

LOUISVILLE FORWARD

INVESTING IN OUR FUTURE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMMONWEALTH OF KENTUCKY

JULY 1, 2013 - JUNE 30, 2014



COMPREHENSIVE ANNUAL FINANCIAL REPORT

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT LOUISVILLE, KENTUCKY



Fiscal Year Ended June 30, 2014

**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, 2014**

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OFFICE OF THE MAYOR
LOUISVILLE, KENTUCKY

GREG FISCHER
MAYOR

December 19, 2014

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, 2014. This financial report details how Metro Government has managed the resources entrusted to us by our fellow citizens.

This fiscal year began with strategic initiatives to identify and implement innovative approaches for lowering costs and increasing efficiency. I outlined five goals in my fiscal year 2014 budget address:

- 1) Deliver excellent city services,
- 2) Deal with the systemic budget issues,
- 3) Take job creation to the next level,
- 4) Invest in people and neighborhoods, and
- 5) Create plans for a vibrant future

As we evaluate our accomplishments toward these goals, we have achieved several important milestones during this fiscal year. Louisville Metro continued the great momentum in building our local economy with projects like the expansion of the Kentucky International Convention Center, the announcement of 1,500 hotel rooms in the central business district, a \$25 million Wal-Mart retail center in West Louisville that will provide both jobs and convenience in the neighborhood, and further development of bourbon tourism. We are focused on the future through the Vision Louisville project. We received over 80,000 ideas from citizens that touched every corner of the community and solidified the fact that our citizens want a 21st century city that will compete in both quality of life and opportunities possible.

We continue to focus on resolving systemic budget issues by increasing Metro Government’s operational efficiency through the LouieStat process. We are continuously reviewing how we deliver services to citizens and strive to be the “best in class” at delivering those services. We’ve worked to reduce overtime and continued the trend of position attrition to bring personnel costs in line with the budget and actual revenues.

Sound fiscal practices, good stewardship of resources and responsible accounting are the foundation of long-term fiscal health. As a result of prudent fiscal management, our General Fund revenues exceeded our expenditures and our largest revenue source, occupational taxes, has grown over the prior year indicating a growing local economy. At the close of fiscal year 2014, the undesignated General Fund balance increased by 4.1% to \$62.5 million, which represents 11.2% 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 ratings, respectively.

This is the fourth Comprehensive Annual Financial Report that I have presented to the citizens of Louisville. We will continue our work to grow economic activity that increases our tax base and will be looking at innovative ways to reduce our expenses to ensure that our city remains a strong and vibrant community that is committed to excellence and compassion.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Fischer". The signature is written in a cursive, flowing style.

Greg Fischer
Mayor



OFFICE OF MANAGEMENT AND BUDGET
LOUISVILLE, KENTUCKY

GREG FISCHER
MAYOR

STEVE ROWLAND
CHIEF FINANCIAL OFFICER

December 19, 2014

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, 2014.

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 six 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 2014 CAFR reflects a government that continues to be financially strong. During fiscal year 2014, Metro Government continued the recovery that began during the second half of fiscal year 2010. Metro Government’s unassigned fund balance is \$62.5 million at June 30, 2014.

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 2014.

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 2013 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 2014 CAFR for Metro Government was made possible by the dedicated service of the staff of the Office of Management & 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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Louisville/Jefferson County
Metro Government, Kentucky**

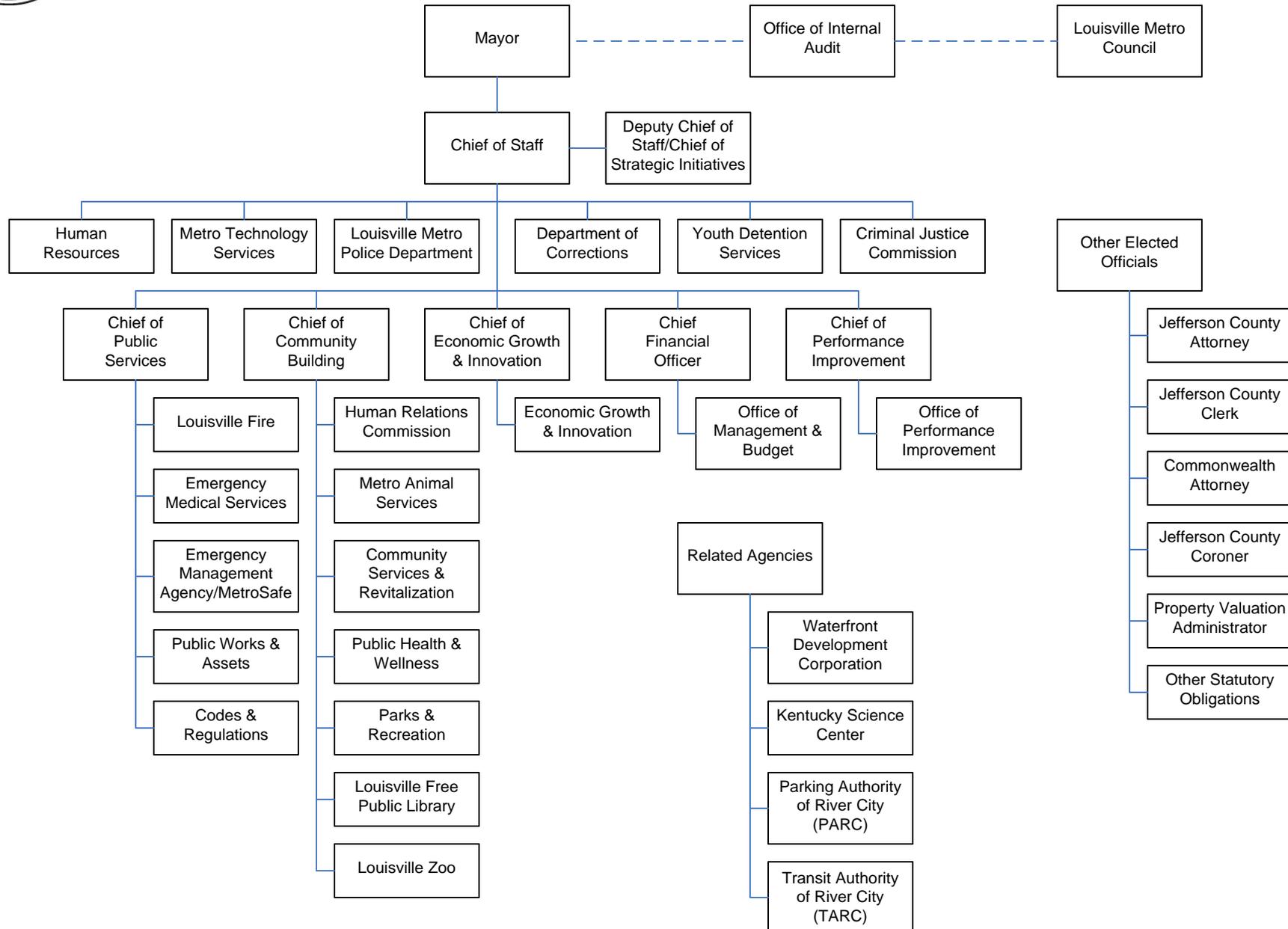
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



