company*	\$ 116,324,193	\$ 135,833,309		\$ 7,347,557	\$ 26,856,673						\$ 26,856,673
Parking Authority of River City, Inc.	13,819,857	16,076,596		614,602		\$ 2,871,341					2,871,341
Transit Authority of River City	71,038,084	11,084,178	\$ 72,440,444				\$12,486,538				12,486,538
Louisville and Jefferson County Riverport Authority	5,888,331	975,884						\$ (4,912,447)			(4,912,447)
Metropolitan Sewer District	289,941,000	171,590,000		4,105,000				\$ (114,246,000)			(114,246,000)
Louisville Science Center, Inc.	5,614,985	2,892,983	1,413,795							\$ (1,308,207)	(1,308,207)
	<u>502,626,450</u>	<u>338,452,950</u>	<u>73,854,239</u>	<u>12,067,159</u>	<u>26,856,673</u>	<u>2,871,341</u>	<u>12,486,538</u>	<u>(4,912,447)</u>	<u>(114,246,000)</u>	<u>(1,308,207)</u>	<u>(78,252,102)</u>
General Revenues											
Investment income					868,127	84,138	4,758	3,755,935	49,955,000	35,133	54,703,091
Miscellaneous					175,194			232,577			407,771
Total general revenues and special items					<u>1,043,321</u>	<u>84,138</u>	<u>4,758</u>	<u>3,988,512</u>	<u>49,955,000</u>	<u>35,133</u>	<u>55,110,862</u>
Change in net assets					27,899,994	2,955,479	12,491,296	(923,935)	(64,291,000)	(1,273,074)	(23,141,240)
Net assets, beginning balance					717,157,780	43,773,036	38,184,194	34,624,213	557,087,000	9,839,661	1,400,665,884
Net assets, ending					<u>\$ 745,057,774</u>	<u>\$ 46,728,515</u>	<u>\$50,675,490</u>	<u>\$ 33,700,278</u>	<u>\$ 492,796,000</u>	<u>\$ 8,566,587</u>	<u>\$ 1,377,524,644</u>

\*Amounts for the Louisville Water Company are for the year ended December 31, 2009.

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



## **NOTES TO THE FINANCIAL STATEMENTS**

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**1. Summary of Significant Accounting Policies**

Louisville/Jefferson County Metro Government (“Metro Government”) began operations January 6, 2003, and was formed from the merger of the former City of Louisville (founded in 1778 and incorporated in 1828) and Jefferson County, Kentucky (created in 1780). Metro Government operates under a Mayor-Council form of government and provides the following services: public safety, streets and roads, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The following is a summary of the significant accounting policies:

**A. Basis of Presentation**

The financial statements of Metro Government have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units by the Governmental Accounting Standards Board (“GASB”) and the American Institute of Certified Public Accountants (“AICPA”).

**B. Reporting Entity**

In accordance with GASB Statements No. 14, *The Financial Reporting Entity* and No. 39, *Determining Whether Certain Organizations Are Component Units*, as amended, Metro Government has included in its financial statements the departments, agencies, boards, commissions, authorities, and corporations that comprise the primary government along with its discretely presented Component Units.

**i. Blended Component Units**

The following Component Units have been presented as blended Component Units because the boards of the Component Units are substantively the same as the primary government, or the Component Units provide services exclusively or almost exclusively to the primary government.

- The Louisville/Jefferson County Revenue Commission (“Revenue Commission”)  
- The Revenue Commission is reported as part of the primary government as its primary purpose is to collect certain taxes and fees on behalf of Metro Government and to collect and remit debt service requirements on Metro Government’s general obligation bonds. To a lesser extent, the Revenue Commission is the collection agent of certain fees and taxes for other local governmental entities. The Commissioners of the Revenue Commission consist of the Metro Government Mayor, the Metro Council President, the Jefferson County Public School Superintendent, and three citizen members appointed by the Mayor and approved by the Metro Council.

The Revenue Commission is treated as an internal service fund of the primary government since Metro Government is the primary participant of the Revenue Commission. Amounts held on behalf of other local governmental entities are reflected within a fiduciary fund.

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**1. Summary of Significant Accounting Policies, continued**

- The Public Properties Corporation (“PPC”) - The PPC is a non-profit municipal corporation that was incorporated by the City of Louisville, succeeded by Metro Government, which is used to account for certain property acquisitions and improvements financed by proceeds from the sale of various First Mortgage Revenue Bonds. It is reported as part of the primary government because its purpose is to issue bonds solely on behalf of Metro Government.
- The Revenue Finance Corporation - The Revenue Finance Corporation is a non-profit municipal corporation which is used for the acquisition and implementation of public projects financed by increments in tax revenues. It exists solely for the benefit of Metro Government and is accordingly reported as part of the primary government. During fiscal year 2010, the Metro Council consolidated the Revenue Finance Corporation and transferred all the remaining unexpended funds into the Major Capital Projects fund.
- Capital Projects Corporation (“CPC”) - The CPC, a non-profit municipal corporation, was incorporated by the Jefferson County Fiscal Court, succeeded by Metro Government, as its agency and instrumentality in the financing of public improvements and projects of a capital nature. The Mayor, with the approval of the Metro Council, appoints the CPC’s governing board. The CPC undertakes projects and issues bonds at the direction of and pursuant to ordinances adopted by the Metro Council. All debt obligations of the CPC are serviced with rental payments made by Metro Government as consideration from annually renewable leases of the financed properties by Metro Government.

Complete financial statements for each of the individual component units may be obtained by contacting Metro Government’s Office of Management and Budget, 611 West Jefferson Street, Louisville, Kentucky, 40202.

**ii. Discretely Presented Component Units**

The Component Units column in the government-wide financial statements includes the financial data of Metro Government’s discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from Metro Government. The following six Component Units are included in the reporting entity because the primary government is financially accountable for and is able to impose its will on the organizations.

All discretely presented component units have a June 30 fiscal year end except the Louisville Water Company which has a December 31 year end.

- Louisville Water Company (“LWC”) – The LWC is a legally separate entity that provides water utility services to the residents of the Louisville metropolitan area and charges fees for those services. It is shown as a discretely presented component unit because the Metro Government is the sole shareholder of LWC stock, receives a quarterly dividend, and the Mayor appoints a voting majority of the LWC’s Board of Directors. Water services valued at \$12,264,493 were provided to Metro Government in lieu of taxes during the year ended December

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**1. Summary of Significant Accounting Policies, continued**

31, 2009. Complete financial statements of the LWC can be requested from the Louisville Water Company, 550 South Third Street, Louisville, KY 40202.

- Parking Authority of River City, Inc. (“PARC”) - PARC is a non-profit corporation, which was established by the City of Louisville, succeeded by Metro Government, to serve Metro Government’s existing parking facility needs and to develop strategies for the redevelopment of the downtown riverfront area. PARC serves as an agency and instrumentality of Metro Government in the financing the acquisition of on-street and off-street parking facilities. PARC is shown as a discretely presented component unit because the Mayor appoints a voting majority of its Board of Directors and Metro Government has the ability to approve or overrule decisions of PARC in financing of new facilities and equipment. Complete financial statements of PARC can be requested from the Parking Authority of River City, 517 South Fourth Street, Louisville, KY 40202.
- Transit Authority of River City (“TARC”) - TARC is a legally separate entity which was established by the former City of Louisville and Jefferson County Fiscal Court, succeeded by Metro Government, that operates the mass transit system in the Louisville metropolitan area. TARC is shown as a discretely presented component unit because the Mayor appoints a voting majority of its Board of Directors and Metro Government has the ability to approve, disapprove, revise, amend, or otherwise alter TARC’s annual budget. Metro Government does not provide any funding to TARC, but it does administer the Mass Transit Trust Fund (“MTTF”), which receives occupational tax revenues and remits those amounts to TARC. Payments to TARC from the MTTF for the fiscal year ended June 30, 2010 totaled \$39,953,347. Complete financial statements of TARC can be requested from the Transit Authority of River City, 1000 West Broadway, Louisville, KY 40203.
- Louisville and Jefferson County Riverport Authority (“Riverport”) - Riverport is a legally separate entity that acquires, develops, and markets land for operation of a riverport industrial complex. Riverport is shown as a discretely presented component unit because the Mayor appoints a voting majority of its Board of Directors and Metro Government has the ability to impose its will on Riverport’s decisions. Complete financial statements of Riverport can be requested from the Louisville and Jefferson County Riverport Authority, 6900 Riverport Drive, Louisville, KY 40258.
- Louisville and Jefferson County Metropolitan Sewer District (“MSD”) - The MSD is a legally separate entity that provides sewer services to the residents of the metropolitan area and charges fees for those services. MSD is shown as a discretely presented component unit because the Mayor appoints a voting majority of its Board of Directors and Metro Government has the ability to veto, overrule, or modify decisions of MSD regarding expansion of infrastructure and sewage facilities. Metro Government does not provide any funding to MSD. The amount of free services provided in fiscal year ended June 30, 2010 was approximately \$3,300,000. Complete financial statements of MSD can be

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**1. Summary of Significant Accounting Policies, continued**

requested from Louisville and Jefferson County Metropolitan Sewer District, 700 West Liberty Street, Louisville, KY 40203.

- Louisville Science Center, Inc. (“LSC”) - The LSC is a legally separate entity that provides museum exhibits and scientific programs to the public. Financial support is received from admissions, merchandise sales, memberships, parking fees, donations, and an appropriation from Metro Government. It is shown as a discretely presented component unit because the Mayor appoints a voting majority of its Board of Directors. During the year ended June 30, 2010, Metro Government paid \$806,200 as an appropriation to the LSC. Complete financial statements of LSC can be requested from Louisville Science Center, 727 West Main Street, Louisville, KY 40202.

**iii. Related Organizations**

- C. Louisville Metro Housing Authority (“Housing Authority”) - The Housing Authority is a legally separate entity that plans for the construction, operation and management of low cost housing projects within the metropolitan area. The Board consists of the Mayor and eight other members appointed by the Mayor and approved by the Metro Council. Financial support is received from the federal government and from fees. The Housing Authority serves as its own fiscal agent and Metro Government is not financially accountable for the activities of the entity. Metro Government did not provide any funding to the Housing Authority for the year ended June 30, 2010.
- D. Louisville Regional Airport Authority (“RAA”) - The RAA was created by state statute and is responsible for the operation of Louisville International Airport and Bowman Field, both located in Louisville. The Board consists of eleven members including the Mayor and the Kentucky Secretary of Commerce. Six of the members are appointed by Metro Government and three by the Commonwealth of Kentucky. Metro Government does not provide any funding to the RAA.
- E. The Louisville and Jefferson County Convention and Visitors Bureau (the “Convention Bureau”) - The Convention Bureau is a legally separate entity created by state statute and operates to promote convention and tourism activity in Louisville and Jefferson County. The Board consists of nine members, six of whom are appointed by Metro Government and three by the Commonwealth of Kentucky. Metro Government does not provide any funding to the Convention Bureau, but the Convention Bureau received \$10,867,813 in transient room taxes collected by the Revenue Commission during the 2010 fiscal year.

**C. Government-wide and Fund Financial Statements**

The government-wide financial statements (the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**1. Summary of Significant Accounting Policies, continued**

The Statement of Net Assets presents Metro Government's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

- Invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that is related to the acquisition, construction and improvement of capital assets. The outstanding debt is also offset by any unspent proceeds from such debt.
- Restricted net assets result from restrictions placed by external sources such as creditors, grantors and contributors, or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets consist of net assets which do not meet the definition of the two preceding categories.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources, such as taxes and other items not properly included among program revenues, are reported instead as general revenues. Metro Government allocates certain indirect costs to be included in the program expense reported for individual functions and activities in the government-wide statement of activities.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**D. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Each fund is a separate accounting entity with a self-balancing set of accounts. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible during the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Metro Government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual are property taxes, intergovernment, interest revenue and

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**1. Summary of Significant Accounting Policies, continued**

charges for services. Occupational taxes, fees and fines, licenses, permits are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Agency fund financial statements report only assets and liabilities and accordingly have no measurement focus. Agency funds use the accrual basis of accounting to recognize receivables and payables.

Metro Government reports unearned revenue in the government-wide statement of net assets and the governmental funds balance sheet. Unearned revenue reported in these statements results from resources that Metro Government has received before it has a legal claim to it, such as when grant money is received prior to incurring eligible expenditures. In a subsequent fiscal period, when the revenue is earned, the liability is removed and revenue is recognized.

Metro Government reports deferred revenue in the governmental funds balance sheet. Deferred revenue arises when revenue does not meet both the measurable and available criteria for recognition in the current period. As discussed above, Metro Government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. For certain non-exchange transactions, revenues are measurable, but not received within 60 days of year end. Revenue recognition is deferred to the subsequent fiscal period when it is received.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations and consist primarily of charges to customers or agencies, cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. All of Metro Government's proprietary activities, except for the internal service fund, qualify and are reported as discretely presented component units; therefore, the primary government does not include a business-type activities column in the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is Metro Government's policy to use restricted resources first, then unrestricted resources as they are needed.

Funds are classified into three categories: governmental, proprietary and fiduciary.

Metro Government reports the following major governmental funds:

- The General Fund, Metro Government's primary operating fund, which accounts for all of the activities of the general government not required to be accounted for in another fund.

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**1. Summary of Significant Accounting Policies, continued**

- The Special Revenue Fund, which accounts for the proceeds of specific revenue sources that are restricted or committed to spend for specified purposes other than debt service or capital projects. Metro Government reports federal and state grant money in the Special Revenue Fund.
- The Capital Projects Fund, which accounts for the acquisition or construction of general capital assets.
- The Special Purpose Capital Fund, which accounts for the acquisition of assets, such as vehicles and data processing equipment that are funded by specific revenue sources.

The Internal Service Fund, a proprietary fund, accounts for the cost of purchased insurance, the operation and administration of the Metro Government's self-insurance programs, and the cost of administering and collecting the Metro Government's occupational tax.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments. Metro Government reports the following fiduciary funds:

- The Private Purpose Trust Fund is used to account for a discount loan program.
- The Pension & Benefit Trust Fund is used to account for the Firefighters' Pension Fund and the Policemen's Retirement Fund.
- Agency Funds are used to account for assets that Metro Government holds on behalf of others as their agent, including TARC, the Police Property Room, and others.

**E. Budgets**

An annual appropriated budget is adopted for the General Fund on a cash basis (non-GAAP). This appropriated budget includes all transfers to capital projects funds for which transfers are designated for subsequent years' capital expenditures or for transfer to other capital or debt service funds or accounts.

Formal budgets are not adopted for the Special Revenue Fund or for the Debt Service Funds because bond indentures and other relevant contractual provisions require specific payments to and from these funds annually and transfers are budgeted in the General Fund to comply with these requirements. All annual appropriations from the General Fund lapse at year-end. Departments may request Metro Council approval for budgetary carryforwards. These amounts are reported as committed fund balance.

On or before June 1 of each year, pursuant to state statute, the Mayor proposes an Executive Budget to the Metro Council, incorporating an estimate of revenues and recommended appropriations from the General Fund. The Metro Council may hold hearings and discuss and amend the Executive Budget. On or before June 30 of each year, as required by state statute, the Metro Council adopts the Executive Budget, as it may have been amended, as the approved budget for the fiscal year beginning July 1. An affirmative vote of a majority of the Metro Council is required to change the proposed

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**1. Summary of Significant Accounting Policies, continued**

appropriations or to revise revenue estimates contained in the Executive Budget. An affirmative vote of the majority of the Metro Council is also required to amend the budget once it has been approved or to approve any supplemental appropriations.

All budget adjustments at the department level must be approved by the Director of the Office of Management and Budget consistent with the approved budget.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriations, is utilized in the governmental funds. Encumbrances are not treated as expenditures or liabilities because the commitments will be honored during the subsequent year. Outstanding encumbrances for the governmental funds at June 30, 2010 were as follows:

General Fund	\$	2,834,175
Special Revenue Fund		10,960,667
Major Capital Projects		6,717,488
Special Purpose Fund		1,724,155
Nonmajor Governmental Funds		<u>12,289</u>
Total Governmental Funds	\$	<u><u>22,248,774</u></u>

**F. Cash Deposits and Investments**

Cash and cash equivalents include amounts in demand deposits as well as various short-term investments, which consist of highly liquid investments with maturity of three months or less when purchased. The cash and cash equivalents of Metro Government's funds are invested in pooled accounts. Funds with negative cash and cash equivalents report the negative amount as due to other funds of Metro Government and the lending fund reports an offsetting due from other funds of Metro Government.

State statutes authorize Metro Government to invest in instruments guaranteed by the U.S. Government or its agencies and in repurchase agreements with banks that conduct business in the state. The Firefighters' Pension Fund and the Policemen's Retirement Fund have no restrictions on the type of investments that they enter into as long as due diligence is exercised. See Note 3 for additional information.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are reported at fair value based on quoted market values.

Certain cash and investment amounts are classified on the statement of net assets as restricted because applicable bond indentures or other legal provisions limit their use. Restricted cash and cash equivalents are included and used for their respective purposes.

**G. Taxes Receivable**

Net taxes receivable not expected to be collected within sixty days after the close of the fiscal year, thus not available to pay current liabilities at June 30, 2010, have been recorded in the balance sheet of the General Fund and in the government wide statement of net assets as deferred revenue.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**1. Summary of Significant Accounting Policies, continued**

Metro Government's property tax calendar is as follows:

<u>Date</u>	<u>Event</u>
January 1, year of levy	Assessment date
October 1, year of levy	Taxes levied
November 30, year of levy	2% discount allowed
December 31, year of levy	Gross amount due
January 31, following year	5% penalty added
April 15, following year	10% interest plus 10% penalty added to above

The Jefferson County Clerk collects personal property tax on vehicles when registered. The Jefferson County Sheriff bills and collects all property taxes on real estate and personal property excluding vehicles. Delinquent property tax bills are turned over to the County Clerk on May 1. Property tax revenues are recognized when levied to the extent that they result in current receivables.

The allowance for uncollectible amounts is composed of taxes receivable which have been deemed uncollectible based on a trend analysis of collections over the past five fiscal years.

**H. Interfund Receivables/Payables**

During the course of operations, certain transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the governmental funds balance sheet. These accounts exist solely to balance transactions between funds and are eliminated on the government-wide statement of net assets.

**I. Land Held for Development**

Land held for development is stated at cost. Land and related costs are capitalized as incurred and charged to operations as related parcels are sold or otherwise transferred.

**J. Inventories and Prepaid Items**

Inventories are valued at cost, which approximates market, using the first-in, first-out method. The costs of certain inventories are recorded as expenditures when purchased.

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

Payments made to vendors for goods and services that will benefit periods beyond June 30, 2010 are recorded in assets as prepaid items.

**K. Capital Assets and Depreciation**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Metro Government defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year.

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**1. Summary of Significant Accounting Policies, continued**

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist, including infrastructure acquired prior to June 30, 1980. Donated capital assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation of capital assets for the primary government is computed using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Useful life</u>
Land Improvements	20
Buildings & Improvements	25-40
Machinery & Equipment	3-12
Vehicles	4-20
Treasures	25
Infrastructure	10-40

Information regarding depreciation methods and useful lives of Metro Government's component units is available in each of the respective component unit's financial reports.

**L. Compensated Absences**

Vested and accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported in the fund's financial statements as an expenditure and a fund liability of the governmental fund that will pay it only when the liability has matured. In the government-wide statement of net assets, the total amount of vested or accumulated vacation leave is reported within the liabilities. Vested and accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. Vacation pay may be accumulated up to 60 days. Earned vacation pay up to a maximum of 40 days is payable upon termination of employment.

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for sick pay benefits in Metro Government's fund financial statements, but is reported in the government-wide financial statements. Sick leave, which has no maximum accumulation, is charged to expense when paid.

Qualified participants in the County Employees' Retirement System ("CERS"), under certain circumstances, are eligible to convert accrued sick pay benefits into additional credit for years of service.

**M. Long-term Debt and Obligations**

In the government-wide financial statements, proprietary fund types in the fund financial statements and component units financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related debt.

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**1. Summary of Significant Accounting Policies, continued**

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

**N. Claims and Judgments Payable**

Claims and judgments payable represents estimates for medical, automobile liability, workers' compensation, and other claims incurred as of June 30, 2010. This liability includes both reported and unreported events. This amount was determined by Metro Government's management and also includes actuarially determined amounts by Metro Government's independent insurance administrators.

**O. Deficit Fund Balances**

The Internal Service Fund has a deficit balance of unrestricted net assets of \$5,339,228 at June 30, 2010. The Internal Service Fund's charges to users in subsequent fiscal years are responsible for funding this deficit.

**P. Fund Balances**

Metro Government elected to implement GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2009. In the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at June 30, 2010 by the Metro Government are nonspendable in form. Metro Government has not reported any amounts that are legally or contractually required to be maintained intact.
- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to ordinances passed by the Metro Council, Metro Government's highest level of decision making authority.

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**1. Summary of Significant Accounting Policies, continued**

Committed fund balance for the General Fund is further classified as follows:

Committed for:	General Fund	Special Revenue Fund	Total
General Government	\$ 2,301,080		\$ 2,301,080
Mayor's Office	33,613		33,613
Neighborhood Development Funds	2,013,044		2,013,044
Emergency Medical Services		\$ 149,238	149,238
Emergency Management		11,373	11,373
Animal Control Services		1,500	1,500
Criminal Justice Commission		553,360	553,360
Police	14,915	1,058,619	1,073,534
Economic Development	700,735	10,297,318	10,998,053
Parks & Recreation	553,124	137,038	690,162
Housing & Family Services	358	1,830,603	1,830,961
Public Health & Wellness		2,715,066	2,715,066
Public Works & Assets		2,213,649	2,213,649
Human Relations Commission		69,852	69,852
Louisville Free Public Library		314,780	314,780
Louisville Zoological Gardens	35,691		35,691
Waterfront Development Corporation	1,354,344	5,842	1,360,186
Committed Fund Balance	<u>\$ 7,006,904</u>	<u>\$ 19,358,238</u>	<u>\$ 26,365,142</u>

- Assigned – includes amounts that Metro Government intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Amounts may be assigned by the Director of the Office of Management and Budget under the authorization of the Mayor’s Office.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. Metro Government reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

Metro Government developed and adopted an Unrestricted General Fund Balance (“Financial Stabilization Fund”) Policy on November 14, 2003. It is Metro Government’s policy to:

- Maintain a Financial Stabilization Fund balance between one and two months of monthly average current year general fund budgeted expenditures,
- Generate additional revenues or reduce expenditures to maintain or replenish the Financial Stabilization Fund balance to meet the policy amount, and
- Utilize the Financial Stabilization Fund balance for one-time capital project or emergency operational expenditures consistent with this policy.

