

# setting a course

## Comprehensive Annual Financial Report

Louisville/Jefferson County Metro Government

Commonwealth of Kentucky | July 1, 2011–June 30, 2012



A balanced spending plan  
Bold investments in the future  
Strategic plans for more  
efficient government



GREG FISCHER, MAYOR

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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



**Fiscal Year Ended June 30, 2012**

**GREG FISCHER  
Mayor**

Prepared by:  
Office of Management & Budget

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 For the Fiscal Year Ended June 30, 2012**

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
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OFFICE OF THE MAYOR  
LOUISVILLE, KENTUCKY

**GREG FISCHER**  
MAYOR

December 14, 2012

To the citizens of Louisville,

I am pleased to present the Comprehensive Annual Financial Report of the Louisville/Jefferson County Metro Government ("Metro Government") for the fiscal year ended June 30, 2012. This financial report details how Metro Government has managed the resources entrusted to us by our fellow citizens.

It is our responsibility to construct a sound foundation for long-term fiscal health. This is accomplished by implementing sound fiscal practices, exercising good stewardship of resources and properly accounting for those resources and assets of Metro Government. As a result of prudent fiscal management, our revenue exceeded our expenditures, resulting in an increase of \$950,000 to our undesignated fund balance. At the close of fiscal year 2012, the undesignated fund balance was \$62.4 million, which represents 12 percent of total general fund expenditures.

As a result of our continued strong financial operations and management policies, the nation's most respected credit rating agencies, Moody's, Standard and Poor's and Fitch have rated Metro Government among the highest rated large cities in America with Aa1, AA+ and AAA, respectively.

We must make decisions today to ensure that our city remains strong tomorrow. These are the issues that my team is focusing on every day. We face difficult choices, but we face them together. We will continue to work to grow economic activity that leads to a healthy tax base. We will also continue to make reasonable and prudent changes that will reduce expenses.

Thank you for your support.

Sincerely,

Greg Fischer  
Mayor



OFFICE OF MANAGEMENT AND BUDGET  
LOUISVILLE, KENTUCKY

GREG FISCHER  
MAYOR

STEVE ROWLAND  
CHIEF FINANCIAL OFFICER

December 14, 2012

To the citizens of Louisville:

As the Chief Financial Officer of the Louisville/Jefferson County Metropolitan Government (“Metro Government”), I have the distinct pleasure of submitting the Comprehensive Annual Financial Report (“CAFR”) for the year ended June 30, 2012.

Responsibility for the accuracy, completeness and fairness of the data, including all disclosures, rests with the management of Metro Government. I have overseen completion of this CAFR, and 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 this government. All disclosures necessary to enable the reader to gain an understanding of the 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.

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. 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. Metro Government is governed by an elected Mayor and the Metro Council composed of twenty-six council members. 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 Metro Government has divided operations among five senior staff reporting directly to the Mayor.

Among the services that Metro Government provides are 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 reporting under Generally Accepted Accounting Principles (“GAAP”). On or before June 1 of each year, in accordance with state statute, the Mayor proposes an Executive Budget to the Metro Council. On or before June 30 of each year, in accordance with 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 enact 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 Metro Government is prepared annually to include a program of proposed capital expenditures for the ensuing fiscal year.

Metro Government undertakes long-term financial planning through the development of an internal 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 government's most recently adopted 6-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 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 2012 CAFR reflects a government that continues to be financially strong. During fiscal year 2012, Metro Government continued the recovery that began during the second half of fiscal year 2010. Metro Government has experienced ten straight quarters of growth in wage withholding revenue. In addition, Metro Government increased its unassigned fund balance by \$950,000 to \$62.4 million.

To gather a more complete understanding of the fiscal condition of Metro Government, 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 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 GAAP. 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 funding, 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.

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 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. 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.

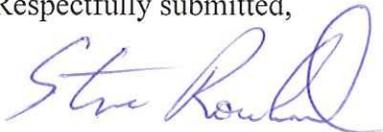
## **OTHER INFORMATION**

**Independent Audit.** Kentucky law (KRS 64.810) allows the Auditor of Public Accounts ("APA") to perform the annual audit of the funds of Metro Government. The APA has granted permission for Metro Government to employ a private certified public accounting firm to conduct the audits of the basic financial statements for fiscal year 2012.

**Awards.** The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Metro Government for the 2011 CAFR. In order to be awarded a Certificate of Achievement, Metro Government published an easily readable and efficiently organized CAFR. The report satisfied both GAAP and applicable legal requirements.

**Acknowledgments.** The preparation of the 2012 CAFR for 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. In addition, I would like to thank Crowe Horwath, without whose efficient services, this report could not have been presented on a timely basis.

Respectfully submitted,



Steve Rowland  
Chief Financial Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Louisville-Jefferson County  
Metro Government, Kentucky

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting



*Christopher P. Morrell*

President

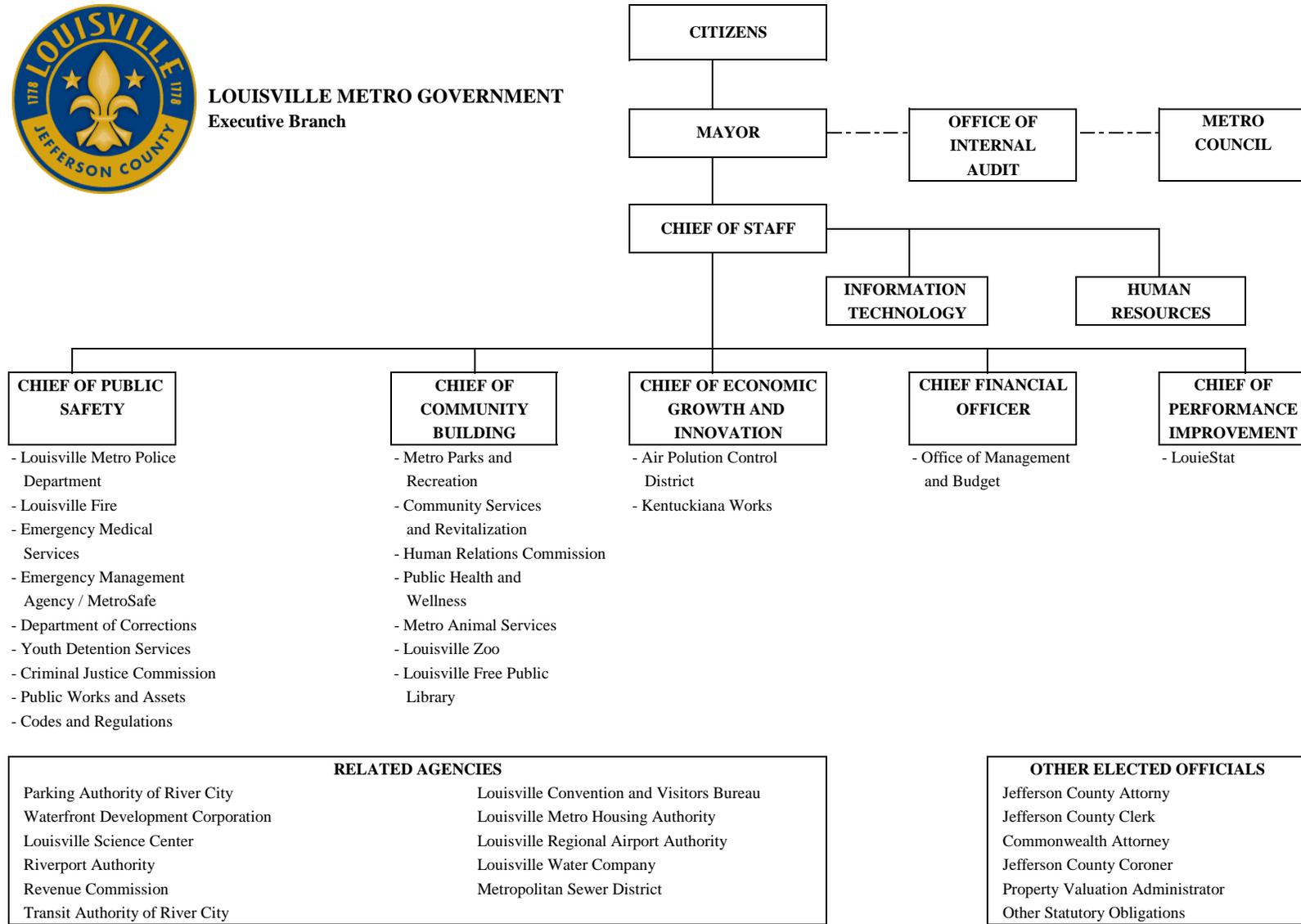
*Jeffrey R. Emer*

Executive Director

# LOUISVILLE METRO GOVERNMENT ORGANIZATION CHART



**LOUISVILLE METRO GOVERNMENT**  
Executive Branch



# LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT



Fiscal Year Ended June 30, 2012

HONORABLE GREG FISCHER ..... MAYOR

## METRO COUNCIL MEMBERS

ATTICA SCOTT .....	DISTRICT 1
BARBARA SHANKLIN .....	DISTRICT 2
MARY C. WOOLRIDGE .....	DISTRICT 3
DAVID TANDY .....	DISTRICT 4
CHERI BRYANT HAMILTON .....	DISTRICT 5
DAVID JAMES .....	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 AUBREY WELCH .....	DISTRICT 13
ROBERT HENDERSON .....	DISTRICT 14
MARIANNE BUTLER .....	DISTRICT 15
KELLY DOWNARD .....	DISTRICT 16
GLEN STUCKEL .....	DISTRICT 17
JON ACKERSON .....	DISTRICT 18
JERRY MILLER .....	DISTRICT 19
STUART BENSON .....	DISTRICT 20
DAN JOHNSON .....	DISTRICT 21
ROBIN ENGEL .....	DISTRICT 22
JAMES PEDEN .....	DISTRICT 23
MADONNA FLOOD .....	DISTRICT 24
DAVID YATES .....	DISTRICT 25
BRENT ACKERSON .....	DISTRICT 26

## OFFICE OF MANAGEMENT AND BUDGET

STEVE ROWLAND ..... CHIEF FINANCIAL OFFICER  
ANGELA DUNN ..... DIRECTOR OF ACCOUNTING

## Report of Independent Auditors

Honorable Greg Fischer, Mayor, and  
The Louisville Metro Council  
Louisville, Kentucky

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, 2012, 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, Waterfront Development Corporation 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. These entities represent approximately 2% of the total component unit assets and 18% of component program revenues.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Metro Government's internal control over financial reporting. Accordingly, we express no such opinion. 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 above 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages 5 through 12, the required supplemental information including the budgetary comparison information on page 83, and the pension information related to the schedule of funding progress on page 84 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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. 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 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. This 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 financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Crowe Horwath LLP*

Crowe Horwath LLP

Louisville, Kentucky  
December 14, 2012





**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
For the Year Ended June 30, 2012**

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, 2012. 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 \$593 million at the close of fiscal year 2012. This amount includes a deficit of approximately \$73.7 million in unrestricted net assets.
- Total net assets decreased by \$20.8 million.
- At the end of fiscal year 2012, Metro Government's governmental funds reported a combined ending fund balance of approximately \$189.9 million. This was a decrease of approximately \$21.4 million from the end of fiscal year 2011.
- At the end of fiscal year 2012, unassigned general fund balance was \$62.4 million or approximately 12% 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 of the primary government 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 in assessing the overall health of the Metro Government, such as changes in the Metro Government's property tax base and the condition of the Metro Government's capital assets (roads, buildings, etc.).

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued  
For the Year Ended June 30, 2012**

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

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 2012.

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, the Louisville Science Center, Inc., and the Waterfront Development Corporation 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 or to show that Metro Government is meeting legal responsibilities for using certain taxes, grants, and other money.

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.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued  
For the Year Ended June 30, 2012**

*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.

*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 83. Metro Government presents combining financial statements for the nonmajor, internal service, and agency funds as other supplementary information. This information begins on page 86.

**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 \$593 million at June 30, 2012.

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

(amounts in thousands)

	<b>Governmental Activities</b>		<b>Total Percentage Change</b>
	<b>2011</b>	<b>2012</b>	<b>2011-2012</b>
Current and other assets	\$ 325,690	\$ 304,774	-6.4%
Capital assets	843,778	826,122	-2.1%
<b>Total assets</b>	<b>1,169,468</b>	<b>1,130,896</b>	<b>-3.3%</b>
Long-term liabilities	486,602	457,056	-6.1%
Other liabilities	68,861	80,615	17.1%
<b>Total liabilities</b>	<b>555,463</b>	<b>537,671</b>	<b>-3.2%</b>
Net assets			
Invested in capital assets, net of related debt	564,365	561,495	-0.5%
Restricted	117,847	105,432	-10.5%
Unrestricted	(68,207)	(73,702)	8.1%
<b>Total net assets</b>	<b>\$ 614,005</b>	<b>\$ 593,225</b>	<b>-3.4%</b>

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued  
For the Year Ended June 30, 2012**

Current and other assets decreased by 6.4% primarily due to the change in Investments. Other liabilities increased 17.1% mainly as a result of increases due to other governmental agencies and accrued payroll.

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:

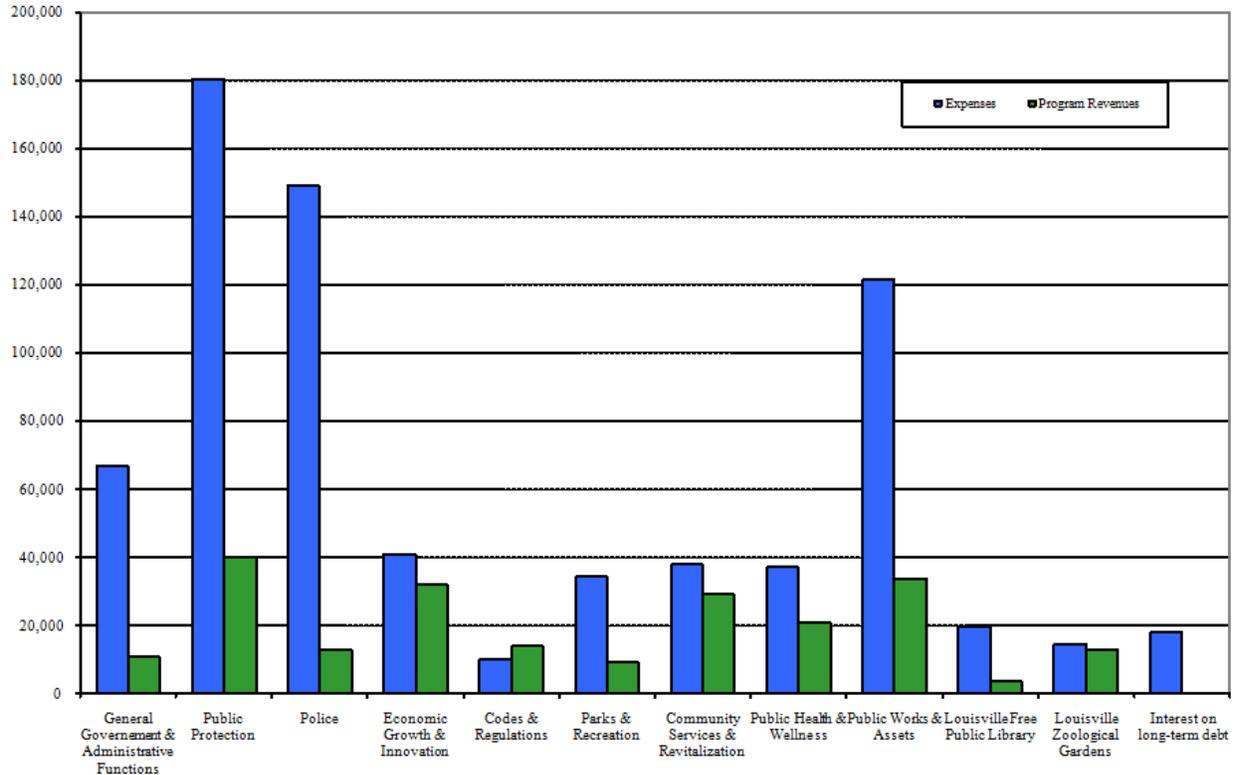
**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
CHANGES IN NET ASSETS  
For the Year Ended June 30  
(amounts in thousands)**

	<b>Governmental Activities</b>		<b>Total Percentage Change</b>	<b>Amount change</b>
	<b>2011</b>	<b>2012</b>	<b>2011-2012</b>	<b>2011-2012</b>
<b>Revenues</b>				
Program revenues:				
Charges for services	\$ 113,158	\$ 89,212	-21.2%	\$ (23,946)
Operating grants and contributions	92,109	99,654	8.2%	7,545
Capital grants and contributions	47,353	30,008	-36.6%	(17,345)
General revenues:				
Property taxes	135,553	134,926	-0.5%	(627)
Other taxes	304,471	311,922	2.4%	7,451
Other	41,357	44,299	7.1%	2,942
<b>Total revenues</b>	<b>734,001</b>	<b>710,021</b>	<b>-3.3%</b>	<b>(23,980)</b>
<b>Expenses</b>				
General Government &				
Administrative Functions	71,055	66,889	-5.9%	(4,166)
Public Safety	165,249	180,561	9.3%	15,312
Police	146,110	149,204	2.1%	3,094
Economic Growth & Innovation	46,807	40,715	-13.0%	(6,092)
Codes & Regulations	10,261	10,163	-1.0%	(98)
Parks & Recreation	27,335	34,428	25.9%	7,093
Community Services & Revitalization	48,009	37,987	-20.9%	(10,022)
Public Health & Wellness	26,098	37,287	42.9%	11,189
Public Works & Assets	115,038	121,557	5.7%	6,519
Louisville Free Library	18,606	19,776	6.3%	1,170
Louisville Zoological Gardens	13,025	14,348	10.2%	1,323
Waterfront Development	5,516	-		
Interest on long-term debt	19,397	17,886	-7.8%	(1,511)
<b>Total expenses</b>	<b>712,506</b>	<b>730,801</b>	<b>2.6%</b>	<b>18,295</b>
<b>Increase (decrease) in net assets</b>	<b>21,495</b>	<b>(20,780)</b>		<b>(42,275)</b>
Net assets--beginning	595,811	614,005		18,194
Prior period adjustment	(3,301)	-		3,301
Net assets--ending	<b>\$ 614,005</b>	<b>\$ 593,225</b>		<b>\$ (20,780)</b>

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued  
For the Year Ended June 30, 2012**

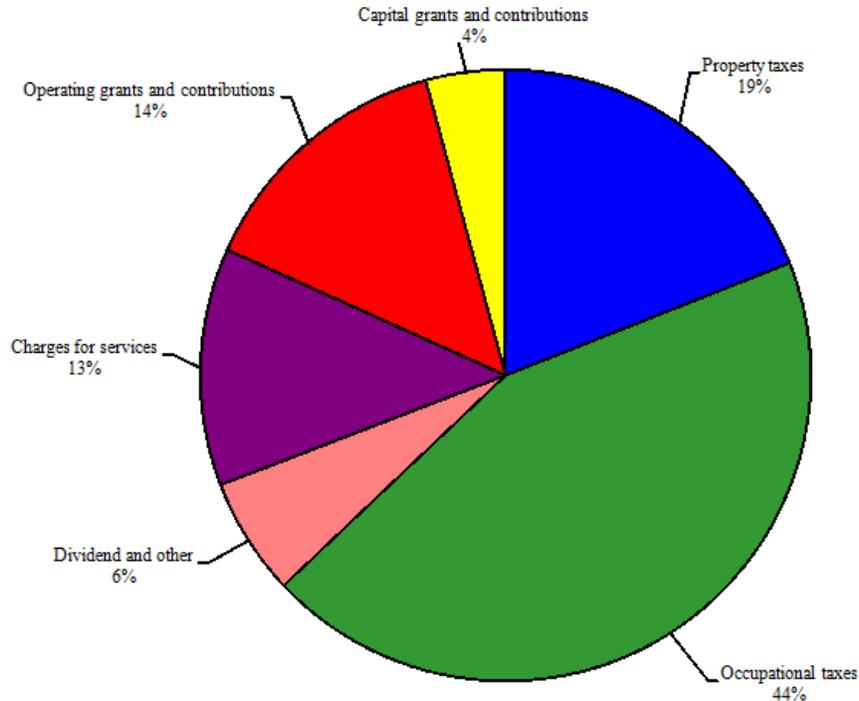
Government-wide net assets decreased \$20.8 million in fiscal year 2012 versus an increase of \$18.2 million in the prior fiscal year. Total revenue decreased \$24.0 million and total expenses increased \$18.3 million over fiscal year 2011. Metro Government experienced the largest decreases of revenue through the collection of intergovernmental revenue and charges for services. There was a slight decrease in revenue from the collection of property taxes as well as grants and contributions. Occupational taxes are directly related to the employment level in the community. Unemployment for metro Louisville was 8.9% at June 30, 2012.