Louisville Metro Government



LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT



Fiscal Year Ended June 30, 2014

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
CINDI FOWLER	DISTRICT 14
MARIANNE BUTLER	DISTRICT 15
KELLY DOWNARD	DISTRICT 16
GLEN STUCKEL	DISTRICT 17
MARILYN PARKER	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
STEPHANIE A. MOORE DIRECTOR OF ACCOUNTING

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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 the Louisville/Jefferson County Metro Government ("Metro Government"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Metro Government's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Transit Authority of River City, Waterfront Development Corporation and the Kentucky Science Center, Inc., which represent approximately 3% of total component unit assets, 5% of total component unit net position and 20% of total component unit program revenues. Those 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 solely on the reports of the other auditors. 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 from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Metro Government, as of June 30, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 8 and Note 19 to the financial statements, Metro Government has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The implementation of GASB Statement 70 resulted in the recognition of a retroactively applied financial guarantee liability and reduction of beginning unrestricted net position of \$103,446,383 on the Statement of Net Position at July 1, 2013. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages 5 through 15, the required supplemental information including the budgetary comparison information on page 99, the pension information related to the schedule of funding progress on page 100 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Metro Government's basic 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 basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section has not been subjected to the auditing procedures applied in the audit of the basic 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 19, 2014





**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
For the Year Ended June 30, 2014**

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, 2014. Please read it in conjunction with the Metro Government’s financial statements, which begin on page 17.

Financial Highlights

- Total assets plus deferred outflows of resources of the primary government exceeded total liabilities and deferred inflows of resources by approximately \$1.37 billion at the close of fiscal year 2014. This amount includes a surplus of approximately \$673.3 million in unrestricted net position.
- Metro Government’s net position includes an equity interest in Louisville Water Company of \$855.6 million.
- Total net position increased by \$34.9 million.
- At the end of fiscal year 2014, Metro Government’s governmental funds reported a combined ending fund balance of approximately \$186.4 million. This was a decrease of approximately \$17.7 million for the year ending June 30, 2014.
- At the end of fiscal year 2014, unassigned general fund balance was \$62.5 million or approximately 11.2% 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 Position (page 17) and the Statement of Activities (pages 18-19) 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued
For the Year Ended June 30, 2014**

These two statements report the Metro Government's net position as of June 30, 2014 and the changes in net position during fiscal year 2014. Metro Government's net position, the difference between assets (what the citizens own), deferred outflows of resources, liabilities (what the citizens owe), and deferred inflows of resources is one way to measure the Metro Government's financial health, or financial position. Increases or decreases in the Metro Government's net position 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.).

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 2014.

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 Kentucky 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. Fund financial statements begin on page 20. 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.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued
For the Year Ended June 30, 2014**

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 Position and the Statement of Activities) and governmental funds in reconciliations within the governmental fund financial statements.

Proprietary funds: Proprietary funds are reported in the same way those business-type activities are reported in the Statement of Net Position and the Statement of Activities. Metro Government's proprietary funds only include internal service funds, such as the Metro Government's Insurance and Risk Management Fund and the Louisville/Jefferson County Revenue Commission, a blended component unit, to report activities that provide supplies and services to the Metro Government's other programs and activities. The ending balances in these funds are consolidated in the Governmental Activities column of the government-wide financial statements.

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 35.

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 99. Metro Government presents combining financial statements for the non-major, internal service, and agency funds as other supplementary information. This information begins on page 102.

Government-wide Financial Analysis

Net position serves as a useful indicator of a government's financial condition over time. Metro Government's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by approximately \$1.37 billion at June 30, 2014. Metro Government's net position includes the equity interest in the Louisville Water Company of approximately \$855.6 million.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued
For the Year Ended June 30, 2014**

Additional changes in Metro Government's Statement of Net Position include separate reporting elements for deferred outflows of resources and deferred inflows of resources to comply with GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and 65, *Items Previously Reported as Assets and Liabilities*.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF NET POSITION
June 30
(amounts in thousands)**

	Governmental Activities		Total Percentage Change 2013-2014
	2014	2013	
Current and other assets	\$ 296,339	\$ 313,895	-5.6%
Equity interest in component unit	855,621	828,252	3.3%
Capital assets	809,780	820,903	-1.4%
Total assets	1,961,740	1,963,050	-0.1%
Deferred Outflows of Resources	4,026	4,823	-16.5%
Long-term liabilities	502,327	540,467	-7.1%
Other liabilities	80,216	80,528	-0.4%
Total liabilities	582,543	620,995	-6.2%
Deferred Inflows of Resources	15,384	13,919	10.5%
Net invested in capital assets	592,137	605,615	-2.2%
Restricted	102,447	114,535	-10.6%
Unrestricted	673,256	612,809	9.9%
Total net position	\$ 1,367,840	\$ 1,332,959	2.6%