The Financial Stabilization Fund balance may only be used if all of the following conditions exist:

- A rare and extraordinary event (e.g. natural disaster, or large and unanticipated reduction or elimination of state revenue), or the one-time funding of a capital project or an operating initiative that will result in material, recurring reductions in future operating expenditures or material, recurring increases in operating revenues.
- Metro Government has made a complete and rational analysis, with justifying evidence that the Financial Stabilization Fund can be maintained in the future.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**1. Summary of Significant Accounting Policies, continued**

**Q. Interfund Transactions**

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed. All other interfund transactions are reported as operating transfers.

**R. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**S. Louisville Water Company Dividends**

The LWC has a quarterly dividend policy. Because the reporting period of the LWC covers the year ended December 31, 2009, a timing difference arises and causes a difference in the dividends paid and received as illustrated by the following schedule:

Date paid	LWC Dividends Paid	Revenue Commission Dividends Received
March 31, 2009	\$ 4,261,725	
June 30, 2009	4,261,725	
September 30, 2009	4,261,725	\$ 4,625,653
December 31, 2009	4,261,725	4,625,652
March 31, 2010		4,448,538
June 30, 2010		4,448,538
	\$ 17,046,900	\$ 18,148,381

**2. Changes in Accounting Practices, Reporting Principles, and Prior Period Adjustments**

**A. Primary Government**

The beginning balance of net assets for the governmental activities in the government-wide statement of activities has been restated by \$62,138 from the prior year to reflect a correction of prior years' bond issuance expenses. In addition, during fiscal year 2010, Metro Government determined that the underwriter's discount on bonds should be more appropriately classified with deferred bond issuance costs rather than deferred premiums or discounts. As such, the deferred amounts for bond premiums, discounts and deferred amounts on refundings have decreased by approximately \$1,402,315 at July 1, 2009 and deferred bond issuance costs increased by \$1,464,453.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**2. Changes in Accounting Practices, Reporting Principles, and Prior Period Adjustments,**  
**continued**

During fiscal year 2010, Metro Government corrected an error that resulted from the misapplication of accounting principles related to revenue recognition on non-exchange transactions. As a result of this error, Metro Government was recognizing revenue from transactions in which funds were not available for recognition and conversely deferring revenue recognition to future periods for transactions in which all eligibility requirements were met. Metro Government has corrected these errors in fiscal year 2010 and recorded a prior period adjustment to increase the General Fund's beginning fund balance by \$4,731,633, from \$81,085,142 to \$85,816,755, and to decrease the Special Revenue Fund's beginning fund balance by \$13,491,305, from \$14,917,933 to \$1,426,628.

**B. Blended Component Units**

During the preparation of the fiscal year 2010 financial statements, an error was discovered in the calculation of depreciation in prior fiscal years. Depreciation was not accurately calculated and recorded for assets placed in service in prior fiscal years. This error has resulted in a restatement of the beginning balance of net assets for fiscal year 2010 of \$79,080. This adjustment is also reflected in the beginning balance of accumulated depreciation for machinery and equipment.

**3. Cash Deposits and Investments**

**A. Pooled Portfolio Investments**

The following schedule presents the investments in Metro Government's pooled portfolio as of June 30, 2010, at fair value, with maturities (using the weighted average method), and credit risk ratings (from Moody's Investors Service):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Years</u>	<u>Credit Rating</u>
Money Market Mutual Funds	\$ 31,272,642	0.10	Aaa
U.S. Treasury Notes	20,329,508	1.72	Aaa
U.S. Agency Discount Notes	25,000,000	0.03	P-1
U.S. Agency Obligations	46,346,304	1.97	Aaa
Corporate Bonds	1,024,060	1.83	Aaa
Commercial Paper	24,996,125	0.14	P-1
Total	<u>\$ 148,968,639</u>		
Portfolio weighted average maturity		0.91	

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**3. Cash Deposits and Investments, continued**

**B. Non-Pooled Portfolio Investments**

Non-pooled portfolio investments of the primary government include all restricted assets of the Capital Projects Funds, Internal Service Fund and Debt Service Funds. These investments are subject to the same Metro Government investment policies as the pooled portfolio investments. Non-pooled portfolio investments as of June 30, 2010 are summarized below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Years</u>	<u>Credit Rating</u>
U.S. Government Money Market Mutual Funds	\$ 34,296,122	0.11	Aaa*

\* \$791,945 of Money-Market Mutual Funds were not rated by Moody's. These consisted of U.S. Treasuries or Repurchase Agreements collateralized by U.S. Treasuries which are currently rated Aaa by Moody's.

**C. Custodial Credit Risk**

Custodial credit risk for deposits and investments is the risk that, in the event of failure by a financial institution, Metro Government may not be able to recover the value of its deposits and investments or collateral securities that are in the possession of the financial institution. Metro Government's investment policy dictates that all cash maintained in any financial institution named as a depository be collateralized, the collateral held in the name of the Metro Government, and that investments be registered in the name of the Metro Government. Collateral must be held by an independent third-party custodian.

Metro Government was fully collateralized and all investments were held in the Metro Government's name as of June 30, 2010.

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of investments will adversely affect the fair value of an investment. Metro Government's investment policy does limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investments are made based upon prevailing market conditions at the time of the transaction. According to the Metro Government's investment policy, maintenance of adequate liquidity to meet the cash flow needs of Metro Government is essential. Assets categorized as short-term operating funds will be invested in permitted investments maturing in 12 months or less, with an average weighted maturity not to exceed six months. The core portfolio may be invested in permitted investments with a stated maturity of up to five years, with an average weighted maturity not to exceed two years.

**E. Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments are made under the "prudent investor" standard outlined in Metro Government's investment policy to ensure that (a) due diligence is exercised in

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
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**3. Cash Deposits and Investments, continued**

accordance with state law, (b) any negative deviations are reported timely and (c) reasonable action is taken to control any adverse developments. Metro Government's investment policy dictates that investments in commercial paper have a credit rating of no less than 'A1' (or its equivalent) at the time of purchase.

**F. Concentration of Credit Risk**

Metro Government's investment policy requires diversification of the overall portfolio to eliminate the risk of loss from an over-concentration of assets in a specific class of security, a specific maturity, and/or a specific issuer. The maximum percentage of the portfolio (book value at the date of acquisition) permitted in each eligible security is as follows:

U.S. Treasury Obligations	100%
Federal Agency Obligations	100%
Federal Agency Obligations (Callable)	50%
Repurchase Agreements	100%
Commercial Paper	*20%
Bankers' Acceptances	*20%
Collateralized/Insured Certificates of Deposit	50%
Uncollateralized Certificates of Deposit	*20%
Municipal Obligations	*10%
Money Market Mutual Funds	100%

\* The combined amount of these investments shall not exceed twenty percent of the total book value of the portfolio at the date of acquisition.

The investment policy dictates that the Metro Government portfolio will be further diversified to limit the exposure to any one issuer. No more than 5% of the Metro portfolio will be invested in the securities of any single issuer with the following exceptions:

	<u>Maximum</u>
U.S. Treasury	100%
Each Federal Agency	35%
Each Repurchase Agreement Counterparty	25%
Money Market Mutual Funds	50%

**G. Revenue Commission**

The bank balances at June 30, 2010, including cash with paying agents, were \$40,866,440. Of this amount, \$350,000 was covered by Federal Deposit Insurance Corporation ("FDIC"). The remainder was collateralized by the bank holding deposits in the Revenue Commission's name.

The investment balances at June 30, 2010 of \$13,784,703 consists of money market mutual funds with JP Morgan Securities. Investments at JP Morgan had an average weighted maturity of approximately two months and a credit rating of Aaa as supplied by Moody's Investors Service.

Custodial Credit Risk – Custodial credit risk for deposits and investments is the risk that, in the event of failure by a financial institution, the Revenue Commission may not be able

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
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**3. Cash Deposits and Investments, continued**

to recover the value of its assets held by such financial institution. Except as follows, the Revenue Commission's investment policy states that all cash maintained in any financial institution be collateralized by certain types of investments. With the express approval of the Commissioners, the Revenue Commission may invest up to 10% of its investment portfolio in uninsured certificates of deposit at authorized financial institutions.

Interest Rate Risk – Interest rate risk is the risk that changes in the interest rates on investments will adversely affect their underlying fair market value. While the Revenue Commission's investment policy does not specifically address this matter, it has been management's practice to limit investment maturities in order to manage its exposure to reductions in fair value that may result from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments are made under the "prudent person rule" outlined in the Revenue Commission's investment policy. The policy states that "investments shall be made with judgment and care under prevailing circumstances, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment considering the probable safety of their capital as well as the probable income to be derived." The investment policy does not address diversification of the investment portfolio, but does provide the following guidelines on the types of investments that can be made.

In accordance with its investment policy, the Revenue Commission is permitted to invest in the following:

1. Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, provided that delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian.
2. Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States government.
3. Obligations of any corporation of the United States government.
4. Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which is insured by the FDIC or similar entity or which are collateralized, to the extent uninsured.
5. Bankers' acceptances for banks rated in one of the three highest categories by a nationally recognized rating agency.
6. Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and instrumentalities.
7. Securities issued by a state or local government, or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency.

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
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**3. Cash Deposits and Investments, continued**

**H. Fiduciary Funds**

The MTTF is required to follow investment policies in accordance with Kentucky Revised Statutes (“KRS”) 66.480 (see the MTTF audit report for additional discussion of allowed investments). The Escrow and Deposit Fund is governed by the Metro Government’s investment policy described within this note.

The Firefighters’ Pension Fund had deposits of \$500,308 at June 30, 2010. Of this amount, \$50,363 was covered by the FDIC. The remaining \$449,944 was collateralized by securities held by the pledging financial institution’s trust department or agent, but not in the Firefighters’ Pension Fund’s name. The Policemen’s Retirement Fund had deposits of \$200,478 at June 30, 2010, which were fully insured by the FDIC.

The Firefighters’ Pension Fund and Policemen’s Retirement Fund are each governed by a Board of Trustees, which is ultimately responsible for the appropriateness of its investment policies and the execution of those policies to meet the funds’ investment objectives. The Boards’ work in conjunction with investment managers and financial advisors to determine the appropriate asset mix within each investment type pursuant to asset allocation parameters set by the Boards. Investments are to be made with “care, skill and prudence” under the market circumstances prevailing at the time with the primary objectives of (a) preserving principal, (b) producing a combination of income and liquidity sufficient to meet monthly pension payment requirements and (c) on a long-term basis, producing real total returns sufficient to meet the lifetime pension requirements.

Both the Firefighters’ Pension Fund and Policemen’s Retirement Fund trustees desire a balanced portfolio diversified appropriately among the three primary asset classes of marketable securities: (1) liquid reserves, (2) fixed income securities, and (3) common stock. Allowable investments include domestic and international common stocks, government and corporate bonds, and short-term fixed income securities maturing in one year or less. All fixed income investments in the Firefighters’ Pension Fund and Policeman’s Retirement Fund must be rated Baa or greater at the time of purchase.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
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**3. Cash Deposits and Investments, continued**

Metro Government's fiduciary fund investments are summarized in the table below as of June 30, 2010:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Years</u>	<u>Credit Rating</u>
<b>Mass Transit Trust Fund</b>			
Money Market Mutual Funds	\$ 6,943,456	0.10	Aaa
<b>Escrow and Deposit Fund</b>			
Money Market Funds	\$ 3,500,000	0.10	Aaa
<b>Firefighters' Pension Fund</b>			
U.S. Agency Obligations	\$ 15,682	6.46	Aaa
Bond Mutual Funds	1,703,314	7.52	Not Rated
Equity Securities	4,629,787		
Other Investments	(7,921)		
Total	<u>\$ 6,340,862</u>		
Portfolio weighted average maturity		7.51	
<b>Policemen's Retirement Fund</b>			
U.S. Treasury Obligations	\$ 253,255	4.86	Aaa
U.S. Agency Obligations	383,924	2.22	Aaa*
Corporate Bonds	442,693	14.58	Aaa-Baa**
Equity Securities	5,309,484		
Money Market Funds	517,325	0.10	Not Rated
Other Investments	7,311		
Total	<u>\$ 6,913,992</u>		
Portfolio weighted average maturity		5.38	

\* \$18,073 of agency securities were not rated by the rating agencies.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
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**3. Cash Deposits and Investments, continued**

**I. Component Units**

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Years</u>	<u>Credit Rating</u>
<b>LWC</b>			
U.S. Treasury Obligations	\$ 4,700,000	3.88	Aaa
Money Market Mutual Funds	89,485,202	0.09	Aaa
Total	<u>\$ 94,185,202</u>		
Portfolio weighted average maturity		0.28	
<b>PARC</b>			
U.S. Government Money Market Funds	\$ 25,021,991	0.10	Aaa
Commercial Paper	6,497,417	0.09	P-1
U.S. Agency Discount Notes	2,998,500	0.33	P-1
U.S. Agency Obligations	4,046,250	0.30	Aaa
Total	<u>\$ 38,564,158</u>		
Portfolio weighted average maturity		0.14	
<b>TARC</b>			
U.S. Government Money Market Funds	<u>\$ 1,511,845</u>	0.11	Aaa
<b>Riverport</b>			
U.S. Treasury Bills	<u>\$ 3,829,865</u>	0.30	Aaa
<b>MSD</b>			
U.S. Treasury Bills	\$ 19,790,708	0.01	Aaa
U.S. Treasury Obligations	328,311,000	15.86	Aaa
U.S. Agency Discount Notes	27,864,481	0.37	Aaa
Tax Exempt State & Municipal Bonds	38,268,649	27.37	Aa
Money Market Funds	52,392,557	0.09	Aaa
Repurchase Agreements	17,911,324		
Total	<u>\$ 484,538,719</u>		
Portfolio weighted average maturity		13.43	
<b>LSC</b>			
Bond Mutual Funds	\$ 70,632	5.76	N/R
Money Market Funds	266,157	0.10	N/R
Other Investments	247,266		N/R
Total	<u>\$ 584,055</u>		
Portfolio weighted average maturity		1.28	

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
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**3. Cash Deposits and Investments, continued**

As of December 31, 2009, the LWC had \$857,151 in deposits that were not covered by FDIC insurance and were not collateralized and \$74,529,000 in deposits that were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in LWC's name. As of June 30, 2010, PARC had \$238,939 in deposits that were covered by FDIC insurance and \$73,278 in deposits that were uninsured and uncollateralized. LSC had deposits of \$334,832 that were covered by FDIC insurance and \$263,026 that were uninsured and collateralized with securities held by the pledging financial institution.

**4. Disaggregation of Accounts Receivable and Accounts Payable**

Accounts receivable are amounts owed to Metro Government as of June 30, 2010. Those amounts to be received within one year are considered current. All others are considered non-current.

Receivables at June 30, 2010 for Metro Government's individual major funds, internal service funds, and fiduciary funds in the aggregate, including allowance for uncollectible amounts, are as follows:

Fund:	Receivables:						
	Taxes	Accounts	Loans	Notes	Gross Receivables	Allowance for Uncollectibles	Net Receivables
General	\$ 12,006,630	\$ 18,235,793	\$ 1,611,353		\$ 31,853,776	\$ (6,003,315)	\$ 25,850,461
Special Revenue		12,459,162	42,630,138		55,089,300	(24,191,504)	30,897,796
Major Capital Projects		40,349	2,447,355	\$ 3,319,066	5,806,770	(310,148)	5,496,622
Internal Service		334,982			334,982		334,982
Fiduciary		11,371			11,371		11,371
Total Governmental Funds	<u>\$ 12,006,630</u>	<u>\$ 31,081,657</u>	<u>\$ 46,688,846</u>	<u>\$ 3,319,066</u>	<u>\$ 93,096,199</u>	<u>\$ (30,504,967)</u>	<u>\$ 62,591,232</u>
Component Units		<u>\$ 37,599,079</u>		<u>\$ 595,898</u>	<u>\$ 38,194,977</u>	<u>\$ (269,484)</u>	<u>\$ 37,925,493</u>

Accounts payable are amounts owed by Metro Government as of June 30, 2010. Those liabilities to be paid within one year are considered current. All others are considered non-current.

Payables at June 30, 2010 for Metro Government's individual major funds, internal service funds, and fiduciary funds in the aggregate, are as follows:

Fund:	Vendors	Notes	Other	Total
General	\$ 11,655,112		\$ 867,691	\$ 12,522,803
Special Revenue	13,803,816			13,803,816
Major Capital Projects	4,711,824	\$ 2,000,000		6,711,824
Special Purpose	253,237			253,237
Nonmajor Governmental	12,051			12,051
Internal Service	5,577,607			5,577,607
Fiduciary	36,157	3,500,000		3,536,157
Total Governmental Funds	<u>\$ 36,049,804</u>	<u>\$ 5,500,000</u>	<u>\$ 867,691</u>	<u>\$ 42,417,495</u>
Component Units	<u>\$ 42,311,629</u>			<u>\$ 42,311,629</u>

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
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**5. Capital Assets**

Capital asset activity for the year ended June 30, 2010 was as follows:

	<b>Primary Government</b>			<b>Ending Balance</b>
	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 311,097,040	\$ 1,379,304	\$ (2,470,810)	\$ 310,005,534
Land improvements	3,948,433	1,145,543		5,093,976
Construction in progress	117,146,879	36,670,196	(44,444,083)	109,372,992
Works of art	255,000			255,000
Total capital assets not being depreciated	<u>432,447,352</u>	<u>39,195,043</u>	<u>(46,914,893)</u>	<u>424,727,502</u>
Other capital assets:				
Land improvements	83,104,819	15,604,766	(14,786,486)	83,923,099
Buildings	375,019,803	3,775,592	(24,458,190)	354,337,205
Machinery and equipment	54,386,248	21,005,226	(9,909,548)	65,481,926
Vehicles	102,708,571	13,750,861	(31,783,956)	84,675,476
Collections and works of art	32,615,272	8,500	(15,120,354)	17,503,418
Infrastructure	910,636,238	6,099,889	(1,181,630)	915,554,497
Total other capital assets	<u>1,558,470,951</u>	<u>60,244,834</u>	<u>(97,240,164)</u>	<u>1,521,475,621</u>
Less accumulated depreciation for:				
Land improvements	(42,369,988)	(5,272,985)	8,453,379	(39,189,594)
Buildings	(141,493,202)	(9,689,635)	14,350,628	(136,832,209)
Machinery and equipment	(42,846,571)	(5,289,723)	9,168,953	(38,967,341)
Vehicles	(72,172,483)	(8,585,785)	29,265,614	(51,492,654)
Collections and works of art	(24,534,545)	(3,036,867)	15,113,661	(12,457,751)
Infrastructure	(807,405,178)	(16,506,480)	283,388	(823,628,270)
Total accumulated depreciation	<u>(1,130,821,967)</u>	<u>(48,381,475)</u>	<u>76,635,623</u>	<u>(1,102,567,819)</u>
Other capital assets, net	<u>427,648,984</u>	<u>11,863,359</u>	<u>(20,604,541)</u>	<u>418,907,802</u>
Governmental activities capital assets, net	<u>\$ 860,096,336</u>	<u>\$ 51,058,402</u>	<u>\$ (67,519,434)</u>	<u>\$ 843,635,304</u>

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
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**5. Capital Assets, continued**

Depreciation expense was charged to governmental activities as follows:

General Government:	
Metro Council	\$ 2,032
Mayor's Office	21,076
Public Protection:	
Fire	1,361,526
Emergency Medical Services	914,257
Emergency Management	905,688
Corrections	108,573
Youth Detention Services	88,430
Animal Control Services	29,068
Police	978,556
Economic Development:	
Metro Development Authority	2,016,488
Air Pollution Control	113,555
Codes & Regulations:	
Inspections, Permits and Licenses	15,892
Planning and Design Services	9,598
Parks & Recreation	3,423,871
Housing & Family Services:	
Housing	1,959
Human Services	508
Community Action Partnership	5,435,908
Public Health & Wellness	223,561
Public Works & Assets:	
Public Works	16,708,958
General Services Administration	11,129,632
Solid Waste Management Services	27,206
Information Technology	768,055
Office of Management & Budget	136,737
Human Resources	1,520
Related Agencies:	
Human Relations Commission	8,425
Louisville Free Public Library	1,038,642
Louisville Zoological Gardens	325,560
Waterfront Development Corporation	2,586,194
Total depreciation expense	<u>\$ 48,381,475</u>

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
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**5. Capital Assets, continued**

Capital asset activity for the LWC for the year ended December 31, 2009 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 7,713,528	\$ 1,142,410		\$ 8,855,938
Construction in progress	73,640,974	73,729,462	\$ (39,256,238)	108,114,198
Total capital assets not being depreciated	81,354,502	74,871,872	(39,256,238)	116,970,136
Other capital assets:				
Buildings	101,356,869	2,540,084	(120,094)	103,776,859
Machinery and equipment	49,729,968	5,284,669	(1,137,296)	53,877,341
Infrastructure	896,963,599	27,750,821	(8,768,497)	915,945,923
Total other capital assets	1,048,050,436	35,575,574	(10,025,887)	1,073,600,123
Less accumulated depreciation for:				
Buildings	(33,872,341)	(2,382,216)	52,043	(36,202,514)
Machinery and equipment	(33,641,106)	(4,661,634)	1,060,396	(37,242,344)
Infrastructure	(233,875,371)	(17,736,690)	3,649,781	(247,962,280)
Total accumulated depreciation	(301,388,818)	(24,780,540)	4,762,220	(321,407,138)
Other capital assets, net	746,661,618	10,795,034	(5,263,667)	752,192,985
Capital assets, net	\$ 828,016,120	\$ 85,666,906	\$ (44,519,905)	\$ 869,163,121