Expenses and Program Revenue – Governmental Activities – For the Year Ended June 30, 2012:



**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued  
For the Year Ended June 30, 2012**

Revenues by Source – Governmental Activities – For the Year Ended June 30, 2012:



**Financial Analysis of Governmental Funds**

At the close of fiscal year 2012, Metro Government's governmental funds reported a combined ending fund balance of approximately \$189.9 million. This is a decrease of \$21.4 million from fiscal year 2011. 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 \$62.4 million of unassigned fund balance available in the General Fund at June 30, 2012. Unassigned fund balance of the General Fund (Metro Government's main operating fund) represents approximately 12% of total general fund expenditures for fiscal year 2012.

The General Fund's fund balance decreased \$341,799 during fiscal year 2012 as compared to a decrease of \$4.4 million in fiscal year 2011. The prior year decrease is primarily the result of \$4.3 million appropriated from the unassigned General Fund balance to satisfy the judgment related to litigation by the Louisville Fire Department for overtime pay.

The Special Revenue Fund's fund balance increased \$2.3 million during fiscal year 2012 as compared to an increase of \$14.7 million in fiscal year 2011. Current year revenues were down \$25.4 million from 2011 revenues, while current year expenditures were down \$13.5 million from 2011 expenditures. The overall decrease in 2012 was primarily related to a decrease in

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued  
For the Year Ended June 30, 2012**

revenue received from other governmental agencies. The overall increase in 2011 was primarily related to a prior period adjustment to reflect a change in revenue recognition

The Capital Projects Fund's fund balance decreased \$17.4 million during fiscal year 2012 as compared to a \$16.7 million decrease in fiscal year 2011. Compared to 2011, donation revenues in the Capital Project Fund decreased by \$4.7 million. Expenditures of the Capital Projects Fund were lower than fiscal year 2011 as a result of fewer planned expenditures due to continued economic sluggishness.

**General Fund Budgetary Highlights**

Actual expenditures were \$73.5 million below the final budgeted amounts. The largest variances between budget and actual amounts relate to fleet and depreciation adjustments which were approximately \$32.4 million in fiscal year 2012. 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 financial statements 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 recorded as expenditures in the debt service funds. This resulted in a variance of \$20.1 million from the budgeted expenditure to the actual expenditure. Departmental expenditures were under budget due to required departmental reductions in spending as a result of a shortfall in revenue collections.

**Capital Asset And Debt Administration**

Capital Assets

Metro Government held \$826.1 million of capital assets, net of accumulated depreciation at June 30, 2012. Depreciation charges for fiscal year 2012 totaled \$49.6 million.

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

	<u>2011</u>	<u>2012</u>	<u>Total Percentage Change 2011-2012</u>
Land	\$ 310,977,120	\$ 310,015,348	-0.3%
Land improvements	46,031,249	56,665,848	23.1%
Buildings	217,237,485	238,784,927	9.9%
Machinery and equipment	27,770,382	36,311,595	30.8%
Vehicles	28,075,997	24,554,094	-12.5%
Collections and works of art	2,907,851	1,292,493	-55.6%
Infrastructure	81,019,472	83,008,615	2.5%
Construction in progress	129,758,247	75,489,478	-41.8%
Total	\$ 843,777,803	\$ 826,122,398	-2.1%

Land improvements increased primarily due to improvements to a number of local parks including Phase III of the Waterfront Park. Machinery and equipment increased primarily due to

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued  
For the Year Ended June 30, 2012**

the purchase of large equipment by several Metro Government agencies. See Note 4 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>2011</b>	<b>2012</b>	<b>Total Percentage Change 2011-2012</b>
General obligation debt	\$ 335,457	\$ 305,472	-8.9%
Revenue bonds	92,231	87,277	-5.4%
Total	\$ 427,688	\$ 392,749	-8.2%

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 decreased by \$34.9 million. Additional information on the Metro Government's long-term debt activity can be found in Note 8 of this report.

**Future Economic Factors**

The most recent unemployment rate for Metro Louisville (October 2012) was 7.8% compared to the national unemployment rate of 7.9%; however, regionally the Metropolitan Statistical Area has approximately 624,100 jobs compared to approximately 607,700 in October 2011. Metro Government's fiscal year 2013 budget projects growth of 2.9% in the General Fund based on relatively flat real property tax assessments and a continued modest recovery in growth rates for occupational license fees.

Metro Louisville has experienced 11 consecutive quarters of growth in the primary General Fund component of occupational license fees on employee wages (beginning in calendar quarter January 2010 through September 2012) which accounts for over 40% of the budgeted General Fund revenue annually. With the Bluegrass Economic Advancement Movement ("BEAM") initiative focused on advanced manufacturing jobs, Metro Louisville focuses not only on job growth, but on wage growth for skilled positions. It is anticipated that as the housing market recovers Metro Louisville's assessed real property values will begin to grow at closer to its historical long-term average in the 2.5% to 4.0% range in the next few years.

**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, 2012**

	<b>Primary Government</b>		<b>Component</b>
	<b>Governmental</b>		<b>Units</b>
	<b>Activities</b>		
<b>ASSETS</b>			
Cash and cash equivalents	\$ 147,890,353	\$	88,387,397
Investments	55,264,761		6,107,635
Receivables, net of allowance for uncollectible amounts	73,905,995		77,667,446
Inventories	673,189		19,369,452
Prepaid items and deferred charges	3,657,517		25,210,845
Assets restricted by bond indentures and other legal provisions	23,381,534		402,589,087
Non-utility property	-		232,534
Capital assets:	-		-
Land and improvements	319,394,422		39,687,774
Construction in progress	75,489,478		432,090,861
Works of art	255,000		-
Infrastructure	942,587,345		2,500,642,044
Other capital assets	660,061,004		1,651,204,182
Less accumulated depreciation	(1,171,664,851)		(1,365,182,049)
Capital assets, net	<u>826,122,398</u>		<u>3,258,442,812</u>
Total assets	<u>1,130,895,747</u>		<u>3,878,007,208</u>
<b>LIABILITIES</b>			
Accounts payable and accrued payroll	44,735,896		48,073,212
Accrued interest payable	2,153,941		15,933,910
Due to other government agencies	24,259,506		15,990,811
Unearned revenue	8,525,341		2,360,777
Other liabilities	940,370		8,584,348
Bond anticipation note	-		226,340,000
Long-term liabilities:	-		-
Due within one year	45,682,000		54,823,501
Due in more than one year	411,374,000		2,043,411,460
Total liabilities	<u>537,671,054</u>		<u>2,415,518,019</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	561,495,114		1,212,612,799
Restricted for:			
Capital projects	48,485,669		110,220,956
Debt service	1,188,444		294,298,267
Other purposes	55,758,063		-
Unrestricted	(73,702,597)		(154,642,833)
Total net assets	<u>\$ 593,224,693</u>	\$	<u>1,462,489,189</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, 2012**

<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:					
Metro Council	\$ 6,004,528	\$ 755	\$ 2,000	\$ -	\$ (6,001,773)
Mayor's Office	2,485,468	80	-	-	(2,485,388)
County Attorney	7,306,308	212,454	24,488	-	(7,069,366)
Other Elected Officials	8,559,913	348,948	213,832	-	(7,997,133)
Fire	59,931,150	-	1,856,529	1,135,878	(56,938,743)
Emergency Medical Services	24,607,608	15,827,599	10,169	88,871	(8,680,969)
Emergency Management/MetroSafe	28,042,525	2,613,266	1,857,106	4,245,613	(19,326,540)
Corrections	49,491,530	2,905,640	7,925,335	-	(38,660,555)
Youth Detention Services	9,171,139	23,835	86,826	-	(9,060,478)
Metro Animal Services	3,102,375	862,140	48,300	58,656	(2,133,279)
Criminal Justice Commission	1,478,451	-	531,027	-	(947,424)
Firefighters' Pension Fund	2,743,017	-	-	-	(2,743,017)
Policemen's Retirement Fund	1,993,037	-	-	-	(1,993,037)
Police	149,203,869	1,969,121	7,969,399	2,983,225	(136,282,124)
Economic Growth and Innovation	33,819,675	11,837,685	12,023,171	2,118,561	(7,840,258)
Air Pollution Control	6,894,861	3,502,857	2,600,689	19,134	(772,181)
Codes & Regulations	10,162,793	12,240,045	1,865,147	27,087	3,969,486
Parks & Recreation	34,427,841	5,972,338	447,587	2,604,193	(25,403,723)
Community Services and Revitalization	37,987,193	1,245,966	18,802,247	9,309,252	(8,629,728)
Public Health & Wellness	37,286,740	1,323,802	19,094,912	196,232	(16,671,794)
Public Works	121,557,241	7,468,009	21,603,096	4,661,274	(87,824,862)
Information Technology	11,410,236	2,195,642	-	-	(9,214,594)
Office of Management & Budget	25,968,370	7,298,090	62,961	-	(18,607,319)
Human Resources	3,683,658	-	-	-	(3,683,658)
Human Relations Commission	820,260	21,593	308,360	-	(490,307)
Louisville Free Public Library	19,776,057	814,997	1,451,099	1,260,602	(16,249,359)
Louisville Zoological Gardens	14,347,717	10,527,526	869,400	1,299,265	(1,651,526)
Internal Audit	651,188	-	-	-	(651,188)
Interest expense	17,886,190	-	-	-	(17,886,190)
Total governmental activities	<u>\$ 730,800,938</u>	<u>\$ 89,212,388</u>	<u>\$ 99,653,680</u>	<u>\$ 30,007,843</u>	<u>\$ (511,927,027)</u>
<b>Component units:</b>					
Louisville Water Company	\$ 132,795,778	\$ 148,193,236	\$ -	\$ 5,614,348	\$ 21,011,806
Parking Authority of River City, Inc.	12,217,420	17,104,537	322,951	-	5,210,068
Transit Authority of River City	76,564,557	11,681,223	63,278,219	-	(1,605,115)
Louisville and Jefferson County Riverport Authority	1,636,814	1,146,857	-	-	(489,957)
Metropolitan Sewer District	262,226,000	192,238,000	10,986,000	2,095,000	(56,907,000)
Louisville Science Center, Inc.	4,968,032	2,744,674	1,878,921	-	(344,437)
Waterfront Development Corporation	2,545,766	790,102	-	-	(1,755,664)
Total component units	<u>\$ 492,954,367</u>	<u>\$ 373,898,629</u>	<u>\$ 76,466,091</u>	<u>\$ 7,709,348</u>	<u>\$ (34,880,299)</u>

(Continued)

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

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**STATEMENT OF ACTIVITIES (continued)**  
**For the Year Ended June 30, 2012**

	<u>Primary Government Governmental Activities</u>	<u>Component Units</u>
Net (expense) revenue (from preceding page)	\$ (511,927,027)	\$ (34,880,299)
General revenues:		
Taxes:		
Property taxes, levied for general purposes	134,925,775	-
Occupational taxes	311,921,717	-
Investment income	803,261	31,121,270
Dividends	18,873,435	-
Other intergovernmental revenue	14,409,201	-
Gain on sale of assets	34,705	-
Other taxes	984,143	-
Miscellaneous	9,194,189	1,482,126
Total general revenues	<u>491,146,426</u>	<u>32,603,396</u>
Transfer	-	11,381,430
Change in net assets	(20,780,601)	9,104,527
Net assets--beginning	<u>614,005,294</u>	<u>1,453,384,662</u>
Net assets--ending	<u>\$ 593,224,693</u>	<u>\$ 1,462,489,189</u>

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

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2012**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 35,955,089	\$ 5,517,573	\$ 13,495,413	\$ 14,958,544	69,926,619
Investments	21,717,270	3,353,809	8,203,071	9,116,723	42,390,873
Receivables:					
Taxes receivable, less allowance for uncollectible amounts	2,410,981	-	-	-	2,410,981
Accounts receivable and accrued interest	19,793,073	278,983	47,564	-	20,119,620
Loans receivable, less allowance for uncollectible amounts	1,048,245	29,648,573	1,775,417	-	32,472,235
Notes receivable			2,415,349	-	2,415,349
Due from federal government	-	12,987,532	-	-	12,987,532
Due from state government	-	3,389,546	-	-	3,389,546
Due from other funds	28,563,099	-	-	140,760	28,703,859
Due from other agencies	-	110,732	-	-	110,732
Inventories	673,189	-	-	-	673,189
Prepaid items	479,928	37,503	-	-	517,431
Restricted assets:					
Cash and cash equivalents	-	-	22,193,090	1,188,444	23,381,534
Total assets	<u>\$ 110,640,874</u>	<u>\$ 55,324,251</u>	<u>\$ 48,129,904</u>	<u>\$ 25,404,471</u>	<u>\$ 239,499,500</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 11,670,744	\$ 5,433,742	\$ 1,725,600	\$ 140,626	\$ 18,970,712
Accrued payroll and withholdings	20,308,663	461,535	-	-	20,770,198
Due to other funds	201,885	-	-	-	201,885
Matured bonds and interest payable	-	-	-	140,760	140,760
Notes payable	-	-	2,000,000	-	2,000,000
Deferred revenue	2,410,981	3,947,890	-	-	6,358,871
Unearned revenue	179,759	-	-	-	179,759
Other liabilities	940,370	-	-	-	940,370
Total liabilities	<u>35,712,402</u>	<u>9,843,167</u>	<u>3,725,600</u>	<u>281,386</u>	<u>49,562,555</u>
<b>FUND BALANCES</b>					
Nonspendable	2,201,362	29,686,076	2,190,766	-	34,078,204
Restricted for:					
Debt service reserve	-	-	-	1,188,444	1,188,444
Other capital projects	-	-	22,193,090	-	22,193,090
Committed	5,516,769	14,477,155	-	-	19,993,924
Assigned to:					
Capital projects	4,336,681	-	20,020,448	23,934,641	48,291,770
Grant programs	1,916,584	1,317,853	-	-	3,234,437
Other purposes	(1,470,355)	-	-	-	(1,470,355)
Unassigned	62,427,431	-	-	-	62,427,431
Total fund balances	<u>74,928,472</u>	<u>45,481,084</u>	<u>44,404,304</u>	<u>25,123,085</u>	<u>189,936,945</u>
Total liabilities and fund balances	<u>\$ 110,640,874</u>	<u>\$ 55,324,251</u>	<u>\$ 48,129,904</u>	<u>\$ 25,404,471</u>	

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

Capital assets of \$826,122,398 net of accumulated depreciation, reported in the government wide financial statements less \$69,715 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.	826,052,683
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.	1,290,572
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.	6,358,871
Accrued interest payable on long-term liabilities is reported in the government-wide statements, but is not reported in the funds.	(2,153,941)
Long-term liabilities of \$457,056,000, including bonds payable, less \$2,000,000 reported in the governmental funds, less \$30,730,477 reported in internal service funds, less deferred charges of \$3,065,086 are not due and payable in the current period and therefore are not reported in the funds.	(421,260,437)
Accrued expense payable due to other governmental agencies is reported in the government-wide statements, but is not reported in the funds.	(7,000,000)
Net assets of governmental activities	<u>\$ 593,224,693</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, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 135,292,983	\$ -	\$ -	\$ -	\$ 135,292,983
Occupational taxes	311,921,717	-	-	-	311,921,717
Licenses and permits	11,605,120	-	-	-	11,605,120
Intergovernmental	27,918,738	106,736,636	275,576	8,414,823	143,345,773
Charges for services	64,749,236	8,393,404	1,625,264	243,321	75,011,225
Fees and fines	3,311,544	-	32,250	-	3,343,794
Investment income	293,192	226,654	250,719	32,696	803,261
Dividends	18,873,435	-	-	-	18,873,435
Donations	1,983,938	897,203	2,268,645	-	5,149,786
Miscellaneous	8,827,859	404,961	-	-	9,232,820
Total revenues	<u>584,777,762</u>	<u>116,658,858</u>	<u>4,452,454</u>	<u>8,690,840</u>	<u>714,579,914</u>
<b>EXPENDITURES</b>					
Current operating:					
Metro Council	5,939,297	-	-	-	5,939,297
Mayor's Office	2,457,245	-	-	-	2,457,245
County Attorney	7,229,105	-	-	-	7,229,105
Other Elected Officials	8,465,270	-	-	-	8,465,270
Fire	50,593,678	933,708	-	-	51,527,386
Emergency Medical Services	23,657,029	5,654	-	-	23,662,683
Emergency Management/MetroSafe	12,862,031	8,789,994	-	-	21,652,025
Corrections	48,831,908	34,175	-	-	48,866,083
Youth Detention Services	8,975,408	-	-	-	8,975,408
Metro Animal Services	2,969,276	67,459	-	-	3,036,735
Criminal Justice Commission	274,704	1,144,370	-	-	1,419,074
Firefighters' Pension Fund	3,097,749	-	-	-	3,097,749
Policemen's Retirement Fund	2,250,780	-	-	-	2,250,780
Police	142,656,836	3,727,458	-	-	146,384,294
Economic Growth & Innovation	13,777,455	17,676,553	-	-	31,454,008
Air Pollution Control	3,023,012	3,665,424	-	-	6,688,436
Codes & Regulations	8,723,695	1,331,712	-	-	10,055,407
Parks & Recreation	25,790,623	2,595,780	-	-	28,386,403
Community Services & Revitization	8,950,752	28,617,409	-	-	37,568,161
Public Health & Wellness	18,861,327	17,832,585	-	-	36,693,912
Public Works & Assets	65,555,981	21,608,415	-	-	87,164,396
Information Technology	10,309,590	-	-	-	10,309,590
Office of Management & Budget	25,581,209	-	-	2,500	25,583,709
Human Resources	3,643,159	-	-	-	3,643,159
Human Relations Commission	576,230	235,363	-	-	811,593
Louisville Free Public Library	15,270,030	1,670,314	-	-	16,940,344
Louisville Zoological Gardens	12,910,762	139,398	-	-	13,050,160
Internal Audit	644,308	-	-	-	644,308
Debt service principal	601,051	-	-	37,705,000	38,306,051
Debt service interest and other charges	260,533	-	-	14,753,614	15,014,147
Capital outlay	-	-	29,384,099	6,844,207	36,228,306
Total expenditures	<u>534,740,033</u>	<u>110,075,771</u>	<u>29,384,099</u>	<u>59,305,321</u>	<u>733,505,224</u>
Excess (deficiency) of revenues over (under) expenditures	<u>50,037,729</u>	<u>6,583,087</u>	<u>(24,931,645)</u>	<u>(50,614,481)</u>	<u>(18,925,310)</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, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets	-	-	34,705	-	34,705
Issuance of debt, capital lease	-	-	3,500,000	-	3,500,000
Transfers in	3,865,866	1,001,509	5,340,671	52,432,183	62,640,229
Transfers out	(54,245,394)	(5,284,855)	(1,363,723)	(7,674,977)	(68,568,949)
Total other financing sources (uses)	<u>(50,379,528)</u>	<u>(4,283,346)</u>	<u>7,511,653</u>	<u>44,757,206</u>	<u>(2,394,015)</u>
Net change in fund balances	(341,799)	2,299,741	(17,419,992)	(5,857,275)	(21,319,325)
Fund balances--beginning	<u>75,270,271</u>	<u>43,181,343</u>	<u>61,824,296</u>	<u>30,980,360</u>	<u>211,256,270</u>
Fund balances--ending	<u>\$ 74,928,472</u>	<u>\$ 45,481,084</u>	<u>\$ 44,404,304</u>	<u>\$ 25,123,085</u>	<u>\$ 189,936,945</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, 2012**

Net change in fund balances--total governmental funds	\$ (21,319,325)
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 \$109,969,597, less \$16,345 in the internal service funds, was greater than depreciation of \$49,649,703 in the governmental funds, less \$47,865 of depreciation in the internal service funds, for the current period.	60,351,414
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.	(77,975,299)
Deferred revenues added to net assets in the prior year are deducted in the current year.	(10,034,162)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	6,358,871
Proceeds from capital lease obligations of \$3,500,000 provide current financial resources to governmental funds, but issuing debt increases the long-term liabilities in the Statement of Net Assets. Repayment of \$37,705,000 of bond principal, plus payments of \$262,800 of notes payable and \$430,360 of capital lease payments are expenditures in the governmental funds, but these items reduce long-term liabilities in the Statement of Net Assets.	34,898,160
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.	(233,607)
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.	(2,954,359)
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 on deep discount bonds and net changes in accrued interest of \$3,099,876 less amortization and other charges of \$227,582 are also shown as differences for the year.	(2,872,294)
Accrued expense payable due to other governmental agencies is reported in the government-wide statements, but is not reported in the funds.	(7,000,000)
Change in net assets of governmental activities	<u>\$ (20,780,601)</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, 2012**