Current assets decreased by 5.6% from fiscal year 2013 to fiscal year 2014. Cash and investments decreased by 6.2% primarily due to the spend down of \$10 million of bond proceeds for construction of the new Southwest Regional Library. Receivables decreased by 15.1% which is primarily due to the decrease of \$5.8 million of receivables related to amounts due from grant funding sources. In addition to the decrease in grants receivables a decrease in loans receivable due to the write off of bad debt against the reserve contributed to the decrease in receivables. Metro Government's equity interest in the LWC increased by approximately \$27.4 million which directly correlates to the LWC's change in net position. Net capital assets declined by \$11.1 million with three significant elements to this net decrease, 1) annual depreciation costs exceeded asset additions by \$2.0 million (excluding CIP); 2) Metro Government sold properties with carrying values of \$2.7 million; and 3) Metro Government retired obsolete assets with a net book value of \$1.3 million.

Short-term liabilities, such as accounts payable, accrued payroll, and amounts due to other governments of \$80.2 million remained relatively flat to the prior year. Long-term liabilities declined \$38.1 million as Metro Government retired \$51.1 million in general obligation debt, revenue bonds, and notes payable. This decrease was offset by the issuance of two bonds in fiscal year 2014 totaling \$18.4 million.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued
For the Year Ended June 30, 2014**

Metro Government's net investment reports the amount invested 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.

Metro Government reviews third-party restrictions to determine amounts that will be classified as restricted net position each year. In fiscal year 2014, the capital projects restricted net position decreased \$12.1 million primarily due to the decrease of funds with grant restrictions in place and the spend down of funds restricted for capital purposes. The resources set aside for capital and other projects will provide critical investments for the continued economic recovery in Jefferson County.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued
For the Year Ended June 30, 2014**

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

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

	Governmental Activities		Total Percentage Change	Amount change
	2014	2013	2013-2014	2013-2014
Revenues				
Program revenues:				
Charges for services	\$ 84,840	\$ 83,168	2.0%	\$ 1,672
Operating grants and contributions	89,354	94,956	-5.9%	(5,602)
Capital grants and contributions	18,033	30,620	-41.1%	(12,587)
General revenues:				
Property taxes	140,252	146,224	-4.1%	(5,972)
Other taxes	342,161	332,642	2.9%	9,519
Gain on equity interest in LWC	27,369	27,768	-1.4%	(399)
Other	42,127	39,844	5.7%	2,283
Total revenues	744,136	755,222	-1.5%	(11,086)
Expenses				
General Government &				
Administrative Functions	71,109	71,981	-1.2%	(872)
Public Safety	178,458	173,164	3.1%	5,294
Police	166,544	154,391	7.9%	12,153
Economic Growth & Innovation	36,586	39,022	-6.2%	(2,436)
Codes & Regulations	12,689	13,204	-3.9%	(515)
Parks & Recreation	35,382	32,020	10.5%	3,362
Community Services & Revitalization	33,277	38,239	-13.0%	(4,962)
Public Health & Wellness	29,052	30,903	-6.0%	(1,851)
Public Works & Assets	97,489	107,057	-8.9%	(9,568)
Louisville Free Library	18,478	18,130	1.9%	348
Louisville Zoological Gardens	15,758	15,217	3.6%	541
Interest on long-term debt	14,434	16,133	-10.5%	(1,699)
Total expenses	709,256	709,461	0.0%	(205)
Increase (decrease) in net position	34,880	45,761		(10,881)
Net position—beginning, restated	1,332,959	1,287,198		45,761
Net position—ending	\$ 1,367,839	\$ 1,332,959		\$ 34,880

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited), continued
For the Year Ended June 30, 2014**

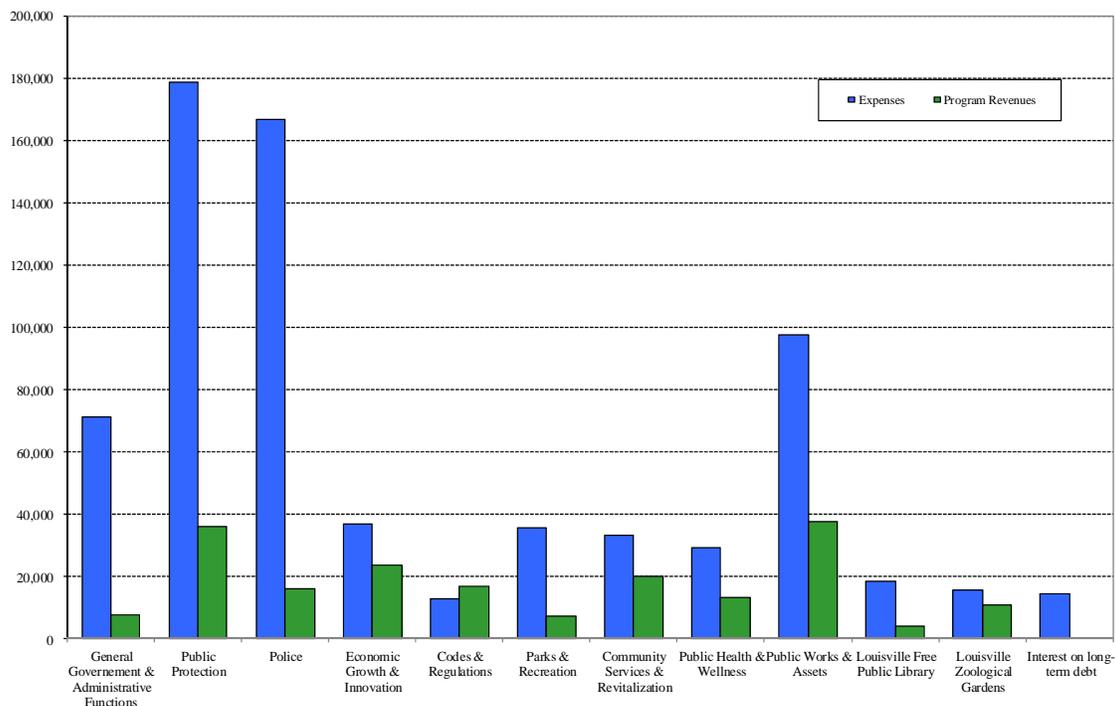
Government-wide net position increased \$34.9 million in fiscal year 2014 versus an increase of \$45.8 million in the prior fiscal year. Property tax collections decreased over the prior year due to the sale and subsequent tax appeal of two large property holders during fiscal year 2014. Metro Government collected an additional \$9.5 million, or 2.9%, in occupational license fees over the prior year. Charges for services increased a modest 2.0% over the prior year. Operating grants and contributions declined by \$5.6 million in fiscal year 2014 as compared to fiscal year 2013. Capital grants and contributions significantly declined by \$12.6 million over the prior year. This decrease is primarily related to a decrease of \$5.3 million of Federal funding received by Community Services & Revitalization for construction projects as well as a decrease of \$2.2 million of Federal fund received by Emergency Management Agency/MetroSafe, which was used for the purchase of equipment in 2013. Grants and contributions are often inconsistent from one year to another as competition gets stiffer for federal and state shared revenues.