Capital asset activity for PARC for the year ended June 30, 2010 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 9,304,855			\$ 9,304,855
Construction in progress	28,785,553	\$ 24,413,697	\$ (9,970,551)	43,228,699
Total capital assets not being depreciated	38,090,408	24,413,697	(9,970,551)	52,533,554
Other capital assets:				
Buildings and Improvements	85,013,284	8,863,744		93,877,028
Machinery and equipment	4,354,925	140,207		4,495,132
Total other capital assets	89,368,209	9,003,951	-	98,372,160
Less accumulated depreciation	(45,006,828)	(3,605,902)		(48,612,730)
Other capital assets, net	44,361,381	5,398,049	-	49,759,430
Capital assets, net	\$ 82,451,789	\$ 29,811,746	\$ (9,970,551)	\$ 102,292,984

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
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**5. Capital Assets, continued**

Capital asset activity for TARC for the year ended June 30, 2010 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 3,177,782			\$ 3,177,782
Other capital assets:				
Buildings	24,576,754	\$ 7,416,432		31,993,186
Vehicles	66,364,216	10,165,260		76,529,476
Capitalized leased vehicles	4,572,817			4,572,817
Machinery and equipment	13,660,645	1,601,649	\$ (69,597)	15,192,697
Total other capital assets	109,174,432	19,183,341	(69,597)	128,288,176
Less accumulated depreciation	(73,556,516)	(7,489,784)	69,597	(80,976,703)
Other capital assets, net	35,617,916	11,693,557	-	47,311,473
Capital assets, net	<u>\$ 38,795,698</u>	<u>\$ 11,693,557</u>	<u>\$ -</u>	<u>\$ 50,489,255</u>

Capital asset activity for Riverport for the year ended June 30, 2010 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land and improvements	\$ 8,101,986			\$ 8,101,986
Other capital assets:				
Buildings	29,854,139		\$ (77,100)	29,777,039
Other	172,887	\$ 23,422		196,309
Total other capital assets	30,027,026	23,422	(77,100)	29,973,348
Less accumulated depreciation for:				
Buildings	(16,540,409)	(843,819)		(17,384,228)
Other	(164,542)	(7,206)		(171,748)
Total accumulated depreciation	(16,704,951)	(851,025)	-	(17,555,976)
Other capital assets, net	13,322,075	(827,603)	(77,100)	12,417,372
Capital assets, net	<u>\$ 21,424,061</u>	<u>\$ (827,603)</u>	<u>\$ (77,100)</u>	<u>\$ 20,519,358</u>

Capital asset activity for MSD for the year ended June 30, 2010 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Construction in progress	\$ 182,711,000	\$ 91,270,000	\$ (133,847,000)	\$ 140,134,000
Other capital assets:				
Buildings	982,045,000	39,944,000		1,021,989,000
Machinery and equipment	74,975,000	20,455,000	(2,190,000)	93,240,000
Infrastructure	1,257,386,000	99,815,000		1,357,201,000
Total other capital assets	2,314,406,000	160,214,000	(2,190,000)	2,472,430,000
Less accumulated depreciation	(680,380,000)	(56,362,000)	2,190,000	(734,552,000)
Other capital assets, net	1,634,026,000	103,852,000	-	1,737,878,000
Capital assets, net	<u>\$ 1,816,737,000</u>	<u>\$ 195,122,000</u>	<u>\$ (133,847,000)</u>	<u>\$ 1,878,012,000</u>

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
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**5. Capital Assets, continued**

Capital asset activity for the LSC for the year ended June 30, 2010 was as follows:

LSC	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Exhibits in progress	\$ 19,074			\$ 19,074
Other capital assets:				
Leasehold improvements	5,991,412	\$ 34,037		6,025,449
Machinery and equipment	986,268	44,125		1,030,393
Museum exhibits	18,821,720	64,854	\$ (693,921)	18,192,653
Total other capital assets	<u>25,799,400</u>	<u>143,016</u>	<u>(693,921)</u>	<u>25,248,495</u>
Less accumulated depreciation	<u>(17,170,552)</u>	<u>(1,503,798)</u>	<u>693,921</u>	<u>(17,980,429)</u>
Other capital assets, net	<u>8,628,848</u>	<u>(1,360,782)</u>	<u>-</u>	<u>7,268,066</u>
Capital assets, net	<u>\$ 8,647,922</u>	<u>\$ (1,360,782)</u>	<u>\$ -</u>	<u>\$ 7,287,140</u>

**6. Land Held for Development**

Land held for development at June 30, 2010 is summarized as follows:

	Riverport Authority
Land held for development	<u>\$ 7,779,136</u>

**7. Risk Management**

Metro Government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; professional liability exposures; injuries to employees; and natural disasters. The Insurance and Risk Management Fund (“Fund”), an internal service fund, was established in 1976 to consolidate all of the former City of Louisville’s insurance or self-insurance under a comprehensive risk management program. Under merger, this program now includes all Metro Government departments including PARC and the former Jefferson County Fiscal Court Risk Management Fund established in 1974. The Fund consists of a comprehensive self-insurance program relating to the following:

- A. Automobile Liability: Self-insured up to \$500,000 per occurrence. Excess coverage is purchased through the Louisville Area Governmental Self-Insurance Trust (“LAGIT”).
- B. Workers’ Compensation (covering all employees): Self-insured up to \$1,000,000 per occurrence with a \$1,000,000 corridor. Excess coverage is purchased above this retained level.
- C. Unemployment Compensation: Completely self-insured.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**7. Risk Management, continued**

- D. Group Health Coverage: Eligible Metro Government employees participated in group health coverage through three Preferred Provider Organization ("PPO") plans offered through Metro Government's health self-insurance fund, which are administered by Humana, Inc. In addition to the plans offered to all eligible Metro Government employees, eligible members of the Fraternal Order of Police may participate in two additional PPO plans offered through Metro Government's health self-insurance fund, which is also administered by Humana, Inc.
- E. General Liability: Various general liability exposures (including public official liability, law enforcement liability, medical professional liability, employer's liability, and employment practices liability), are self-insured up to a \$500,000 deductible per occurrence. Employer's liability has a \$1,500,000 per occurrence deductible (\$1,000,000 limit of liability above a \$500,000 self-insured retention is provided by an underlying commercial excess insurance policy). Excess coverage is purchased through LAGIT.
- F. Automobile Physical Damage: Excess coverage is purchased for catastrophic losses through Louisville Area Governmental General Insurance Trust ("LAGGIT") above a \$100,000 self-insured retention per occurrence.
- G. Real and Business Personal Property: Metro Government's property exposures are self-insured up to \$250,000 per occurrence, except for flood coverage which carries a deductible of \$250,000 in addition to the amount of insurance available under the National Flood Insurance Program, whether purchased or not. Excess coverage is purchased on a blanket limit basis under LAGGIT for up to \$250 million, subject to certain sub-limits for specific exposures.

Revenues for this fund come from either Metro Government's General Fund or from interagency charges developed through an independent actuarial study each year. Revenues are forecasted to match expenses, which include estimated incurred losses for both known and incurred but not reported claims, premiums for excess insurance coverage to complement the self-insurance programs, various taxes and assessments, and administrative operating expenses.

It is Metro Government's policy to fund its reserves for all property and liability exposures by charging to expense the estimated reserve amounts anticipated for claims reported during the fiscal year in which the claim occurs. An additional expense is charged at the end of the fiscal year for claims which may have occurred during the fiscal year, but have not yet been reported.

In addition to the comprehensive self-insurance programs mentioned above, Metro Government purchases various types of primary insurance coverage, including government crime coverage (employee dishonesty and faithful performance coverage); aircraft and watercraft liability and hull coverage; and long-term disability coverage for full-time employees.

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**7. Risk Management, continued**

The claims liability of \$52,907,404 reported in the Fund at June 30, 2010 is based on the requirements of GASB Statement No. 30, *Risk Financing Omnibus*. Claims liabilities are estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience. Claims liabilities include specific incremental claim adjustment expenses; allocated loss adjustments; and are reduced for estimated recoveries on unsettled claims.

Changes in the Fund's claims liability amount in fiscal years 2009 and 2010 were as follows:

Year ending June 30	Beginning Balance	Claims and Changes in Estimates	Claim Payments	Ending Balance
2009	\$ 24,229,250	\$ 98,645,823	\$ 51,721,236	\$ 71,153,837
2010	71,153,837	75,606,122	93,852,555	52,907,404

The liability associated with the health self-insurance fund as of June 30, 2010 is \$2,770,000 and is included as a liability in the Fund.

Metro Government is also a member of LAGIT (for general liability exposures) and LAGGIT (for property exposures) which are separate risk-sharing mechanisms formed for public entities located in Jefferson County, Kentucky. The Metro Risk Management Division has the administrative responsibility for actual operations of LAGIT and LAGGIT and independently audited financial statements of each trust are available through the Metro Government Office of Management and Budget.

Metro Government's annual administrative fees for LAGIT and LAGGIT was \$37,848 and \$32,501, respectively. Metro Government has delegated certain administrative functions for LAGIT and LAGGIT to Risk and Insurance Solutions, LLC. Metro Government paid \$62,100 and \$25,875 for services provided to LAGIT and LAGGIT, respectively.

Metro Government has not had any settled claims that have exceeded the above coverage amounts in any of the past three fiscal years.

The LWC, Riverport, LSC, MSD and TARC have established and administer various insurance and self-insurance programs in the areas of Automobile Liability, General Liability, Employee Dishonesty, Workers' Compensation and Real and Personal Property with various retentions and deductibles to protect their assets.

Excess insurance for automobile liability and general liability, as well as real and personal property, are maintained through LAGIT and LAGGIT for MSD and TARC.

Metro Government, by contract, is responsible for LSC's primary general liability exposures; therefore they are also members of LAGIT.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**8. Short-Term Debt**

**A. Primary Government**

On August 1, 2009, the Escrow and Deposit Fund re-issued the Amended and Restated General Obligation Bond Anticipation Note, Series 2009A for \$3,500,000. The note is held in the Escrow and Deposit Fund as the nature of the note is fiduciary. This note was issued for public improvements related to projects originally authorized by the Series 2001A Bonds, and is renewable annually. The note was issued to cover any potential liabilities associated with the development projects authorized by the Series 2001A Bonds. The original note was issued by Metro Government in the principal amount of \$3,500,000 and the date of original issuance was January 30, 2004. The interest on the original note made by Metro Government has been paid in full through June 30, 2010.

The following table outlines activity on short-term notes during fiscal year 2010:

Year ending June 30	Beginning Balance	Additions	Reductions	Ending Balance
2010	\$ 3,500,000	\$ 3,500,000	\$ (3,500,000)	\$ 3,500,000

**B. Discretely Presented Component Units**

**i. Metropolitan Sewer District**

On August 19, 2009, MSD issued \$226,340,000 of Sewer and Drainage System Subordinated Bond Anticipation Notes, Series 2009A Notes. The proceeds of the notes were used to refund and refinance on a short-term basis certain outstanding Sewer and Drainage System Revenue Bonds, Series 1999A and a portion of its 1997A and 1998A Revenue Bonds until MSD issues long-term debt to provide permanent financing for such refunding. The 2009A Notes were paid off on August 19, 2010

On May 26, 2010, MSD issued \$226,340,000 of Sewer and Drainage System Subordinated Bond Anticipation Notes, Series 2010A Notes. The proceeds of the notes were used to refinance the 2009A Notes at a lower interest cost to MSD. The 2010A Notes mature on May 26, 2011.

The following table outlines activity on short-term notes during fiscal year 2010 (in thousands):

Year ending June 30	Beginning Balance	Additions	Reductions	Ending Balance
2010	\$ -	\$ 452,680	\$ -	\$ 452,680

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**9. Long-Term Debt**

**A. Primary Government**

Upon merger, Metro Government assumed all long-term debt of the former City of Louisville and Jefferson County. Prior to merger, the City and County each issued General Obligation Bonds and First Mortgage and Lease Revenue Bonds and notes to provide funds for the acquisition and construction of major capital facilities or to refund prior bond issues. The General Obligation Bonds are direct obligations and pledge the full faith and credit of Metro Government.

There are \$354,445,000 of General Obligation Bonds outstanding at June 30, 2010. The primary collateral for the General Obligation Bonds are the occupational license tax and net profits license tax collected by the Revenue Commission. The Revenue Commission is the fiscal agent for general obligation bonded debt issued by the City of Louisville before January 6, 2003, and by Metro Government thereafter. Metro Government is the fiscal agent for general obligation bonded debt issued before January 6, 2003 by Jefferson County Fiscal Court. Metro Government's general fund is contingently liable as guarantor of the general obligation bonded debt.

In November 2004, Metro Government issued \$5,655,000 of General Obligations Bonds, Series 2004B for the purpose of financing capital improvements of designated parking facilities for PARC. PARC has entered into an operating sublease agreement with Metro Government to provide payment in amounts equal to the debt service on the series 2004B bonds. The sublease is renewable annually through fiscal year 2025 at the option of PARC.

In November 2009, Metro Government issued \$41,275,000 of General Obligation Bonds, Series 2009E and \$63,250,000 of General Obligation Bonds, Series 2009F (Federally Taxable – Build America Bonds (“BABs”) – Direct Payment & Recovery Zone Economic Development Bonds (“RZEBs”)).

Proceeds of the Series 2009E bonds were used to refinance the General Obligation Bond Anticipation Notes, Series 2008A which matured on December 1, 2009. The Series 2009E bonds are payable in principal installments ranging from \$3,525,000 to \$4,845,000, plus interest at 2.5% to 5.0% over ten years.

Proceeds of the Series 2009F Bonds will be used for various capital and economic development projects. The Series 2009F bonds provide for interest only installments for the first ten years of the life of the bonds. Beginning in fiscal year 2020, the Series 2009F bonds will be payable in principal installments ranging from \$865,000 to \$7,060,000, plus interest at 4.4% to 5.65% over ten years.

The Series 2009F bonds were issued under the guidelines provided in the American Recovery and Reinvestment Act (“ARRA”) as BABs in the amount of \$40,635,000 and RZEBs in the amount of \$22,615,000. Metro Government, under the guidelines set forth in the ARRA, is eligible to apply for an interest subsidy payment from the United States Treasury for BABs of 35% and RZEBs of 45% of the interest payable on each type of bond. Metro Government received subsidies of \$342,125 and \$278,159 for BABs and RZEDBs respectively during the fiscal year.

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**9. Long-Term Debt, continued**

In June 2010, Metro Government issued \$33,105,000 of General Obligation Bonds, Series 2010 to fund the remaining installments due under the firefighter's settlement agreement reached in November 2009. The Series 2010 bonds are payable in principal installments ranging from \$1,940,000 to \$4,265,000 beginning on November 1, 2010, plus interest at 2.0% to 4.0% over ten years.

General Obligation Bonds outstanding, including accreted interest, at June 30, 2010 are as follows (in thousands):

Description of Issue	Original Issue Amount	Interest Rate	Maturity During Year Ended June 30	Debt Outstanding June 30, 2010
City of Louisville General Obligation				
Serial Bonds:				
Series 2001A	\$ 13,490	4.00 to 5.00%	2022	\$ 9,405
Series 2002A Exempt	38,900	4.00 to 5.00	2024	30,290
Series 2002B Taxable	8,550	4.75 to 6.05	2024	6,820
Jefferson Co. General Obligation				
Bonds:				
2000A Term & Coupon Bonds	2,595	7.70	2016	1,250
2000B Capital Appreciation Bonds	50,096	5.70 to 6.00	2015	23,612
2001A Current Interest Bonds	36,900	5.50	2012	8,395
2001B Current Interest Bonds	2,885	5.50	2011	360
2002A Serial Coupon	32,995	4.00 to 4.75	2020	17,290
Louisville/Jefferson Co. Metro				
Government General Obligation				
Bonds:				
Series 2004A (Foundation for our Future)	23,840	4.00 to 5.00	2025	19,610
Series 2004B (PARC Improvements)	5,655	4.00 to 5.00	2025	4,650
Series 2006A (Blueprint for our Future)	33,255	4.00 to 4.50	2027	29,820
Series 2009A (Refunding)	8,150	2.00 to 4.00	2023	8,110
Series 2009B (Refunding)	33,285	2.00 to 3.00	2019	30,280
Series 2009C (Refunding)	14,740	3.00 to 4.00	2019	13,470
Series 2009D (Refunding)	7,700	4.00 to 5.00	2016	6,725
Series 2009E (Refunding)	41,275	2.50 to 5.00	2020	41,275
Series 2009F (BABs & RZEBs)	63,250	4.00 to 5.65	2030	63,250
Series 2010	33,105	2.00 to 4.00	2020	33,105
Total General Obligation Bonds				347,717
Net of premiums, discounts and deferred amounts on refunding				6,728
Total Net General Obligation Bonds				<u>\$ 354,445</u>

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**9. Long-Term Debt, continued**

Debt service requirements to maturity for General Obligation Bonds, excluding accreted interest of \$10,655 (which is included in the table presented on page 63), are as follows (in thousands):

Year ending June 30	Principal	Interest	Total
2011	\$ 26,642	\$ 15,765	\$ 42,407
2012	26,687	15,267	41,954
2013	23,240	14,645	37,885
2014	24,883	14,015	38,898
2015	25,520	13,291	38,811
2016-2020	105,190	37,247	142,437
2021-2025	66,735	17,738	84,473
2026-2027	38,165	4,940	43,105
Totals	<u>\$ 337,062</u>	<u>\$ 132,908</u>	<u>\$ 469,970</u>

There are \$95,980,000 of Lease Revenue Bonds outstanding at June 30, 2010. They are collateralized by mortgages on improvements to facilities acquired or constructed with debt proceeds. Annual debt service requirements are provided from the General Fund in amounts pursuant to contracts and lease arrangements.

Lease Revenue Bonds outstanding, including accreted interest, at June 30, 2010, are as follows (in thousands):

Description of Issue	Original Issue Amount	Interest Rate	Maturity During Year Ended June 30	Debt Outstanding June 30, 2010
Jefferson County Capital Projects				
Corporation Lease Revenue Bonds:				
1992A Municipal Multiplier				
Term Bonds	\$ 16,764	6.85 to 7.00%	2018	\$ 42,838
2007A Current Interest Bonds	58,855	4.00 to 4.375	2028	<u>54,745</u>
Total Lease Revenue Bonds				97,583
Net of premiums, discounts and deferred amounts on refunding				<u>(1,603)</u>
Total Net Lease Revenue Bonds				<u>\$ 95,980</u>

Debt service requirements to maturity for Lease Revenue Bonds, excluding accreted interest of \$29,793 (which is included in the table presented above), are as follows (in thousands):

Year ending June 30	Principal	Interest	Total
2011	\$ 3,616	\$ 5,487	\$ 9,103
2012	3,809	6,037	9,846
2013	5,051	9,509	14,560
2014	4,146	7,158	11,304
2015	4,143	7,197	11,340
2016-2020	18,340	24,862	43,202
2021-2025	16,775	4,843	21,618
2026-2028	11,910	1,057	12,967
Totals	<u>\$ 67,790</u>	<u>\$ 66,150</u>	<u>\$ 133,940</u>

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**9. Long-Term Debt, continued**

Pursuant to the Internal Revenue Code of 1986, as amended, Metro Government computes rebateable arbitrage on each of its outstanding bonds a minimum of every five years and at maturity. Metro Government has covenanted to rebate excess earnings on invested bond proceeds to the United States Treasury for each five-year computation period in accordance with the law. There was no arbitrage rebate liability for Metro Government at June 30, 2010.

Notes payable outstanding at June 30, 2010 is as follows:

Description of Issue	Interest Rate	Maturity During Year Ended	Debt Outstanding June 30, 2010
New Market Tax Credit Promissory Note	4.00%	2011	\$ 2,000,000

Debt service requirements to maturity for notes payable are as follows:

Year ending June 30	Principal	Interest	Total
2011	\$ 2,000,000	\$ 71,333	\$ 2,071,333
Totals	\$ 2,000,000	\$ 71,333	\$ 2,071,333

**B. Discretely Presented Component Units**

**ii. Louisville Water Company**

On December 17, 2009, the Louisville Water Company issued \$202.9 million in bonds to refinance prior bond issues and to fund its capital program for the next three years. The bonds were issued with an AAA rating, yielding an average borrowing cost of 2.98%. Proceeds from the bond issue will fund upgrades to the Crescent Hill Water Treatment Plant, construction of new transmission pipelines along Interstates 64 and 65 and completion of the riverbank filtration project at the B.E. Payne Plant.

The sale included:

- The issuance of Series 2009A, \$116.2 million in tax exempt bonds at an average borrowing cost of 2.58%. This issue included refinancing of \$78.4 million of bonds issued in 2000 and 2001, saving \$13 million in interest payments over the remaining life of the bonds.
- The issuance of Series 2009B, \$86.7 million taxable BABs, at 5.00%, yielding a cost of 3.25% to the Company after a 35% federal tax subsidy provided from the federal stimulus program.