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 77,963,734
Investments	12,873,888
Due from other funds	201,885
Deposits with paying agents	75,000
Total current assets	91,114,507
Capital assets:	
Machinery and equipment, net	69,715
Total capital assets	69,715
Total assets	91,184,222
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	4,854,226
Claims and judgments	15,397,872
Due to other funds	45,963,365
Unearned revenue	8,345,582
Total current liabilities	74,561,045
Noncurrent liabilities:	
Claims and judgments	15,332,605
Total noncurrent liabilities	15,332,605
Total liabilities	89,893,650
<b>NET ASSETS</b>	
Invested in capital assets	69,715
Unrestricted	1,220,857
Total net assets	\$ 1,290,572

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, 2012**

	<b>Governmental Activities Internal Service Fund</b>
<b>OPERATING REVENUES:</b>	
Collection, investment and other fees	\$ 5,142,526
Insurance income	61,601,301
	66,743,827
<b>OPERATING EXPENSES:</b>	
Professional services	4,763,780
Contractual services	1,601,960
Repairs and maintenance	404
Other supplies and expenses	447,383
Insurance claims, settlements and losses	63,765,339
Insurance premiums	5,131,623
Depreciation	47,865
	75,758,354
Total operating expenses	75,758,354
Operating loss	(9,014,527)
<b>NONOPERATING REVENUES:</b>	
Investment income	131,430
Total nonoperating revenues	131,430
Net gain before transfers	(8,883,097)
Transfers in	5,928,738
Change in net assets	(2,954,359)
Total net assets--beginning	4,244,931
Total net assets--ending	\$ 1,290,572

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, 2012**

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from collection, investment, and other fees	\$ 5,142,526
Insurance income	62,019,170
Payments to employees	(3,615,656)
Payments to suppliers	(1,956,878)
Contractual services	(1,439,579)
Claims paid	(60,708,047)
Insurance premiums paid	(5,131,623)
Decrease in cash collected for others	1,783,883
Other payments	(39,436)
	<u>(3,945,640)</u>
Net cash used in operating activities	<u>(3,945,640)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Transfers from other funds	5,928,738
	<u>5,928,738</u>
Net cash provided by noncapital financing activities	<u>5,928,738</u>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES:</b>	
Acquisition and construction of capital assets	(16,345)
	<u>(16,345)</u>
Net cash used in capital activities	<u>(16,345)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Change in investment pool participation	2,759,774
Investment income	131,430
	<u>2,891,204</u>
Net cash provided by investing activities	<u>2,891,204</u>
Net increase in cash and cash equivalents	4,857,957
Cash and cash equivalents, beginning of the year	73,105,777
	<u>73,105,777</u>
Cash and cash equivalents, end of the year	\$ 77,963,734
<b>Reconciliation of Operating Gain to Net Cash Provided/(Used) By Operating Activities</b>	
Operating loss	\$ (9,014,527)
Adjustments to reconcile operating gain to net cash provided/(used) by operating activities:	
Depreciation expense	47,865
Increase (decrease) in cash due to changes in assets and liabilities:	
Accounts receivable	417,869
Accounts and other payables	503,759
Liability for incurred claims	2,352,435
Due to other funds and governmental agencies	2,554,487
Unearned revenue	(807,528)
	<u>(807,528)</u>
Net cash used in operating activities	\$ (3,945,640)

During fiscal year 2012, 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, 2012**

	<b>Pension &amp; Benefit Trust</b>	<b>Private- purpose Trust</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 828,491	\$ 463,997	\$ 14,507,822
Investments		283,276	100,000
Equity securities	9,315,891	-	-
Bond mutual funds	1,723,884	-	-
U S agency obligations	792,561	-	-
Other investments	10,443	-	-
Accounts receivable and accrued interest	311,965	17,851	47
Due from other funds	-	-	17,461,391
Due from other governmental agencies	-	-	2,759,366
Total assets	<u>12,983,235</u>	<u>765,124</u>	<u>\$ 34,828,626</u>
<b>LIABILITIES</b>			
Accounts payable	144,690	25,622	-
Notes payable	-	-	1,500,000
Health insurance reimbursement and accrued liabilities	287,159	-	-
Due to other funds	-	-	201,885
Due to other governmental agencies	-	-	27,484,253
Refundable deposits	-	-	5,642,488
Total liabilities	<u>431,849</u>	<u>25,622</u>	<u>\$ 34,828,626</u>
<b>NET ASSETS</b>			
Held in trust for pension benefits	12,551,386		
Held in trust for private purpose		739,502	
Total net assets	<u>\$ 12,551,386</u>	<u>\$ 739,502</u>	

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**For the Year Ended June 30, 2012**

	<b>Pension &amp; Benefit Trust</b>	<b>Private- purpose Trust</b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 4,165,125	\$ -
Member	4,257	440,731
Total contributions	<u>4,169,382</u>	<u>440,731</u>
Investment earnings:		
Decrease in fair value of investments	(569,055)	-
Realized gains	729,546	-
Interest and dividends	157,968	-
Total investment earnings	<u>318,459</u>	<u>-</u>
Investment expense	(105,373)	-
Net investment earnings	213,086	-
Other income	1,053,697	-
Total additions	<u>5,436,165</u>	<u>440,731</u>
<b>DEDUCTIONS</b>		
Benefit payments	5,415,423	-
Administrative expense	514,251	413,918
Health insurance reimbursement	1,108,442	-
Total deductions	<u>7,038,116</u>	<u>413,918</u>
Net increase/(decrease)	(1,601,951)	26,813
Net assets--beginning of the year	14,153,337	712,689
Net assets--end of the year	<u>\$ 12,551,386</u>	<u>\$ 739,502</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, 2012**

	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.**	Waterfront Development Corporation	Total
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ 35,585,572	\$ 500	\$ 4,218,374	\$ 217,533	\$ 45,545,000	\$ 447,696	\$ 2,372,722	\$ 88,387,397
Investments	-	-	-	6,007,635	100,000	-	-	6,107,635
Accounts receivable	18,520,913	483,255	8,091,260	53,260	16,666,000	72,209	80,157	43,967,054
Accrued interest receivable	471,605	-	-	2,770	1,192,000	-	-	1,666,375
Contract and assessments receivable, current portion	496,061	-	-	-	-	-	-	496,061
Notes receivable, current portion	262,800	-	-	-	-	-	-	262,800
Pledges receivable, net	-	-	-	-	-	314,821	-	314,821
Inventories	7,017,952	-	1,286,790	7,558,476	3,484,000	22,234	-	19,369,452
Reserves, current portion	2,637,814	-	-	-	-	-	-	2,637,814
Prepaid expenses	2,212,414	35,622	261,509	65,631	670,000	145,379	-	3,390,555
Restricted cash and cash equivalents	-	25,059,332	-	-	193,822,000	-	-	218,881,332
Restricted investments	-	-	31,590	-	94,639,000	-	-	94,670,590
Total current assets	<u>67,205,131</u>	<u>25,578,709</u>	<u>13,889,523</u>	<u>13,905,305</u>	<u>356,118,000</u>	<u>1,002,339</u>	<u>2,452,879</u>	<u>480,151,886</u>
Noncurrent assets:								
Restricted cash and cash equivalents	-	-	-	-	-	19,456	-	19,456
Restricted investments	-	-	-	-	-	509,753	-	509,753
Pledges receivable, net	-	-	-	-	-	123,902	-	123,902
Reserves, less current portion	85,870,142	-	-	-	-	-	-	85,870,142
Note receivable	9,737,200	389,589	-	-	-	-	-	10,126,789
Contract and assessments receivable, less current portion	1,792,644	-	-	-	18,917,000	-	-	20,709,644
Deferred charges	2,987,899	1,457,154	-	-	16,959,000	-	-	21,404,053
Non-utility property	232,534	-	-	-	-	-	-	232,534
Other assets	-	157,000	-	8,500	-	-	250,737	416,237
Capital assets:								
Land	9,829,549	9,964,905	3,177,782	8,101,986	-	-	8,613,552	39,687,774
Buildings and improvements	137,132,935	150,632,704	33,960,662	29,771,477	1,043,493,000	6,049,575	-	1,401,040,353
Machinery and equipment	56,861,479	5,095,833	91,090,974	168,027	77,068,000	1,075,360	402,657	231,762,330
Museum exhibits	-	-	-	-	-	18,401,499	-	18,401,499
Infrastructure	1,060,800,044	-	-	-	1,439,842,000	-	-	2,500,642,044
Construction in progress	61,473,282	65,406	-	-	370,350,000	202,173	-	432,090,861
Less accumulated depreciation	(370,051,825)	(49,344,398)	(81,586,238)	(18,620,602)	(825,205,000)	(20,147,329)	(226,657)	(1,365,182,049)
Capital assets, net of accumulated depreciation	<u>956,045,464</u>	<u>116,414,450</u>	<u>46,643,180</u>	<u>19,420,888</u>	<u>2,105,548,000</u>	<u>5,581,278</u>	<u>8,789,552</u>	<u>3,258,442,812</u>
Total noncurrent assets	<u>1,056,665,883</u>	<u>118,418,193</u>	<u>46,643,180</u>	<u>19,429,388</u>	<u>2,141,424,000</u>	<u>6,234,389</u>	<u>9,040,289</u>	<u>3,397,855,322</u>
Total assets	<u>1,123,871,014</u>	<u>143,996,902</u>	<u>60,532,703</u>	<u>33,334,693</u>	<u>2,497,542,000</u>	<u>7,236,728</u>	<u>11,493,168</u>	<u>3,878,007,208</u>

(continued)

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**STATEMENT OF NET ASSETS (continued)**  
**COMPONENT UNITS**  
**June 30, 2011**

	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.**	Waterfront Development Corporation	Total
<b>LIABILITIES</b>								
Current liabilities:								
Accounts payable	12,830,134	775,416	3,998,266	402,111	29,126,000	367,728	74,572	47,574,227
Accrued payroll and withholdings	337,514	-	-	-	-	161,471	-	498,985
Compensated absences payable	1,357,538	-	3,314,570	-	-	-	103,692	4,775,800
Due to other governmental agencies	13,120,763	-	2,759,366	-	-	-	110,682	15,990,811
Customer advances and deposits payable	3,983,278	-	-	-	1,013,000	-	52,525	5,048,803
Accrued interest payable	1,592,880	382,030	-	-	13,959,000	-	-	15,933,910
Bonds payable, current portion	16,384,542	4,485,000	-	-	25,740,000	-	-	46,609,542
Bond anticipation note	-	-	-	-	226,340,000	-	-	226,340,000
Other payables from restricted assets	3,050,745	484,800	-	-	-	-	-	3,535,545
Claims and judgments payable	-	-	3,438,159	-	-	-	-	3,438,159
Deferred revenue	-	203,959	379,162	92,253	-	180,401	47,903	903,678
Total current liabilities	52,657,394	6,331,205	13,889,523	494,364	296,178,000	709,600	389,374	370,649,460
Noncurrent liabilities:								
Deferred revenue	1,457,099	-	-	-	-	-	-	1,457,099
Arbitrage rebate liability accrued	-	-	-	-	4,467,000	-	-	4,467,000
Other charges	9,105,451	375,172	-	-	45,841,000	-	-	55,321,623
Interest rate swaps	-	-	-	-	108,704,000	-	-	108,704,000
Bonds payable, less current portion	260,166,627	80,986,210	-	-	1,521,594,000	-	-	1,862,746,837
Other long term liabilities	-	-	-	-	12,172,000	-	-	12,172,000
Total noncurrent liabilities	270,729,177	81,361,382	-	-	1,692,778,000	-	-	2,044,868,559
Total liabilities	323,386,571	87,692,587	13,889,523	494,364	1,988,956,000	709,600	389,374	2,415,518,019
<b>NET ASSETS</b>								
Invested in capital assets, net of related debt	679,494,295	32,603,436	46,643,180	19,420,888	434,451,000	-	-	1,212,612,799
Restricted for capital projects	88,507,956	11,687,306	-	-	-	1,236,142	8,789,552	110,220,956
Restricted for debt service	-	3,523,267	-	-	290,775,000	-	-	294,298,267
Unrestricted	32,482,192	8,490,306	-	13,419,441	(216,640,000)	5,290,986	2,314,242	(154,642,833)
Total net assets	\$ 800,484,443	\$ 56,304,315	\$ 46,643,180	\$ 32,840,329	\$ 508,586,000	\$ 6,527,128	\$ 11,103,794	\$ 1,462,489,189

\*Amounts for the Louisville Water Company are for December 31, 2011.

\*\*The Louisville Science Center, Inc. is a not-for-profit

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, 2012

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.**	Waterfront Development Corporation	
Component Units:												
Louisville Water Company*	\$ 132,795,778	\$ 148,193,236	\$ -	\$ 5,614,348	\$ 21,011,806							\$ 21,011,806
Parking Authority of River City, Inc.	12,217,420	17,104,537	322,951	-		\$ 5,210,068						5,210,068
Transit Authority of River City	76,564,557	11,681,223	63,278,219	-			\$ (1,605,115)					(1,605,115)
Louisville and Jefferson County Riverport Authority	1,636,814	1,146,857	-	-				\$ (489,957)				(489,957)
Metropolitan Sewer District	262,226,000	192,238,000	10,986,000	2,095,000					\$ (56,907,000)			(56,907,000)
Louisville Science Center, Inc.**	4,968,032	2,744,674	1,878,921	-						\$ (344,437)		(344,437)
Waterfront Development Corporation	2,545,766	790,102	-	-							\$ (1,755,664)	(1,755,664)
	<u>492,954,367</u>	<u>373,898,629</u>	<u>76,466,091</u>	<u>7,709,348</u>	<u>21,011,806</u>	<u>5,210,068</u>	<u>(1,605,115)</u>	<u>(489,957)</u>	<u>(56,907,000)</u>	<u>(344,437)</u>	<u>(1,755,664)</u>	<u>(34,880,299)</u>
General Revenues												
Investment income					1,412,725	-	1,489	6,056	29,701,000	-	-	31,121,270
Miscellaneous					-	-	-	4,098	-	-	1,478,028	1,482,126
Total general revenues and special items					<u>1,412,725</u>	<u>-</u>	<u>1,489</u>	<u>10,154</u>	<u>29,701,000</u>	<u>-</u>	<u>-</u>	<u>43,984,826</u>
Transfers					-	-	-	-	-	-	11,381,430	11,381,430
Change in net assets					22,424,531	5,210,068	(1,603,626)	(479,803)	(27,206,000)	(344,437)	11,103,794	9,104,527
Net assets, beginning balance					<u>778,059,912</u>	<u>51,094,247</u>	<u>48,246,806</u>	<u>33,320,132</u>	<u>535,792,000</u>	<u>6,871,565</u>	<u>-</u>	<u>1,453,384,662</u>
Net assets, ending					<u>\$ 800,484,443</u>	<u>\$ 56,304,315</u>	<u>\$ 46,643,180</u>	<u>\$ 32,840,329</u>	<u>\$ 508,586,000</u>	<u>\$ 6,527,128</u>	<u>\$ 11,103,794</u>	<u>\$ 1,462,489,189</u>

\*Amounts for the Louisville Water Company are for the year ended December 31, 2011.

\*\*The Louisville Science Center, Inc. is a not-for-profit

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, 2012**

**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, 2012**

**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. There are currently no First Mortgage Revenue Bonds outstanding. PPC is reported as part of the primary government because its purpose is to issue bonds solely on behalf of Metro Government.
- 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 seven 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 \$14,660,297 were provided to Metro Government in lieu of taxes during the year ended December 31, 2011. 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 financing the

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**1. Summary of Significant Accounting Policies (continued)**

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, 211 W. Muhammad Ali Boulevard, 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, 2012 totaled \$43,564,379. Audited financial statements of MTTF can be requested from Metro Government’s Office of Management and Budget, 611 West Jefferson Street, Louisville, Kentucky, 40202. 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.
- Waterfront Development Corporation (“WDC”) – WDC is a legally separate entity that provides planning, construction services, maintenance and event production and coordination for public parks along the Ohio River waterfront in the Metro Louisville area. Effective July 1, 2011, WDC became a component unit of Metro Government. WDC had net assets of approximately \$5.4 million at the beginning of fiscal year 2012. WDC 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 WDC’s decisions. The Waterfront Park Foundation, Inc., which provides supplemental support for WDC, is not included in the component unit financial statements. During the year ended June 30, 2012, Metro Government transferred approximately \$5.9 million of assets and paid \$961,000 as an appropriation to WDC. Complete financial statements of WDC can be requested from the

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**1. Summary of Significant Accounting Policies (continued)**

Waterfront Development Corporation, 129 East River Road, Louisville, KY 40202.

- 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 to Metro Government in fiscal year ended June 30, 2012 was approximately \$5,200,000. Complete financial statements of MSD can be 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, not-for-profit 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, 2012, Metro Government paid \$812,450 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**

- 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, 2012.
- 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.
- 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

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**1. Summary of Significant Accounting Policies (continued)**

Convention Bureau received \$12,194,875 in transient room taxes collected by the Revenue Commission during the 2012 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.

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

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**1. Summary of Significant Accounting Policies (continued)**

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.

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.

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 charges for services. Occupational taxes, fees and fines, licenses, and 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.

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.

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**1. Summary of Significant Accounting Policies (continued)**

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. Likewise, fund balances that are committed or assigned would be used first for their approved purposes and unassigned fund balances would be used as 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.
- The Special Revenue Fund, which accounts for the resources of specific revenues 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.

Non-major Funds are comprised of the Special Purpose Capital Fund, Debt Service Funds, and Capital Projects Funds of certain blended component units. The Special Purpose Capital Fund accounts for the acquisition of assets, such as vehicles and data processing equipment, which are funded by specific revenue sources. The Debt Service Fund accounts for resources set aside to meet current and future debt service requirements on general long-term debt. The Capital Projects Fund accounts for the acquisition or construction of general capital assets.

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.

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**1. Summary of Significant Accounting Policies (continued)**

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 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 Chief Financial Officer 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, 2012 were as follows:

General Fund	\$	3,653,705
Special Revenue Fund		9,197,100
Major Capital Projects		5,253,397
Special Purpose		2,473,038
Nonmajor Governmental Funds		-
Total Governmental Funds	\$	20,577,240

**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 maturities 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

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**1. Summary of Significant Accounting Policies (continued)**

Fund have no restrictions on the type of investments that they enter into as long as due diligence is exercised. See Note 2 for additional information.

In accordance with GASB, 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.

**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, 2012, have been recorded in the balance sheet of the General Fund and in the government wide statement of net assets as deferred revenue.

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<sup>st</sup> of each year. 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.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2012

**1. Summary of Significant Accounting Policies (continued)**

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, 2012 are recorded in assets as prepaid items, under the consumption method.

**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.

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

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**1. Summary of Significant Accounting Policies (continued)**

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 effective interest 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.

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, 2012. 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. Fund Balances**

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, 2012 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 classified, rescinded or modified pursuant to ordinances passed by the Metro Council, Metro Government's highest level of decision making authority.

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**1. Summary of Significant Accounting Policies (continued)**

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

Committed for:	Special		Total
	General Fund	Revenue Fund	
General Government	\$ 1,000,100	\$ -	\$ 1,000,100
Neighborhood Development Funds	2,252,945	-	2,252,945
Fire	59,645	152,227	211,872
Emergency Medical Services	-	209,206	209,206
Emergency Management/Metrosafe	-	24,022	24,022
Metro Animal Services	11,304	1,500	12,804
Criminal Justice Commission	-	394,496	394,496
Police	17,095	960,394	977,489
Corrections	10,500	75,918	86,418
Economic Growth and Innovation	1,541,553	7,152,471	8,694,024
Parks & Recreation	468,143	99,790	567,933
Community Services and Revitalization	10,000	1,179,210	1,189,210
Public Health & Wellness	-	1,677,455	1,677,455
Public Works & Assets	-	2,011,913	2,011,913
Human Relations Commission	-	197,458	197,458
Louisville Free Public Library	94,647	335,253	429,900
Louisville Zoological Gardens	50,837	5,842	56,679
Committed Fund Balance	<u>\$ 5,516,769</u>	<u>\$ 14,477,155</u>	<u>\$ 19,993,924</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. The stabilization fund is represented by unassigned fund balance. The unassigned fund balance is \$62.4 million at June 30, 2012. 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.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**1. Summary of Significant Accounting Policies (continued)**

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.