Operating expenses were \$0.2 million lower in fiscal year 2014 as compared to 2013. Metro Government continued its efforts to streamline the enterprise operating model and improve efficiency. This was accomplished even while dealing with a large number of snow incidents during the harsh winter of 2014 and an increase of police overtime to address patrol issues around Waterfront Park.

Other income increased \$5.3 million which is primarily the result of the increase in occupational taxes and temporary decrease in property tax collections discussed above.

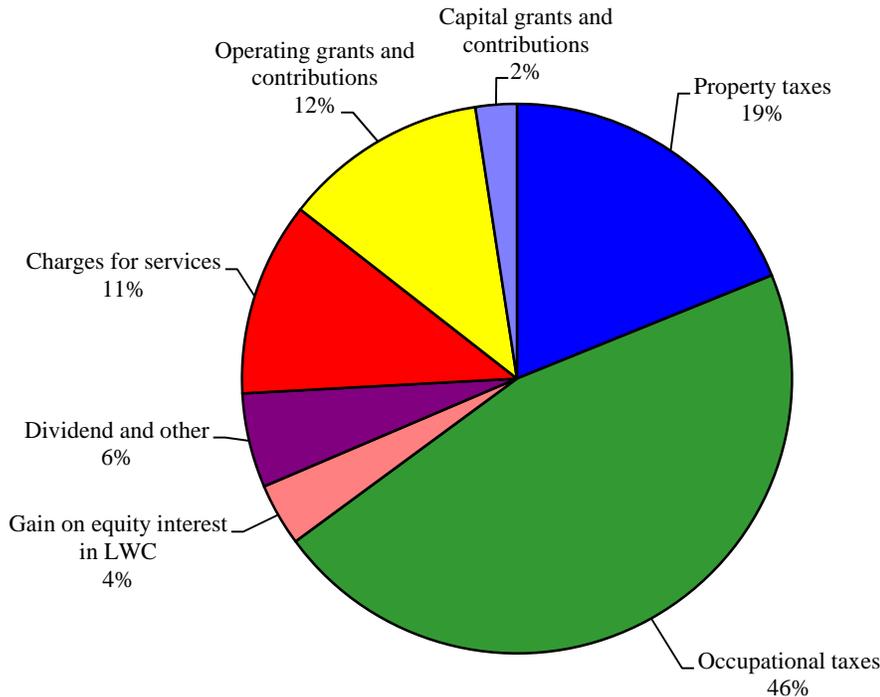
The following charts provide more information on Metro Government’s operating results.

Expenses and Program Revenue – Governmental Activities – For the Year Ended June 30, 2014:



**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited), continued
For the Year Ended June 30, 2014**

Revenues by Source – Governmental Activities – For the Year Ended June 30, 2014:



Financial Analysis of Governmental Funds

At the close of fiscal year 2014, Metro Government’s governmental funds reported a combined ending fund balance of approximately \$186.4 million. This is a decrease of \$17.7 million from fiscal year 2013. 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 \$62.5 million of unassigned fund balance available in the General Fund at June 30, 2014. Unassigned fund balance of the General Fund (Metro Government’s main operating fund) represents approximately 11.2% of total general fund expenditures for fiscal year 2014.

The General Fund’s fund balance increased \$3.1 million during fiscal year 2014 as compared to an increase of \$445,502 in fiscal year 2013. Overall, the General Fund benefitted from the same operating factors and higher occupational tax revenues (\$10.3 million) we noted for the government as a whole. Fiscal year 2014 expenses were \$25.9 million, or 4.9%, higher than 2013. This increase is primarily due to employee salary increases as well as increased in Police overtime.

The Special Revenue Fund’s fund balance decreased \$8.2 million during fiscal year 2014 as compared to an increase of \$12.1 million in fiscal year 2013. Grant programs are the primary activity in Special Revenue Fund and grant awards can vary significantly from one year to the next. Revenues from intergovernmental sources were significantly lower than 2013 as a result of the operating factors we noted for the government as a whole

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued
For the Year Ended June 30, 2014**

The Capital Projects Fund's fund balance decreased \$11.2 million during fiscal year 2014 as compared to a \$14.7 million increase in fiscal year 2013. Compared to 2013, revenues in the Capital Project Fund increased by 7.5% which is primarily due to an increase in charges for services related to loan collections. Capital expenditures increased significantly by \$9.9 million over 2013 due to the construction of the new Southwest Regional Library.