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**9. Long-Term Debt, continued**

Bonds payable at December 31, 2009 consist of the following (in thousands):

Description of Issue	Original Issue Amount	Interest Rate	Maturity During Year Ended December 31	Debt Outstanding December 31, 2009
Water System Revenue Bonds				
Series 2000	\$ 78,500	5.00%	2010	\$ 2,660
Series 2001	60,300	4.0 to 4.7	2014	10,080
Series 2006	83,845	4.0 to 5.0	2031	79,440
Series 2009A	116,220	2.25 to 5.0	2025	116,220
Series 2009B	86,710	3.75 to 5.5	2029	86,710
Total Water System Revenue Bonds				295,110
Net of premiums, discounts, costs of issuance and deferred loss				10,150
Total Net Water System Revenue Bonds				<u>\$ 305,260</u>

Annual debt service requirements to maturity for Water System Revenue Bonds are as follows (in thousands):

Year ending December 31	Principal	Interest	Total
2010	\$ 10,505	\$ 12,770	\$ 23,275
2011	9,865	13,122	22,987
2012	16,310	12,721	29,031
2013	16,620	12,283	28,903
2014	17,290	11,611	28,901
2015-2019	84,840	45,564	130,404
2020-2024	71,245	27,320	98,565
2025-2029	57,740	11,287	69,027
2030-2031	10,695	808	11,503
Totals	<u>\$ 295,110</u>	<u>\$ 147,486</u>	<u>\$ 442,596</u>

**iii. Parking Authority of River City, Inc.**

During March 2009, PARC issued the Series 2009A bonds of \$39,265,000 and Series 2009B bonds of \$16,110,000. The proceeds of the Series 2009A Bonds were used to fund the construction of the Louisville Arena Parking Garage. The Louisville Arena Parking Garage is not projected to generate sufficient cash from operations to cover the related debt service. However, management has determined that the overall operations of PARC are sufficient, in total, to fund the debt service of the Series 2009A bonds as well as other outstanding debt. The proceeds from Series 2009B Bonds were used to advance refund the remaining outstanding Series 1997 Bonds.

During January 2010, PARC issued the Series 2010A Tax-Exempt bonds of \$1,590,000 and Series 2010B BABs of \$16,220,000. The proceeds of both Series 2010 Bonds were used to fund the construction of the Glassworks and Clay Commons garages.

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**9. Long-Term Debt, continued**

First Mortgage Revenue Bonds payable at June 30, 2010 consist of the following (in thousands):

Description of Issue	Original Issue Amount	Interest Rate	Maturity During Year Ended June 30	Debt Outstanding June 30, 2010
First Mortgage Revenue Bonds				
Series 2001	\$ 12,960	4.25 to 4.625%	2016	\$ 5,865
Series 2002	19,460	3.88 to 5.0	2032	17,470
Series 2009A	39,265	3.0 to 5.75	2040	39,265
Series 2009B	16,110	3.0 to 4.0	2021	14,160
Series 2010A	1,590	2.0 to 2.2	2016	1,590
Series 2010B	16,220	3.9 to 6.375	2041	16,220
Total First Mortgage Revenue Bonds				94,570
Net of premiums, discounts and deferred loss				(1,157)
Total Net First Mortgage Revenue Bonds				<u>\$ 93,413</u>

Annual debt service requirements to maturity for PARC Revenue Bonds are as follows (in thousands):

Year ending June 30	Principal	Interest	Total
2011	\$ 3,835	\$ 4,404	\$ 8,239
2012	3,965	4,271	8,236
2013	4,485	4,129	8,614
2014	4,650	3,975	8,625
2015	4,810	3,809	8,619
2016-2020	13,860	17,145	31,005
2021-2025	12,615	14,365	26,980
2026-2030	15,045	11,046	26,091
2031-2035	14,715	6,755	21,470
2036-2040	15,595	2,604	18,199
2041	995	32	1,027
Totals	<u>\$ 94,570</u>	<u>\$ 72,535</u>	<u>\$ 167,105</u>

**iv. Louisville and Jefferson County Riverport Authority**

On December 27, 2005, Riverport borrowed \$63,000,000 for the purchase of certain assets. The note had a fixed interest rate of 6% and was to be paid in annual installments of principal and interest based on an amortization of 30 years. The first installment was paid on December 27, 2005 with each subsequent installment due on December 27 of each year. The property purchased with this note was leased back to the seller of the property through a direct financing lease. All required installments as of June 30, 2009 had been paid. As of June 30, 2010 the entire principal balance plus any accrued and unpaid interest was forgiven in exchange for termination of the related lease.

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**9. Long-Term Debt, continued**

**v. Metropolitan Sewer District**

On August 15, 2009, MSD issued \$225,770,000 of Sewer and Drainage System Revenue Bonds, Series 2009B. The proceeds of the bonds, net of issuance cost, were used to currently refund MSD's outstanding Sewer and Drainage System Revenue Bonds, Series 1997A, 1999A, 2003A and 2003B and to refund a portion of the outstanding Revenue Bonds, Series 1998A. The net proceeds of the refunding issue were placed in an irrevocable escrow account and used to purchase U.S. Government securities. The U.S. Government securities, together with interest earned thereon, and the beginning cash deposit provided amounts sufficient for future payment of interest and principal on the refunded issues. The refunding was completed to reduce debt service payments over the next 24 years and resulted in a net present value savings of \$20,700,000.

On November 18, 2009, MSD issued \$180,000,000 of Sewer and Drainage System Revenue Bonds BABs, Series 2009C. The proceeds of the bonds are being used to fund sewer and drainage projects for construction. MSD may apply to receive interest subsidy payments of 35% of the corresponding interest payable on the current BAB on any interest payment date. MSD received a refund of interest payments made in the amount of \$2,260,000 from the federal government. As of June 30, 2010, approximately \$133.9 million of these bonds proceeds remained unspent.

MSD's various bonds outstanding are listed in the following table (in thousands):

Description of Issue	Original Issue Amount	Interest Rate	Maturity During Year Ended June 30	Debt Outstanding June 30, 2010
Sewer and Drainage System				
Revenue Bonds:				
Series 1998A	\$ 260,000	4.25 to 9.00%	2030	\$ 154,985
Series 2001A	300,000	5.00 to 5.50	2036	289,990
Series 2004A	100,000	5.00 to 5.25	2038	100,000
Series 2005A	64,740	3.00 to 5.00	2026	58,470
Series 2006A	100,000	4.00 to 5.00	2038	96,705
Series 2007A	61,125	4.00 to 5.00	2025	56,185
Series 2008A	105,000	4.00 to 5.00	2038	104,265
Series 2009A	76,275	5.00	2022	72,020
Series 2009B	225,770	2.00 to 5.00	2023	213,165
Series 2009C	180,000	5.98	2040	180,000
Total Sewer and Drainage System Revenue Bonds				1,325,785
Net of deferred loss				(18,507)
Total Net Sewer and Drainage System Revenue Bonds				<u>\$ 1,307,278</u>

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**9. Long-Term Debt, continued**

Annual debt service requirements to maturity for Sewer and Drainage System Revenue Bonds are as follows (in thousands):

Year ending	<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 23,785	\$ 67,251	\$ 91,036	
2012	24,840	66,312	91,152	
2013	26,120	65,203	91,323	
2014	27,480	64,022	91,502	
2015	29,035	62,649	91,684	
2016-2020	171,730	289,807	461,537	
2021-2025	204,420	242,334	446,754	
2026-2030	198,350	194,859	393,209	
2031-2035	183,235	154,801	338,036	
2036-2040	436,790	73,639	510,429	
Totals	<u>\$ 1,325,785</u>	<u>\$ 1,280,877</u>	<u>\$ 2,606,662</u>	

MSD enters into swaps and other derivative contracts to lock in long term rates in advance of issuing long term debt, to create and manage variable rate exposure in its debt portfolio, and to take advantage of market opportunities that hedge embedded interest rate and tax regulation risk that exists on its statement of net assets. MSD's interest rate swaps were found to be ineffective as of June 30, 2010, based on its evaluation. The fair value of the liability reported on MSD's statement of net assets was approximately \$78.5 million. A corresponding charge of this amount was made to MSD's non-operating expenses during the year. On June 30, 2010, MSD had the following derivative instruments outstanding (in thousands):

<u>Counter Party</u>	<u>Initial Notional Amount</u>	<u>Current Notional Amount</u>	<u>Effective Date</u>	<u>Termination Date</u>	<u>Payment Terms</u>	<u>Receipt Terms</u>	<u>Fair Value</u>	<u>Change in Fair Value</u>
Wells Fargo	\$ 225,732	\$ 225,732	11/15/2009	5/15/2033	4.4215%	67% of 30-day LIBOR	\$ (64,380)	\$ (15,681)
Wells Fargo	50,376	50,376	11/15/2009	5/15/2023	SIFMA	2.9235%	2,026	2,026
Bank of America	56,433	53,433	11/15/2009	5/15/2033	4.4215%	67% of 30-day LIBOR	(16,093)	(3,922)
Bank of America	64,869	48,119	5/15/2003	5/15/2023	4.0750%	SIFMA	(5,649)	(1,759)
Deutsche Bank	103,673	93,407	5/15/2003	5/15/2023	4.0750%	SIFMA	(10,967)	(3,415)
Deutsche Bank	149,465	141,525	8/15/2009	5/15/2023	SIFMA	2.7800%	4,187	4,187
Deutsche Bank	12,594	12,594	11/15/2009	5/15/2023	SIFMA	2.9240%	507	507
Deutsche Bank	281,745	281,745	11/15/2011	5/15/2033	SIFMA	100.30% of 3-month LIBOR	13,343	(2,495)
Morgan Stanley	190,790	141,525	5/15/2003	5/15/2023	SIFMA	78.78% of 3-month LIBOR	(1,419)	663
	<u>\$ 1,135,677</u>	<u>\$ 1,048,456</u>					<u>\$ (78,445)</u>	<u>\$ (19,889)</u>

LIBOR = London Interbank Offering Rate

SIFMA = Securities Industry and Financial Markets Association

The fair values of the interest rate swaps were estimated using the zero-coupon method.

With respect to credit risk associated with the above swap transactions, MSD's agreements call for the values to be collateralized if the counter parties do not maintain certain minimum ratings from Moody's and Standard and Poor's. The counter parties' had the following June 30, 2010 credit ratings from Moody's and

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**9. Long-Term Debt, continued**

Standard and Poor's, respectively: Wells Fargo, Aa2 and AA; Bank of America, Aa3 and A+; Deutsche Bank, Aa3 and A+, and Morgan Stanley, A2 and A.

**C. Summary of Debt Transactions:**

Long-term liability activity for the year ended June 30, 2010 was as follows (in thousands):

	<u>Beginning Balance (restated)</u>	<u>Additions and Accreted Interest</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>GOVERNMENTAL ACTIVITIES:</b>					
Bonds and notes payable:					
General obligation debt	\$ 275,856	\$ 138,991	\$ (67,130)	\$ 347,717	\$ 26,642
Revenue bonds	101,411	2,862	(6,690)	97,583	3,616
Notes payable	2,000			2,000	2,000
Bonds and notes payable	<u>379,267</u>	<u>141,853</u>	<u>(73,820)</u>	<u>447,300</u>	<u>32,258</u>
Net of bond premiums, discounts and deferred amount on refundings	(1,235)	6,720	(360)	5,125	
Total bonds and notes payable	<u>378,032</u>	<u>148,573</u>	<u>(74,180)</u>	<u>452,425</u>	<u>32,258</u>
Other liabilities:					
Capital lease	284		(81)	203	87
Claims and judgments	71,154	75,606	(93,853)	52,907	41,996
Compensated absences	18,962	19,526	(19,479)	19,009	1,401
Total other liabilities	<u>90,400</u>	<u>95,132</u>	<u>(113,413)</u>	<u>72,119</u>	<u>43,484</u>
Governmental activities long-term liabilities	<u>\$ 468,432</u>	<u>\$ 243,705</u>	<u>\$ (187,593)</u>	<u>\$ 524,544</u>	<u>\$ 75,742</u>
<b>COMPONENT UNITS:</b>					
Bonds and notes payable:					
LWC	\$ 179,875	\$ 124,545	\$ (9,310)	\$ 295,110	\$ 10,505
PARC	79,995	17,810	(3,235)	94,570	3,835
Riverport	59,607		(59,607)	-	
MSD	1,408,290	405,770	(488,275)	1,325,785	23,785
Bonds and notes payable	<u>1,727,767</u>	<u>548,125</u>	<u>(560,427)</u>	<u>1,715,465</u>	<u>38,125</u>
Net of bond premiums, discounts and deferred amount on refundings	(15,291)	8,325	(2,547)	(9,513)	
Total bonds and notes payable	<u>1,712,476</u>	<u>556,450</u>	<u>(562,974)</u>	<u>1,705,952</u>	<u>38,125</u>
Other liabilities:					
Capital lease	973		(802)	171	170
Claims and judgments	2,077	2,557	(2,287)	2,347	2,346
Compensated absences	4,062	61		4,123	4,123
Derivatives	98,334	7,383	(27,272)	78,445	
Total other liabilities	<u>105,446</u>	<u>10,001</u>	<u>(30,361)</u>	<u>85,086</u>	<u>6,639</u>
Component units long-term liabilities	<u>\$ 1,817,922</u>	<u>\$ 566,451</u>	<u>\$ (593,335)</u>	<u>\$ 1,791,038</u>	<u>\$ 44,764</u>

Balances for claims and judgments include \$52,907,404 reported in the Insurance and Risk Management Fund, an internal service fund.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**10. Capital Lease Obligations**

The former Jefferson County Fiscal Court financed the purchase of radio equipment for its Public Works & Assets department through a capital lease obligation of \$944,652, which has been assumed by Metro Government. The obligation requires quarterly payments of principal and interest of \$24,297 through September 2012. The interest rate of the obligation is 6.20%.

Annual debt service requirements to maturity for the capital lease are as follows:

Year ending				
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2011	\$ 86,613	\$ 10,576	\$ 97,189	
2012	92,109	5,080	97,189	
2013	23,926	371	24,297	
Totals	<u>\$ 202,648</u>	<u>\$ 16,027</u>	<u>\$ 218,675</u>	

**11. Conduit Debt Obligations**

Metro Government occasionally issues Industrial Revenue Bonds to assist local private-sector entities in financing new or expanded industrial, commercial or residential facilities deemed to be in the public interest. The bonds are collateralized by the facilities financed with the bond proceeds and are payable solely from a pledge of revenues to be derived from those facilities. The bonds and related interest do not represent or constitute an indebtedness of Metro Government or a pledge of faith and credit of Metro Government or any political subdivision thereof. Accordingly, the bonds and related assets are not included in Metro Government's financial statements.

**12. Interfund Receivables, Payables, and Transfers**

Interfund receivable and payable balances at June 30, 2010, are as follows:

<b>Fund</b>	<b><u>Interfund Receivable</u></b>	<b><u>Interfund Payable</u></b>
General	\$ 25,337,418	
Special Revenue		
Nonmajor Governmental	140,761	
Agency:		
Revenue Commission	11,624,361	
Mass Transit	3,381,231	
Internal Service:		
Revenue Commission		\$ 40,483,771
Totals	<u>\$ 40,483,771</u>	<u>\$ 40,483,771</u>

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**12. Interfund Receivables, Payables, and Transfers, continued**

These balances resulted from a timing difference between when taxes were collected by the Revenue Commission for June 2010 and were distributed to the appropriate funds.

Interfund transfers during the fiscal year ended June 30, 2010 were as follows:

	<u>Interfund Transfers</u>						
	<u>Transfers out:</u>	<u>Transfers in:</u>					
	General Fund	Special Revenue Fund	Capital Projects Fund	Special Purpose Fund	Nonmajor Governmental Funds	Proprietary Fund	Total
General Fund		\$ 613,537	\$ 10,715,806	\$ 5,704,300	\$ 35,870,630	\$ 42,667,869	\$ 95,572,142
Special Revenue Fund	\$ 1,473,942			780,100			2,254,042
Capital Projects Fund	5,371,573				2,146,925		7,518,498
Special Purpose Fund	4,906,400						4,906,400
Nonmajor Governmental Funds	611		253,964		5,499		260,074
Proprietary Fund	27,000						27,000
Fiduciary Fund						8,632,131	8,632,131
Total	<u>\$ 11,779,526</u>	<u>\$ 613,537</u>	<u>\$ 10,969,770</u>	<u>\$ 6,484,400</u>	<u>\$ 38,023,054</u>	<u>\$ 51,300,000</u>	<u>\$ 119,170,287</u>

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**13. Customer Contributions for Water Pipeline Construction**

The LWC requires consumers to make a deposit for the cost of construction of pipelines and special services. These advances are refundable, within certain time limits up to 20 years, under the terms of the various contracts.

The customer advances and deposits payable account reflects the liability for probable refunds of construction advances at some future date. When the period during which the refund can be made has expired, any balance is transferred to contributions in aid of construction.

The net increase in contributions in aid of construction during the year totaled \$7,347,557 and is shown on the component unit's statement of activities as a capital contribution.

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**14. Contingencies and Commitments**

**A. Litigation**

The Metro Government has been named as a defendant in various legal actions, but the ultimate outcome of these various legal actions cannot be determined with certainty. Management does not anticipate that such actions will have a material impact on the financial position of Metro Government.

The Kentucky Supreme Court has recently denied Metro Government's request to hear an appeal in a suit related to payment of overtime for a group of firefighters. Metro Government estimates that the claim could result in an approximate liability of \$13 million, but the final computation and payment terms have not been decided and matters regarding this case are still before the court.

**B. Federal and State Grants**

In the course of operations, Metro Government receives grant funds from various federal and state government agencies to be used for designated purpose only. The grant programs are subject to audit by agents of the granting authorities, the purpose of which is to insure compliance with conditions surrounding the granting of funds. If a grantor's review indicates that the funds have not been used for the intended purpose, the grantor may request a refund of monies advanced or refuse to reimburse Metro Government for its expenditures. In management's opinion, any liability for any refunds or reimbursements which may arise as a result of audits of grant funds would not have a material impact on the financial position of Metro Government. Continuation of Metro Government's grant programs is predicated upon the grantor's satisfaction that the funds provided are being spent as intended and the grantor's intent to continue their programs.

**C. Construction Commitments**

The Metro Government has active construction projects as of June 30, 2010. The projects include improvements to major roadways, government buildings, parks, and other various ongoing projects.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**14. Contingencies and Commitments, continued**

**D. Other Commitments**

On September 3, 2008 the Kentucky Economic Development Authority issued \$349,218,518 Louisville Arena Project Revenue Bonds, Series 2008. The proceeds from these bonds were used to fund the acquisition, development, construction, and financing of the Arena Project in downtown Louisville, a public project intended for multiple uses as a public recreational, cultural, and sports facility. Pursuant to Metro Government Ordinance 143, Series 2007 (“Arena Ordinance”), Metro Government agrees to pay up to \$309,000,000 to or on behalf of the Louisville Arena Authority (“the Authority”) for debt service over 30 years beginning in fiscal year 2011. Metro Government’s minimum and maximum annual guaranteed payments are as follows:

Years	Minimum Annual Guaranteed Payments	Maximum Annual Guaranteed Payments
2010-2019	\$6,533,333	\$9,800,000
2020-2029	\$7,200,000	\$10,800,000
2030-2039	\$6,866,667	\$10,300,000

On or prior to October 1, 2010 and each October 1 thereafter through 2039, the Authority will determine whether there are sufficient gross revenues, as defined by the Arena Ordinance, to pay in full all debt service due on the bonds on the next two scheduled semiannual payments. In the event of a shortfall of revenues, Metro Government is required to appropriate additional funds to cover such shortfalls up to the Maximum Annual Guaranteed Payment. Beginning on March 31, 2011, and each March 31 thereafter, the Authority shall determine whether there is any “Excess Net Cash Flow”, as defined by the Arena Ordinance, during the past fiscal year. In the event there is any “Excess Net Cash Flow” from the Authority’s gross revenues, after meeting Debt Service Reserve and Renovation Fund requirements, Metro Government will receive 45% of such excess, not to exceed Metro Government’s Guaranteed Payment for that fiscal year.

**15. Deferred Compensation**

Metro Government, the LWC and MSD offer their employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. MSD also offers their employees a deferred compensation plan created in accordance with Internal Revenue Code Section 401(k). The plans, available to all employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**15. Deferred Compensation, continued**

GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* allows entities with little or no administrative involvement who do not perform the investing function for these plans to omit plan assets and related liabilities from the statement of net assets. Metro Government, the LWC and MSD therefore do not show these assets and liabilities on their respective statements of net assets.

**16. Post-Employment Health Care Benefits**

Retired Metro Government employees receive some health care benefits depending on their length of service. As outlined in their respective union contracts, retired firefighters and policemen covered under the Pension Trust Funds may purchase health care and life insurance through Metro Government or through a separately purchased plan. Retirees pay the full cost of these plans and are eligible to receive reimbursement from Metro Government up to the maximum Metro Government contribution to the cost of single coverage health insurance premiums offered for Metro Government employees.

**17. Landfill Closure and Post-Closure Care Costs**

Metro Government owns three landfill sites that were operated by the former City of Louisville, which are closed and not accepting waste. State and federal laws and regulations require certain maintenance and monitoring functions at the sites for 30 years after closure.

If the landfills were still in operation, Metro Government would be required to report a portion of the closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each fiscal year end.

Because all landfills were closed in prior years, 100% of landfill closure and post-closure care costs, estimated at \$1,747,462, were recorded as an expense and corresponding liability at June 30, 1995, in the Capital Cumulative Reserve Fund of the former City of Louisville, which is now reported as Metro Government's Major Capital Projects Fund. Payments and changes in estimates have decreased this liability from prior years to \$23,460 at June 30, 2010. Future costs may vary from that amount because of inflation, changes in technology, or changes in regulations.

**18. Pension Plans**

**A. County Employees' Retirement System**

**i. Plan Description**

Metro Government, LWC, TARC, Riverport, MSD, and the Revenue Commission contribute to the CERS which is a cost-sharing multiple-employer defined benefit pension plan administered by Kentucky Retirement Systems, an agency of the Commonwealth of Kentucky. The CERS provides for retirement, disability and death benefits to plan members and beneficiaries. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the CERS. That report may be obtained by writing to the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124.

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**18. Pension Plans, continued**

**ii. Funding Policy**

Plan members are required to contribute 5% (8% for participants in the Hazardous Duty Plan) of creditable compensation if hired before September 1, 2008. Plan members hired on or after that date are required to contribute 6% (9% for participants in the Hazardous Duty Plan) of creditable compensation. Employers are required to contribute at an actuarially determined rate. The rate for the fiscal year ended June 30, 2010 is 16.16% (32.97% under the Hazardous Duty Plan) of participating employees' compensation. The contribution requirements of employers and plan members are established and may be amended by the CERS Board of Trustees. Metro Government has met its funding requirement for the fiscal year ended June 30, 2010.

Metro Government's contribution to the CERS for the years ending June 30, 2010, 2009, and 2008 were \$65,664,051, \$57,607,675, and \$65,286,334, respectively.