**P. 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 transfers.

**Q. Use of Estimates**

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

**R. Louisville Water Company Dividends**

The LWC has a quarterly dividend policy. Because the reporting period of the LWC covers the year ended December 31, 2011, a timing difference arises and causes a difference in the dividends paid and received as illustrated by the following schedule:

<u>Date paid</u>	<u>LWC Dividends Paid</u>	<u>Revenue Commission Dividends Received</u>
March 31, 2011	\$ 4,631,825	\$ -
June 30, 2011	4,631,825	-
September 30, 2011	4,631,825	4,631,825
December 31, 2011	4,631,825	4,631,825
March 31, 2012	-	4,804,892
June 30, 2012	-	4,804,893
	<u>\$ 18,527,300</u>	<u>\$ 18,873,435</u>

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**2. Cash Deposits and Investments**

**A. Pooled Portfolio Investments**

Metro Government's pooled portfolio includes investments from all funds with the exception of Fiduciary Funds, funds held by the Revenue Commission and debt related investments restricted in the non-pooled portfolio. The following schedule presents the investments in Metro Government's pooled portfolio as of June 30, 2012, 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>
U.S. Government Money Market Mutual Funds	\$ 852	0.15	Aaa
Municipal Bonds	14,336,431	1.93	Aa1-Aa2*
U.S. Agency Obligations	35,417,541	2.35	Aaa
Total	<u>\$ 49,754,824</u>		
Portfolio weighted average maturity		2.30	

\* \$4,850,340 of municipal obligations were not rated by Moody's, but were rated AAA by Standard & Poor's.

**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, 2012 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	<u>\$ 3,137,279</u>	0.15	Aaa

**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, 2012.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**2. Cash Deposits and Investments, continued**

**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 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.

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**2. Cash Deposits and Investments, continued**

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, 2012, including cash with paying agents, were \$57,815,404. Of this amount, \$250,000 was covered by the Federal Deposit Insurance Corporation (“FDIC”). The remainder was collateralized by the bank holding the deposits in the Revenue Commission’s name.

The investment balance at June 30, 2012 was \$5,016, which consisted 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 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.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**2. Cash Deposits and Investments, continued**

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 those 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.

**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 \$252,313 at June 30, 2012. Of this amount, \$20,647 was covered by the FDIC. The remaining \$231,666 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 \$252,543 at June 30, 2012, 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.

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**2. Cash Deposits and Investments, continued**

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.

Metro Government's fiduciary fund investments are summarized in the table below as of June 30, 2012:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Years</u>	<u>Credit Rating</u>
<b>MTIF</b>			
U.S. Government Money Market Mutual Funds	\$ 7,323,345	0.14	Aaa
<b>Escrow and Deposit Fund</b>			
U.S. Government Money Market Mutual Funds	\$ 1,500,000	0.14	Aaa
<b>Firefighters' Pension Fund</b>			
U.S. Agency Obligations	\$ 7,824	4.50	Aaa
Bond Mutual Funds	1,723,884	7.27	Not Rated
Equity Securities	4,190,924		
Total	\$ 5,922,632		
Portfolio weighted average maturity		7.26	
<b>Policemen's Retirement Fund</b>			
U.S. Agency Obligations	\$ 784,737	0.24	Aaa-Aa*
Money Market Funds	335,539	0.12	Not Rated
Equity Securities	5,124,965		
Other Investments	10,443		
Total	\$ 6,255,684		
Portfolio weighted average maturity		0.20	

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**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	1.88	Aaa
Repurchase Agreements	10,729,318	12.85	Aaa
Money Market Mutual Funds	2,668,189	0.14	Aaa
Certificates of Deposit	5,214,469	0.44	Aaa
Total	<u>\$ 23,311,976</u>		
Portfolio weighted average maturity		6.41	
<b>PARC</b>			
U.S. Government Money Market Funds	<u>\$ 24,798,271</u>	0.14	Aaa
<b>TARC</b>			
U.S. Government Money Market Funds	<u>\$ 2,489,963</u>	0.14	Aaa
<b>Riverport</b>			
U.S. Treasury Bills	<u>\$ 4,148,301</u>	0.33	Aaa
<b>MSD</b>			
Certificates of Deposit	\$ 100,000		
FNMA Pool	26,942,604	0.09	Aaa
Tax Exempt Municipal Bonds	94,638,612	26.21	Aa
Money Market Funds	200,384,617	0.13	Aaa
Repurchase Agreements	12,040,560		
Total	<u>\$ 334,106,393</u>		
Portfolio weighted average maturity		7.79	
<b>LSC</b>			
Bond Mutual Funds	\$ 67,770	7.04	NR
Money Market Funds	144,171	0.12	Aaa
Equity Mutual Funds	297,812		NR
Total	<u>\$ 509,753</u>		
Portfolio weighted average maturity		2.33	

As of December 31, 2011, the LWC had \$355,446 in deposits that were not covered by FDIC insurance and were not collateralized and \$100,454,610 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.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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

Accounts receivable are amounts owed to Metro Government as of June 30, 2012. Those amounts to be received within one year are considered current. All others are considered non-current.

Receivables at June 30, 2012 for Metro Government's individual major funds, internal service funds, and fiduciary funds in the aggregate, including allowance for uncollectible amounts, are as follows:

<u>Fund:</u>	<u>Receivables:</u>						
	<u>Taxes</u>	<u>Accounts</u>	<u>Loans</u>	<u>Notes</u>	<u>Gross Receivables</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
General	\$ 6,344,686	\$ 19,793,073	\$ 1,048,245	\$ -	\$ 27,186,004	\$ (3,933,705)	\$ 23,252,299
Special Revenue	-	278,983	45,577,763	-	45,856,746	(15,929,190)	29,927,556
Capital Projects	-	47,564	4,885,211	2,415,349	7,348,124	(3,109,794)	4,238,330
Internal Service	-	-	-	-	-	-	-
Fiduciary	-	329,863	-	-	329,863	-	329,863
Total Governmental Funds	<u>\$ 6,344,686</u>	<u>\$ 20,449,483</u>	<u>\$ 51,511,219</u>	<u>\$ 2,415,349</u>	<u>\$ 80,720,737</u>	<u>\$ (22,972,689)</u>	<u>\$ 57,748,048</u>
Component Units		<u>\$ 45,390,132</u>		<u>\$ 10,389,589</u>	<u>\$ 55,779,721</u>	<u>\$ (1,423,078)</u>	<u>\$ 54,356,643</u>

Accounts payable are amounts owed by Metro Government as of June 30, 2012. Those liabilities to be paid within one year are considered current. All others are considered non-current.

Payables at June 30, 2012 for Metro Government's individual major funds, non-major funds, internal service funds, and fiduciary funds in the aggregate, are as follows:

<u>Fund:</u>	<u>Payables:</u>			
	<u>Vendors</u>	<u>Notes</u>	<u>Other</u>	<u>Total</u>
General	\$ 11,670,744	\$ -	\$ 940,370	\$ 12,611,114
Special Revenue	5,433,742	-	-	5,433,742
Capital Projects	1,725,600	2,000,000	-	3,725,600
Nonmajor Governmental	140,626	-	-	140,626
Internal Service	4,854,226	-	-	4,854,226
Fiduciary	170,312	1,500,000	-	1,670,312
Total Governmental Funds	<u>\$ 24,135,876</u>	<u>\$ 3,500,000</u>	<u>\$ 940,370</u>	<u>\$ 28,576,246</u>
Component Units	<u>\$ 47,574,227</u>			<u>\$ 47,574,227</u>

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**4. Capital Assets, continued**

**Metro Government**

Capital asset activity for the year ended June 30, 2012 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	\$ 310,977,120	\$ 3,680,283	\$ (4,642,055)	\$ 310,015,348
Land improvements	5,093,976	4,305,231	(20,133)	9,379,074
Construction in progress	129,758,247	10,936,894	(65,205,663)	75,489,478
Works of art	255,000	-	-	255,000
Total capital assets not being depreciated	<u>446,084,343</u>	<u>18,922,408</u>	<u>(69,867,851)</u>	<u>395,138,900</u>
Other capital assets:				
Land improvements	83,909,208	10,485,002	-	94,394,210
Buildings	361,635,115	31,240,669	(684,118)	392,191,666
Machinery and equipment	71,877,686	18,002,124	(1,219,768)	88,660,042
Vehicles	78,435,467	4,430,322	(592,069)	82,273,720
Collections and works of art	6,772,874	5,573,491	(9,804,999)	2,541,366
Infrastructure	921,467,616	21,315,581	(195,852)	942,587,345
Total other capital assets	<u>1,524,097,966</u>	<u>91,047,189</u>	<u>(12,496,806)</u>	<u>1,602,648,349</u>
Less accumulated depreciation for:				
Land improvements	(42,971,935)	(4,146,866)	11,365	(47,107,436)
Buildings	(144,397,630)	(9,644,566)	635,457	(153,406,739)
Machinery and equipment	(44,107,304)	(8,552,566)	311,423	(52,348,447)
Vehicles	(50,359,470)	(7,782,017)	421,861	(57,719,626)
Collections and works of art	(4,120,023)	(385,640)	3,001,790	(1,503,873)
Infrastructure	(840,448,144)	(19,138,048)	7,462	(859,578,730)
Total accumulated depreciation	<u>(1,126,404,506)</u>	<u>(49,649,703)</u>	<u>4,389,358</u>	<u>(1,171,664,851)</u>
Other capital assets, net	<u>397,693,460</u>	<u>41,397,486</u>	<u>(8,107,448)</u>	<u>430,983,498</u>
Governmental activities capital assets, net	<u>\$ 843,777,803</u>	<u>\$ 60,319,894</u>	<u>\$ (77,975,299)</u>	<u>\$ 826,122,398</u>

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**4. Capital Assets, continued**

Depreciation expense was charged to governmental activities as follows:

Metro Council	\$ 1,580
Mayor's Office	1,736
Other Elected Officials	3,714
Fire	1,552,711
Emergency Medical Services	606,476
Emergency Management	5,396,324
Corrections	90,754
Youth Detention Services	87,507
Metro Animal Services	29,096
Criminal Justice Commission	38,744
Police	1,100,661
Economic Growth & Innovation	1,778,332
Air Pollution Control	118,275
Parks & Recreation	5,027,490
Community Services & Revitalization	15,618
Public Health & Wellness	176,066
Public Works	29,317,065
Information Technology	867,847
Office of Management & Budget	97,637
Human Resources	1,395
Louisville Free Public Library	2,325,951
Louisville Zoological Gardens	1,014,724
Total depreciation expense	<u>\$ 49,649,703</u>

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**4. Capital Assets, continued**

**Component Units**

Capital asset activity for the LWC for the year ended December 31, 2011 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 9,059,851	\$ 769,698	\$ -	\$ 9,829,549
Construction in progress	118,989,719	70,476,216	(127,992,653)	61,473,282
Total capital assets not being depreciated	128,049,570	71,245,914	(127,992,653)	71,302,831
Other capital assets:				
Buildings	114,119,548	23,251,326	(237,939)	137,132,935
Machinery and equipment	54,090,805	3,139,911	(369,237)	56,861,479
Infrastructure	967,136,238	97,697,848	(4,034,042)	1,060,800,044
Total other capital assets	1,135,346,591	124,089,085	(4,641,218)	1,254,794,458
Less accumulated depreciation for:				
Buildings	(38,834,843)	(3,430,819)	65,403	(42,200,259)
Machinery and equipment	(39,466,602)	(3,983,383)	369,087	(43,080,898)
Infrastructure	(265,503,541)	(20,227,291)	960,164	(284,770,668)
Total accumulated depreciation	(343,804,986)	(27,641,493)	1,394,654	(370,051,825)
Other capital assets, net	791,541,605	96,447,592	(3,246,564)	884,742,633
Capital assets, net	<u>\$ 919,591,175</u>	<u>\$ 167,693,506</u>	<u>\$ (131,239,217)</u>	<u>\$ 956,045,464</u>

Capital asset activity for PARC for the year ended June 30, 2012 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 9,964,905	\$ -	\$ -	\$ 9,964,905
Construction in progress	59,411,602	3,697,612	(63,043,808)	65,406
Total capital assets not being depreciated	69,376,506	3,697,612	(63,043,808)	10,030,311
Other capital assets:				
Buildings and Improvements	94,936,616	62,254,606	(6,558,518)	150,632,704
Machinery and equipment	4,787,539	755,237	(446,943)	5,095,833
Total other capital assets	99,724,156	63,009,843	(7,005,461)	155,728,537
Less accumulated depreciation	(51,665,769)	(3,247,803)	5,569,174	(49,344,398)
Other capital assets, net	48,058,387	59,762,040	(1,436,287)	106,384,139
Capital assets, net	<u>\$ 117,434,893</u>	<u>\$ 63,459,652</u>	<u>\$ (64,480,095)</u>	<u>\$ 116,414,450</u>

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**4. Capital Assets, continued**

Capital asset activity for TARC for the year ended June 30, 2012 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	33,046,899	913,763	-	33,960,662
Vehicles	73,899,805	209,975	(2,690,098)	71,419,682
Office and computer equipment	5,615,208	291,861	(131,761)	5,775,308
Machinery and equipment	9,795,426	4,344,670	(398,062)	13,742,034
Total other capital assets	122,357,338	5,760,269	(3,219,921)	124,897,686
Less accumulated depreciation	(77,640,651)	(7,011,558)	3,219,921	(81,432,288)
Other capital assets, net	44,716,687	(1,251,289)	-	43,465,398
Capital assets, net	<u>\$ 47,894,469</u>	<u>\$ (1,251,289)</u>	<u>\$ -</u>	<u>\$ 46,643,180</u>

Capital asset activity for Riverport for the year ended June 30, 2012 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	29,771,477	-	-	29,771,477
Other	189,527	-	(21,500)	168,027
Total other capital assets	29,961,004	-	(21,500)	29,939,504
Less accumulated depreciation for:				
Buildings	(17,957,543)	(524,831)	-	(18,482,374)
Other	(151,108)	(8,620)	21,500	(138,228)
Total accumulated depreciation	(18,108,651)	(533,451)	21,500	(18,620,602)
Other capital assets, net	11,852,353	(533,451)	-	11,318,902
Capital assets, net	<u>\$ 19,954,339</u>	<u>\$ (533,451)</u>	<u>\$ -</u>	<u>\$ 19,420,888</u>

Capital asset activity for MSD for the year ended June 30, 2012 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	\$ 272,851,000	\$ 130,512,000	\$ (33,013,000)	\$ 370,350,000
Other capital assets:				
Buildings	1,032,251,000	11,344,000	(102,000)	1,043,493,000
Machinery and equipment	71,040,000	8,056,000	(2,028,000)	77,068,000
Infrastructure	1,395,062,000	44,780,000	-	1,439,842,000
Total other capital assets	2,498,353,000	64,180,000	(2,130,000)	2,560,403,000
Less accumulated depreciation	(768,422,000)	(58,895,000)	2,112,000	(825,205,000)
Other capital assets, net	1,729,931,000	5,285,000	(18,000)	1,735,198,000
Capital assets, net	<u>\$ 2,002,782,000</u>	<u>\$ 135,797,000</u>	<u>\$ (33,031,000)</u>	<u>\$ 2,105,548,000</u>

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**6. Risk Management, continued**

Capital asset activity for the LSC for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Exhibits in progress	\$ -	\$ 202,173	\$ -	\$ 202,173
Other capital assets:				
Leasehold improvements	6,049,575	-	-	6,049,575
Machinery and equipment	1,093,769	-	(18,409)	1,075,360
Museum exhibits	18,198,363	203,136	-	18,401,499
Total other capital assets	<u>25,341,707</u>	<u>203,136</u>	<u>(18,409)</u>	<u>25,526,434</u>
Less accumulated depreciation	(19,281,246)	(884,492)	18,409	(20,147,329)
Other capital assets, net	<u>6,060,461</u>	<u>(681,356)</u>	<u>-</u>	<u>5,379,105</u>
Capital assets, net	<u>\$ 6,060,461</u>	<u>\$ (479,183)</u>	<u>\$ -</u>	<u>\$ 5,581,278</u>

Capital asset activity for the WDC for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 4,927,450	\$ 3,686,102	\$ -	\$ 8,613,552
Other capital assets:				
Office Equipment	170,833	14,923	-	185,756
Park Maintenance Equipment	-	216,901	-	216,901
Total other capital assets	<u>170,833</u>	<u>231,824</u>	<u>-</u>	<u>402,657</u>
Less accumulated depreciation	(57,482)	(169,175)	-	(226,657)
Other capital assets, net	<u>113,351</u>	<u>62,649</u>	<u>-</u>	<u>176,000</u>
Capital assets, net	<u>\$ 5,040,801</u>	<u>\$ 3,748,751</u>	<u>\$ -</u>	<u>\$ 8,789,552</u>

**5. Land Held for Development**

Land held for development at June 30, 2012 is summarized as follows:

	Riverport Authority
Land held for development	<u>\$ 7,558,476</u>

**6. 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, PARC, WDC 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:

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**6. Risk Management, continued**

- 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 \$2,000,000 per occurrence. Excess coverage is purchased above this retained level.
- C. Unemployment Compensation: Completely self-insured.
- 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

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**6. Risk Management, continued**

watercraft liability and hull coverage; and long-term disability coverage for full-time employees.

The claims liability of \$30,730,477 reported in the Fund at June 30, 2012 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 2011 and 2012 were as follows:

Year ending June 30	Beginning Balance	Claims and Changes in Estimates	Claim Payments	Ending Balance
2011	\$ 52,907,404	\$ 66,081,875	\$ 90,611,237	\$ 28,378,042
2012	28,378,042	63,765,339	61,412,904	30,730,477

The liability associated with the health self-insurance fund as of June 30, 2012 is \$2,505,000 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 administrative responsibility for actual operations of LAGIT and LAGGIT is through Risk and Insurance Solutions, LLC. Independently audited financial statements for each trust are available by contacting LAGIT or LAGGIT's Executive Director.

Metro Government's annual accounting and investment service fees for LAGIT and LAGGIT were approximately \$37,683 and \$41,473, respectively. Metro Government has delegated certain administrative functions for LAGIT and LAGGIT to Risk and Insurance Solutions, LLC. Risk and Insurance Solutions, LLC was paid approximately \$67,500 and \$28,340 for services provided to LAGIT and LAGGIT, respectively.

As of June 30, 2012, 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, 2012**

**7. Short-Term Debt**

**A. Primary Government**

On September 29, 2011, the Escrow and Deposit Fund re-issued the Amended and Restated General Obligation Bond Anticipation Note, Series 2011A for \$1,500,000 at an interest rate of 2.79%. 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 current note, which matured on June 30, 2012, was extended and renewed on September 17, 2012 for \$1,500,000. All current and additional interest due on the note upon renewal was paid in full.

The following table outlines activity on short-term notes during fiscal year 2012:

Year ending June 30	Beginning Balance	Additions	Reductions	Ending Balance
2012	\$ 3,500,000	\$ 1,500,000	\$ (3,500,000)	\$ 1,500,000

**B. Discretely Presented Component Units**

**i. Metropolitan Sewer District**

On March 2, 2011, MSD issued \$226,340,000 of Sewer and Drainage System Subordinated Bond Anticipation Notes, Series 2011A. The proceeds of the notes were used to refinance the 2010A Notes. The 2011A Notes matured on March 1, 2012.

On December 7, 2011, MSD issued \$226,340,000 of Sewer and Drainage System Subordinated Bond Anticipation Notes, Series 2011B. The proceeds of the notes were used to refinance the 2011A Notes. The 2011B Notes mature on December 12, 2012.

The following table outlines activity on short-term notes during fiscal year 2012 (in thousands):

Year ending June 30	Beginning Balance	Additions	Reductions	Ending Balance
2012	\$ 226,340	\$ 226,340	\$ (226,340)	\$ 226,340

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**8. 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. All general obligation and lease revenue debt was issued at fixed interest rates.