General Fund Budgetary Highlights

The Budgetary Comparison schedule presented on page 101 in the Required Supplementary Information section of this report highlights the original and final adopted budgets for Metro Government as compared to the actual revenues and expenditures. Metro Government uses the cash basis for budgeting, so this schedule also includes adjustments to convert the modified accrual reporting in the governmental funds to the cash basis reporting in the Budgetary Comparison Schedule.

Revenues exceeded budget by \$21.1 million while total expenditures were \$24.0 million less than the final adopted budget. The largest variances between budget and actual amounts relate to interdepartmental adjustments that are eliminated in the financial statements. These amounts are included in budgeted recoveries, within charges for services, and as budgeted departmental expenditures but are not reflected in the actual totals presented in the financial statements. Transfers out include amounts required for debt service and grant matches in the other governmental funds.

Capital Asset And Debt Administration

Capital Assets

Metro Government held \$809.8 million of capital assets, net of accumulated depreciation at June 30, 2014. Depreciation charges for fiscal year 2014 totaled \$34.6 million.

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

	2014	2013	Total Percentage Change 2013-2014
Land	\$ 311,648,044	\$ 311,955,979	-0.1%
Land improvements	56,074,033	58,973,639	-4.9%
Buildings	247,073,649	255,016,388	-3.1%
Machinery and equipment	31,923,651	35,493,599	-10.1%
Vehicles	24,507,389	26,899,247	-8.9%
Collections and works of art	1,042,799	1,159,420	-10.1%
Infrastructure	81,881,207	81,807,455	0.1%
Construction in progress	55,629,738	49,597,619	12.2%
Total	\$ 809,780,510	\$ 820,903,346	-1.4%

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued
For the Year Ended June 30, 2014**

Metro Government purchased approximately \$8.6 million of various heavy machinery and vehicles for Public Works & Assets, Louisville Metro EMS, and Louisville Metro Police. The majority of these purchases were financed through notes payable issued during the year totaling \$7.0 million. Additional detail on the notes can be found in Note 8.

As of June 30, 2014, Metro Government has several major construction projects in the works. In addition to the Southwest Regional Library construction, additional capital improvements are occurring at Fourth Street Live, various projects in Metro Government's parks to improve the infrastructure and connectivity of the Louisville Loop, and improvements to the infrastructure of Metro Government through additional funds dedicated to various street paving projects and the addition of bike lanes to many major thoroughfares.

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)

	<u>2014</u>	<u>2013</u>	Total Percentage Change <u>2013-2014</u>
General obligation debt	\$ 269,260	\$ 292,735	-8.0%
Revenue bonds	70,561	78,146	-9.7%
Note	8,618	11,282	-23.6%
Total	<u>\$ 348,439</u>	<u>\$ 382,163</u>	-8.8%

During the year, total debt of the Metro Government decreased by \$33.7 million. During fiscal year 2014 new debt of \$7.0 million was issued to fund the purchase of vehicles and machinery and general obligation bonds of \$9.4 million were issued to refund bonds issued in 2000 and 2002. This refunding achieved a net present value of savings in interest costs of approximately \$790,800 over the life of the bonds or 8.4% of the refunded bonds. With the annual debt service payments, Metro Government reduced the outstanding bonds and notes payable by \$41.7 million in addition to the refunded bonds during fiscal year 2014. 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 (September 2014) was 5.5% compared to the national unemployment rate of 5.9% for the same period. The Louisville Metropolitan Statistical Area includes eight surrounding counties in Kentucky and 4 additional counties in southern Indiana. In September 2014, the MSA had a civilian labor force of 626,201 compared to 640,135 in September 2013. Metro Government's fiscal year 2015 budget projects a modest growth rate of only 1.7% of overall revenue with a higher increase of 4.0% growth in General Fund revenues, with 0.5% of that growth the result of the enactment of the franchise fee on natural gas in the Urban Services District and unincorporated areas of Jefferson County.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued
For the Year Ended June 30, 2014**

Employment and wage growth is anticipated to continue a positive trend and employee withholdings are estimated to grow by 4.5% in fiscal year 2015, which would be the sixth straight year of wage growth. Local corporate profits and insurance premium fees are expected to grow 10.0% and 2.0%, respectively, in fiscal year 2015. Modest growth is also anticipated for real and personal property taxes based on initial property assessments and the assumption of flat tax rates adopted in fiscal year 2015 at 1.3%.

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 & Budget, 611 West Jefferson Street, Louisville, Kentucky, 40202.

BASIC FINANCIAL STATEMENTS

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF NET POSITION
June 30, 2014