Contributions of Metro Government's Component Units are as follows:

- LWC's contribution to the CERS for years ending December 31, 2009, 2008, and 2007 were \$4,062,798, \$4,022,155, and \$3,868,200, respectively.
- TARC's contribution to the CERS for the years ended June 30, 2010, 2009, and 2008 were \$4,381,393, \$3,602,392, and \$4,410,909, respectively.
- Riverport's contribution to the CERS for the years ended June 30, 2010, 2009, and 2008 were \$56,795, \$46,617, and \$52,147, respectively.
- MSD's contribution to the CERS for the years ended June 30, 2010, 2009, and 2008 were \$5,628,000, \$4,677,000, and \$5,482,000, respectively.
- The Revenue Commission's contribution to the CERS for the years ended June 30, 2010, 2009, and 2008 were \$337,186, \$268,754, and \$324,873, respectively.

**B. Fire and Police Pension Trust Funds**

**i. Plan Descriptions**

Most of the former City of Louisville's firemen and policemen transferred to the CERS in 1989 and 1986, respectively. For those who did not transfer, Metro Government contributes to the Firefighters' Pension Fund and the Policemen's Retirement Fund ("Funds"). Both Funds are single employer defined benefit pension plans. These plans do not issue reports on a stand-alone basis.

The Funds provide retirement, death, and disability benefits. A member may retire under the provisions of the Firefighters' Pension Fund after reaching the age of 62 or having completed 20 years of service (25 years of service if hired after July 1, 1984). A member may retire under the provisions of the Policemen's Retirement Fund after reaching age 62 or having completed 20 years of service (25 years of service if hired on or after April 1, 1985). Employee accounts vest after 10 years of service under the Firefighters' Pension Fund and 5 years under the Policemen's Retirement Fund.

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2010

**18. Pension Plans, continued**

Employees who retire with 20 years of service are eligible to receive 50% of their three-year average salary (25 years of service are eligible to receive 56% of their three-year average salary, if hired after July 1, 1984) under the Firefighters' Pension Fund. The three-year average salary is the sum of the three highest fiscal years of annual base salary plus overtime and supplemental pay. Under the Policemen's Retirement Fund, employees who retire at or after age 62 with 5 or more years of service are entitled to receive payments for the remainder of their lives equal to 2% of their three-year average base salary times the number of years of service. Both Funds provide up to a maximum of 75% of the three-year average salary as the length of service increases. Upon termination, employees having completed 10 years of service but not considered eligible for normal retirement, shall receive a refund of contributions without interest under the Firefighters' Pension Fund. Under the Policemen's Retirement Fund, an employee who completes 5 years of service but is not yet eligible for normal retirement shall receive three-fourths of his contributions to the Fund without interest, upon termination.

Both Funds include death and disability benefits whereby the surviving spouse or disabled employee is entitled to receive certain benefits. Death benefits may reach 75% of base pay (at time of death) plus overtime and supplemental pay for firefighters and 75% of base pay for policemen. Disability payments may reach 75% of base pay (at time of disability) plus overtime and supplemental pay for firefighters and 75% of base pay for policemen. Under both Funds, the disabled employee is entitled to receive disability payments for life, while the surviving spouse may receive death benefits for life or as long as the spouse does not remarry.

Membership of each plan consisted of the following at June 30, 2010:

	<u>Firefighters' Pension Fund</u>	<u>Policemen's Retirement Fund</u>
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	218	180
Vested active plan participants	0	1

**ii. Summary of Significant Accounting Policies and Plan Asset Matters**

Basis of Accounting - The preparation of the financial statements of the Funds generally conform to the provisions of the GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*. The financial statements of the Funds are prepared on the accrual basis. Plan member contributions are recognized in the period in which the contributions are due. Metro Government's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The cost of administering the plans is financed by Metro Government and is based on budgets submitted by the administrators on an annual basis.

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2010

**18. Pension Plans, continued**

Investments - Investments are stated at fair value. Securities traded on a national exchange are valued at the last reported sales price. Gains or losses on the sale of fixed income securities are recognized using the completed transaction method. There are no significant investments (other than U.S. Government and U.S. Government Agencies) in any one organization that represents 5% or more of net assets available for benefits. There are no investments or other assets legally reserved for purposes other than the payment of member benefits for either Fund.

**iii. Contributions**

The contribution requirements and benefit provisions for the Funds are established by state statute and Metro Government ordinance. Employees covered under the Firefighters' Pension Fund were required to pay 7.0% of their gross earnings to the Fund. The employee contribution rate is 6.5% for the Policemen's Retirement Fund. Metro Government contributed the required amount the Firefighters' Pension Fund and the Policemen's Retirement Fund for each of the past four fiscal years.

For the fiscal years ended June 30, 2010, 2009, and 2008 the unfunded pension obligation for the Policemen's Retirement Fund was \$11,701,428, \$11,381,099, and \$9,809,114, respectively, and for the Firefighters' Pension Fund was \$18,064,714, \$17,467,489, and \$16,057,553, respectively.

Based on the actuarial valuations performed by consulting actuaries at January 1, 2010, 2009, and 2008, Metro Government made required annual contributions of \$1,486,182, \$1,553,716, and \$1,396,080, respectively, to the Policemen's Retirement Fund and \$1,827,317, \$2,113,368, and \$1,863,306, respectively, to the Firefighters' Pension Fund. These payments were equal to 100% of the required contribution in each fiscal year reported.

Actuarial assumptions and other information used to determine the annual required contributions are presented in the following table:

<u>Fund</u>	<u>Firefighters'</u> <u>Pension Fund</u>	<u>Policemen's</u> <u>Retirement Fund</u>
Valuation date	January 1, 2010	January 1, 2010
Actuarial cost method	Entry age	Entry age
Amortization method	Level percent, closed	Level percent, closed
Remaining amortization period	15 years	15 years
Asset valuation method	Market	Market
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	N/A	7.5%
Projected inflation rate	N/A	N/A

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**18. Pension Plans, continued**

A schedule of funding progress is included in Metro Government's required supplementary information. This schedule presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**PENSION & BENEFIT TRUST FUNDS**  
**June 30, 2010**

	<b>Firefighters' Pension Trust</b>	<b>Policemen's Retirement Fund</b>	<b>Total Pension &amp; Benefit Trust</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 496,509	\$ 717,921	\$ 1,214,430
Equity securities	4,629,787	5,309,484	9,939,271
Corporate bonds	1,703,314	442,693	2,146,007
US Government obligations		253,255	253,255
US Agency obligations	15,682	383,924	399,606
Other investments	(7,921)	7,311	(610)
Accounts receivable and accrued interest	172,772	152,118	324,890
Total assets	<u>7,010,143</u>	<u>7,266,706</u>	<u>14,276,849</u>
<b>LIABILITIES</b>			
Accounts payable	22,390		22,390
Health insurance reimbursement and accrued liabilities	170,867	146,009	316,876
Total liabilities	<u>193,257</u>	<u>146,009</u>	<u>339,266</u>
<b>NET ASSETS</b>			
Held in trust for pension benefits	<u>\$ 6,816,886</u>	<u>\$ 7,120,697</u>	<u>\$ 13,937,583</u>

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**18. Pension Plans, continued**

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**PENSION & BENEFIT TRUST FUNDS**  
**For the Year Ended June 30, 2009**

	<u>Firefighters'</u> <u>Pension Trust</u>	<u>Policemen's</u> <u>Retirement Fund</u>	<u>Total Pension &amp;</u> <u>Benefit Trust</u>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 2,113,368	\$ 1,553,716	\$ 3,667,084
Member		4,102	4,102
Total contributions	<u>2,113,368</u>	<u>1,557,818</u>	<u>3,671,186</u>
Investment earnings:			
Increase in fair value of investments	268,270	28,002	296,272
Realized gains	124,663	332,982	457,645
Interest and dividends	57,652	185,115	242,767
Total investment earnings	<u>450,585</u>	<u>546,099</u>	<u>996,684</u>
Investment expense	<u>(79,306)</u>	<u>(54,796)</u>	<u>(134,102)</u>
Net investment earnings	371,279	491,303	862,582
Other income	1,046,552	844,314	1,890,866
Total additions	<u>3,531,199</u>	<u>2,893,435</u>	<u>6,424,634</u>
<b>DEDUCTIONS</b>			
Benefit payments	3,257,915	2,580,740	5,838,655
Administration expense	272,385	271,545	543,930
Health insurance reimbursement	674,091	502,624	1,176,715
Total deductions	<u>4,204,391</u>	<u>3,354,909</u>	<u>7,559,300</u>
Net decrease in net assets	(673,192)	(461,474)	(1,134,666)
Net assets--beginning of the year	7,490,078	7,582,171	15,072,249
Net assets--end of the year	<u>\$ 6,816,886</u>	<u>\$ 7,120,697</u>	<u>\$ 13,937,583</u>

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**19. Subsequent Events**

**A. Bond Issues**

**Primary Government**

In September 2010, Metro Government issued \$1,985,000 of General Obligation Bonds, Series 2010B, and \$7,400,000 of Taxable General Obligation Bonds, Series 2010C (Qualified Energy Conservation Bonds – Direct Payment to Issuer). The proceeds of each bond issue will be used to finance the replacement of energy related components of properties owned by Metro Government.

The Series 2010B bonds are payable in principal installments ranging from \$330,000 to \$425,000 beginning August 1, 2011 plus interest at 2.0% over five years. The Series 2010C bonds provide for interest only installments over seventeen years with the entire principal due and payable on August 1, 2027.

The Series 2010C bonds were issued under the guidelines provided in the ARRA as Qualified Energy Conservation Bonds (“QECCB”). Under the guidelines set forth in the ARRA, Metro Government is eligible to apply for interest subsidy payments from the United States Treasury at 70% of the amount of interest which would have been paid on the QECCB set by the United States Treasury and in effect on the first day on which there is a binding written contract for the sale of the QECCB. For the Series 2010C bonds, the interest subsidy amounts to 62.55% of applicable interest payments over the life of the bonds.

In October 2010, Metro Government issued \$34,805,000 of General Obligation Refunding Bonds, Series 2010D, and \$6,495,000 of General Obligation Refunding Bonds, Series 2010E (Taxable). The Series 2010D bonds were issued to advance refund, at a premium of 1%, the City of Louisville General Obligation Bonds, Series 2001A, maturing November 1, 2013 through and including November 1, 2021 and, at par, the City of Louisville General Obligation Bonds, Series 2002A maturing October 1, 2013 through and including October 1, 2023. The Series 2010E bonds were issued to advance refund, at par, the City of Louisville General Obligation Bonds, Series 2002B (Taxable), maturing October 1, 2013 through and including October 1, 2023.

The Series 2010D bonds, issued at a premium, are payable annually in principal installments ranging from \$200,000 to \$3,545,000 plus interest ranging from 2.0% to 4.0% over 13 years. The refunding provided for a cumulative savings of \$2,590,039 over the life of the bonds resulting in net present value savings of \$2,174,517 or 6.61% of refunded principal. The Series 2010E bonds, issued at a premium, are payable annually in principal installments ranging from \$60,000 to \$665,000 plus interest ranging from 2.0% to 4.0% over 13 years. The refunding provided for a cumulative savings of \$457,277 over the life of the bonds resulting in net present value savings of \$371,475 or 6.44% of refunded principal.

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**19. Subsequent Events, continued**

**B. Letter of Credit**

Subsequent to June 30, 2010, the Department of Workers' Claims at the Kentucky Labor Cabinet required all self-insured entities to post a \$1,000,000 surety bond, letter of credit, or escrow for the purposes of funding workers' compensation claims. On September 13, 2010, the Metro Council approved a resolution that authorized Metro Government to enter into a letter of credit for \$1,000,000. As of the date of this report, there have been no draws against the letter of credit.

**C. Other**

**i. Louisville and Jefferson County Riverport Authority**

On September 1, 2010, a sale closed for 10.3 acres in the amount of \$928,350.

**ii. Metropolitan Sewer District**

On July 12, 2010, MSD's Board adopted the Sixteenth Supplemental Sewer and Drainage System Revenue Bond Resolution approving the issuance of \$330,000 in bonds. MSD intended to issue the bonds in November 2010.

In August 2010, MSD elected to refund a portion of the 1998A bond series by making a payment of \$5,690.

On August 1, 2010, MSD's rates for wastewater and stormwater charges increased by 6.5%.



**REQUIRED SUPPLEMENTARY INFORMATION**

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts - GAAP Basis	Reconciliation of Basis Difference	Actual Amounts - Budgetary Basis	Variance with Final Budget - Over (Under)
<b>REVENUES</b>						
Property taxes	\$ 137,393,500	\$ 137,393,500	\$ 141,716,498	\$ (31,675)	\$ 141,684,823	\$ 4,291,323
Occupational taxes	278,040,000	278,040,000	292,400,027	2,639,279	295,039,306	16,999,306
Licenses and permits	12,350,300	12,350,300	11,057,738	(1,546)	11,056,192	(1,294,108)
Intergovernmental	68,445,800	28,330,200	28,886,237	646,497	29,532,734	1,202,534
Charges for services	86,082,400	86,627,569	59,319,202	(598,896)	58,720,306	(27,907,263)
Fees and fines	2,638,500	3,089,100	2,171,987	(204,238)	1,967,749	(1,121,351)
Investment income	2,102,900	2,102,900	744,838		744,838	(1,358,062)
Dividends	18,140,000	18,140,000	18,148,381		18,148,381	8,381
Donations	5,587,100	5,622,925	2,361,758	(149,950)	2,211,808	(3,411,117)
Miscellaneous	23,928,700	7,800,369	1,748,993	63,365	1,812,358	(5,988,011)
Total revenues	<u>634,709,200</u>	<u>579,496,863</u>	<u>558,555,659</u>	<u>2,362,836</u>	<u>560,918,495</u>	<u>(18,578,368)</u>
<b>EXPENDITURES</b>						
Current operating:						
General Government:						
Metro Council	7,677,300	8,169,606	5,867,409	7,330	5,874,739	(2,294,867)
Mayor's Office	3,022,700	3,041,276	2,838,566	3,234	2,841,800	(199,476)
County Attorney	6,685,100	6,685,100	7,048,338	23,479	7,071,817	386,717
Other Elected Officials	7,786,500	7,786,500	7,682,870	83,351	7,766,221	(20,279)
Public Protection:						
Fire	50,309,000	50,321,475	49,935,841	989,144	50,924,985	603,510
Emergency Medical Services	25,466,200	25,466,200	23,493,354	22,514	23,515,868	(1,950,332)
Emergency Management	9,556,500	9,566,852	9,467,093		9,467,093	(99,759)
Corrections	50,245,800	50,438,417	48,722,615	(557,022)	48,165,593	(2,272,824)
Youth Detention Services	9,672,800	9,672,800	9,557,250	(9,814)	9,547,436	(125,364)
Animal Control Services	3,338,600	3,340,830	2,764,739	(7,245)	2,757,494	(583,336)
Criminal Justice Commission	332,200	332,200	345,760		345,760	13,560
Firefighters' Pension Fund	3,189,600	3,189,600	3,171,218		3,171,218	(18,382)
Policemen's Retirement Fund	2,413,400	2,413,400	2,411,516		2,411,516	(1,884)
Police	148,404,000	148,550,703	136,301,949	172,775	136,474,724	(12,075,979)
Economic Development:						
Metro Development Authority	14,293,400	14,792,444	14,767,886	651,074	15,418,960	626,516
Community Development	64,161,900					
Air Pollution Control	773,900	773,900	979,491		979,491	205,591
Codes & Regulations:						
Inspections, Permits and Licenses	7,025,100	7,028,239	6,179,667	2,438	6,182,105	(846,134)
Planning and Design Services	2,928,800	3,076,100	2,511,429		2,511,429	(564,671)
Parks & Recreation	23,457,000	29,940,386	24,540,278	(8,970)	24,531,308	(5,409,078)
Housing & Family Services:						
Housing	887,200	2,279,983	1,766,264	(445)	1,765,819	(514,164)
Human Services	10,546,000	10,567,235	9,032,626	105,523	9,138,149	(1,429,086)
Community Action Partnership	423,300	448,162	371,148	(1,247)	369,901	(78,261)
Public Health & Wellness	11,527,600	11,543,350	9,544,798	9,920	9,554,718	(1,988,632)
Neighborhoods (1)	5,938,100					
Public Works & Assets:						
Public Works	16,694,000	17,094,177	16,358,573	(341,089)	16,017,484	(1,076,693)
General Services Administration	33,567,700	33,567,700	32,476,308	(765,520)	31,710,788	(1,856,912)
Solid Waste Management Services	19,746,000	19,746,700	19,513,990	(319,343)	19,194,647	(552,053)
Information Technology	10,361,900	10,361,900	9,236,175	20,131	9,256,306	(1,105,594)
Office of Management & Budget	24,257,300	29,146,579	22,527,708	812,163	23,339,871	(5,806,708)
Human Resources	4,004,200	4,004,700	3,817,202	(30,562)	3,786,640	(218,060)
Related Agencies:						
Human Relations Commission	807,000	824,500	795,780	9,738	805,518	(18,982)
Louisville Free Public Library	17,737,300	17,804,219	16,412,192	128,794	16,540,986	(1,263,233)
Louisville Zoological Gardens	13,163,400	13,175,430	12,010,643	(135,953)	11,874,690	(1,300,740)
Internal Audit	781,800	781,800	719,821	(158)	719,663	(62,137)
Waterfront Development Corporation	3,955,900	3,993,700	3,135,228	81,533	3,216,761	(776,939)
Debt service	19,570,700	19,570,700	495,568		495,568	(19,075,132)
Total expenditures	<u>634,709,200</u>	<u>579,496,863</u>	<u>516,801,293</u>	<u>945,773</u>	<u>517,747,066</u>	<u>(61,749,797)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,754,366</u>	<u>\$ 1,417,063</u>	<u>\$ 43,171,429</u>	<u>\$ 43,171,429</u>

Significant budget to actual variances are discussed in the MD & A.

(1) Neighborhoods was disbanded during fiscal year 2010 and activities were transferred to Parks & Recreation.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS  
June 30, 2010**

Information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

<b>SCHEDULES OF FUNDING PROGRESS</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a percentage of Covered Payroll (b-a)/(c)</b>
<b><u>Firefighters' Pension Fund:</u></b>						
1/1/2005	\$ 13,888,714	\$ 23,203,024	\$ 9,314,310	59.9%		0%
1/1/2006	12,900,389	28,786,353	15,885,964	44.8%		0%
1/1/2007	12,365,461	28,461,258	16,095,797	43.4%		0%
1/1/2008	11,719,592	27,777,145	16,057,553	42.2%		0%
1/1/2009	9,233,693	26,701,182	17,467,489	34.6%		0%
1/1/2010	8,371,982	26,436,696	18,064,714	31.7%		0%
<b><u>Policemen's Retirement Fund:</u></b>						
1/1/2005	\$ 12,552,786	\$ 18,194,311	\$ 5,641,525	69.0%	\$ 42,210	13365.4%
1/1/2006	12,165,678	22,741,250	10,575,572	53.5%	46,525	22730.9%
1/1/2007	12,023,033	22,317,402	10,294,369	53.9%	51,542	19972.8%
1/1/2008	11,635,522	21,444,636	9,809,114	54.3%	50,704	19345.8%
1/1/2009	9,482,462	20,863,561	11,381,099	45.4%	53,435	21299.0%
1/1/2010	8,482,364	20,183,792	11,701,428	42.0%	60,591	19312.2%

<b>SCHEDULES OF EMPLOYER CONTRIBUTIONS</b>					
<b>Year Ended June 30</b>	<b>Firefighters' Pension Fund</b>		<b>Policemen's Retirement Fund</b>		
	<b>Annual Contribution</b>	<b>Percentage Contributed</b>	<b>Annual Contribution</b>	<b>Percentage Contributed</b>	
	2005	\$ 1,057,280	100.0%	\$ 1,282,519	
2006	1,655,809	100.0%	1,569,675	100.0%	
2007	1,404,474	100.0%	1,063,968	100.0%	
2008	1,890,353	100.0%	1,381,943	100.0%	
2009	2,113,368	100.0%	1,553,716	100.0%	
2010	1,827,317	100.0%	1,486,182	100.0%	

**OTHER SUPPLEMENTARY INFORMATION -  
COMBINING FINANCIAL STATEMENTS**

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2010**

	Debt Service Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	General Obligation	Public Properties Corporation	Capital Projects Corporation	Bond Fund	Public Properties Corporation	Capital Projects Corporation	
<b>ASSETS</b>							
Cash and cash equivalents					\$ 1,118,619	\$ 43,592	\$ 1,162,211
Investments					1,031,149		1,031,149
Due from other funds	\$ 140,761						140,761
Restricted assets:							
Cash and cash equivalents	638,228		\$ 2,500				640,728
Total assets	<u>\$ 778,989</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 2,149,768</u>	<u>\$ 43,592</u>	<u>\$ 2,974,849</u>
<b>LIABILITIES</b>							
Accounts payable						\$ 12,051	\$ 12,051
Matured bonds payable	\$ 140,761						140,761
Total liabilities	<u>140,761</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,051</u>	<u>152,812</u>
<b>FUND BALANCES</b>							
Restricted for:							
Debt service	638,228		\$ 2,500				640,728
Assigned to:							
Capital projects					2,149,768	31,541	2,181,309
Total fund balances	<u>638,228</u>	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>2,149,768</u>	<u>31,541</u>	<u>2,822,037</u>
Total liabilities and fund balances	<u>\$ 778,989</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 2,149,768</u>	<u>\$ 43,592</u>	<u>\$ 2,974,849</u>