There are \$305,472,000 of General Obligation Bonds outstanding at June 30, 2012. 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 annual debt service on the series 2004B bonds. The sublease is renewable annually through fiscal year 2025 at the option of PARC.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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

**General Obligation Bonds**

General Obligation Bonds outstanding, including accreted interest, at June 30, 2012 are as follows (in thousands):

Description of Issue	Original Issue Amount	Interest Rate	Maturity During Year Ended June 30	Debt Outstanding June 30
City of Louisville General Obligation				
Serial Bonds:				
Series 2001A	\$ 13,490	4.25%	2013	\$ 660
Series 2002A Exempt	38,900	4.00	2013	1,705
Series 2002B Taxable	8,550	5.125	2013	370
Jefferson Co. General Obligation				
Bonds:				
2000A Term & Coupon Bonds	2,595	7.70	2016	885
2000B Capital Appreciation Bonds	50,096	5.90 to 6.00	2015	14,983
2002A Serial Coupon	32,995	4.125 to 4.75	2020	12,005
Louisville/Jefferson Co. Metro				
Government General Obligation				
Bonds:				
Series 2004A (Foundation for our Future)	23,840	4.00 to 5.00	2025	17,710
Series 2004B (PARC Improvements)	5,655	4.00 to 5.00	2025	4,200
Series 2006A (Blueprint for our Future)	33,255	4.00 to 4.50	2027	27,290
Series 2009A (Refunding)	8,150	2.00 to 4.00	2023	7,185
Series 2009B (Refunding)	33,285	2.00 to 3.00	2019	24,065
Series 2009C (Refunding)	14,740	3.50 to 4.00	2019	10,800
Series 2009D (Refunding)	7,700	5.00	2016	4,680
Series 2009E (Refunding)	41,275	4.00 to 5.00	2020	34,125
Series 2009F (BAB's & RZEB's)	63,250	4.40 to 5.65	2030	63,250
Series 2010	33,105	3.00 to 4.00	2020	28,900
Series 2010B	1,985	2.00	2016	1,615
Series 2010C (QECP's)	7,400	4.70	2028	7,400
Series 2010D	34,805	2.00 to 4.00	2024	34,280
Series 2010E	6,495	2.00 to 4.00	2024	6,330
Total General Obligation Bonds				302,438
Net of premiums, discounts and deferred amounts on refunding				3,034
Total Net General Obligation Bonds				<u>\$ 305,472</u>

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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

Debt service requirements to maturity for General Obligation Bonds, excluding accreted interest of \$7,735 (which is included in the table presented on page 62), are as follows (in thousands):

Year ending				
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2013	\$ 24,070	\$ 14,355	\$ 38,425	
2014	25,708	13,732	39,440	
2015	26,310	13,039	39,349	
2016	22,470	9,046	31,516	
2017	21,210	8,182	29,392	
2018-2022	91,210	29,013	120,223	
2023-2027	55,785	13,484	69,269	
2028-2030	27,940	1,932	29,872	
Totals	<u>\$ 294,703</u>	<u>\$ 102,783</u>	<u>\$ 397,486</u>	

**Lease Revenue Bonds**

There are \$87,277,000 of Lease Revenue Bonds outstanding at June 30, 2012. 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, 2012, are as follows (in thousands):

Description of Issue	Original Issue Amount	Interest Rate	Maturity During Year Ended June 30	Debt Outstanding June 30
Jefferson County Capital Projects				
Corporation Lease Revenue Bonds:				
1992A Municipal Multiplier				
Term Bonds	\$ 16,764	6.90 to 7.00%	2018	\$ 38,165
2007A Current Interest Bonds	58,855	4.00 to 4.375	2028	50,260
Total Lease Revenue Bonds				88,425
Net of premiums, discounts and deferred amounts on refunding				(1,148)
Total Net Lease Revenue Bonds				<u>\$ 87,277</u>

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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

Debt service requirements to maturity for Lease Revenue Bonds, excluding accreted interest of \$28,059 (which is included in the table presented on page 63), are as follows (in thousands):

Year ending June 30	Principal	Interest	Total
2013	\$ 5,051	\$ 9,509	\$ 14,560
2014	4,146	7,158	11,304
2015	4,143	7,197	11,340
2016	4,156	7,317	11,473
2017	4,166	7,320	11,486
2018-2022	16,309	12,578	28,887
2023-2027	18,255	3,365	21,620
2028	4,140	181	4,321
Totals	<u>\$ 60,366</u>	<u>\$ 54,625</u>	<u>\$ 114,991</u>

**Notes payable**

Notes payable outstanding at June 30, 2012 is as follows:

Description of Issue	Interest Rate	Maturity During Year Ended	Debt Outstanding June 30
New Market Tax Credit Promissory Note	4.00%	2014	\$ 2,000,000
Louisville Water Co. Promissory Note	2.00	2016	9,737,200
Total notes payable			<u>\$ 11,737,200</u>

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

Year ending June 30	Principal	Interest	Total
2013	\$ 455,300	\$ 275,811	\$ 731,111
2014	2,664,400	266,711	2,931,111
2015	912,500	172,400	1,084,900
2016	7,705,000	138,700	7,843,700
Totals	<u>\$ 11,737,200</u>	<u>\$ 853,622</u>	<u>\$ 12,590,822</u>

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, 2012.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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

**B. Discretely Presented Component Units**

**i. Louisville Water Company**

Bonds payable at December 31, 2011 consist of the following (in thousands):

Description of Issue	Original Issue Amount	Interest Rate	Maturity During Year Ended December 31	Debt Outstanding December 31
Water System Revenue Bonds				
Series 2001	60,300	4.0 to 4.7%	2014	\$ 4,035
Series 2006	83,845	4.0 to 5.0	2031	74,605
Series 2009A	116,220	2.25 to 5.0	2025	109,390
Series 2009B	86,710	3.75 to 5.5	2029	86,710
Total Water System Revenue Bonds				274,740
Net of premiums, discounts, costs of issuance and deferred loss				9,105
Total Net Water System Revenue Bonds				<u>\$ 283,845</u>

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

Year ending December 31	Principal	Interest	Total
2012	\$ 16,310	\$ 12,721	\$ 29,031
2013	16,620	12,282	28,902
2014	17,290	11,611	28,901
2015	17,695	10,777	28,472
2016	17,425	9,892	27,317
2017-2021	79,980	37,859	117,839
2022-2026	65,795	20,726	86,521
2027-2031	43,625	5,724	49,349
Totals	<u>\$ 274,740</u>	<u>\$ 121,592</u>	<u>\$ 396,332</u>

During 2010, LWC received \$4.2 million from the U.S Government's American Recovery and Reinvestment Act (ARRA) which provided funding for installation of 5.4 miles of 36-inch steel transmission pipeline along Interstate 64, and construction of a two million gallon elevated storage tank and additional booster pump station. A portion of this funding consisted of a loan of \$1.8 million at 2% interest which is reflected in LWC's notes payable at December 31, 2011.

LWC's notes payable at December 31, 2011 consist of the following:

Description of Issue	Interest Rate	Maturity During Year Ended	Debt Outstanding December 31
Kentucky Infrastructure Authority, Drinking Water State Revolving Fund Loan Program	2.00%	2031	\$ 1,811,169

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

Annual debt service requirements to maturity for LWC's notes payable are as follows:

Year ending <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 74,542	\$ 36,223	\$ 110,765
2013	76,032	34,733	110,765
2014	77,553	33,212	110,765
2015	79,104	31,661	110,765
2016	80,686	30,079	110,765
2017-2021	428,292	125,533	553,825
2022-2026	472,870	80,955	553,825
2027-2031	522,090	31,735	553,825
Totals	<u>\$ 1,811,169</u>	<u>\$ 404,131</u>	<u>\$ 2,215,300</u>

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

PARC's First Mortgage Revenue Bonds payable at June 30, 2012 consist of the following (in thousands):

Description of Issue	Original Issue Amount	Interest Rate	Maturity During Year Ended June 30	Debt Outstanding June 30
First Mortgage Revenue Bonds				
Series 2001	\$ 12,960	4.40 to 4.625%	2016	\$ 3,895
Series 2002	19,460	4.0 to 5.0	2032	16,715
Series 2009A	39,265	3.0 to 5.75	2040	37,905
Series 2009B	16,110	3.0 to 4.0	2021	10,445
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				86,770
Net of premiums, discounts and deferred loss				(924)
Total Net First Mortgage Revenue Bonds				<u>\$ 85,846</u>

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

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 4,485	\$ 4,129	\$ 8,614
2014	4,650	3,975	8,625
2015	4,810	3,809	8,619
2016	3,695	3,645	7,340
2017	2,395	3,529	5,924
2018-2022	12,870	16,060	28,930
2023-2027	13,115	13,147	26,262
2028-2032	16,525	9,418	25,943
2033-2037	13,420	5,077	18,497
2038-2041	10,805	1,072	11,877
Totals	<u>\$ 86,770</u>	<u>\$ 63,861</u>	<u>\$ 150,631</u>

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2012

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

**iii. Metropolitan Sewer District**

On August 24, 2011, MSD issued \$263,360,000 of Sewer and Drainage System Revenue Bonds, Series 2011A. The proceeds of the bonds, net of issuance cost, were used to currently refund MSD's outstanding Sewer and Drainage System Revenue Bonds, Series 1998A, and to refund a portion of the outstanding Revenue Bonds, Series 2001A. 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 investment income earned thereon, and the beginning cash deposit, provided amounts sufficient for future payment of interest and principal on the refundable issues. The refunding was completed to reduce debt service payments over the next 24 years and resulted in a present value savings of \$37,607,000.

MSD's various bonds outstanding at June 30, 2012 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
Sewer and Drainage System				
Revenue Bonds:				
Series 2001A	300,000	5.00 to 5.50	2036	134,420
Series 2004A	100,000	5.00 to 5.25	2038	100,000
Series 2005A	64,740	3.00 to 5.00	2026	55,020
Series 2006A	100,000	4.00 to 5.00	2038	93,160
Series 2007A	61,125	4.00 to 5.00	2025	52,305
Series 2008A	105,000	4.00 to 5.00	2038	102,690
Series 2009A	76,275	5.00	2022	62,870
Series 2009B	225,770	2.00 to 5.00	2023	190,165
Series 2009C	180,000	5.98	2040	180,000
Series 2010A	330,000	6.25	2043	330,000
Series 2011A	263,360	3.00 to 5.00	2034	261,880
Total Sewer and Drainage System Revenue Bonds				<u>1,562,510</u>
Net of premiums, discounts and deferred loss				<u>30,665</u>
Total Net Sewer and Drainage System Revenue Bonds				<u><u>\$ 1,593,175</u></u>

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**8. 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>
2013	\$ 25,740	\$ 83,133	\$ 108,873	
2014	27,035	82,013	109,048	
2015	28,525	80,707	109,232	
2016	30,135	79,296	109,431	
2017	31,825	77,810	109,635	
2018-2022	188,090	363,472	551,562	
2023-2027	211,170	314,308	525,478	
2028-2032	139,375	260,446	399,821	
2033-2037	315,745	221,305	537,050	
2038-2042	462,750	117,575	580,325	
2043	102,120	6,383	108,503	
Totals	<u>\$ 1,562,510</u>	<u>\$ 1,686,448</u>	<u>\$ 3,248,958</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 \$108.7 million. A corresponding charge for the change in fair value was made to MSD's non-operating expenses during fiscal year 2012. On June 30, 2012, 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>
						67% of 30-day		
Wells Fargo	\$ 225,732	\$ 222,236	11/15/2009	5/15/2033	4.4215%	LIBOR	\$ (90,144)	\$ (35,032)
Wells Fargo	50,376	46,880	11/15/2009	5/15/2023	SIFMA	2.9235%	4,974	2,856
						67% of 30-day		
Bank of America	56,433	55,559	11/15/2009	5/15/2033	4.4215%	LIBOR	(22,536)	(8,761)
Bank of America	64,869	42,374	5/15/2003	5/15/2023	4.0750%	SIFMA	(7,465)	(2,246)
Deutsche Bank	103,673	62,256	5/15/2003	5/15/2023	4.0750%	SIFMA	(14,490)	(4,362)
Deutsche Bank	149,465	124,630	8/15/2009	5/15/2023	SIFMA	2.7800%	12,099	7,671
Deutsche Bank	12,594	11,720	11/15/2009	5/15/2023	SIFMA	2.9240%	1,244	714
Deutsche Bank	281,745	277,795	11/15/2011	5/15/2033	SIFMA	100.30% of 3-month LIBOR	7,966	(13,599)
Morgan Stanley	190,790	124,630	5/15/2003	5/15/2023	SIFMA	78.78% of 3-month LIBOR	(352)	(137)
	<u>\$ 1,135,677</u>	<u>\$ 968,080</u>					<u>\$ (108,704)</u>	<u>\$ (52,896)</u>

LIBOR = London Interbank Offering Rate  
SIFMA = Securities Industry and Financial Markets Association

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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

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 swap values to be collateralized if the counter parties do not maintain A1/A+ credit ratings from Moody's and Standard and Poor's respectively. The counter parties' had the following June 30, 2012 credit ratings from Moody's and Standard and Poor's, respectively: Wells Fargo, Aa2 and AA-; Bank of America, A3 and A; Deutsche Bank, A2 and A+, and Morgan Stanley, Baa1 and A-.

**C. Summary of Debt Transactions:**

Long-term liability activity for the year ended June 30, 2012 was as follows (in thousands):

	<u>Beginning Balance</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	\$ 331,603	\$ 890	\$ (30,055)	\$ 302,438	\$ 24,070
Revenue bonds	93,507	2,568	(7,650)	88,425	5,051
Notes payable	12,000	-	(263)	11,737	455
Bonds and notes payable	<u>437,110</u>	<u>3,458</u>	<u>(37,968)</u>	<u>402,600</u>	<u>29,576</u>
Net of bond premiums, discounts and deferred amount on refundings	2,578	-	(692)	1,886	-
Total bonds and notes payable	<u>439,688</u>	<u>3,458</u>	<u>(38,660)</u>	<u>404,486</u>	<u>29,576</u>
Other liabilities:					
Capital lease	116	3,500	(430)	3,186	708
Claims and judgments	28,378	63,765	(61,413)	30,730	15,398
Compensated absences	18,420	19,889	(19,655)	18,654	-
Total other liabilities	<u>46,914</u>	<u>87,154</u>	<u>(81,498)</u>	<u>52,570</u>	<u>16,106</u>
Governmental activities long-term liabilities	<u>\$ 486,602</u>	<u>\$ 90,612</u>	<u>\$ (120,158)</u>	<u>\$ 457,056</u>	<u>\$ 45,682</u>
<b>COMPONENT UNITS:</b>					
Bonds and notes payable:					
LWC	\$ 286,416	\$ -	\$ (9,865)	\$ 276,551	\$ 16,385
PARC	90,735	-	(3,965)	86,770	4,485
MSD	1,616,510	263,360	(317,360)	1,562,510	25,740
Bonds and notes payable	<u>1,993,661</u>	<u>263,360</u>	<u>(331,190)</u>	<u>1,925,831</u>	<u>46,610</u>
Net of bond premiums, discounts and deferred amount on refundings	17,415	900	20,532	38,847	-
Total bonds and notes payable	<u>2,011,076</u>	<u>264,260</u>	<u>(310,658)</u>	<u>1,964,678</u>	<u>46,610</u>
Other liabilities:					
Capital lease	-	-	-	-	-
Claims and judgments	4,802	3,734	(3,341)	5,195	3,438
Compensated absences	4,165	611	-	4,776	4,776
Derivatives	55,808	64,137	(11,241)	108,704	-
Total other liabilities	<u>64,775</u>	<u>68,482</u>	<u>(14,582)</u>	<u>118,675</u>	<u>8,214</u>
Component units long-term liabilities	<u>\$ 2,075,851</u>	<u>\$ 332,742</u>	<u>\$ (325,240)</u>	<u>\$ 2,083,353</u>	<u>\$ 54,824</u>

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**9. 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%.

On December 19, 2011, Metro Government executed a Master Equipment Lease/Purchase Agreement for \$3,500,000. The capital lease financed the purchase of various heavy duty vehicles and accessories for the Public Works and Assets Department. The lease payments require quarterly installments of \$182,019 in principal and interest through December 2016. The interest rate of the obligation is 1.51%. Heavy equipment purchases totaling \$3,454,936 were made with the remaining balance of the lease proceeds being applied to the outstanding principal of the lease obligation.

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

Year ending				
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2013	\$ 708,123	\$ 44,251	\$ 752,375	
2014	694,587	33,490	728,077	
2015	705,135	22,942	728,077	
2016	715,843	12,235	728,077	
2017	361,988	2,051	364,039	
Totals	<u>\$ 3,185,675</u>	<u>\$ 114,970</u>	<u>\$ 3,300,645</u>	

**10. 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.

Since the merger which formed Metro Government in January 2003, the Metro Council has authorized approximately \$2,317,380,139 of Industrial Revenue Bonds through June 30, 2012. During the year ended June 30, 2012, the Metro Council authorized approximately \$410,252,943 of Industrial Revenue Bonds. The aggregate principal amount outstanding at June 30, 2012 could not be determined.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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

Interfund receivable and payable balances at June 30, 2012, are as follows:

Fund	Interfund Receivable	Interfund Payable
General	\$ 28,563,099	\$ 201,885
Nonmajor Governmental	140,760	-
Agency:		
Revenue Commission	13,631,912	-
Escrow & Deposit	201,885	201,885
Mass Transit	3,627,594	-
Internal Service:		
Revenue Commission	201,885	45,963,365
Totals	<u>\$ 46,367,135</u>	<u>\$ 46,367,135</u>

These balances resulted from a timing difference between when taxes were collected by the Revenue Commission for June 2012 and were distributed to the appropriate funds.

Interfund transfers during the fiscal year ended June 30, 2012 were as follows:

<u>Transfers out:</u>	<u>Interfund Transfers</u>					Total
	<u>Transfers in:</u>					
General Fund	Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Proprietary Fund		
General Fund	\$ -	\$ 1,001,509	\$ 3,056,043	\$ 49,285,412	\$ 902,430	\$ 54,245,394
Special Revenue Fund	3,302,828	-	-	1,982,048	-	5,284,876
Capital Projects Fund	199,000	-	-	1,164,723	-	1,363,723
Special Purpose Fund	364,039	-	2,284,629	-	5,026,308	7,674,976
Total	<u>\$ 3,865,867</u>	<u>\$ 1,001,509</u>	<u>\$ 5,340,672</u>	<u>\$ 52,432,183</u>	<u>\$ 5,928,738</u>	<u>\$ 68,568,968</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.

**12. 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 \$5,614,348 and is shown on the component unit's statement of activities as a capital contribution.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2012

**13. 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 statements of Metro Government.

**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 including improvements to major roadways, government buildings, parks, and other various ongoing projects. The remaining committed budget for these projects is approximately \$47.0 million as of June 30, 2012.

**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 has agreed 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 made the minimum guaranteed payment of \$6,533,333 during the year ended June 30, 2012.

Metro Government's minimum and maximum annual guaranteed payments are as follows:

Years	Minimum Annual Guaranteed Payments	Maximum Annual Guaranteed Payments
2013-2019	\$6,533,333	\$9,800,000
2020-2029	7,200,000	10,800,000
2030-2039	6,866,667	10,300,000

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**13. Contingencies and Commitments, continued**

On or prior to October 1 following each fiscal year 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. There were no payments of "Excess Net Cash Flow" to Metro Government during the year ended June 30, 2012.

**14. 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.

*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.

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

All retired Metro Government employees receive some health care benefits depending on their length of service through the retirement system. Additionally, 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. These retirees pay the full cost of the 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, but no less than the rate in effect as of January 2011.

The Annual Required Contributions ("ARC") and disclosures are immaterial to the financial statements because the ARC is less than the annual payment due to participant mortality assumptions over a short period of time.

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**16. 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 originally recorded as a liability in the general long-term debt account group of the former City of Louisville at June 30, 1995. Payments and changes in estimates have decreased this liability from prior years to \$6,306, the remaining balance, at June 30, 2012. This liability is reflected in the government-wide statement of net assets. Future costs may vary from that amount because of inflation, changes in technology, or changes in regulations.

**17. 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. PARC and WDC participate as a part of Metro Governments contribution. The CERS provides for retirement, disability and death benefits to plan members and beneficiaries. The Kentucky Retirement Systems 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.

**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, 2012 is 18.96% (35.76% 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, 2012.

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**17. Pension Plans, continued**

Metro Government's contribution to the CERS for the years ending June 30, 2012, 2011 and 2010 were \$73,629,314, \$72,516,915, and \$65,664,051 respectively.

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

- LWC's contribution to the CERS for years ending December 31, 2011, 2010 and 2009 were \$5,080,620, \$4,641,238, and \$4,062,798 respectively.
- TARC's contribution to the CERS for the years ended June 30, 2012, 2011, and 2010 were \$5,255,971, \$4,594,907, and \$4,381,393 respectively.
- Riverport's contribution to the CERS for the years ended June 30, 2012, 2011, and were \$61,807, \$60,336 and \$56,795 respectively.
- MSD's contribution to the CERS for the years ended June 30, 2012, 2011, and 2010 were \$7,156,000, \$6,394,000, and \$5,628,000 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 (collectively the "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.

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

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2012

**17. Pension Plans, continued**

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, 2012:

	Firefighters' Pension <u>Fund</u>	Policemen's Retirement <u>Fund</u>
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	201	166
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 on financial reporting for pension 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.

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.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2012

**17. Pension Plans, continued**

**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 three fiscal years.

For the fiscal years ended June 30, 2012, 2011, and 2010 the unfunded pension obligation for the Policemen's Retirement Fund was \$11,079,886, \$11,277,174, and \$11,701,428, respectively, and for the Firefighters' Pension Fund was \$16,510,288 \$17,599,185, and \$18,064,714, respectively.

Based on the actuarial valuations performed by consulting actuaries at January 1, 2011, 2010, and 2009, Metro Government made the required annual contributions in fiscal years ended June 30, 2012, 2011 and 2010 of \$1,439,974, \$1,486,182, and \$1,553,716, respectively, to the Policemen's Retirement Fund and \$2,385,051, \$1,827,317, and \$2,113,368, respectively, to the Firefighters' Pension Fund. These payments were equal to 100% of the required contribution in each fiscal year reported.