	Primary Government	
	Governmental Activities	Component Units
ASSETS		
Cash and cash equivalents	\$ 133,404,829	\$ 133,669,220
Investments	68,051,028	7,910,442
Receivables, net of allowance for uncollectible amounts	66,849,410	80,593,216
Inventories	679,174	20,143,457
Prepaid items	3,270,299	28,333,593
Assets restricted by bond indentures and other legal provisions	24,083,793	237,395,073
Non-utility property	-	2,785,726
Equity interest in LWC	855,620,600	-
Capital assets:		
Land and improvements	422,713,246	43,256,018
Construction in progress	55,629,738	510,445,433
Works of art	2,793,513	-
Infrastructure	964,365,904	2,691,393,336
Other capital assets	598,972,990	1,779,472,410
Less accumulated depreciation	(1,234,694,881)	(1,545,713,126)
Capital assets, net	<u>809,780,510</u>	<u>3,478,854,071</u>
Total assets	<u>1,961,739,643</u>	<u>3,989,684,798</u>
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized loss on refundings	4,025,704	21,448,471
Unamortized amount on transfer of assets and future revenues	-	10,591,630
Total deferred outflows of resources	<u>4,025,704</u>	<u>32,040,101</u>
LIABILITIES		
Accounts payable and accrued payroll	57,086,289	42,863,439
Accrued interest payable	1,867,219	14,589,308
Due to other government agencies	20,623,338	22,984,803
Notes payable	-	2,583,214
Unearned revenue	41,667	2,427,466
Other liabilities	597,561	10,364,107
Long-term liabilities:		
Due within one year	59,363,155	58,799,674
Due in more than one year	442,963,845	1,930,294,029
Total liabilities	<u>582,543,074</u>	<u>2,313,507,040</u>
DEFERRED INFLOWS OF RESOURCES		
Unamortized amount on transfer of assets and future revenues	10,591,630	-
Deferred tax credit receipts	4,791,994	-
Deferred inflows on swap agreements	-	82,293,000
Total deferred inflows of resources	<u>15,383,624</u>	<u>82,293,000</u>
NET POSITION		
Net investment in capital assets	592,136,882	1,253,889,630
Restricted for:		
Grant programs	49,417,934	-
Capital projects	33,625,187	57,887,325
Debt service	1,874,159	160,578,415
Other purposes	17,529,738	-
Unrestricted	673,254,749	153,569,489
Total net position	<u>\$ 1,367,838,649</u>	<u>\$ 1,625,924,859</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, 2014

<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>	
Primary government:					
Governmental activities:					
Metro Council	\$ 6,034,184	\$ -	\$ 15,437	\$ -	\$ (6,018,747)
Mayor's Office	2,435,569	-	-	-	(2,435,569)
County Attorney	7,573,326	100,000	20,562	-	(7,452,764)
Other Elected Officials	8,916,261	285,093	-	-	(8,631,168)
Fire	55,254,698	676,379	1,974,109	112,922	(52,491,288)
Emergency Medical Services	26,407,981	15,016,285	47,869	-	(11,343,827)
Emergency Management/MetroSafe	23,424,686	2,326,503	701,527	2,219,235	(18,177,421)
Corrections	53,694,554	2,240,336	9,196,522	-	(42,257,696)
Youth Detention Services	9,523,585	490	89,976	-	(9,433,119)
Metro Animal Services	3,373,423	1,040,330	46,959	2,539	(2,283,595)
Criminal Justice Commission	637,591	-	234,700	69,689	(333,202)
Firefighters' Pension Fund	3,725,267	-	-	-	(3,725,267)
Policemen's Retirement Fund	2,416,050	-	-	-	(2,416,050)
Police	166,543,751	5,020,572	8,411,305	2,652,272	(150,459,602)
Economic Growth & Innovation	30,980,499	4,965,184	12,591,545	514,024	(12,909,746)
Air Pollution Control	5,605,793	4,087,680	1,018,183	228,716	(271,214)
Codes & Regulations	12,689,355	15,050,262	1,667,998	-	4,028,905
Parks & Recreation	35,381,854	5,219,716	590,739	1,323,824	(28,247,575)
Community Services & Revitalization	33,276,562	430,793	14,872,065	4,514,950	(13,458,754)
Public Health & Wellness	29,051,919	1,326,148	11,878,677	-	(15,847,094)
Public Works & Assets	97,489,191	9,874,237	23,550,885	4,137,292	(59,926,777)
Information Technology	12,049,036	1,363,003	-	-	(10,686,033)
Office of Management & Budget	28,003,568	5,223,706	144,681	-	(22,635,181)
Office of Performance Improvement	786,196	-	-	-	(786,196)
Human Resources	3,838,145	-	-	-	(3,838,145)
Human Relations Commission	922,280	3,340	289,007	-	(629,933)
Louisville Free Public Library	18,477,994	534,058	1,355,709	2,055,047	(14,533,180)
Louisville Zoological Gardens	15,758,425	10,055,819	655,904	202,202	(4,844,500)
Internal Audit	551,445	-	-	-	(551,445)
Interest expense	14,433,550	-	-	-	(14,433,550)
Total governmental activities	<u>\$ 709,256,738</u>	<u>\$ 84,839,934</u>	<u>\$ 89,354,359</u>	<u>\$ 18,032,712</u>	<u>\$ (517,029,733)</u>
Component units:					
Louisville Water Company	\$ 138,958,521	\$ 158,824,309	\$ -	\$ 6,171,487	\$ 26,037,275
Parking Authority of River City, Inc.	17,174,697	17,738,367	299,601	-	863,271
Transit Authority of River City	81,000,645	13,151,751	80,623,823	-	12,774,929
Louisville and Jefferson County Riverport Authority	1,412,961	554,945	-	-	(858,016)
Metropolitan Sewer District	206,667,000	216,632,000	10,096,000	8,103,000	28,164,000
Kentucky Science Center, Inc.	5,119,045	2,639,895	1,776,932	-	(702,218)
Waterfront Development Corporation	2,452,835	955,752	2,357,041	-	859,958
Total component units	<u>\$ 452,785,704</u>	<u>\$ 410,497,019</u>	<u>\$ 95,153,397</u>	<u>\$ 14,274,487</u>	<u>\$ 67,139,199</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, 2014

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Component Units</u>
Net (expense) revenue (from preceding page)	\$ (517,029,733)	\$ 67,139,199
General revenues:		
Taxes:		
Property taxes, levied for general purposes	140,252,274	-
Occupational taxes	342,160,707	-
Investment income	866,649	9,166,718
Gain on equity interest in LWC	27,368,502	-
Dividends	20,055,060	-
Amortization of intra-entity transfer	532,020	-
Other intergovernmental revenue	13,961,702	-
Gain on sale of assets	3,994,793	3,200
Other taxes	299,836	-
Miscellaneous	2,417,254	176,161
Total general revenues	<u>551,908,797</u>	<u>9,346,079</u>
Change in net position	34,879,064	76,485,278
Net position--beginning, as restated	1,332,959,585	1,549,439,581
Net position--ending	<u>\$ 1,367,838,649</u>	<u>\$ 1,625,924,859</u>