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2010**

	Debt Service Funds			Capital Projects Funds				Total Nonmajor Governmental Funds
	General Obligation	Public Properties Corporation	Capital Projects Corporation	Bond Fund	Public Properties Corporation	Capital Projects Corporation	Revenue Finance Corporation	
<b>REVENUES</b>								
Intergovernmental	\$ 620,284		\$ 4,391,115					\$ 5,011,399
Charges for services	436,263							436,263
Investment income	125							125
Miscellaneous							\$ 2,032	2,032
Total revenues	1,056,672	-	4,391,115	-	-	-	2,032	5,449,819
<b>EXPENDITURES</b>								
Current:								
Miscellaneous			2,500	\$ 21,828				24,328
Debt service:								
Principal	23,130,000		6,690,000					29,820,000
Interest and other charges	11,889,758		2,368,179					14,257,937
Capital outlay					\$ 46,975	\$ 12,114		59,089
Total expenditures	35,019,758	-	9,060,679	21,828	46,975	12,114	-	44,161,354
Deficiency of revenues under expenditures	(33,963,086)	-	(4,669,564)	(21,828)	(46,975)	(12,114)	2,032	(38,711,535)
<b>OTHER FINANCING SOURCES (USES)</b>								
Issuance of refunding bonds, par	41,275,000							41,275,000
Issuance of refunding bonds, premium	3,976,585							3,976,585
Refunded bond principal	(44,000,000)							(44,000,000)
Transfers in	33,340,179		4,657,579	21,828			3,468	38,023,054
Transfers out	(30)	(580)		(85,346)			(174,118)	(260,074)
Total other financing sources (uses)	34,591,734	(580)	4,657,579	(63,518)	-	-	(170,650)	39,014,565
Net change in fund balances	628,648	(580)	(11,985)	(85,346)	(46,975)	(12,114)	(168,618)	303,030
Fund balances--beginning	9,580	580	14,485	\$ 85,346	2,196,743	43,655	\$ 168,618	2,519,007
Fund balances--ending	\$ 638,228	\$ -	\$ 2,500	\$ -	\$ 2,149,768	\$ 31,541	\$ -	\$ 2,822,037

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2010**

	<b>Insurance and Risk Management Fund</b>	<b>Louisville/Jefferson Co. Metro Revenue Commission</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 26,134,304	\$ 54,009,388	\$ 80,143,692
Investments	24,090,772		24,090,772
Accounts receivable	334,982		334,982
Deposits with paying agents	55,000		55,000
Total current assets	<u>50,615,058</u>	<u>54,009,388</u>	<u>104,624,446</u>
Capital assets:			
Furniture and equipment, net		175,846	175,846
Total capital assets	<u>-</u>	<u>175,846</u>	<u>175,846</u>
Total assets	<u>50,615,058</u>	<u>54,185,234</u>	<u>104,800,292</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	3,074,791	2,502,816	5,577,607
Claims and judgments	41,995,826		41,995,826
Due to other funds		40,483,771	40,483,771
Unearned revenue		11,170,738	11,170,738
Total current liabilities	<u>45,070,617</u>	<u>54,157,325</u>	<u>99,227,942</u>
Noncurrent liabilities:			
Claims and judgments	10,911,578		10,911,578
Total noncurrent liabilities	<u>10,911,578</u>	<u>-</u>	<u>10,911,578</u>
Total liabilities	<u>55,982,195</u>	<u>54,157,325</u>	<u>110,139,520</u>
<b>NET ASSETS</b>			
Invested in capital assets		175,846	175,846
Restricted	21,013,172		21,013,172
Unrestricted deficit	<u>(26,380,309)</u>	<u>(147,937)</u>	<u>(26,528,246)</u>
Total net assets	<u>\$ (5,367,137)</u>	<u>\$ 27,909</u>	<u>\$ (5,339,228)</u>

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended June 30, 2010**

	<b>Insurance and Risk Management Fund</b>	<b>Louisville/Jefferson Co. Metro Revenue Commission</b>	<b>Total</b>
<b>OPERATING REVENUES:</b>			
Collection, investment and other fees		\$ 4,849,360	\$ 4,849,360
Insurance income	\$ 21,068,022		21,068,022
Insurance premiums	48,900,062		48,900,062
Total operating revenues	<u>69,968,084</u>	<u>4,849,360</u>	<u>74,817,444</u>
<b>OPERATING EXPENSES:</b>			
Professional services	235,608	4,039,678	4,275,286
Contractual services	39,486	282,059	321,545
Other supplies and expenses	6,500	463,949	470,449
Insurance claims, settlements and losses	75,521,435		75,521,435
Insurance premiums	4,410,837		4,410,837
Depreciation		93,030	93,030
Total operating expenses	<u>80,213,866</u>	<u>4,878,716</u>	<u>85,092,582</u>
Operating loss	<u>(10,245,782)</u>	<u>(29,356)</u>	<u>(10,275,138)</u>
<b>NONOPERATING REVENUES:</b>			
Investment income	271,018		271,018
Loss on disposal of equipment		(8,445)	(8,445)
Total nonoperating revenues	<u>271,018</u>	<u>(8,445)</u>	<u>262,573</u>
Net loss before transfers	(9,974,764)	(37,801)	(10,012,565)
Transfers in	51,300,000		51,300,000
Transfers out	(27,000)		(27,000)
Change in net assets	41,298,236	(37,801)	41,260,435
Total net assets--beginning	<u>(46,665,373)</u>	<u>65,710</u>	<u>(46,599,663)</u>
Total net assets--ending	<u>\$ (5,367,137)</u>	<u>\$ 27,909</u>	<u>\$ (5,339,228)</u>

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended June 30, 2010**

	<b>Insurance and Risk Management Fund</b>	<b>Louisville/Jefferson Co. Metro Revenue Commission</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from collection, investment, and other fees		\$ 4,849,360	\$ 4,849,360
Insurance income	\$ 70,007,341		70,007,341
Payments to employees	(235,608)	(3,002,882)	(3,238,490)
Payments to suppliers		(1,969,400)	(1,969,400)
Contractual services	1,862,414		1,862,414
Claims paid	(92,818,916)		(92,818,916)
Insurance premiums paid	(4,410,837)		(4,410,837)
Decrease in cash collected for others		(5,225,258)	(5,225,258)
Other payments	(6,500)		(6,500)
Net cash used in operating activities	<u>(25,602,106)</u>	<u>(5,348,180)</u>	<u>(30,950,286)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Operating transfers from other funds	<u>51,273,000</u>		<u>51,273,000</u>
Net cash provided by noncapital financing activities	<u>51,273,000</u>	-	<u>51,273,000</u>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES:</b>			
Acquisition and construction of capital assets		<u>(48,435)</u>	<u>(48,435)</u>
Net cash used in capital activities	-	<u>(48,435)</u>	<u>(48,435)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Change in investment pool participation	(2,945,995)		(2,945,995)
Investment income	271,018		271,018
Net cash used in investing activities	<u>(2,674,977)</u>	-	<u>(2,674,977)</u>
Net increase (decrease) in cash and cash equivalents	22,995,917	(5,396,615)	17,599,302
Cash and cash equivalents, beginning of the year	3,138,387	59,406,003	62,544,390
Cash and cash equivalents, end of the year	<u>\$ 26,134,304</u>	<u>\$ 54,009,388</u>	<u>\$ 80,143,692</u>
<b>Reconciliation of Operating Loss to Net Cash Provided By Operating Activities</b>			
Operating loss	\$ (10,245,782)	\$ (29,356)	\$ (10,275,138)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense		93,030	93,030
Increase (decrease) in cash due to changes in assets and liabilities:			
Accounts receivable	39,257		39,257
Accounts and other payables	2,935,539	(186,595)	2,748,944
Liability for incurred claims	(18,246,433)		(18,246,433)
Due to other funds and governmental agencies		(3,595,453)	(3,595,453)
Unearned revenue	(84,687)	(1,629,806)	(1,714,493)
Net cash provided by operating activities	<u>\$ (25,602,106)</u>	<u>\$ (5,348,180)</u>	<u>\$ (30,950,286)</u>

During fiscal year 2010, there was no non-cash change to the fair value of investments.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
COMBINING STATEMENT OF FIDUCIARY NET ASSETS**

**AGENCY FUNDS**

**June 30, 2010**

	<u>Mass Transit</u>	<u>Escrow and Deposit</u>	<u>Revenue Commission</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 100,110	\$ 8,080,721		\$ 8,180,831
Investments	6,943,456	3,500,000		10,443,456
Due from other funds	3,381,231		\$ 11,624,361	15,005,592
Due from other governmental agencies	1,544,461			1,544,461
Total assets	<u>\$ 11,969,258</u>	<u>\$ 11,580,721</u>	<u>\$ 11,624,361</u>	<u>\$ 35,174,340</u>
<b>LIABILITIES</b>				
Notes payable		\$ 3,500,000		\$ 3,500,000
Due to other governmental agencies	\$ 11,969,258	49,002	\$ 11,624,361	23,642,621
Refundable deposits		8,031,719		8,031,719
Total liabilities	<u>\$ 11,969,258</u>	<u>\$ 11,580,721</u>	<u>\$ 11,624,361</u>	<u>\$ 35,174,340</u>

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS**

**For the fiscal year ended June 30, 2010**

**Mass Transit**

	<b>Balance July 1, 2009</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2010</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 100,158	\$ 110	\$ 158	\$ 100,110
Investments	6,197,862	25,132,993	24,387,399	6,943,456
Due from other funds	3,566,090	3,381,231	3,566,090	3,381,231
Due from other governmental agencies	1,254,074	1,544,461	1,254,074	1,544,461
Total assets	<u>\$ 11,118,184</u>	<u>\$ 30,058,795</u>	<u>\$ 29,207,721</u>	<u>\$ 11,969,258</u>
<b>LIABILITIES</b>				
Due to other governmental agencies	\$ 11,118,184	\$ 39,953,347	\$ 39,102,273	\$ 11,969,258
Total liabilities	<u>\$ 11,118,184</u>	<u>\$ 39,953,347</u>	<u>\$ 39,102,273</u>	<u>\$ 11,969,258</u>

**Escrow and Deposit**

	<b>Balance July 1, 2009</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2010</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,461,592	\$ 64,900,604	\$ 64,281,475	\$ 8,080,721
Investments	11,988,172	23,455,779	31,943,951	3,500,000
Accounts receivable	215,459	63,646	279,105	-
Total assets	<u>\$ 19,665,223</u>	<u>\$ 88,420,029</u>	<u>\$ 96,504,531</u>	<u>\$ 11,580,721</u>
<b>LIABILITIES</b>				
Notes payable	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000
Due to other governmental agencies	8,750,383	4,967,515	13,668,896	49,002
Refundable deposits	7,414,840	1,958,799	1,341,920	8,031,719
Total liabilities	<u>\$ 19,665,223</u>	<u>\$ 10,426,314</u>	<u>\$ 18,510,816</u>	<u>\$ 11,580,721</u>

**Revenue Commission**

	<b>Balance July 1, 2009</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2010</b>
<b>ASSETS</b>				
Due from other funds	\$ 12,263,941	\$ 131,046,409	\$ 131,685,989	\$ 11,624,361
Total assets	<u>\$ 12,263,941</u>	<u>\$ 131,046,409</u>	<u>\$ 131,685,989</u>	<u>\$ 11,624,361</u>
<b>LIABILITIES</b>				
Due to other governmental agencies	\$ 12,263,941	\$ 131,046,409	\$ 131,685,989	\$ 11,624,361
Total liabilities	<u>\$ 12,263,941</u>	<u>\$ 131,046,409</u>	<u>\$ 131,685,989</u>	<u>\$ 11,624,361</u>

## **Statistical Section**

This part of the Metro Government’s CAFR presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Metro Government’s overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends .....</b>	<b>96-100</b>

These schedules contain trend information to help the reader understand how Metro Government’s financial performance and well-being have changed over time.

<b>Revenue Capacity.....</b>	<b>101-106</b>
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These schedules contain information to help the reader assess Metro Government’s most significant local revenue sources: Occupational and Property taxes.

<b>Debt Capacity .....</b>	<b>107-111</b>
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These schedules present information to help the reader assess the affordability of Metro Government’s current levels of outstanding debt and Metro Government’s ability to issue additional debt in the future.

<b>Demographic and Economic Information .....</b>	<b>112-114</b>
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These schedules offer demographic and economic indicators to help the reader understand the environment within which Metro Government’s financial activities take place.

<b>Operating Information .....</b>	<b>115-116</b>
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These schedules contain service and infrastructure data to help the reader understand how the information in Metro Government’s financial report relates to the services Metro Government provides and the activities it performs.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**

**SUMMARY OF NET ASSETS AND CHANGES IN NET ASSETS**

Last Eight Fiscal Years (since Merger) (1)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Primary Government/Governmental Activities:</b>								
Invested in capital assets, net of related debt	\$ 644,959,765	\$ 627,946,197	\$ 595,436,164	\$ 583,508,245	\$ 574,279,092	\$ 556,217,633	\$ 586,747,311	\$ 562,313,226
Restricted	64,858,586	59,949,221	40,503,493	40,159,453	48,854,645	62,193,363	63,000,419	110,554,680
Unrestricted	(9,103,886)	(7,054,177)	1,059,088	(8,134,837)	(1,167,710)	(13,411,709)	(53,670,999)	(77,056,948)
<b>Total Primary Government/Governmental Activities Net Assets</b>	<u>\$ 700,714,465</u>	<u>\$ 680,841,241</u>	<u>\$ 636,998,745</u>	<u>\$ 615,532,861</u>	<u>\$ 621,966,027</u>	<u>\$ 604,999,287</u>	<u>\$ 596,076,731</u>	<u>\$ 595,810,958</u>
<b>Primary Government/Governmental Activities:</b>								
Expenses (2)								
General Government	\$ 27,772,909	\$ 22,464,479	\$ 24,571,680	\$ 25,623,205	\$ 27,142,783	\$ 27,463,380	\$ 25,757,030	\$ 26,038,922
Public Protection	108,832,956	112,937,135	130,194,826	152,742,063	156,867,814	168,125,697	166,736,527	179,177,567
Police	121,700,362	120,446,100	138,751,554	132,793,664	135,962,267	140,438,253	147,980,259	154,758,199
Economic Development	25,171,229	21,638,429	28,451,908	26,276,189	30,710,291	25,275,680	39,617,092	41,026,189
Codes & Regulations	29,616,549	10,622,190	8,185,714	8,847,046	8,640,257	11,289,044	12,220,294	11,363,294
Parks & Recreation	25,618,761	21,653,602	24,943,797	25,479,670	25,515,919	25,131,824	24,615,331	31,235,451
Housing & Family Services	38,588,804	30,087,195	31,841,096	33,146,828	30,304,444	28,844,976	29,871,809	40,596,137
Public Health & Wellness	21,422,827	33,813,783	36,407,344	38,607,238	38,132,320	26,795,986	25,066,813	27,846,578
Neighborhoods (3)	5,400,041	5,072,738	6,628,578	7,202,084	7,068,336	8,194,903	6,878,355	
Public Works & Assets	129,032,678	113,837,465	129,373,570	128,850,571	127,157,541	130,173,516	117,838,351	121,630,180
Information Technology	7,346,791	6,046,175	9,205,957	9,543,827	10,111,462	11,858,166	12,428,088	11,113,289
Finance & Administration	52,453,722	14,169,550	14,471,294	13,048,462	13,789,994	24,813,303	23,929,387	25,184,029
Human Resources	3,976,508	3,947,479	4,299,291	4,452,275	4,176,072	4,521,110	4,492,419	4,238,428
Related Agencies	56,902,694	45,157,161	48,140,137	48,141,028	48,736,693	53,572,010	41,302,782	41,933,564
Interest expense	14,372,117	16,072,154	17,077,617	16,302,423	17,214,454	14,425,027	19,424,674	19,405,824
Total Expenses	668,208,948	577,965,635	652,544,363	671,056,573	681,530,647	700,922,875	698,159,211	735,547,651
Program Revenues:								
Charges for Services:								
Emergency Medical Services	4,681,971	8,972,481	8,831,242	9,610,942	12,087,525	11,621,333	13,431,725	14,188,669
Inspections, Permits and Licenses	7,407,483	23,917	12,409,334	12,963,317	13,954,629	14,215,180	13,126,794	11,366,206
Louisville Zoological Gardens	7,631,624	7,737,208	7,887,283	7,503,751	8,224,299	8,667,497	8,519,092	8,696,270
Metro Development Authority	2,416,129	517,056	8,219,029	7,893,128	9,007,348	10,082,408	8,080,332	20,095,174
Other	39,701,945	30,936,383	34,837,445	31,781,000	40,182,710	33,471,796	32,930,586	39,842,923
Total Charges for Services	61,839,152	48,187,045	72,184,333	69,752,138	83,456,511	78,058,214	76,088,529	94,189,242
Operating Grants and Contributions	96,108,452	63,481,947	75,099,069	72,212,271	73,451,393	82,810,321	99,301,526	101,747,787
Capital grants and Contributions	43,008,216	33,251,324	29,167,632	56,127,486	42,118,743	31,815,335	37,242,327	55,753,672
<b>Total Primary Government Program Revenues</b>	<u>200,955,820</u>	<u>144,920,316</u>	<u>176,451,034</u>	<u>198,091,895</u>	<u>199,026,647</u>	<u>192,683,870</u>	<u>212,632,382</u>	<u>251,690,701</u>
Net (Expense) Revenue	(467,253,128)	(433,045,319)	(476,093,329)	(472,964,678)	(482,504,000)	(508,239,005)	(485,526,829)	(483,856,950)
General Revenues:								
Taxes								
Property taxes, levied for general purposes	114,569,931	118,655,718	120,575,832	120,750,897	126,741,678	133,966,466	134,091,146	144,034,671
Occupational taxes	250,215,859	260,797,870	275,767,186	285,559,281	307,856,301	309,491,515	301,344,426	292,400,027
Investment income	2,211,363	937,567	3,965,089	5,251,143	9,189,326	8,413,117	3,950,500	1,812,116
Dividends	12,379,583	12,687,780	13,935,078	17,715,564	14,625,718	18,531,912	17,288,555	18,148,381
Other intergovernmental revenue	12,386,356	1,963,651	4,672,662	12,764,992	13,591,805	11,419,069	11,291,887	5,141,872
Fees and fines	1,225,524	1,058,179	2,211,315	2,676,570				
Gain on sale of assets	187,679	349,995	650,000	1,156,848	1,047,399	2,626,001	1,622,208	32,174
Other taxes	223,684		319,838	319,388	271,059	209,376	269,634	7,679,701
Rental receipts	1,932,180	1,111,567	4,764,521	395,634	1,256,226	1,832,428	1,950,901	5,284,108
Miscellaneous	3,080,838	4,008,837	5,972,358	4,464,605	3,982,753	4,782,381	4,795,016	8,995,989
Total General Revenues	398,412,997	401,571,164	432,833,879	451,054,922	478,562,265	491,272,265	476,604,273	483,529,039
Change in Net Assets	(68,840,131)	(31,474,155)	(43,259,450)	(21,909,756)	(3,941,735)	(16,966,740)	(8,922,556)	(327,911)
Net Assets - beginning, restated	769,554,596	712,315,396	680,258,195	636,998,745	615,532,861	621,966,027	604,999,287	596,076,731
Increase due to acquired agency				443,872				
Prior period adjustment					10,374,901			62,138
Net Assets - ending	<u>\$ 700,714,465</u>	<u>\$ 680,841,241</u>	<u>\$ 636,998,745</u>	<u>\$ 615,532,861</u>	<u>\$ 621,966,027</u>	<u>\$ 604,999,287</u>	<u>\$ 596,076,731</u>	<u>\$ 595,810,958</u>

(1) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information. Since the former City of Louisville and the former Jefferson County Fiscal Court merged on January 6, 2003, Metro Government is implementing this pronouncement beginning with the year of merger in order to avoid comparability issues.

(2) Amounts reported for fiscal years 2003 - 2007 have been restated to conform with current year presentation.