Based on the actuarial valuations performed by consulting actuaries at January 1, 2012, Metro Government will be required to make contributions to the Policemen's Retirement Fund of \$1,461,418 and to the Firefighters' Pension Fund of \$2,598,938 for the fiscal year beginning July 1, 2012.

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, 2012	January 1, 2012
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, 2012**

**17. Pension Plans, continued**

Included below is the actuarial information for the current year.

**SCHEDULES OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll (b-a)/(c)
<u>Firefighters' Pension Fund:</u>						
1/1/2012	\$ 7,149,348	\$ 23,659,636	\$ 16,510,288	30.2%	\$ -	0%
<u>Policemen's Retirement Fund:</u>						
1/1/2012	\$ 7,156,776	\$ 18,236,662	\$ 11,079,886	39.2%	\$ 60,750	18,238.50%

**SCHEDULES OF EMPLOYER CONTRIBUTIONS**

Year Ended June 30	<u>Firefighters' Pension Fund</u>		<u>Policemen's Retirement Fund</u>	
	Annual Contribution	Percentage Contributed	Annual Contribution	Percentage Contributed
2010	\$ 2,113,368	100.0%	\$ 1,553,716	100.0%
2011	\$ 1,827,317	100.0%	\$ 1,486,182	100.0%
2012	\$ 2,385,051	100.0%	\$ 1,439,974	100.0%

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, 2012**

	<u>Firefighters' Pension Trust</u>	<u>Policemen's Retirement Fund</u>	<u>Total Pension &amp; Benefit Trust</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 240,306	\$ 588,185	\$ 828,491
Investments:			
Equity securities	4,190,924	5,124,967	9,315,891
Bond Mutual Funds	1,723,884	-	1,723,884
US Agency obligations	7,824	784,737	792,561
Other investments	-	10,443	10,443
Accounts receivable and accrued interest	161,454	150,511	311,965
Total assets	<u>6,324,392</u>	<u>6,658,843</u>	<u>12,983,235</u>
<b>LIABILITIES</b>			
Accounts payable	10,818	133,872	144,690
Health insurance reimbursement and accrued liabilities	161,448	125,711	287,159
Total liabilities	<u>172,266</u>	<u>259,583</u>	<u>431,849</u>
<b>NET ASSETS</b>			
Held in trust for pension benefits	<u>\$ 6,152,126</u>	<u>\$ 6,399,260</u>	<u>\$ 12,551,386</u>

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**17. 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, 2012**

	<b>Firefighters' Pension Trust</b>	<b>Policemen's Retirement Fund</b>	<b>Total Pension &amp; Benefit Trust</b>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 2,385,051	\$ 1,780,074	\$ 4,165,125
Member	-	4,257	4,257
Total contributions	<u>2,385,051</u>	<u>1,784,331</u>	<u>4,169,382</u>
Investment earnings:			
Decrease in fair value of investments	(147,068)	(421,987)	(569,055)
Realized gains	295,058	434,488	729,546
Interest and dividends	5,221	152,747	157,968
Total investment earnings	<u>153,211</u>	<u>165,248</u>	<u>318,459</u>
Investment expense	(38,556)	(66,817)	(105,373)
Net investment earnings	<u>114,655</u>	<u>98,431</u>	<u>213,086</u>
Other income	709,145	344,552	1,053,697
Total additions	<u>3,208,851</u>	<u>2,227,314</u>	<u>5,436,165</u>
<b>DEDUCTIONS</b>			
Benefit payments	3,000,152	2,415,271	5,415,423
Administration expense	271,417	242,834	514,251
Health insurance reimbursement	<u>637,546</u>	<u>470,896</u>	<u>1,108,442</u>
Total deductions	<u>3,909,115</u>	<u>3,129,001</u>	<u>7,038,116</u>
Net increase in net assets	(700,264)	(901,687)	(1,601,951)
Net assets--beginning of the year	<u>6,852,390</u>	<u>7,300,947</u>	<u>14,153,337</u>
Net assets--end of the year	<u>\$ 6,152,126</u>	<u>\$ 6,399,260</u>	<u>\$ 12,551,386</u>

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**18. Subsequent Events**

**A. Risk Management**

In October 2012, a general liability case was settled that exceeded the coverage in force. The total loss payment was \$8,500,000 with a \$5,000,000 contribution from LAGIT.

**B. Component Units**

**i. Capital Projects Corporation**

On September 28, 2012, the Board of Directors of the Capital Projects Corporation approved a resolution to sell the parking garages located at 415 South 6<sup>th</sup> Street (the "Louisville Gardens Garage") and 536 West Market Street (the "Market Street Garage") to the Parking Authority of River City, Inc. ("PARC"). The Louisville Gardens Garage is to be sold for \$1,951,540, with \$1,576,540 due at closing and \$75,000 due annually for fiscal years 2014 through 2018. The Market Street Garage is to be sold for \$2,998,460 with \$2,623,460 due at closing and \$75,000 due annually for fiscal years 2014 through 2018. Pursuant to the resolution authorizing the sale, all proceeds are to be transferred to the Metro Government within ten days of the sale.

**ii. Parking Authority of River City**

On June 20, 2012, the Board of Directors of PARC approved a resolution to purchase the parking lot located on the south side of Jefferson Street between 7th and 8th Streets (the "Mud Lot") and the parking lot located behind City Hall on the south side of Market Street between 6th and 7th Streets (the "City Hall Lot") from the Louisville/Jefferson County Metro Government ("Metro Government"). The sale of the parking lots was approved by the Metro Council in the fiscal 2013 budget ordinance. The lots are to be purchased for \$10,750,000 which will be funded by the issuance of bonds. It is the general intent of the Metro Government to enter into an agreement to lease the parking spaces contained on the lots.

On September 28, 2012, the Board of Directors of PARC approved a resolution to purchase the parking garages located at 415 South 6th Street (the "Louisville Gardens Garage") and 536 West Market Street (the "Market Street Garage") from Jefferson County, Kentucky, Capital Projects Corporation ("CPC"). The Louisville Gardens Garage is to be purchased for \$1,951,540 and the Market Street Garage is to be purchased for \$2,998,460 which will be funded by cash reserves.

**ii. Louisville and Jefferson County Metropolitan Sewer District**

On August 1, 2012, MSD's rates for wastewater and stormwater charges increased by 6.5%.

**iii. Louisville Science Center**

As of August 7, 2012, LSC is operating as The Kentucky Science Center.



**REQUIRED SUPPLEMENTARY INFORMATION**

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL ON BASIS OF BUDGETING**  
**For the Year Ended June 30, 2012**

	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	\$ 139,460,200	\$ 139,460,200	\$ 135,292,983	\$ (129,762)	\$ 135,163,221	\$ (4,296,979)
Occupational taxes	289,390,000	289,390,000	311,921,717	(1,747,633)	310,174,084	20,784,084
Licenses and permits	11,950,300	11,950,300	11,605,120	65,655	11,670,775	(279,525)
Intergovernmental	28,243,200	28,223,200	27,918,738	273,951	28,192,689	(30,511)
Charges for services	95,109,600	97,334,137	64,749,236	248,594	64,996,462	(32,337,675)
Fees and fines	3,460,300	3,490,800	3,311,544	20,637	3,332,181	(158,619)
Investment income	856,300	856,300	293,192	-	293,192	(563,108)
Dividends	18,870,000	18,870,000	18,873,435	-	18,873,435	3,435
Donations	4,167,100	5,841,395	1,983,938	677,153	2,661,091	(3,180,304)
Miscellaneous	5,954,839	12,431,215	8,827,859	55,457	8,883,228	(3,547,987)
Total revenues	<u>597,461,839</u>	<u>607,847,547</u>	<u>584,777,762</u>	<u>(535,948)</u>	<u>584,240,358</u>	<u>(23,607,189)</u>
<b>EXPENDITURES</b>						
Current operating:						
Metro Council	7,647,700	7,805,575	5,939,297	868	5,940,166	(1,865,409)
Mayor's Office	2,893,100	2,913,412	2,457,245	(4,264)	2,452,981	(460,431)
County Attorney	7,263,100	7,263,100	7,229,105	(19,113)	7,209,992	(53,108)
Other Elected Officials	8,555,500	8,555,500	8,465,270	(16,842)	8,448,428	(107,072)
Fire	51,727,400	51,781,995	50,593,678	21,661	50,615,339	(1,166,656)
Emergency Medical Services	26,993,000	26,997,800	23,657,029	(242,389)	23,414,640	(3,583,160)
Emergency Management	13,584,500	13,588,000	12,862,031	(10,988)	12,851,043	(736,957)
Corrections	50,903,900	50,907,900	48,831,908	(63,534)	48,768,374	(2,139,526)
Youth Detention Services	10,003,600	9,909,600	8,975,408	51,537	9,026,945	(882,655)
Animal Control Services	3,250,500	3,252,825	2,969,276	(9,321)	2,959,955	(292,870)
Criminal Justice Commission	349,300	349,300	274,704	-	274,704	(74,596)
Firefighters' Pension Fund	3,143,600	3,143,600	3,097,749	-	3,097,749	(45,851)
Policemen's Retirement Fund	2,307,100	2,307,100	2,250,780	-	2,250,780	(56,320)
Police	154,710,100	157,045,401	142,656,836	(223,031)	142,433,805	(14,611,596)
Economic Growth & Innovation	15,819,300	18,477,635	13,777,455	473,413	14,250,868	(4,226,767)
Air Pollution Control	1,065,100	3,480,662	3,023,012	(15,404)	3,007,608	(473,054)
Codes & Regulations:	9,304,400	9,327,446	8,723,695	(5,190)	8,718,505	(608,941)
Parks & Recreation	30,155,600	32,173,636	25,790,623	(47,710)	25,741,277	(6,432,359)
Housing	9,788,200	10,000,813	8,950,752	2,146	8,952,898	(1,047,915)
Public Health & Wellness	19,365,400	19,365,655	18,861,327	(23,917)	18,837,410	(528,245)
Public Works & Assets	76,343,200	74,276,400	65,555,981	(538,776)	65,017,205	(9,259,195)
Information Technology	11,545,500	11,560,500	10,309,590	(110,901)	10,198,689	(1,361,811)
Office of Management & Budget	24,046,600	26,640,091	25,581,209	325,990	25,907,199	(732,892)
Human Resources	4,244,500	4,244,500	3,643,159	(31,187)	3,611,972	(632,528)
Human Relations Commission	576,000	591,982	576,230	(1,126)	575,104	(16,878)
Louisville Free Public Library	16,877,100	16,882,100	15,270,030	(1,295)	15,268,735	(1,613,365)
Louisville Zoological Gardens	13,875,300	13,881,780	12,910,762	33,727	12,944,489	(937,291)
Internal Audit	779,400	779,400	644,308	-	644,308	(135,092)
Debt service	-	-	601,051	-	601,051	601,051
Debt service interest and other charges	20,343,839	20,343,839	260,533	-	260,533	(20,083,306)
Total expenditures	<u>597,461,839</u>	<u>607,847,547</u>	<u>534,740,033</u>	<u>(455,646)</u>	<u>534,282,752</u>	<u>(73,564,795)</u>
Excess (deficiency) of revenues over expenditures	-	-	50,037,729	(80,302)	49,957,606	49,957,606
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from Long Term Note			-		-	
Transfers in			3,865,866		3,865,866	
Transfers out			(54,245,394)		(54,245,394)	
Total other financing sources and uses			<u>(50,379,528)</u>		<u>(50,379,527)</u>	
Net change in fund balances			(341,799)		(421,921)	
Fund balances--beginning			75,270,271		75,270,271	
Fund balances--ending			<u>\$ 74,928,472</u>		<u>\$ 74,848,350</u>	

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

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS  
June 30, 2012**

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

**SCHEDULES OF FUNDING PROGRESS**

<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>
<u>Firefighters' Pension Fund:</u>						
1/1/2010	8,371,982	26,436,696	18,064,714	31.7%		0%
1/1/2011	7,363,311	24,962,496	17,599,185	29.5%		0%
1/1/2012	7,149,348	23,659,636	16,510,288	30.2%		0%
<u>Policemen's Retirement Fund:</u>						
1/1/2010	8,482,364	20,183,792	11,701,428	42.0%	60,591	19,312.2%
1/1/2011	7,958,817	19,235,991	11,277,174	41.4%	60,609	18,606.4%
1/1/2012	7,156,776	18,236,662	11,079,886	39.2%	60,750	18,238.5%

**SCHEDULES OF EMPLOYER CONTRIBUTIONS**

<b>Year Ended June 30</b>	<b>Firefighters' Pension Fund</b>		<b>Policemen's Retirement Fund</b>	
	<b>Annual Contribution</b>	<b>Percentage of ARC Contributed</b>	<b>Annual Contribution</b>	<b>Percentage Contributed</b>
2010	2,113,368	100.0%	1,553,716	100.0%
2011	1,827,317	100.0%	1,486,182	100.0%
2012	2,385,051	100.0%	1,439,974	100.0%

**OTHER SUPPLEMENTARY INFORMATION -  
COMBINING FINANCIAL STATEMENTS**

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2012**

	<u>Debt Service Funds</u>			<u>Capital Projects Funds</u>			<b>Total Nonmajor Governmental Funds</b>
	<b>General Obligation</b>	<b>Public Properties Corporation</b>	<b>Capital Projects Corporation</b>	<b>Special Purpose Fund</b>	<b>Public Properties Corporation</b>	<b>Capital Projects Corporation</b>	
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 13,623,240	\$ 1,309,643	\$ 25,661	\$ 14,958,544
Investments	-	-	-	8,317,169	799,554	-	9,116,723
Due from other funds	140,760	-	-	-	-	-	140,760
Restricted assets:							
Cash and cash equivalents	1,185,944	-	2,500	-	-	-	1,188,444
Total assets	<u>\$ 1,326,704</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ 21,940,409</u>	<u>\$ 2,109,197</u>	<u>\$ 25,661</u>	<u>\$ 25,404,471</u>
<b>LIABILITIES</b>							
Accounts payable	-	-	-	140,626	-	-	140,626
Matured bonds payable	140,760	-	-	-	-	-	140,760
Total liabilities	<u>140,760</u>	<u>-</u>	<u>-</u>	<u>140,626</u>	<u>-</u>	<u>-</u>	<u>281,386</u>
<b>FUND BALANCES</b>							
Restricted for:							
Debt service	1,185,944	-	2,500	-	-	-	1,188,444
Assigned to:							
Capital projects	-	-	-	21,799,783	2,109,197	25,661	23,934,641
Total fund balances	<u>1,185,944</u>	<u>-</u>	<u>2,500</u>	<u>21,799,783</u>	<u>2,109,197</u>	<u>25,661</u>	<u>25,123,085</u>
Total liabilities and fund balances	<u>\$ 1,326,704</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ 21,940,409</u>	<u>\$ 2,109,197</u>	<u>\$ 25,661</u>	<u>\$ 25,404,471</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, 2012**

	<u>Debt Service Funds</u>			<u>Capital Projects Funds</u>			
	<u>General Obligation</u>	<u>Public Properties Corporation</u>	<u>Capital Projects Corporation</u>	<u>Special Purpose Fund</u>	<u>Public Properties Corporation</u>	<u>Capital Projects Corporation</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	2,039,555	-	4,393,663	1,981,605	-	-	8,414,823
Charges for services	-	-	-	243,321	-	-	243,321
Investment income	117	-	-	32,579	-	-	32,696
Total revenues	<u>2,039,672</u>	<u>-</u>	<u>4,393,663</u>	<u>2,257,505</u>	<u>-</u>	<u>-</u>	<u>8,690,840</u>
<b>EXPENDITURES</b>							
Current:							
Miscellaneous	-	-	2,500	-	-	-	2,500
Debt service:							
Principal	30,055,000	-	7,650,000	-	-	-	37,705,000
Interest and other charges	12,557,835	-	2,195,779	-	-	-	14,753,614
Capital outlay	-	-	-	6,837,471	4,144	2,592	6,844,207
Total expenditures	<u>42,612,835</u>	<u>-</u>	<u>9,848,279</u>	<u>6,837,471</u>	<u>4,144</u>	<u>2,592</u>	<u>59,305,321</u>
Deficiency of revenues under expenditures	<u>(40,573,163)</u>	<u>-</u>	<u>(5,454,616)</u>	<u>(4,579,966)</u>	<u>(4,144)</u>	<u>(2,592)</u>	<u>(50,614,481)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	41,059,019	-	5,454,616	5,918,548	-	-	52,432,183
Transfers out	-	-	-	(7,674,977)	-	-	(7,674,977)
Total other financing sources (uses)	<u>41,059,019</u>	<u>-</u>	<u>5,454,616</u>	<u>(1,756,429)</u>	<u>-</u>	<u>-</u>	<u>44,757,206</u>
Net change in fund balances	485,856	-	-	(6,336,395)	(4,144)	(2,592)	(5,857,275)
Fund balances--beginning	700,088	-	2,500	28,136,178	2,113,341	28,253	30,980,360
Fund balances--ending	<u>\$ 1,185,944</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ 21,799,783</u>	<u>\$ 2,109,197</u>	<u>\$ 25,661</u>	<u>\$ 25,123,085</u>

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2012**

	<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	\$ 21,086,991	\$ 56,876,743	\$ 77,963,734
Investments	12,873,888	-	12,873,888
Due from other funds	-	201,885	201,885
Deposits with paying agents	75,000	-	75,000
Total current assets	<u>34,035,879</u>	<u>57,078,628</u>	<u>91,114,507</u>
Capital assets:			
Furniture and equipment, net	-	69,715	69,715
Total capital assets	<u>-</u>	<u>69,715</u>	<u>69,715</u>
Total assets	<u>34,035,879</u>	<u>57,148,343</u>	<u>91,184,222</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,965,564	2,888,662	4,854,226
Claims and judgments	15,397,872	-	15,397,872
Due to other funds	-	45,963,365	45,963,365
Unearned revenue	-	8,345,582	8,345,582
Total current liabilities	<u>17,363,436</u>	<u>57,197,609</u>	<u>74,561,045</u>
Noncurrent liabilities:			
Claims and judgments	15,332,605	-	15,332,605
Total noncurrent liabilities	<u>15,332,605</u>	<u>-</u>	<u>15,332,605</u>
Total liabilities	<u>32,696,041</u>	<u>57,197,609</u>	<u>89,893,650</u>
<b>NET ASSETS</b>			
Invested in capital assets	-	69,715	69,715
Unrestricted deficit	1,339,838	(118,981)	1,220,857
Total net assets	<u>\$ 1,339,838</u>	<u>\$ (49,266)</u>	<u>\$ 1,290,572</u>

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended June 30, 2012**

	<b>Insurance and Risk Management Fund</b>	<b>Louisville Jefferson Co. Metro Revenue Commission</b>	<b>Total</b>
<b>OPERATING REVENUES:</b>			
Charges for services			
Collection, investment and other fees	\$ -	\$ 5,142,526	\$ 5,142,526
Insurance income	61,601,301	-	61,601,301
Total operating revenues	61,601,301	5,142,526	66,743,827
<b>OPERATING EXPENSES:</b>			
Professional services	452,550	4,311,230	4,763,780
Contractual services	1,249,413	352,547	1,601,960
Repairs and maintenance	-	404	404
Other supplies and expenses	6,501	440,882	447,383
Insurance claims, settlements and losses	63,765,339	-	63,765,339
Insurance premiums	5,131,623	-	5,131,623
Depreciation	-	47,865	47,865
Total operating expenses	70,605,426	5,152,928	75,758,354
Operating loss	(9,004,125)	(10,402)	(9,014,527)
<b>NONOPERATING REVENUES:</b>			
Investment income	131,430	-	131,430
Total nonoperating revenues	131,430	-	131,430
Net loss before transfers	(8,872,695)	(10,402)	(8,883,097)
Transfers in	5,928,738	-	5,928,738
Change in net assets	(2,943,957)	(10,402)	(2,954,359)
Total net assets--beginning	4,283,795	(38,864)	4,244,931
Total net assets--ending	\$ 1,339,838	\$ (49,266)	\$ 1,290,572