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

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014**

	General Fund	Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 32,343,038	\$ 5,963,351	\$ 13,311,080	\$ 4,154,176	55,771,645
Investments	31,834,333	6,639,001	13,388,868	4,176,215	56,038,417
Receivables, net of allowance for uncollectible amounts:					
Taxes receivable	1,926,088	-	-	-	1,926,088
Accounts receivable and accrued interest	11,464,193	4,794,799	106,699	-	16,365,691
Loans receivable	952,353	33,373,346	1,893,019	200,000	36,418,718
Notes receivable	-	-	41,667	599,760	641,427
Due from federal government	3,660,604	5,267,185	79,347	-	9,007,136
Due from state government	-	1,956,898	-	-	1,956,898
Due from other funds	31,092,346	-	-	140,760	31,233,106
Inventories	679,174	-	-	-	679,174
Prepaid items	196,408	181,990	1,038,505	-	1,416,903
Restricted assets:					
Cash and cash equivalents	-	-	22,212,134	1,871,659	24,083,793
Total assets	<u>\$ 114,148,537</u>	<u>\$ 58,176,570</u>	<u>\$ 52,071,319</u>	<u>\$ 11,142,570</u>	<u>\$ 235,538,996</u>
LIABILITIES					
Accounts payable	\$ 14,812,215	\$ 7,942,709	\$ 4,082,329	\$ 470,553	\$ 27,307,806
Accrued payroll and withholdings	17,848,983	761,582	-	67	18,610,632
Matured bonds and interest payable	-	-	-	140,760	140,760
Other liabilities	597,561	-	-	-	597,561
Total liabilities	<u>33,258,759</u>	<u>8,704,291</u>	<u>4,082,329</u>	<u>611,380</u>	<u>46,656,759</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	2,377,345	54,345	41,667	-	2,473,357
Total deferred inflows of resources	<u>2,377,345</u>	<u>54,345</u>	<u>41,667</u>	<u>-</u>	<u>2,473,357</u>
FUND BALANCES					
Nonspendable	1,827,935	33,555,336	2,931,524	200,000	38,514,795
Restricted for:					
Debt service reserve	-	-	-	1,874,159	1,874,159
Other capital projects	-	-	22,212,134	-	22,212,134
Committed	9,121,441	15,862,598	-	599,760	25,583,799
Assigned to:					
Capital projects	-	-	22,803,665	7,857,271	30,660,936
Other purposes	5,075,503	-	-	-	5,075,503
Unassigned	62,487,554	-	-	-	62,487,554
Total fund balances	<u>78,512,433</u>	<u>49,417,934</u>	<u>47,947,323</u>	<u>10,531,190</u>	<u>186,408,880</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 114,148,537</u>	<u>\$ 58,176,570</u>	<u>\$ 52,071,319</u>	<u>\$ 11,142,570</u>	

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

Capital assets of \$809,780,510 net of accumulated depreciation, reported in the government wide financial statements less \$235,376 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.	809,545,134
Equity investment in a component unit is reported as an asset in the government wide statements, but is not included in the governmental funds.	855,620,600
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 Position.	(7,928,502)
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.	2,431,690
Accrued interest payable on long-term liabilities is reported in the government-wide statements, but is not reported in the funds.	(1,867,219)
Loss on debt refunding has been deferred in the Statement of Net Position (see Note 1(O)(i)).	4,025,704
Proceeds from transfer of parking lots and garages has been recognized in fund statements, but is a deferred inflow in the Statement of Net Position (see Note 18).	(10,591,630)
Long-term liabilities of \$502,327,000, including bonds payable, less \$32,520,992 reported in internal service funds are not due and payable in the current period and therefore are not reported in the funds.	<u>(469,806,008)</u>
Net position of governmental activities	<u>1,367,838,649</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, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 140,114,870	\$ -	\$ -	\$ -	\$ 140,114,870
Occupational taxes	342,160,707	-	-	-	342,160,707
Licenses and permits	12,751,256	-	-	-	12,751,256
Intergovernmental	24,567,355	88,153,433	523,485	8,245,083	121,489,356
Charges for services	58,513,390	-	3,035,244	649,032	62,197,666
Fees and fines	4,593,832	534	-	-	4,594,366
Investment income	467,278	143,786	240,485	15,100	866,649
Dividends	20,055,060	-	-	-	20,055,060
Donations	2,214,646	-	3,241,254	-	5,455,900
Miscellaneous	1,543,300	252,298	465,711	5,893	2,267,202
Total revenues	606,981,694	88,550,051	7,506,179	8,915,108	711,953,032
EXPENDITURES					
Metro Council	5,922,731	-	-	-	5,922,731
Mayor's Office	2,391,722	-	-	-	2,391,722
County Attorney	7,438,013	-	-	-	7,438,013
Other Elected Officials	8,753,278	-	-	-	8,753,278
Fire	52,940,796	107,242	-	-	53,048,038
Emergency Medical Services	24,509,667	26,195	-	-	24,535,862
Emergency Management/MetroSafe	13,962,255	6,060,609	-	-	20,022,864
Corrections	52,493,690	109,000	-	-	52,602,690
Youth Detention Services	9,263,289	3,150	-	-	9,266,439
Metro Animal Services	3,177,511	79,479	-	-	3,256,990
Criminal Justice Commission	300,373	305,470	-	-	605,843
Firefighters' Pension Fund	3,689,749	-	-	-	3,689,749
Policemen's Retirement Fund	2,393,015	-	-	-	2,393,015
Police	158,503,859	3,910,464	-	-	162,414,323
Economic Growth & Innovation	12,051,802	15,123,235	-	-	27,175,037
Air Pollution Control	3,104,394	2,297,662	-	-	5,402,056
Codes & Regulations	10,786,360	1,676,272	-	-	12,462,632
Parks & Recreation	26,439,005	1,881,010	-	-	28,320,015
Community Services & Revitalization	9,623,850	23,042,701	-	-	32,666,551
Public Health & Wellness	16,376,426	11,988,210	-	-	28,364,636
Public Works & Assets	54,307,874	26,600,357	-	-	80,908,231
Information Technology	10,990,985	-	-	-	10,990,985
Office of Management & Budget	30,734,814	-	-	2,500	30,737,314
Office of Performance Improvement	772,149	-	-	-	772,149
Human Resources	3,769,569	-	-	-	3,769,569
Human Relations Commission	690,924	214,878	-	-	905,802
Louisville Free Public Library	16,376,591	538,356	-	-	16,914,947
Louisville Zoological Gardens	13,913,424	-	-	-	13,913,424
Internal Audit	541,593	-	-	-	541,593
Debt service principal	1,358,987	-	18,149	38,507,032	39,884,168
Debt service interest and other charges	285,328	-	(33,000)	12,765,934	13,018,262
Capital outlay	-	-	28,287,523	5,471,201	33,758,724
Total expenditures	557,864,023	93,964,290	28,272,672	56,746,667	736,847,652
Excess (deficiency) of revenues over (under) expenditures	49,117,671	(5,414,239)	(20,766,493)	(47,831,559)	(24,894,620)