(3) During fiscal year 2010, Neighborhoods was disbanded and its divisions were moved to Parks & Recreation.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

FUND BALANCE, GOVERNMENTAL FUNDS

Last Eight Fiscal Years (since Merger) (1)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009 (2)</u>	<u>2010</u>
<b>General Fund</b>								
Reserved	\$ 4,896,863	\$ 3,388,723	\$ 4,155,586	\$ 5,493,394	\$ 6,931,347	\$ 3,469,429		
Unreserved	73,833,428	83,658,675	92,669,401	95,386,671	97,232,552	84,397,148		
Nonspendable							\$ 3,787,983	\$ 2,429,896
Committed							6,499,730	7,006,904
Assigned							5,390,322	4,776,333
Unassigned							65,407,107	65,413,735
<b>Total General Fund</b>	<u>\$ 78,730,291</u>	<u>\$ 87,047,398</u>	<u>\$ 96,824,987</u>	<u>\$ 100,880,065</u>	<u>\$ 104,163,899</u>	<u>\$ 87,866,577</u>	<u>\$ 81,085,142</u>	<u>\$ 79,626,868</u>
<b>All Other Governmental Funds</b>								
Reserved	\$ 22,714,767	\$ 20,630,432	\$ 18,591,392	\$ 32,587,646	\$ 37,478,627	\$ 53,123,245		
Unreserved, reported in:								
Special Revenue Fund	11,213,099	15,153,840	18,242,052	3,498,142	1,696,884	(5,723,981)		
Capital Projects Fund	57,111,280	37,377,818	50,884,092	48,926,550	55,858,957	40,137,381		
Other Nonmajor Governmental Funds	26,021,801	28,183,295	23,069,260	18,559,011	23,093,360	23,957,871		
Nonspendable							\$ 12,649,445	\$ 21,915,616
Restricted								
Debt service reserve							24,645	640,728
Other capital projects							7,720,089	44,510,631
Committed								19,358,238
Assigned								
Capital projects							63,806,231	55,475,794
Unassigned								(9,326,830)
<b>Total all other Governmental Funds</b>	<u>\$ 117,060,947</u>	<u>\$ 101,345,385</u>	<u>\$ 110,786,796</u>	<u>\$ 103,571,349</u>	<u>\$ 118,127,828</u>	<u>\$ 111,494,516</u>	<u>\$ 90,469,571</u>	<u>\$ 132,574,177</u>

- (1) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information. Since the former City of Louisville and the former Jefferson County Fiscal Court merged on January 6, 2003, Metro Government is implementing this pronouncement beginning with the year of merger in order to avoid comparability issues.
- (2) Metro Government elected to implement GASB Statement No. 54, *Fund Balance Reporting and the Governmental Fund Type Definitions*, in fiscal year 2009. This statement allows the entity to apply prospectively in the statistical section. Therefore, Metro Government has not reclassified prior information.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS**

Last Eight Fiscal Years (since Merger) (1)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>REVENUES</b>								
Property taxes	\$ 110,578,566	\$ 113,164,349	\$ 120,912,806	\$ 121,338,886	\$ 127,919,524	\$ 134,259,325	\$ 133,501,705	\$ 141,716,498
Occupational taxes	235,901,121	260,797,870	275,767,186	285,559,281	307,856,301	309,491,515	301,344,426	292,400,027
Licenses and permits	23,741,060	10,544,820	11,521,182	11,457,731	11,811,402	11,600,220	10,521,865	11,057,738
Intergovernmental	127,477,833	131,510,281	113,503,540	133,762,762	122,899,040	123,701,933	140,964,634	164,305,785
Charges for services	60,847,632	33,941,527	60,026,636	54,494,156	68,620,013	65,046,880	65,033,024	75,707,838
Fees and fines	914,318	1,016,230	722,187	2,438,607	3,395,450	1,491,118	2,473,251	2,216,160
Investment income	4,156,510	937,567	3,965,089	5,251,143	9,189,326	8,413,117	3,950,500	1,812,116
Dividends	12,379,583	12,687,780	13,935,078	17,715,564	14,625,718	18,531,912	17,288,555	18,148,381
Donations	4,040,450	5,162,538	2,748,194	11,728,614	7,736,520	4,755,423	6,029,542	10,462,409
Miscellaneous	17,374,993	4,024,131	3,361,493	4,831,279	3,667,409	4,332,278	4,443,665	9,825,235
Total revenues	<u>597,412,066</u>	<u>573,787,093</u>	<u>606,463,391</u>	<u>648,578,023</u>	<u>677,720,703</u>	<u>681,623,721</u>	<u>685,551,167</u>	<u>727,652,187</u>
<b>EXPENDITURES (2)</b>								
General Government	26,683,532	21,652,466	22,265,724	22,981,366	24,679,207	25,525,729	23,478,816	23,437,183
Public Protection	100,658,079	105,409,514	116,010,331	137,404,977	142,118,284	155,794,072	153,421,244	158,587,753
Police	117,355,711	116,490,491	126,343,610	120,413,360	125,522,471	131,670,127	137,290,564	138,444,511
Economic Development	21,380,913	19,299,326	23,949,370	22,091,209	26,620,960	21,911,769	34,880,087	34,809,826
Codes & Regulations	28,911,602	10,327,482	7,491,076	8,058,948	7,998,515	10,615,953	10,192,927	10,212,326
Parks & Recreation	21,767,248	20,489,287	21,922,934	22,405,732	22,641,942	22,558,585	21,751,602	24,680,213
Housing & Family Services	37,415,658	29,276,331	29,154,534	30,228,338	28,133,973	27,177,609	27,848,133	31,076,886
Public Health & Wellness	20,747,662	32,662,513	33,031,631	35,020,251	35,181,838	25,011,628	23,148,305	24,863,141
Neighborhoods (3)	3,871,939	4,936,210	6,066,781	6,565,329	6,559,384	7,717,628	6,409,530	
Public Works & Assets	69,765,377	64,510,252	67,457,003	70,884,688	71,262,503	73,676,326	82,986,482	81,172,938
Information Technology	6,082,646	5,605,906	6,960,196	7,248,081	7,813,687	9,589,440	9,975,852	9,236,175
Finance & Administration	34,067,423	13,784,775	13,247,952	11,898,662	12,802,901	23,281,270	22,246,348	22,552,036
Human Resources	3,882,710	3,841,236	3,936,674	4,060,640	3,877,455	4,259,117	4,187,516	3,817,202
Related Agencies	49,430,840	38,684,963	38,518,437	38,562,734	39,521,940	44,246,849	32,429,223	33,778,047
Debt service principal	19,643,000	19,177,195	22,613,352	25,595,000	24,252,500	25,960,000	28,820,000	29,820,000
Debt service interest and other payments	14,372,117	16,072,154	16,033,918	15,210,706	17,892,454	14,425,027	15,227,787	16,682,756
Capital outlay	87,662,658	59,315,442	62,653,450	93,268,102	89,555,809	83,759,227	124,587,884	92,816,423
Total expenditures	<u>663,699,115</u>	<u>581,535,543</u>	<u>617,656,973</u>	<u>671,898,123</u>	<u>686,435,823</u>	<u>707,180,356</u>	<u>758,882,300</u>	<u>735,987,416</u>
<b>Other Financing Sources (Uses)</b>								
Proceeds from sale of capital assets	187,679	349,995	650,000	1,156,848	1,047,399	2,626,001	1,622,208	32,174
Issuance of bonds, par	47,450,000		29,495,000		33,255,000		44,000,000	96,355,000
Issuance of bonds, premium/(discount)	363,474		1,267,582		(60,278)		448,800	2,743,343
Issuance of refunding bonds, par	49,445,000				58,855,000		63,875,000	41,275,000
Issuance of refunding bonds, premium/(discount)					(137,152)		874,372	3,976,585
Bond issuance costs paid	(199,324)							
Refunded bond principal, interest, and premium	(49,547,534)						(65,295,627)	(44,000,000)
Payment to bond refunding escrow agent	(2,999,382)				(58,220,426)			
Transfers in	110,805,958	42,774,751	46,270,744	45,960,731	65,293,175	72,426,546	85,953,962	67,870,287
Transfers out	(113,403,255)	(42,774,751)	(47,270,744)	(45,960,731)	(65,293,175)	(72,426,546)	(85,953,962)	(110,511,156)
Total other financing sources (uses)	<u>42,102,616</u>	<u>349,995</u>	<u>30,412,582</u>	<u>1,156,848</u>	<u>34,739,543</u>	<u>2,626,001</u>	<u>45,524,753</u>	<u>57,741,233</u>
Net change in fund balance	<u>\$ (24,184,433)</u>	<u>\$ (7,398,455)</u>	<u>\$ 19,219,000</u>	<u>\$ (22,163,252)</u>	<u>\$ 26,024,423</u>	<u>\$ (22,930,634)</u>	<u>\$ (27,806,380)</u>	<u>\$ 49,406,004</u>
Ratio of total debt service expenditures to noncapital expenditures	6.28%	7.24%	7.48%	7.59%	7.60%	6.93%	7.46%	7.79%

(1) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information. Since the former City of Louisville and the former Jefferson County Fiscal Court merged on January 6, 2003, Metro Government is implementing this pronouncement beginning with the year of merger in order to avoid comparability issues.

(2) Amounts reported for fiscal years 2003 - 2007 have been restated to conform with current year presentation.

(3) During fiscal year 2010, Neighborhoods was disbanded and its divisions were moved to Parks & Recreation.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**

**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)**

**Last Eight Fiscal Years (since Merger) (2)**

<b>Fiscal Year</b>	<b>Taxes</b>	<b>Licenses and Permits</b>	<b>Inter-governmental</b>	<b>Charges for Services</b>	<b>Fines and Forfeitures</b>	<b>Investment Income</b>	<b>Donations and Miscellaneous Revenue</b>	<b>Total Revenues (3)</b>
2003	\$ 346,479,687	\$ 23,741,060	\$ 125,886,137	\$ 56,029,421	\$ 914,218	\$ 2,099,625	\$ 4,349,907	\$ 559,500,055
2004	373,962,219	10,544,820	128,437,170	33,532,382	1,016,230	90,583	6,824,682	554,408,086
2005	396,679,992	11,480,682	112,396,801	57,928,605	718,975	2,932,989	4,655,833	586,793,877
2006	406,898,167	11,262,911	131,246,233	53,722,470	2,438,472	3,533,830	6,632,627	615,734,710
2007	435,775,825	11,811,402	116,583,482	65,952,416	3,326,004	6,391,247	7,059,292	646,899,668
2008	443,750,840	11,600,220	122,314,139	63,750,509	1,491,118	6,017,749	7,075,098	655,999,673
2009	434,846,131	10,521,865	140,138,472	64,239,245	2,447,186	2,658,807	6,261,891	661,113,597
2010	434,116,525	11,057,738	163,208,703	73,983,795	2,171,987	1,064,124	4,475,069	690,077,941

(1) Includes General, Special Revenue and Debt Service Funds.

(2) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information. Since the former City of Louisville and the former Jefferson County Fiscal Court merged on January 6, 2003, Metro Government is implementing this pronouncement beginning with the year of merger in order to avoid comparability issues.

(3) Fiscal year 2003 revenues included the Major Capital Projects fund and other nonmajor capital funds. Fiscal year 2003 has been restated to conform to the current presentation.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**

**GENERAL FUND TAX REVENUES BY SOURCE**

**Last Eight Fiscal Years (since Merger) (1)**

<b>Fiscal Year</b>	<b>Total Taxes</b>	<b>General Property Taxes</b>	<b>Bank and Life Insurance Shares</b>	<b>Public Service Corporations</b>	<b>Occupational Taxes</b>	<b>Other (2)</b>	<b>Interest, Penalties and Other Fees</b>
2003	\$ 346,149,531	\$ 92,608,431	\$ 4,350,721	\$ 6,763,891	\$ 235,901,121	\$ 5,944,104	\$ 581,263
2004	373,962,220	93,016,802	4,803,193	7,402,223	260,797,870	7,411,472	530,660
2005	396,679,991	96,472,771	4,699,922	8,794,533	275,767,186	9,576,926	1,368,653
2006	406,898,167	101,294,625	4,536,598	6,684,538	285,559,281	8,290,703	532,422
2007	435,775,825	106,223,290	5,131,435	7,819,890	307,856,301	8,152,922	591,987
2008	443,750,840	112,610,250	5,001,374	7,883,195	309,491,515	8,336,658	427,848
2009	434,846,131	116,505,210	4,560,570	7,681,607	301,344,426	4,483,331	270,987
2010	434,116,525	117,949,837	9,147,243	7,428,378	292,400,027	6,647,248	543,792

(1) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information. Since the former City of Louisville and the former Jefferson County Fiscal Court merged on January 6, 2003, Metro Government is implementing this pronouncement beginning with the year of merger in order to avoid comparability issues.

(2) Tax revenues designated as Other include deed taxes, delinquent taxes and other miscellaneous property taxes.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
EMPLOYMENT, INCOME AND OCCUPATIONAL TAX REVENUES**

**Last Eight Fiscal Years (since Merger) (1)**

<b>Fiscal Year</b>	<b>Employment (3)</b>	<b>Unemployment Rate (3)</b>	<b>Per Capita Income (2) (3)</b>	<b>Percent Income Growth</b>	<b>Occupational Tax Revenue</b>	<b>Percent Revenue Growth</b>
2003	330,666	5.7%	\$ 33,466	2.11%	\$ 235,901,121	2.87%
2004	329,537	6.2%	34,646	3.53%	260,797,870	10.55%
2005	330,575	5.5%	36,443	5.19%	275,767,186	5.74%
2006	332,856	6.2%	37,121	1.86%	285,559,281	3.55%
2007	339,832	5.6%	39,877	7.42%	307,856,301	7.81%
2008	340,011	5.3%	41,626	4.39%	309,491,515	0.53%
2009	335,398	6.4%	41,517	-0.26%	301,344,426	-2.63%
2010	326,820	10.3%	43,671	5.19%	292,400,027	-2.97%

Source: Bureau of Economic Analysis website: [www.bea.gov](http://www.bea.gov)

Workforce Kentucky website: [www.workforcekentucky.ky.gov](http://www.workforcekentucky.ky.gov)

- (1) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information. Since the former City of Louisville and the former Jefferson County Fiscal Court merged on January 6, 2003, Metro Government is implementing this pronouncement beginning with the year of merger in order to avoid comparability issues.
- (2) Per capita income for 2010 is an estimate based on the average annual percentage increase over the last ten years. Per capita income for 2009, which had been an estimate, has been changed to reflect published figures as of April 2010.
- (3) Employment, unemployment and per capita figures represent the annual average for the full calendar year previous to fiscal year end. The sources referenced above have continually updated these figures subsequent to the publishing of prior years reports. For consistency, Metro Government has elected to not revise prior year information and is presenting our previously published data.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

PRINCIPAL WITHHOLDING TAXPAYERS

Fiscal Year Ended June 30, 2010

<u>Rank</u>	<u>Employer</u>
1	Jefferson County Board of Education
2	Norton Healthcare, Inc.
3	University of Louisville
4	Humana, Inc.
5	General Electric Company
6	Louisville Metro Government
7	Jewish Hospital & St. Mary's Healthcare, Inc.
8	United Parcel Service
9	Humana Insurance Company
10	Ford Motor Company
11	Defense Finance & Accounting Service
12	United Parcel Service (Ohio)
13	Baptist Healthcare System
14	Kentucky State Treasurer
15	Brown Forman Corporation
16	University Medical Center
17	The Kroger Company
18	UPS Worldwide Forwarding, Inc.
19	United States Postal Service
20	Yum! Brands, Inc.
21	EON US Services, Inc.
22	Wal-Mart Associates, Inc.
23	The Wellpoint Companies, Inc.
24	UPS Supply Chain Solutions, Inc.
25	Jewish Physician Group
26	Insight Communications Co., Inc.
27	Kindred Healthcare Operating, Inc.
28	Louisville Gas & Electric Co.
29	Bellsouth Telecommunications, Inc.
30	SHPS, Inc.

Information obtained from the Louisville/Jefferson County Revenue Commission.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (1)**  
**Last Eight Fiscal Years (since Merger) (2)**

<b>Fiscal Year</b>	<b>Real Property</b>		<b>Personal Property</b>		<b>Total</b>		<b>Ratio of Total Assessed Value to Total Estimated Actual Value</b>	<b>Homestead Exemption (3)</b>
	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>Assessed Value</b>	<b>Estimated Actual Value</b>		
2003	\$ 46,274,546,626	\$ 48,330,892,272	\$ 9,032,190,675	\$ 9,032,190,675	\$ 55,306,737,301	\$ 57,363,082,947	96.42 %	\$ 26,800
2004	48,823,781,592	50,939,965,058	8,777,257,634	8,777,257,634	57,601,039,226	59,717,222,692	96.46 %	28,000
2005	50,881,807,698	53,029,275,814	8,819,447,665	8,819,447,665	59,701,255,363	61,848,723,479	96.53 %	28,000
2006	53,883,962,963	56,308,314,219	8,594,585,408	8,594,585,408	62,478,548,371	64,902,899,627	96.26 %	29,400
2007	58,098,021,311	60,452,626,137	9,017,138,502	9,017,138,502	67,115,159,813	69,469,764,639	96.61 %	29,400
2008	61,651,282,888	64,229,369,264	8,359,422,318	8,359,422,318	70,010,705,206	72,588,791,582	96.45 %	31,400
2009	64,675,966,705	67,265,364,321	8,953,378,083	8,953,378,083	73,629,344,788	76,218,742,404	96.60 %	31,400
2010	65,504,898,450	68,316,286,106	8,894,079,746	8,894,079,746	74,398,978,196	77,210,365,852	96.36 %	33,700

- (1) Pursuant to the Constitution of Kentucky and applicable statutes, real property is to be revalued annually at 100 percent of its fair cash value.
- (2) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information. Since the former City of Louisville and the former Jefferson County Fiscal Court merged on January 6, 2003, Metro Government is implementing this pronouncement beginning with the year of merger in order to avoid comparability issues.
- (3) Under the provisions of the Homestead Amendment to the Kentucky Constitution, persons 65 years or older are granted exemptions of these amounts on the assessed value of their bona fide residence.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**

**PROPERTY TAX RATES**

**DIRECT AND OVERLAPPING GOVERNMENTS**

**TAX RATES (PER \$100 OF ASSESSED VALUATION)**

**Last Eight Fiscal Years (since Merger) (1)**

<b>Fiscal Year</b>	<b>Urban Service District (2) (3)</b>		<b>Metro Government (2) (3)</b>		<b>Consolidated School District</b>			<b>Total</b>		
	<b>Real</b>	<b>Personal</b>	<b>Real</b>	<b>Personal</b>	<b>Real</b>	<b>Inventory</b>	<b>Personal</b>	<b>Real</b>	<b>Inventory</b>	<b>Personal</b>
2003	0.376	0.057	0.128	0.166	0.572	0.572	0.572	1.076	0.572	0.795
2004	0.374	0.566	0.128	0.166	0.576	0.576	0.576	1.078	0.576	1.308
2005	0.374	0.566	0.128	0.166	0.592	0.592	0.592	1.094	0.592	1.324
2006	0.373	0.566	0.128	0.166	0.625	0.625	0.625	1.126	0.625	1.357
2007	0.372	0.566	0.126	0.166	0.615	0.625	0.625	1.113	0.625	1.357
2008	0.368	0.566	0.126	0.166	0.615	0.627	0.627	1.108	0.627	1.359
2009	0.367	0.566	0.126	0.166	0.625	0.631	0.631	1.118	0.631	1.363
2010	0.367	0.566	0.126	0.166	0.646	0.646	0.646	1.138	0.646	1.378

Tax rates obtained from the Jefferson County Clerk's Office.

- (1) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information. Since the former City of Louisville and the former Jefferson County Fiscal Court merged on January 6, 2003, Metro Government is implementing this pronouncement beginning with the year of merger in order to avoid comparability issues.
- (2) Beginning in fiscal year 2004, property tax rates were set for the Urban Services District, which includes the prior boundaries of the City of Louisville, and for Metro Government as a whole which encompasses the entire area within Jefferson County.
- (3) Rates reported for fiscal year 2003 for the Urban Services District are for the former City of Louisville. Rates reported for fiscal year 2003 for Metro Government are for the former Jefferson County Fiscal Court.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	Type of Business	June 30, 2010			June 30, 2001		
		Assessed Valuation	Rank	Percent of Total Assessed Valuation of \$ 74,398,978,196	Assessed Valuation	Rank	Percent of Total Assessed Valuation of \$ 51,132,931,366
Louisville Gas & Electric Co.	Energy Utility	\$ 1,319,604,884	1	1.8%	\$ 761,442,583	1	1.5%
AT&T Communications	Telecommunications	797,174,165	2	1.1%	200,805,835	4	0.4%
Insight Midwest LP	Cable Media	450,126,741	3	0.6%			
United Parcel Service, Inc.	Air Express and Distribution	384,672,577	4	0.5%	141,159,581	5	0.3%
Humana, Inc.	Healthcare	326,561,168	5	0.4%	248,461,086	3	0.5%
Louisville Trophy LLC	Miscellaneous Services	188,690,628	6	0.3%			
MRI NCT LLC	Real Estate	159,000,398	7	0.2%			
Thomas W. Bullitt	Retail	156,935,269	8	0.2%			
Lease Corporation of America	Leasing Financing Services	135,103,221	9	0.2%			
Information Systems Corporation	Information Services	120,821,621	10	0.2%			
BellSouth Telecommunications	Telecommunications				530,193,618	2	1.0%
Ford Motor Company	Automotive Manufacturer				138,539,535	6	0.3%
The Kentucky Trust Co	Banking/Financial Services				127,286,503	7	0.2%
200 Block CHC LTD PTN	Commercial Real Estate				121,177,226	8	0.2%
Kentucky CGSA Inc	Telecommunications				112,427,655	9	0.2%
PNC Bank	Banking/Financial Services				103,699,288	10	0.2%
	TOTAL	<u>\$ 4,038,690,672</u>		<u>5.4%</u>	<u>\$ 2,485,192,910</u>		<u>4.9%</u>

Source: Jefferson County Sheriff's Office

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**

**PROPERTY TAX LEVIES AND COLLECTIONS**

**Last Eight Fiscal Years (since Merger) (1)**

<b>Fiscal Year</b>	<b>Amount of Levy</b>	<b>Amount Collected in Year of Levy</b>	<b>Percent Collected in Year of Levy</b>	<b>Delinquent Tax Collections (2)</b>	<b>Total Tax Collections</b>	<b>Ratio of Total Tax Collections to Total Tax Levy</b>	<b>Total Outstanding Delinquent Taxes Receivable at June 30, 2010</b>
2003	\$ 101,151,309	\$ 97,734,411	96.6%	\$ 2,960,241	\$ 100,694,652	99.5%	\$ 6,389,780
2004	107,833,673	104,493,360	96.9%	4,337,307	108,830,667	100.9%	5,392,784
2005	112,929,657	109,744,607	97.2%	5,616,628	115,361,235	102.2%	9,262,583
2006	115,468,469	114,972,927	99.6%	4,062,710	119,035,637	103.1%	6,213,399
2007	122,324,736	121,888,305	99.6%	3,945,944	125,834,249	102.9%	5,679,253
2008	128,569,436	128,045,919	99.6%	4,892,137	132,938,056	103.4%	5,401,922
2009	133,040,752	129,573,177	97.4%	2,066,224	131,639,401	98.9%	7,225,768
2010	137,034,214	132,148,914	96.4%	4,068,111	136,217,025	99.4%	12,006,630

Levies do not include autos. These are levied and collected by the Jefferson County Clerk's Office as required by Kentucky Revised Statutes Chapter 134 and City of Louisville Ordinance #185, Series 1984.

- (1) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information. Since the former City of Louisville and the former Jefferson County Fiscal Court merged on January 6, 2003, Metro Government is implementing this pronouncement beginning with the year of merger in order to avoid comparability issues.
- (2) Beginning in fiscal year 2003, Metro Government began reflecting delinquent tax information as it relates to total property tax collections in a given year within the statistical section of the financial statements.

**LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT**

**LEGAL DEBT MARGIN**

**Last Eight Fiscal Years (since Merger) (1)**

	Fiscal Year							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt Limit - 10% of assessed valuation	\$ 5,707,241,737	\$ 5,760,103,923	\$ 5,970,125,536	\$ 6,247,854,837	\$ 6,711,515,981	\$ 7,001,070,521	\$ 7,362,934,479	\$ 7,439,897,820
Total bonded debt applicable to limit	<u>389,639,029</u>	<u>372,825,790</u>	<u>382,672,355</u>	<u>362,507,086</u>	<u>378,309,052</u>	<u>357,226,453</u>	<u>377,246,329</u>	<u>444,678,003</u>
Legal debt margin	<u>\$ 5,317,602,708</u>	<u>\$ 5,387,278,133</u>	<u>\$ 5,587,453,181</u>	<u>\$ 5,885,347,751</u>	<u>\$ 6,333,206,929</u>	<u>\$ 6,643,844,068</u>	<u>\$ 6,985,688,150</u>	<u>\$ 6,995,219,817</u>
Total net debt applicable to the limit as a percentage of debt limit	6.83%	6.47%	6.41%	5.80%	5.64%	5.10%	5.12%	5.98%

**Legal Debt Margin Calculation for Fiscal Year 2010**

Assessed Valuation - January 1, 2009	\$ 74,398,978,196
Debt Limit (10% of assessed value)	7,439,897,820
Debt applicable to limit:	
Bonded debt outstanding	445,300,814
Less: Amount set aside for repayment of bonded debt	<u>(622,811)</u>
Total debt margin applicable to limit	<u>444,678,003</u>
Legal debt margin	<u>\$ 6,995,219,817</u>

Metro Government is authorized by Section 158 of the Kentucky Constitution to incur indebtedness to a maximum of ten percent of the value of the taxable property located within the boundaries of Jefferson County. Value of taxable property is to be estimated by the assessment next before the assessment previous to incurring of additional indebtedness.

(1) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information. Since the former City of Louisville and the former Jefferson County Fiscal Court merged on January 6, 2003, Metro Government is implementing this pronouncement beginning with the year of merger in order to avoid comparability issues.

**LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

**June 30, 2010**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Percentage Applicable to Louisville Metro Taxpayers</b>	<b>Louisville Metro Taxpayers Share of Debt</b>
Direct Debt:			
Revenue bonds	\$ 95,979,963	100.00%	\$ 95,979,963
General obligation debt	<u>354,445,388</u>	100.00%	<u>354,445,388</u>
Total direct debt	<u>450,425,351</u>		<u>450,425,351</u>
Overlapping debt:			
Jefferson County Public Schools	<u>319,925,528</u>	100.00%	<u>319,925,528</u>
Total direct and overlapping debt	<u><u>\$ 770,350,879</u></u>		<u><u>\$ 770,350,879</u></u>

**LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Eight Fiscal Years (since Merger) (1)**  
**(amounts in thousands except per capita)**

<b>Fiscal Year</b>	<b>Governmental Activities</b>			<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Personal Income (2)</b>	<b>Per Capita</b>
	<b>General Obligation Bonds</b>	<b>First Mortgage Revenue Bonds (3)</b>	<b>Lease Revenue Bonds</b>				
2003	\$ 254,041	\$ 33,835	\$ 97,346	\$ 385,222	1.62%	\$ 23,791,641	554
2004	242,477	31,900	95,940	370,317	1.53%	24,184,881	530
2005	255,164	30,100	97,212	382,476	1.50%	25,470,269	547
2006	235,346	28,030	98,600	361,976	1.39%	25,949,674	517
2007	247,853	26,680	101,363	375,896	1.39%	27,122,740	536
2008	226,894	25,260	102,871	355,025	1.20%	29,497,015	501
2009	275,187		99,442	374,629	1.26%	29,785,092	525
2010	354,445		95,980	450,425	1.43%	31,505,817	624

Source: Bureau of Economic Analysis website: [www.bea.gov](http://www.bea.gov)

- (1) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information. Since the former City of Louisville and the former Jefferson County Fiscal Court merged on January 6, 2003, Metro Government is implementing this pronouncement beginning with the year of merger in order to avoid comparability issues.
- (2) Personal Income for 2010 is an estimate based on the average annual percentage increase over the last ten years. Personal Income for 2009, which had been an estimate, has been changed to reflect published figures as of April 2010.
- (3) During fiscal year 2009 all remaining outstanding First Mortgage Revenue Bonds were refunded in full. See Note 8 in the Notes to the Financial Statements for further details on the refunding transactions.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**Last Eight Fiscal Years (since Merger) (1)**

<b>Fiscal Year</b>	<b>Population (2)</b>	<b>Assessed Value</b>	<b>General Obligation Bonds</b>	<b>Ratio of General Bonded Debt to Assessed Value</b>	<b>General Bonded Debt Per Capita</b>
2003	695,843	\$ 55,306,737,301	\$ 254,041,148	0.46%	365
2004	698,059	57,601,039,226	242,476,886	0.42%	347
2005	698,903	59,701,255,363	255,164,338	0.43%	365
2006	699,827	62,478,548,371	235,345,580	0.38%	336
2007	701,500	67,115,159,813	247,852,649	0.37%	353
2008	709,264	70,010,705,206	226,893,208	0.32%	320
2009	713,877	73,629,344,788	275,186,966	0.37%	385
2010	721,594	74,398,978,196	354,445,388	0.48%	491

Source: US Census Bureau website: [www.census.gov](http://www.census.gov)

- (1) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information. Since the former City of Louisville and the former Jefferson County Fiscal Court merged on January 6, 2003, Metro Government is implementing this pronouncement beginning with the year of merger in order to avoid comparability issues.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**

**PLEDGED REVENUE COVERAGE**

**Last Eight Fiscal Years (since Merger) (1)**

Fiscal Year	First Mortgage Revenue Bonds				Lease Revenue Bonds			
	Gross Revenue (2)	Debt Service		Coverage	Gross Revenue (2)	Debt Service		Coverage
		Principal (3)	Interest			Principal (4)	Interest	
2003	\$ 3,553,871	\$ 1,625,000	\$ 1,947,959	0.99	\$ 7,649,620	\$ 3,645,000	\$ 4,004,820	1.00
2004	3,570,582	1,714,500	1,857,240	1.00	7,132,819	3,800,000	3,332,963	1.00
2005	3,563,081	1,800,000	1,760,475	1.00	4,487,594	1,290,000	3,196,519	1.00
2006	2,934,383	1,286,500	1,645,430	1.00	4,486,909	1,355,000	3,129,439	1.00
2007	2,902,850	1,350,000	1,552,433	1.00	2,810,307		1,998,724	1.41
2008	2,898,058	1,420,000	1,479,930	1.00	4,048,781	1,640,000	2,448,179	0.99
2009	2,904,294	1,500,000	1,402,233	1.00	8,865,673	6,505,000	2,448,179	0.99
2010					9,046,194	6,690,000	2,368,179	1.00

Note: Metro Government makes annual lease payments in amounts sufficient to pay the required principal and interest payments on the First Mortgage Revenue Bonds and the Lease Revenue Bonds.

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- (2) Gross revenues include lease income and nonoperating interest income in debt service and debt service reserve funds.
- (3) Fiscal year 2005 excludes \$225,000 in refunded principal on the First Mortgage Revenue Bonds paid from a pre-funded escrow account. Fiscal year 2006 excludes \$685,000 in refunded principal and \$105,000 in current principal due on the First Mortgage Bonds paid from proceeds of capital asset sales. Fiscal year 2009 excludes \$23,760,000 in refunded principal on the Series 1998A and 1998B First Mortgage Revenue Bonds paid from proceeds of general obligation refunding bonds. As of June 30, 2009, there were no longer any First Mortgage Revenue Bonds outstanding.
- (4) In fiscal year 2007, excess revenues received for the Lease Revenue Bonds were paid to an escrow agent as partial payment in the refunding of all the outstanding Series 1997 Lease Revenue Bonds.

**LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT  
 DEMOGRAPHIC & ECONOMIC INDICATORS  
 POPULATION GROWTH  
June 30, 2010**

<u>Area</u>	<u>1990</u>	<u>2000</u>	<u>% Change 1990-2000</u>	<u>Estimated (1)</u>		<u>% Change 1990-2009</u>
				<u>2008</u>	<u>2009</u>	
Louisville/Jefferson County	664,937	693,604	4.3%	713,877	721,594	8.5%
Kentucky	3,685,296	4,041,769	9.7%	4,269,245	4,314,113	17.1%
United States	248,709,873	281,421,906	13.2%	304,059,724	307,006,550	23.4%

Source: US Census Bureau website: [www.census.gov](http://www.census.gov)

(1) Estimated population amounts for 2010 were not available from the Census Bureau.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
PRINCIPAL EMPLOYERS  
Current Year and Nine Years Ago**

<b>Employer</b>	<b>Industry/Product</b>	<b>June 30, 2010</b>			<b>June 30, 2001</b>		
		<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Employment</b>
United Parcel Service, Inc.	Diversified Distribution/Logistics Services	20,560	1	3.59%	16,338	1	2.78%
Jefferson County Public Schools	K-12 Public Education	13,917	2	2.43%	13,467	2	2.29%
Humana, Inc.	Healthcare	9,854	3	1.72%	4,665	10	0.79%
Norton Healthcare, Inc.	Healthcare	7,978	4	1.39%	5,877	5	1.00%
Jewish Hospital & St. Mary's Healthcare, Inc.	Healthcare	6,203	5	1.08%	4,995	7	0.85%
Ford Motor Company	Automotive Manufacturer	5,929	6	1.03%	9,832	3	1.67%
University of Louisville	Higher Education	5,866	7	1.02%	4,898	8	0.83%
Louisville Metro Government	Government Services	5,639	8	0.98%			
GE Consumer & Industrial	Household Appliance Manufacturer	5,000	9	0.87%	7,446	4	1.27%
The Kroger Company	Retail Grocer	4,784	10	0.83%	4,700	9	0.80%
Kentucky State Government	Government Services				5,405	6	0.92%
<b>Total</b>		<b>85,730</b>		<b>14.96%</b>	<b>77,623</b>		<b>13.20%</b>

Source: Business First of Louisville  
Bureau of Labor Statistics website: [www.bls.gov](http://www.bls.gov)

Note: Employee counts and employment figures are based on the eight county Louisville Metropolitan Statistical Area.

**LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT  
NUMBER OF GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
June 30, 2010 (1)**

	Full-Time Equivalent Employees as of June 30, (2) (5)						
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Government:							
Metro Council	80	81	85	80	79	82	79
Mayor's Office	33	31	31	29	28	27	28
Policy and Strategic Planning	6	6	7	4	7	6	
County Attorney	106	104	102	96	94	90	96
Other Elected Officials	69	67	64	64	64	40	35
Public Protection:							
Fire (3)	646	624	553	547	529	538	498
Emergency Medical Services (3)	131	186	278	253	257	266	247
Emergency Management (4)	26	26	171	160	169	180	193
Corrections	524	545	569	582	577	563	551
Youth Detention Services	130	128	129	129	130	133	132
Animal Control Services	37	37	41	48	48	45	49
Criminal Justice Commission	6	5	5	5	5	4	4
Public Protection Cabinet	1	1	1				
Police (4)	1,547	1,605	1,514	1,480	1,511	1,502	1,485
Economic Development:							
Metro Development Authority	54	67	66	63	65	76	65
Redevelopment Authority	2	2	1				
Air Pollution Control	57	57	62	65	63	66	68
Community Development	15	15	12	7			
Codes & Regulations:							
Inspections, Permits and Licenses	138	141	138	132	127	121	118
Planning and Design Services	59	62	64	64	50	49	46
Parks & Recreation	612	593	576	566	476	529	570
Housing & Family Services:							
Housing	58	56	58	58	51	52	56
Human Services	189	183	173	155	107	80	75
Community Action Partnership	94	99	96	94	92	118	109
Public Health & Wellness	320	320	321	302	288	280	293
Neighborhoods	41	48	44	44	75	46	
Public Works & Assets:							
Public Works	274	257	223	221	228	263	306
General Services Administration	203	197	220	223	209	202	202
Solid Waste Management Services	252	244	243	238	216	216	198
Information Technology	49	49	59	66	68	69	62
Office of Management & Budget	124	116	114	113	107	105	115
Human Resources	53	49	49	44	47	43	37
Related Agencies:							
Human Relations Commission	19	18	17	16	15	17	16
Kentuckiana Works (6)	18	14	11	12	14		
Louisville Free Public Library	283	287	289	276	268	237	234
Louisville Zoological Gardens	189	187	180	184	193	235	249
Internal Audit	8	8	8	8	8	5	8
Waterfront Development Corporation	14	14	67	112	66	77	87
<b>Total</b>	<u>6,467</u>	<u>6,529</u>	<u>6,641</u>	<u>6,540</u>	<u>6,331</u>	<u>6,362</u>	<u>6,311</u>

- (1) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information. Since the former City of Louisville and the former Jefferson County Fiscal Court merged on January 6, 2003, Metro Government is implementing this pronouncement beginning with the year of merger in order to avoid comparability issues.
- (2) During fiscal year 2008, a reorganization of departments was implemented by the Metro Government. Numbers of employees have been reclassified to conform to the current year presentation.
- (3) In 2006, certain Fire Department employees were transferred into Emergency Medical Services.
- (4) In 2006, the communication division of the Police Department was transferred to the Emergency Management Agency.
- (5) Numbers represent actual employees for the last pay period of each fiscal year, with full-time employees counted at 100% and part-time and seasonal employees counted at 50%.
- (6) In 2009, Kentuckiana Works was brought under the Metro Development Authority.
- (7) In fiscal year 2010, Neighborhoods was dissolved and its employees were transferred to Parks & Recreation.

**LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT**  
**MISCELLANEOUS OPERATING INDICATORS AND CAPITAL ASSET INFORMATION**  
June 30, 2010 (1)

Date Founded (City of Louisville) 1778  
 Date of Incorporation (City of Louisville) 1828  
 Date of City/County Merger 2003  
 Form of Government Mayor/Council  
 Area in Square miles 386

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Public Works</b>							
Miles of streets maintained	3,000	3,000	3,000	3,000	3,025	2,540	2,540
Miles of streets paved	125	138	153	231	175	42	37
Number of potholes filled	21,618	29,809	30,000	14,000	18,175	15,098	27,667
Overlay and pavement repairs (sq ft) (2)				203,000	123,274	71,147	150,329
<b>General Services Administration</b>							
Number of vehicles maintained (3)				2,587	2,590	2,578	2,569
Number of buildings maintained	67	67	67	67	68	73	68
<b>Solid Waste Management Services</b>							
Tons recycled	15,844	18,724	19,761	21,149	18,597	10,462	14,472
Tons composted	20,149	20,594	16,570	19,507	13,085	9,582	17,045
Tons landfilled	136,900	146,521	200,455	206,556	206,146	96,754	122,291
<b>Inspections, Permits and Licenses</b>							
Number of inspections performed	90,961	160,023	162,545	164,467	179,118	183,330	174,540
Number of permits issued (4)		48,351	48,351	40,942	49,464	44,845	68,131
<b>Planning and Design Services (5)</b>							
Number of zoning adjustments					135	96	98
Number of plans submitted					1,179	1,340	1,297
<b>Parks</b>							
Community centers	17	17	17	17	17	15	15
Number of parks	123	123	123	123	123	124	124
Park acreage	14,000	14,000	14,000	14,000	14,000	15,000	15,000
Golf courses	9	9	9	9	9	9	9
Swimming pools	12	12	12	11	5	5	5
Tennis courts	172	172	172	172	172	155	155
Number of walking trails/bike paths	40	40	40	40	41	33	33
<b>Zoo and Louisville Nature Center</b>							
Total acreage	151	151	151	151	151	151	151
Area developed in acres	90	90	90	90	90	88	90
Number of animals	1,300	1,300	1,300	1,300	1,300	1,747	1,761
Number of visitors	783,657	757,517	741,930	810,546	818,129	835,807	792,248
<b>Libraries</b>							
Number of branches	16	16	16	16	16	16	17
Number of library card holders	325,524	343,043	358,927	470,000	457,979	460,247	481,591
Number of computers	402	410	470	455	470	495	483
Number of items in circulation	1,291,907	1,348,846	1,348,747	1,288,941	1,264,123	1,418,570	1,366,625
Number of items borrowed	3,807,578	3,827,835	4,065,233	4,193,574	4,427,416	4,104,396	3,725,258
<b>Fire Protection (Urban Service District)</b>							
Number of stations	22	22	22	22	22	21	22
Number of incidents (calls answered)	11,198	10,960	9,488	11,478	11,654	14,777	11,917
Number of medical runs	11,481	9,090	7,923	9,850	13,063	21,904	20,639
Number of fires extinguished	2,400	1,829	1,995	1,975	1,829	1,856	1,392
Number of home inspections conducted	12,316	12,132	11,053	13,470	13,474	18,245	12,995
Number of building inspections conducted	9,740	11,024	7,708	8,992	8,343	5,833	4,310
<b>Police Protection</b>							
Number of active patrol units	802	802	802	848	859	885	827
Number of incidents (calls answered) (6)				494,140	535,550	512,847	509,072
Number of arrests	29,746	38,919	46,726	52,024	47,315	55,349	58,898
Number of citations (7)	92,997	80,728	86,426	81,780	88,497	106,347	19,097
<b>Corrections</b>							
Number of prisoners	39,046	39,242	35,375	45,000	46,105	45,570	46,263
Number of beds	1,919	1,919	1,919	1,919	1,919	1,961	1,919
<b>Youth Detention</b>							
Number of youth monitored	792	780	828	852	964	799	836
Number of youth housed	1,682	1,980	2,104	2,045	1,790	1,674	1,879
<b>Health</b>							
Number of clinics	12	12	12	12	12	12	11
Number of services provided	314,696	445,676	454,022	429,610	422,634	401,690	440,750
<b>EMS</b>							
Number of dispatches	93,195	92,816	111,627	140,086	136,977	129,684	109,938
Number of transports	51,420	52,913	54,073	60,282	64,901	62,200	65,236
<b>Animal Services</b>							
Licensed pets	67,293	63,310	58,510	85,000	72,995	63,136	53,097
Number of animals spayed/neutered	899	1,063	2,058	1,800	3,886	3,776	3,030
Number of pets adopted	899	1,063	1,943	1,200	1,395	2,453	2,244

(continued)

**LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT  
MISCELLANEOUS OPERATING INDICATORS AND CAPITAL ASSET INFORMATION**

June 30, 2010 (1)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Housing</b>							
Number of downtown market rate housing units	1,726	1,777	1,912	2,004	2,047	2,218	2,218
<b>Community Action Partnership</b>							
Number of families assisted	16,562	17,892	18,479	14,849	15,722	20,887	22,418
Number of individuals assisted	40,117	42,760	44,187	33,981	36,500	48,170	51,423
<b>Louisville Water Company</b>							
Number of residential customers	235,906	238,893	241,938	244,478	246,145	245,649	247,192
Annual residential consumption (1,000 Gallons)	15,655,594	17,089,874	17,089,874	15,305,832	17,479,922	16,390,030	14,973,777
Number of commercial and industrial customers	22,593	22,708	22,940	23,546	23,825	24,571	24,504
Annual comm. and ind. consumption (1,000 Gallons)	19,660,093	19,501,479	19,968,030	18,823,270	20,303,307	19,327,579	17,785,370
Number of fire hydrants	18,882	19,471	19,931	20,467	20,809	21,120	21,323
<b>Parking Authority of River City, Inc.</b>							
Number of PARC garages	11	12	12	12	12	12	13
Number of PARC surface lots	4	4	4	4	3	3	3
Number of parkers	7,055	7,067	7,345	7,332	8,322	8,777	9,399
<b>Transit Authority of River City</b>							
Total ridership	15,286,298	14,657,752	15,835,796	16,280,662	16,364,856	15,070,578	14,405,530
Total miles driven	11,482,333	11,909,817	12,163,639	12,167,757	12,072,337	12,169,443	11,901,732
Total hours driven	757,968	766,821	784,215	812,549	810,921	781,544	767,926
Buses in service	270	274	265	277	276	249	321
Number of hybrid buses (8)						12	21
Number of routes	55	55	53	52	51	54	49
<b>Metropolitan Sewer District</b>							
Miles of sewers	2,959	3,035	3,099	3,133	3,200	3,197	3,207
Number of treatment plants	25	25	23	21	21	21	21
Number of service connections	216,551	220,599	222,698	224,654	226,430	226,711	228,580
Daily average treatment (mgd)	143	145	155	134	152	127	143
Daily treatment capacity (mgd)	162	162	173	172	174	174	174
(mgd - millions of gallons per day)							
<b>Facilities and services not included in the reporting entity:</b>							
<b>Jefferson County Public Schools</b>							
Total enrollment	97,010	97,278	97,518	98,087	97,988	98,999	98,963
Number of elementary schools	87	87	87	87	89	89	89
Number of middle schools	23	22	22	22	22	23	23
Number of high schools	20	19	19	19	19	19	18
Number of instructors (9)			5,267	5,383	5,363	5,468	5,386

- (1) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information. Since the former City of Louisville and the former Jefferson County Fiscal Court merged on January 6, 2003, Metro Government is implementing this pronouncement beginning with the year of merger in order to avoid comparability issues.
- (2) During fiscal year 2007, the Public Works Department changed the method of reporting and tracking pothole repairs. Pothole repairs are now reported for any repair 2' x 2' or smaller and overlay and pavement repairs are anything larger than 2' x 2'.
- (3) Fiscal year 2007 was the first year information related to number of vehicles maintained has been included with Metro Government's financial reports. Due to system limitations, information for fiscal years 2004-2006 was not available and therefore has not been included.
- (4) Fiscal year 2005 was the first year information related to number of permits issued has been included with Metro Government's financial reports. Due to system limitations, information for fiscal years 2004 was not available and therefore has not been included.
- (5) Fiscal year 2008 was the first year information related to Planning and Design Services has been included with Metro Government's financial reports. Due to system limitations, information for fiscal years 2004-2007 was not available and therefore has not been included.
- (6) Fiscal year 2006 was the first year that number of incidents have been included with Metro Government's financial reports. Archived information was not transferred to the new dispatch system and therefore information for fiscal years 2004-2005 was not available.
- (7) Fiscal year 2010 was the first year that the number of paper citations was not available and therefore has not been included.
- (8) Transit Authority of River City added hybrid buses in 2008.
- (9) This information was not archived prior to fiscal year 2006 and therefore is not reported.