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended June 30, 2012**

	<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	\$ -	\$ 5,142,526	\$ 5,142,526
Insurance income	62,019,170	-	62,019,170
Payments to employees	(419,615)	(3,196,041)	(3,615,656)
Payments to suppliers	-	(1,956,878)	(1,956,878)
Contractual services	(1,439,579)	-	(1,439,579)
Claims paid	(60,708,047)	-	(60,708,047)
Insurance premiums paid	(5,131,623)	-	(5,131,623)
Increase in cash collected for others	-	1,783,883	1,783,883
Other payments	(39,436)	-	(39,436)
Net cash provided/(used) by operating activities	<u>(5,719,130)</u>	<u>1,773,490</u>	<u>(3,945,640)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers from other funds	<u>5,928,738</u>	<u>-</u>	<u>5,928,738</u>
Net cash provided by noncapital financing activities	<u>5,928,738</u>	<u>-</u>	<u>5,928,738</u>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES:</b>			
Acquisition and construction of capital assets	<u>-</u>	<u>(16,345)</u>	<u>(16,345)</u>
Net cash used in capital activities	<u>-</u>	<u>(16,345)</u>	<u>(16,345)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Change in investment pool participation	2,759,774	-	2,759,774
Investment income	131,430	-	131,430
Net cash provided by investing activities	<u>2,891,204</u>	<u>-</u>	<u>2,891,204</u>
Net increase (decrease) in cash and cash equivalents	3,100,812	1,757,145	4,857,957
Cash and cash equivalents, beginning of the year	<u>17,986,179</u>	<u>55,119,598</u>	<u>73,105,777</u>
Cash and cash equivalents, end of the year	<u>\$ 21,086,991</u>	<u>\$ 56,876,743</u>	<u>\$ 77,963,734</u>
<b>Reconciliation of Operating Loss to Net Cash Provided/(Used) By Operating Activities</b>			
Operating loss	\$ (9,004,125)	\$ (10,402)	\$ (9,014,527)
Adjustments to reconcile operating loss to net cash provided /(used) by operating activities:			
Depreciation expense	-	47,865	47,865
Increase (decrease) in cash due to changes in assets and liabilities:			
Accounts receivable	417,869	-	417,869
Accounts and other payables	514,691	(10,932)	503,759
Liability for incurred claims	2,352,435	-	2,352,435
Due to other funds and governmental agencies	-	2,554,487	2,554,487
Unearned revenue	-	(807,528)	(807,528)
Net cash provided/(used) by operating activities	<u>\$ (5,719,130)</u>	<u>\$ 1,773,490</u>	<u>\$ (3,945,640)</u>

During fiscal year 2012, 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, 2012**

	<u>Mass Transit</u>	<u>Escrow and Deposit</u>	<u>Revenue Commission</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,323,345	\$ 7,184,477	\$ -	\$ 14,507,822
Investments	100,000	-	-	100,000
Accounts receivable and accrued interest	47	-	-	47
Due from other funds	3,627,594	201,885	13,631,912	17,461,391
Due from other governmental agencies	2,759,366	-	-	2,759,366
	<u>\$ 13,810,352</u>	<u>\$ 7,386,362</u>	<u>\$ 13,631,912</u>	<u>\$ 34,828,626</u>
<b>LIABILITIES</b>				
Notes payable	\$ -	\$ 1,500,000	\$ -	\$ 1,500,000
Due to other funds	-	201,885	-	201,885
Due to other governmental agencies	13,810,352	41,989	13,631,912	27,484,253
Refundable deposits	-	5,642,488	-	5,642,488
	<u>\$ 13,810,352</u>	<u>\$ 7,386,362</u>	<u>\$ 13,631,912</u>	<u>\$ 34,828,626</u>

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

**For the fiscal year ended June 30, 2012**

**Mass Transit**

	<b>Balance July 1, 2011</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2012</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 100,069	\$ 47	\$ 69	\$ 100,047
Investments	6,064,299	27,890,106	26,631,060	7,323,345
Due from other funds	3,490,704	3,627,603	3,490,713	3,627,594
Due from other governmental agencies	4,319,622	2,759,366	4,319,622	2,759,366
Total assets	<u>\$ 13,974,694</u>	<u>\$ 34,277,122</u>	<u>\$ 34,441,464</u>	<u>\$ 13,810,352</u>
<b>LIABILITIES</b>				
Due to other governmental agencies	\$ 13,974,694	\$ 43,564,379	\$ 43,728,721	\$ 13,810,352
Total liabilities	<u>\$ 13,974,694</u>	<u>\$ 43,564,379</u>	<u>\$ 43,728,721</u>	<u>\$ 13,810,352</u>

**Escrow and Deposit**

	<b>Balance July 1, 2011</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2012</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,197,899	\$ 7,477,552	\$ 11,490,974	\$ 7,184,477
Due from other funds	949,591	201,932	949,638	201,885
Total assets	<u>\$ 12,147,490</u>	<u>\$ 7,679,484</u>	<u>\$ 12,440,612</u>	<u>\$ 7,386,362</u>
<b>LIABILITIES</b>				
Notes payable	\$ 3,500,000	\$ -	\$ 2,000,000	\$ 1,500,000
Due to other funds	597	202,134	846	201,885
Due to other governmental agencies	41,989	-	-	41,989
Refundable deposits	8,604,904	4,186,243	7,148,659	5,642,488
Total liabilities	<u>\$ 12,147,490</u>	<u>\$ 4,388,377</u>	<u>\$ 9,149,505</u>	<u>\$ 7,386,362</u>

**Revenue Commission**

	<b>Balance July 1, 2011</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2012</b>
<b>ASSETS</b>				
Due from other funds	\$ 12,671,509	\$ 143,234,580	\$ 142,274,177	\$ 13,631,912
Total assets	<u>\$ 12,671,509</u>	<u>\$ 143,234,580</u>	<u>\$ 142,274,177</u>	<u>\$ 13,631,912</u>
<b>LIABILITIES</b>				
Due to other governmental agencies	\$ 12,671,509	\$ 143,234,580	\$ 142,274,177	\$ 13,631,912
Total liabilities	<u>\$ 12,671,509</u>	<u>\$ 143,234,580</u>	<u>\$ 142,274,177</u>	<u>\$ 13,631,912</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>94-98</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>99-105</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>106-110</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>111-112</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>113-115</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**

	<u>Last Ten Fiscal Years</u>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</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	\$ 752,726,047	\$ 562,313,226	\$ 564,365,332	\$ 561,495,114
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	117,847,207	105,432,176
Unrestricted	(9,103,886)	(7,054,177)	1,059,088	(8,134,837)	(1,167,710)	(13,411,709)	(219,649,735)	(77,056,948)	(68,207,245)	(73,702,597)
Total Primary Government/Governmental Activities Net Assets	<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>	<u>\$ 614,005,294</u>	<u>\$ 593,224,693</u>
<b>Primary Government/Governmental Activities:</b>										
Expenses (1)										
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	\$ 24,642,512	\$ 24,356,217
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	165,249,244	180,560,832
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	146,109,848	149,203,869
Economic Growth & Innovation	25,171,229	21,638,429	28,451,908	26,276,189	30,710,291	25,275,680	39,617,092	41,026,189	46,807,358	40,714,536
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	10,260,304	10,162,793
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	27,335,066	34,427,841
Community Services & Revitalization	38,588,804	30,087,195	31,841,096	33,146,828	30,304,444	28,844,976	29,871,809	40,596,137	48,008,957	37,987,193
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	26,097,549	37,286,740
Neighborhoods (2)	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	115,037,984	121,557,241
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	10,284,427	11,410,236
Office of Management & Budget	52,453,722	14,169,550	14,471,294	13,048,462	13,789,994	24,813,303	23,929,387	25,184,029	30,926,357	25,968,370
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	3,643,413	3,683,686
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	38,706,100	35,595,222
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	19,397,158	17,886,190
Total Expenses	<u>668,208,948</u>	<u>577,965,635</u>	<u>652,544,363</u>	<u>671,056,573</u>	<u>681,530,647</u>	<u>700,922,875</u>	<u>698,159,211</u>	<u>735,547,651</u>	<u>712,506,277</u>	<u>730,800,938</u>
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	14,857,817	15,827,599
Codes & Regulation	7,407,483	23,917	12,409,334	12,963,317	13,954,629	14,215,180	13,126,794	11,366,206	11,476,715	12,240,045
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	9,337,769	14,347,717
Economic Growth & Innovation	2,416,129	517,056	8,219,029	7,893,128	9,007,348	10,082,408	8,080,332	20,095,174	12,377,407	11,837,685
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	65,108,525	34,959,342
Total Charges for Services	<u>61,839,152</u>	<u>48,187,045</u>	<u>72,184,333</u>	<u>69,752,138</u>	<u>83,456,511</u>	<u>78,058,214</u>	<u>76,088,529</u>	<u>94,189,242</u>	<u>113,158,233</u>	<u>89,212,388</u>
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	92,108,638	99,653,680
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	47,352,771	30,007,843
Total Primary Government Program Revenues	<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>	<u>252,619,642</u>	<u>218,873,911</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)	(459,886,635)	(511,927,027)
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	135,553,293	134,925,775
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	304,470,948	311,921,717
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	1,185,714	803,261
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	18,232,699	18,873,435
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	13,499,503	14,409,201
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	323,156	34,705
Other taxes	223,684	-	319,838	271,059	209,376	269,634	7,679,701	3,480,660	984,143	-
Rental receipts (3)	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	4,635,565	9,194,189
Total General Revenues	<u>398,412,997</u>	<u>401,571,164</u>	<u>432,833,879</u>	<u>451,054,922</u>	<u>478,562,265</u>	<u>491,272,265</u>	<u>476,604,273</u>	<u>483,529,039</u>	<u>481,381,538</u>	<u>491,146,426</u>
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)	21,494,903	(20,780,601)
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	595,810,958	614,005,294
Increase due to acquired agency	-	-	-	443,872	-	-	-	-	-	-
Prior period adjustment	-	-	-	-	10,374,901	-	-	62,138	(3,300,567)	-
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>	<u>\$ 614,005,294</u>	<u>\$ 593,224,693</u>

(1) Amounts reported for fiscal years 2003 - 2007 have been restated to conform with current year presentation.  
(2) During fiscal year 2010, Neighborhoods was disbanded and its divisions were moved to Parks & Recreation.  
(3) Rental receipts were reclassified into program income.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	<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>	<u>2011</u>	<u>2012</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	\$ 2,152,746	\$ 2,201,362
Committed							6,499,730	7,006,904	8,398,077	5,516,769
Assigned							5,390,322	4,776,333	3,237,648	4,782,910
Unassigned							65,407,107	65,413,735	61,481,800	62,427,431
Total General Fund	<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>	<u>\$ 75,270,271</u>	<u>\$ 74,928,472</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		(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	\$ 30,601,612	\$ 31,876,842
Restricted										
Debt service reserve							24,645	640,728	702,588	1,188,444
Other capital projects							7,720,089	44,510,631	33,149,813	22,193,090
Committed								19,358,238	13,420,935	14,477,155
Assigned										
Capital projects							63,806,231	55,475,794	56,415,646	43,955,089
Grant programs							6,269,161		1,695,405	1,317,853
Unassigned								(9,326,830)		
Total all other Governmental Funds	<u>\$ 117,060,947</u>	<u>\$ 101,345,385</u>	<u>\$ 110,786,796</u>	<u>\$ 103,571,349</u>	<u>\$ 116,430,944</u>	<u>\$ 111,494,516</u>	<u>\$ 90,469,571</u>	<u>\$ 132,574,177</u>	<u>\$ 135,985,999</u>	<u>\$ 115,008,473</u>

(1) 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 Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<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	\$ 138,778,419	\$ 135,292,983
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	304,470,948	311,921,717
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	11,368,388	11,605,120
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	155,184,610	143,345,773
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	87,881,294	75,011,225
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	3,198,045	3,343,794
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	1,185,714	803,261
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	18,232,699	18,873,435
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	10,092,130	5,149,786
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	4,398,396	9,232,820
Total revenues	597,412,066	573,787,093	606,463,391	648,578,023	677,720,703	681,623,721	685,551,167	727,652,187	734,790,643	714,579,914
<b>EXPENDITURES (1)</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	24,666,853	24,090,917
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	161,712,743	164,487,923
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	145,142,734	146,384,294
Economic Growth & Innovation	21,380,913	19,299,326	23,949,370	22,091,209	26,620,960	21,911,769	34,880,087	34,809,826	45,274,868	38,144,444
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	10,260,927	10,055,407
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	24,637,647	28,386,403
Community Services & Revitalization	37,415,658	29,276,331	29,154,534	30,228,338	28,133,973	27,177,609	27,848,133	31,076,886	46,153,340	37,568,161
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	25,963,966	36,693,912
Neighborhoods (2)	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	87,164,736	87,164,396
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	9,337,569	10,309,590
Office of Management and Budget	34,067,423	13,784,775	13,247,952	11,898,662	12,802,901	23,281,270	22,246,348	22,552,036	30,855,010	25,583,709
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	3,647,513	3,643,159
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	34,632,946	31,446,405
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	36,100,000	38,306,051
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	16,426,350	15,014,147
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	39,852,354	36,228,306
Total expenditures	663,699,115	581,535,543	617,656,973	671,898,123	686,435,823	707,180,356	758,882,300	735,987,416	741,829,556	733,505,224
<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	323,156	34,705
Issuance of bonds, par	47,450,000	-	29,495,000	-	33,255,000	-	44,000,000	96,355,000	9,385,000	-
Issuance of bonds, premium/(discount)	363,474	-	1,267,582	-	(60,278)	-	448,800	2,743,343	58,702	-
Issuance of refunding bonds, par	49,445,000	-	-	-	58,855,000	-	63,875,000	41,275,000	41,300,000	-
Issuance of refunding bonds, premium/(discount)	-	-	-	-	(137,152)	-	874,372	3,976,585	1,341,521	-
Issuance of debt, capital lease	-	-	-	-	-	-	-	-	-	3,500,000
Bond issuance costs paid	(199,324)	-	-	-	-	-	-	-	-	-
Refunded bond principal, interest, and premium	(49,547,534)	-	-	-	-	-	(65,295,627)	(44,000,000)	-	-
Proceeds from long term note	-	-	-	-	-	-	-	-	10,000,000	-
Payment to bond refunding escrow agent	(2,999,382)	-	-	-	(58,220,426)	-	-	-	(42,030,940)	-
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	61,262,097	62,640,229
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)	(75,545,398)	(68,568,949)
Total other financing sources (uses)	42,102,616	349,995	30,412,582	1,156,848	34,739,543	2,626,001	45,524,753	57,741,233	6,094,138	(2,394,015)
Net change in fund balance	\$ (24,184,433)	\$ (7,398,455)	\$ 19,219,000	\$ (22,163,252)	\$ 26,024,423	\$ (22,930,634)	\$ (27,806,380)	\$ 49,406,004	\$ (944,775)	\$ (21,319,325)
Ratio of total debt service expenditures to noncapital expenditures	5.61%	6.54%	6.55%	6.60%	6.74%	6.24%	6.90%	7.30%	7.55%	8.55%

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

<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 (2)</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
2011	443,249,367	11,168,192	153,497,428	85,845,830	3,198,045	567,731	7,058,190	704,584,783
2012	447,214,700	11,605,120	141,088,592	73,142,640	3,311,544	519,963	12,113,961	688,996,520

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

(2) 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 Ten Fiscal Years**

<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 (1)</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
2011	443,249,367	117,583,514	4,790,507	6,595,542	304,470,948	8,389,009	1,419,847
2012	447,214,700	117,758,838	4,769,261	6,156,154	311,921,717	5,894,287	714,443

(1) 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 Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Employment (2)</b>	<b>Unemployment Rate (2)</b>	<b>Per Capita Income (1) (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%	41,345	-0.41%	292,400,027	-2.97%
2011	326,802	10.6%	39,407	-4.69%	304,470,948	4.13%
2012	327,926	10.0%	40,321	2.32%	311,921,717	2.45%

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) Per capita income for 2012 is an estimate based on the average annual percentage increase over the last ten years. Per capita income for 2011, which had been an estimate, has been changed to reflect published figures as of April 2012.
- (2) 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.
- (3) Total personal income is shown as part of the Schedule for Ratios of Outstanding Debt by Type on page 107.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

PRINCIPAL WITHHOLDING TAXPAYERS

Fiscal Year Ended June 30, 2012

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

Information obtained from the Louisville/Jefferson County Revenue Commission.

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

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed Value to Total Estimated Actual Value	Direct Rates		Homestead Exemption (2)
	Assessed Value (3)	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		Real	Personal	
2003	\$ 36,345,990,006	\$37,845,340,372	\$ 6,835,816,567	\$ 6,835,816,567	\$43,181,806,573	\$44,681,156,939	96.64 %	0.128	0.166	\$ 26,800
2004	38,475,339,519	40,031,861,895	7,186,365,561	7,186,365,561	45,661,705,080	47,218,227,456	96.70 %	0.128	0.166	28,000
2005	40,219,592,446	41,809,690,762	7,212,529,909	7,212,529,909	47,432,122,355	49,022,220,671	96.76 %	0.128	0.166	28,000
2006	42,639,738,345	44,493,302,621	7,102,342,868	7,102,342,868	49,742,081,213	51,595,645,489	96.41 %	0.128	0.166	29,400
2007	46,126,935,404	47,939,471,070	7,441,909,167	7,441,909,167	53,568,844,571	55,381,380,237	96.73 %	0.126	0.166	29,400
2008	48,967,327,639	50,959,448,935	7,011,526,622	7,011,526,622	55,978,854,261	57,970,975,557	96.56 %	0.126	0.166	31,400
2009	51,297,796,731	53,315,888,167	7,421,973,416	7,421,973,416	58,719,770,147	60,737,861,583	96.68 %	0.126	0.166	31,400
2010	52,178,491,299	54,382,542,195	7,236,386,047	7,236,386,047	59,414,877,346	61,618,928,242	96.42 %	0.126	0.166	33,700
2011	51,996,671,540	54,559,993,610	7,039,488,986	7,039,488,986	59,036,160,526	61,599,482,596	95.84 %	0.126	0.166	33,700
2012	51,480,204,902	54,041,866,872	8,018,563,988	8,018,563,988	59,498,768,890	62,060,430,860	95.87 %	0.126	0.166	34,000

- (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) Metro Government tax is levied on properties within the entire Metropolitan area. Urban Services District (USD) tax is an additional tax levied on properties within the Urban Services District. All properties within the Metropolitan area are taxed at the Metro Government general rate. Only those properties within the Urban Services District are taxed at the additional USD tax rates.
- (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**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (1)**  
**URBAN SERVICES DISTRICT**  
Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed Value to Total Estimated Actual Value	Direct Rates		Homestead Exemption (2)
	Assessed Value (3)	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		Real	Personal	
2003	\$ 9,928,556,620	\$10,485,551,900	\$ 2,196,374,108	\$ 2,196,374,108	\$12,124,930,728	\$12,681,926,008	95.61 %	0.376	0.566	\$ 26,800
2004	10,348,442,073	10,908,103,163	1,590,892,073	1,590,892,073	11,939,334,146	12,498,995,236	95.52 %	0.374	0.566	28,000
2005	10,662,215,252	11,219,585,052	1,606,917,756	1,606,917,756	12,269,133,008	12,826,502,808	95.65 %	0.374	0.566	28,000
2006	11,244,224,618	11,815,011,598	1,492,242,540	1,492,242,540	12,736,467,158	13,307,254,138	95.71 %	0.373	0.566	29,400
2007	11,971,085,907	12,513,155,067	1,575,229,335	1,575,229,335	13,546,315,242	14,088,384,402	96.15 %	0.372	0.566	29,400
2008	12,683,955,249	13,269,920,329	1,347,895,696	1,347,895,696	14,031,850,945	14,617,816,025	95.99 %	0.368	0.566	31,400
2009	13,378,169,974	13,949,476,154	1,531,404,667	1,531,404,667	14,909,574,641	15,480,880,821	96.31 %	0.367	0.566	31,400
2010	13,326,407,151	13,933,743,911	1,657,693,699	1,657,693,699	14,984,100,850	15,591,437,610	96.10 %	0.367	0.566	33,700
2011	13,221,353,224	13,819,232,754	1,392,226,642	1,392,226,642	14,613,579,866	15,211,459,396	96.07 %	0.367	0.566	33,700
2012	13,105,246,418	13,688,841,348	1,687,391,277	1,687,391,277	14,792,637,695	15,376,232,625	96.20 %	0.367	0.566	34,000

- (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) The Urban Services District lies within the Metropolitan boundaries. The above schedule represents the assessed value of the properties within the Urban Services District. Metro Government tax is levied on properties within the entire Metropolitan area. Urban Services District tax is an additional tax levied on properties within the Urban Services District. All properties within the Metropolitan area are taxed at the Metro Government general rate. Only those properties within the Urban Services District are taxed at the additional USD tax rates.
- (2) 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 Ten Fiscal Years

Fiscal Year	Metro Government Direct Rates (1) (2) (3)					Overlapping Rates			Total Direct & Overlapping			
	Metro Government		Urban Services District		Total Direct	Consolidated School District			Real	Inventory	Personal	Total
	Real	Personal	Real	Personal		Real	Inventory	Personal				
2003	0.128	0.166	0.376	0.566	1.236	0.572	0.572	0.572	1.076	0.572	1.304	2.952
2004	0.128	0.166	0.374	0.566	1.234	0.576	0.576	0.576	1.078	0.576	1.308	2.962
2005	0.128	0.166	0.374	0.566	1.234	0.592	0.592	0.592	1.094	0.592	1.324	3.010
2006	0.128	0.166	0.373	0.566	1.233	0.625	0.625	0.625	1.126	0.625	1.357	3.108
2007	0.126	0.166	0.372	0.566	1.230	0.615	0.625	0.625	1.113	0.625	1.357	3.095
2008	0.126	0.166	0.368	0.566	1.226	0.615	0.627	0.627	1.109	0.627	1.359	3.095
2009	0.126	0.166	0.367	0.566	1.225	0.625	0.631	0.631	1.118	0.631	1.363	3.112
2010	0.126	0.166	0.367	0.566	1.225	0.646	0.646	0.646	1.139	0.646	1.378	3.163
2011	0.126	0.166	0.367	0.566	1.225	0.676	0.676	0.676	1.169	0.676	1.408	3.253
2012	0.126	0.166	0.367	0.566	1.225	0.677	0.677	0.677	1.170	0.677	1.409	3.256

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

- (1) 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.
- (2) 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.
- (3) All taxpayers within Jefferson County are subject to the Metro Government rates. The Total Direct Rate applies to taxpayers residing within the Urban Services District.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Ten Years Ago

Taxpayer	Type of Business	June 30, 2012			June 30, 2003		
		Assessed Valuation	Rank	Percent of Total Assessed Valuation of \$ 74,291,406,584	Assessed Valuation	Rank	Percent of Total Assessed Valuation of \$ 57,072,417,367
Insight Midwest LP	Cable Media	\$ 925,646,025	1	1.2%	\$ 288,124,305	3	0.5%
AT&T Communications	Telecommunications	399,847,078	2	0.5%	392,044,032	2	0.7%
United Parcel Service, Inc.	Air Express and Distribution	308,549,987	3	0.4%			
Louisville Trophy LLC	Miscellaneous Services	179,524,891	4	0.2%			
Humana, Inc.	Healthcare	158,894,842	5	0.2%	276,747,754	4	0.5%
T-Mobile	Telecommunications	133,669,361	6	0.2%			
Thomas W. Bullitt	Retail	132,051,603	7	0.2%			
BT Properties LLC	Property Management	119,828,328	8	0.2%			
Southwest Airlines Co	Air Carrier	116,518,160	9	0.2%			
Information Systems Corporation	Information Services	114,895,117	10	0.2%	108,856,045	10	0.2%
Louisville Gas & Electric Co.	Energy Utility				868,110,727	1	1.5%
BellSouth Telecommunications	Telecommunications				201,476,156	5	0.4%
Ford Motor Company	Automotive Manufacturer				171,498,089	6	0.3%
The Kentucky Trust Co	Banking/Financial Services				135,212,500	7	0.2%
200 Block CHC LTD PTN	Commercial Real Estate				131,972,900	8	0.2%
General Electric Co	Household Appliance Manufacturer				119,219,531	9	0.2%
	TOTAL	<u>\$ 2,589,425,393</u>		<u>3.5%</u>	<u>\$ 2,693,262,041</u>		<u>4.6%</u>

Source: Jefferson County Sheriff's Office

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**

**PROPERTY TAX LEVIES AND COLLECTIONS**

**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Amount of Levy</b>	<b>Amount Collected in Year of Levy</b>	<b>Percentage Collected in Year of Levy</b>	<b>Collections in Subsequent Years</b>	<b>Total Tax Collections to Date</b>	<b>Percentage of Levy Collected</b>	<b>Total Outstanding Delinquent Taxes Receivable at June 30, 2012</b>
2003	\$ 101,151,309	\$ 97,734,411	96.6%	\$ 2,358,762	\$ 100,093,173	99.0%	\$ 6,389,780
2004	107,833,673	104,493,360	96.9%	2,593,942	107,087,302	99.3%	5,392,784
2005	112,929,657	109,744,607	97.2%	2,295,889	112,040,496	99.2%	9,262,583
2006	115,468,469	114,972,927	99.6%	344,433	115,317,360	99.9%	6,213,399
2007	122,324,736	121,888,305	99.6%	33,797	121,922,102	99.7%	5,679,253
2008	128,569,436	128,045,919	99.6%	226,925	128,272,844	99.8%	5,401,922
2009	133,040,752	129,573,177	97.4%	3,208,749	132,781,926	99.8%	7,225,768
2010	137,034,214	132,148,914	96.4%	4,467,084	136,615,998	99.7%	12,006,630
2011	133,193,647	131,954,594	99.1%	495,004	131,954,594	99.1%	6,614,735
2012	132,050,675	131,350,289	99.5%	-	131,350,289	99.5%	6,344,686

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.

**LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT**

**LEGAL DEBT MARGIN**

**Last Ten Fiscal Years**

	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>	<u>2011</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	\$ 7,364,974,039
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>	<u>424,406,850</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>	<u>\$ 6,940,567,189</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%	5.76%

**Legal Debt Margin Calculation for Fiscal Year 2012**

Assessed Valuation - January 1, 2011	\$ 74,291,406,584
Debt Limit (10% of assessed value)	7,429,140,658
Debt applicable to limit:	
Bonded debt outstanding	390,862,688
Less: Amount set aside for repayment of bonded debt	<u>(1,188,444)</u>
Total debt margin applicable to limit	<u>389,674,245</u>
Legal debt margin	<u>\$ 7,039,466,413</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.

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

**June 30, 2012**

<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	\$ 87,276,349	100.00%	\$ 87,276,349
General obligation debt	<u>305,471,911</u>	100.00%	<u>305,471,911</u>
Total direct debt	<u>392,748,260</u>		<u>392,748,260</u>
Overlapping debt:			
Jefferson County Public Schools	<u>345,336,407</u>	100.00%	<u>345,336,407</u>
Total direct and overlapping debt	<u><u>\$ 738,084,667</u></u>		<u><u>\$ 738,084,667</u></u>

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

**Governmental Activities**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>First Mortgage Revenue Bonds (2)</b>	<b>Lease Revenue Bonds</b>	<b>Notes Payable</b>	<b>Capital Leases</b>	<b>Total Primary Government</b>	<b>Percentage of Total Personal Income</b>	<b>Total Personal Income (1)</b>	<b>Per Capita</b>
2003	\$ 254,041	\$ 33,835	\$ 97,346	\$ 1,037	\$ 680	\$ 386,939	1.63%	\$ 23,791,641	556
2004	242,477	31,900	95,940	808	624	371,749	1.54%	24,184,881	533
2005	255,164	30,100	97,212	568	564	383,608	1.51%	25,470,269	549
2006	235,346	28,030	98,600	318	500	362,794	1.40%	25,949,674	518
2007	247,853	26,680	101,363	57	433	376,386	1.39%	27,122,740	537
2008	226,894	25,260	102,871	-	361	355,386	1.20%	29,497,015	501
2009	275,187	-	99,442	2,000	284	376,913	1.27%	29,785,092	528
2010	354,445	-	95,980	2,000	203	452,628	1.52%	29,834,474	627
2011	335,457	-	92,231	12,000	116	439,804	1.50%	29,247,199	593
2012	305,472	-	87,277	11,737	3,186	407,672	1.35%	30,122,733	546

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

- (1) Personal Income for 2012 is an estimate based on the average annual percentage increase over the last ten years. Personal Income for 2011, which had been an estimate, has been changed to reflect published figures as of April 2012.
- (2) During fiscal year 2009 all remaining outstanding First Mortgage Revenue Bonds were refunded in full.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Population</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
2011	741,096	73,649,740,393	335,456,459	0.46%	453
2012	746,906	74,291,406,584	305,471,912	0.41%	409

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

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**

**PLEDGED REVENUE COVERAGE**

**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>First Mortgage Revenue Bonds</b>				<b>Lease Revenue Bonds</b>			
	<b>Gross Revenue (1)</b>	<b>Debt Service</b>		<b>Coverage</b>	<b>Gross Revenue (1)</b>	<b>Debt Service</b>		<b>Coverage</b>
		<b>Principal (2)</b>	<b>Interest</b>			<b>Principal (3)</b>	<b>Interest</b>	
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
2011	-	-	-	-	9,103,779	6,820,000	2,283,779	1.00
2012	-	-	-	-	9,845,779	7,650,000	2,195,779	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.

- (1) Gross revenues include lease income and nonoperating interest income in debt service and debt service reserve funds.
- (2) 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.
- (3) 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, 2012**

<u>Area</u>	<u>2000</u>	<u>2010</u>	<u>% Change 2000-2010</u>	<u>Estimated (1)</u>		<u>% Change 2000-2011</u>
				<u>2010</u>	<u>2011</u>	
Louisville/Jefferson County	693,604	741,096	6.8%	741,096	746,906	7.7%
Kentucky	4,041,769	4,339,367	7.4%	4,339,367	4,369,356	8.1%
United States	281,421,906	308,745,538	9.7%	308,745,538	311,591,917	10.7%

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

(1) Estimated population amounts for 2012 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, 2012</b>			<b>June 30, 2003</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	20,288	1	3.55%	22,303	1	3.94%
Jefferson County Public Schools	K-12 Public Education	13,840	2	2.42%	12,690	2	2.24%
Humana, Inc.	Healthcare	10,017	3	1.75%	4,672	9	0.83%
Norton Healthcare, Inc.	Healthcare	9,421	4	1.65%	7,034	4	1.24%
Jewish Hospital & St. Mary's Healthcare, Inc.	Healthcare	5,819	5	1.02%	4,352	10	0.77%
University of Louisville	Higher Education	5,746	6	1.00%	5,017	8	0.89%
Louisville Metro Government	Government Services	5,706	7	1.00%			
The Kroger Company	Retail Grocer	5,313	8	0.93%	6,655	5	1.18%
Kentucky State Government	Government Services	4,488	9	0.78%	5,374	7	0.95%
GE Appliances & Lighting	Household Appliance Manufacturer	3,988	10	0.70%	5,800	6	1.03%
Ford Motor Company	Automotive Manufacturer				9,856	3	1.74%
<b>Total</b>		<b>84,626</b>		<b>14.79%</b>	<b>83,753</b>		<b>14.80%</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, 2012 (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>	<u>2011</u>	<u>2012</u>
Metro Council	80	81	85	80	79	82	79	77	78
Mayor's Office	33	31	31	29	28	27	28	27	21
Policy and Strategic Planning	6	6	7	4	7	6	-	-	-
County Attorney	106	104	102	96	94	90	94	91	88
Other Elected Officials	69	67	64	64	64	40	37	39	38
Fire (3)	646	624	553	547	529	538	498	466	473
Emergency Medical Services (3)	131	186	278	253	257	266	247	246	239
Emergency Management/MetroSafe (4)	26	26	171	160	169	180	193	192	197
Corrections	524	545	569	582	577	563	551	547	561
Youth Detention Services	130	128	129	129	130	133	132	128	128
Metro Animal Services	37	37	41	48	48	45	49	48	48
Criminal Justice Commission	6	5	5	5	5	4	4	4	2
Public Protection Cabinet	1	1	1	-	-	-	-	-	0
Police (4)	1,547	1,605	1,514	1,480	1,511	1,502	1,485	1,476	1492
Economic Growth & Innovation	54	67	66	63	65	76	65	66	70
Redevelopment Authority	2	2	1	-	-	-	-	-	-
Air Pollution Control	57	57	62	65	63	66	68	67	66
Community Development	15	15	12	7	-	-	-	-	-
Codes & Regulations	197	203	202	196	177	170	164	168	166
Parks & Recreation	612	593	576	566	476	529	542	508	587
Community Services & Revitalization	341	338	327	307	250	250	240	226	197
Public Health & Wellness	320	320	321	302	288	280	293	285	259
Neighborhoods (7)	41	48	44	44	75	46	28	-	-
Public Works & Assets	729	698	686	682	653	681	706	684	631
Information Technology	49	49	59	66	68	69	62	65	63
Office of Management & Budget	124	116	114	113	107	105	115	110	166
Human Resources	53	49	49	44	47	43	37	38	35
Human Relations Commission	19	18	17	16	15	17	16	14	15
Kentuckiana Works (6)	18	14	11	12	14	-	-	-	-
Louisville Free Public Library	283	287	289	276	268	237	234	238	231
Louisville Zoological Gardens	189	187	180	184	193	235	249	254	248
Internal Audit	8	8	8	8	8	5	8	7	6
Waterfront Development Corporation	14	14	67	112	66	77	87	79	-
<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>	<u>6,150</u>	<u>6,105</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. Because the merger of the City of Louisville and Jefferson County was not fully implemented until fiscal year 2004, merged data for this schedule was not available for fiscal year 2003.
- (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 /MetroSafe.
- (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 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, 2012 (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>	<u>2011</u>	<u>2012</u>
<b>Public Works &amp; Assets</b>									
Miles of streets maintained	3,000	3,000	3,000	3,000	3,025	2,540	2,540	2,900	2,578
Miles of streets paved	125	138	153	231	175	42	37	35	44
Number of potholes filled	21,618	29,809	30,000	14,000	18,175	15,098	27,667	34,909	26,827
Overlay and pavement repairs (sq ft) (2)	-	-	-	203,000	123,274	71,147	150,329	225,062	174,191
Crack Seals (linear ft) (10)	-	-	-	-	-	-	-	-	190,073
<b>General Services Administration</b>									
Number of vehicles maintained (3)	-	-	-	2,587	2,590	2,578	2,569	2,515	2,450
Number of buildings maintained	67	67	67	67	68	73	68	75	68
<b>Solid Waste Management Services</b>									
Tons recycled	15,844	18,724	19,761	21,149	18,597	10,462	14,472	11,613	12,742
Tons composted	20,149	20,594	16,570	19,507	13,085	9,582	17,045	27,148	11,639
Tons landfilled	136,900	146,521	200,455	206,556	206,146	96,754	122,291	124,506	152,979
<b>Codes &amp; Regulation</b>									
Number of inspections performed	90,961	160,023	162,545	164,467	179,118	183,330	174,540	173,751	153,104
Number of permits issued (4)	-	48,351	48,351	40,942	49,464	44,845	68,131	41,458	30,446
<b>Planning and Design Services (5)</b>									
Number of zoning adjustments	-	-	-	-	135	96	98	94	56
Number of plans submitted	-	-	-	-	1,179	1,340	1,297	1,464	1,091
<b>Parks &amp; Recreation</b>									
Community centers	17	17	17	17	17	15	15	12	12
Number of parks	123	123	123	123	123	124	124	122	120
Park acreage	14,000	14,000	14,000	14,000	14,000	15,000	15,000	12,447	12,447
Golf courses	9	9	9	9	9	9	9	9	9
Swimming pools	12	12	12	11	5	5	5	5	5
Tennis courts	172	172	172	172	172	155	155	178	178
Number of walking trails/bike paths	40	40	40	40	41	33	33	52	54
<b>Louisville Zoological Gardens</b>									
Total acreage	151	151	151	151	151	151	151	151	151
Area developed in acres	90	90	90	90	90	88	90	90	90
Number of animals	1,300	1,300	1,300	1,300	1,300	1,747	1,761	1,757	1,496
Number of visitors	783,657	757,517	741,930	810,546	818,129	835,807	792,248	867,417	945,184
<b>Louisville Free Public Library</b>									
Number of branches	16	16	16	16	16	16	17	17	18
Number of library card holders	325,524	343,043	358,927	470,000	457,979	460,247	481,591	339,093	335,669
Number of computers	402	410	470	455	470	495	483	567	589
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	1,309,345	1,257,787
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	3,878,587	3,755,067
<b>Fire Protection (Urban Service District)</b>									
Number of stations	22	22	22	22	22	21	22	22	22
Number of incidents (calls answered)	11,198	10,960	9,488	11,478	11,654	14,777	11,917	10,097	12,469
Number of medical runs	11,481	9,090	7,923	9,850	13,063	21,904	20,639	16,452	20,456
Number of fires extinguished	2,400	1,829	1,995	1,975	1,829	1,856	1,392	1,093	1,364
Number of home inspections conducted	12,316	12,132	11,053	13,470	13,474	18,245	12,995	958	943
Number of building inspections conducted	9,740	11,024	7,708	8,992	8,343	5,833	4,310	5,725	6,912
<b>Police Protection</b>									
Number of active patrol units	802	802	802	848	859	885	827	852	848
Number of incidents (calls answered) (6)				494,140	535,550	512,847	509,072	510,259	548,568
Number of arrests	29,746	38,919	46,726	52,024	47,315	55,349	58,898	57,831	53,254
Number of citations (7)	92,997	80,728	86,426	81,780	88,497	106,347	19,097	37,058	38,861
<b>Corrections</b>									
Number of prisoners	39,046	39,242	35,375	45,000	46,105	45,570	46,263	45,339	42,172
Number of beds	1,919	1,919	1,919	1,919	1,919	1,961	1,919	1,793	1,793
<b>Youth Detention Services</b>									
Number of youth monitored	792	780	828	852	964	799	836	918	1,155
Number of youth housed	1,682	1,980	2,104	2,045	1,790	1,674	1,879	2,001	1,717
<b>Public Health &amp; Wellness</b>									
Number of clinics	12	12	12	12	12	12	11	12	12
Number of services provided	314,696	445,676	454,022	429,610	422,634	401,690	440,750	351,789	369,100
<b>Emergency Medical Services</b>									
Number of dispatches	93,195	92,816	111,627	140,086	136,977	129,684	109,938	115,618	115,892
Number of transports	51,420	52,913	54,073	60,282	64,901	62,200	65,236	69,716	69,228
<b>Metro Animal Services</b>									
Licensed pets	67,293	63,310	58,510	85,000	72,995	63,136	53,097	53,508	54,612
Number of animals spayed/neutered	899	1,063	2,058	1,800	3,886	3,776	3,030	3,135	2,462
Number of pets adopted	899	1,063	1,943	1,200	1,395	2,453	2,244	2,173	2,293

(continued)

**LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT**  
**MISCELLANEOUS OPERATING INDICATORS AND CAPITAL ASSET INFORMATION**  
June 30, 2012 (1)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Economic Growth &amp; Innovation</b>									
Number of downtown market rate housing units	1,726	1,777	1,912	2,004	2,047	2,218	2,218	2,316	2,349
<b>Community Services &amp; Revitalization</b>									
Number of families assisted	16,562	17,892	18,479	14,849	15,722	20,887	22,418	22,569	20,037
Number of individuals assisted	40,117	42,760	44,187	33,981	36,500	48,170	51,423	51,059	45,303
<b>Louisville Water Company</b>									
Number of residential customers	235,906	238,893	241,938	244,478	246,145	245,649	247,192	248,451	240,715
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	16,067,929	14,037,669
Number of commercial and industrial customers	22,593	22,708	22,940	23,546	23,825	24,571	24,504	24,711	22,770
Annual comm. and ind. consumption (1,000 Gallon	19,660,093	19,501,479	19,968,030	18,823,270	20,303,307	19,327,579	17,785,370	15,084,249	1,649,740
Number of fire hydrants	18,882	19,471	19,931	20,467	20,809	21,120	21,323	21,480	23,734
<b>Parking Authority of River City, Inc.</b>									
Number of PARC garages	11	12	12	12	12	12	13	16	15
Number of PARC surface lots	4	4	4	4	3	3	3	2	3
Number of parkers	7,055	7,067	7,345	7,332	8,322	8,777	9,399	9,429	9,008
<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	14,056,838	15,192,500
Total miles driven	11,482,333	11,909,817	12,163,639	12,167,757	12,072,337	12,169,443	11,901,732	11,200,334	11,708,182
Total hours driven	757,968	766,821	784,215	812,549	810,921	781,544	767,926	806,803	842,707
Buses in service	270	274	265	277	276	249	321	315	314
Number of hybrid buses (8)						12	21	21	21
Number of routes	55	55	53	52	51	54	49	46	43
<b>Metropolitan Sewer District</b>									
Miles of sewers	2,959	3,035	3,099	3,133	3,200	3,197	3,207	3,200	3,332
Number of treatment plants	25	25	23	21	21	21	21	20	20
Number of service connections	216,551	220,599	222,698	224,654	226,430	226,711	228,580	230,240	235,136
Daily average treatment (mgd)	143	145	155	134	152	127	143	142	145
Daily treatment capacity (mgd) (mgd - millions of gallons per day)	162	162	173	172	174	174	174	173	173
<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	99,095	100,420
Number of elementary schools	87	87	87	87	89	89	89	89	89
Number of middle schools	23	22	22	22	22	23	23	23	23
Number of high schools	20	19	19	19	19	19	18	18	18
Number of instructors (9)			5,267	5,383	5,363	5,468	5,386	5,372	6,287

- (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. Because the merger of the City of Louisville and Jefferson County was not fully implemented until fiscal year 2004, merged data for this schedule was not available for fiscal year 2003.
- (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.
- (10) This information was not archived prior to fiscal year 2011 and therefore is not reported.