(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, 2014

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	-	3,994,793	-	3,994,793
Issuance of bonds, par	-	-	6,961,900	-	6,961,900
Issuance of refunding bonds, par	-	-	-	9,380,000	9,380,000
Issuance of refunding bonds, premium	-	-	-	693,069	693,069
Refunded bond principal	-	-	-	(9,880,000)	(9,880,000)
Refunded bond interest	-	-	-	(109,673)	(109,673)
Transfers in	2,128,414	-	86,432	46,541,984	48,756,830
Transfers out	(48,107,626)	(2,798,485)	(1,480,097)	(236,372)	(52,622,580)
Total other financing sources (uses)	<u>(45,979,212)</u>	<u>(2,798,485)</u>	<u>9,563,028</u>	<u>46,389,008</u>	<u>7,174,339</u>
Net change in fund balances	3,138,459	(8,212,724)	(11,203,465)	(1,442,551)	(17,720,281)
Fund balances--beginning	<u>75,373,974</u>	<u>57,630,658</u>	<u>59,150,788</u>	<u>11,973,741</u>	<u>204,129,161</u>
Fund balances--ending	<u>\$ 78,512,433</u>	<u>\$ 49,417,934</u>	<u>\$ 47,947,323</u>	<u>\$ 10,531,190</u>	<u>\$ 186,408,880</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, 2014**

Net change in fund balances--total governmental funds	\$	(17,720,281)
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 \$27,499,944, less \$182,293 in the internal service funds, was greater than depreciation of \$34,592,893 in the governmental funds, less \$54,213 of depreciation in the internal service funds, for the current period.		(7,221,029)
In the Statement of Activities, the change in net position from Metro Government's investment in the LWC is included as investment income, while governmental funds only report the dividend income from the investment.		27,368,502
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 position differs from the change in fund balance by the basis of the assets disposed.		(4,029,887)
Unearned revenues added to net position in the prior year are deducted in the current year.		(2,248,773)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		2,963,710
Bond proceeds of \$6,961,900 from new issues and \$10,073,069 from refunding issues provide current financial resources to governmental funds, but issuing debt increases the long-term liabilities in the Statement of Net Position. Repayment of \$38,507,032 of bond principal, plus payments of \$9,880,000 of refunded principal and \$3,359,000 of notes payable and capital lease payments are expenditures in the governmental funds, but these items reduce long-term liabilities in the Statement of Net Position.		34,711,063
The changes in compensated absences, other commitments, and claims and judgments 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.		3,710,967
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The change in net position of the internal service funds is reported with governmental activities.		844,684
Governmental funds report the effect of original issue premiums, discounts, and similar items when debt is first issued, whereas these amounts are recorded on the Statement of Net Position and amortized in the Statement of Activities. Accreted interest on deep discount bonds and net changes in accrued interest of \$2,008,778 less amortization and other revenues of \$131,241 are also shown as differences for the year.		(2,140,019)
Accrued expense payable due to other governmental agencies was reported in the government-wide statements in the prior year and in the fund statements in the current year.		(1,359,873)
Change in net position of governmental activities	<u>\$</u>	<u>34,879,064</u>

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
June 30, 2014

	Governmental Activities
	Internal Service Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 77,633,184
Investments	12,012,611
Accounts receivable	533,452
Deposits with paying agents	75,000
Prepaid expenses	1,778,396
Total current assets	92,032,643
Capital assets:	
Furniture and equipment, net	235,376
Total capital assets	235,376
Total assets	92,268,019
 LIABILITIES	
Current liabilities:	
Accounts payable	4,075,307
Refunds payable	6,951,784
Claims and judgments	14,396,155
Due to other funds	51,856,444
Total current liabilities	77,279,690
Noncurrent liabilities:	
Claims and judgments	18,124,837
Total noncurrent liabilities	18,124,837
Total liabilities	95,404,527
 DEFERRED INFLOWS OF RESOURCES	
Deferred tax credit receipts	4,791,994
Total deferred inflows of resources	4,791,994
 NET POSITION	
Net investment in capital assets	235,376
Restricted	705,099
Unrestricted	(8,868,977)
Total net position	\$ (7,928,502)

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 POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2014**

	Governmental Activities Internal Service Fund
OPERATING REVENUES:	
Charges for services	
Collection, investment and other fees	\$ 5,223,959
Insurance income	62,809,255
	<u>68,033,214</u>
OPERATING EXPENSES:	
Professional services	4,670,296
Contractual services	323,616
Repairs and maintenance	8,861
Other supplies and expenses	384,461
Insurance claims, settlements and losses	63,608,103
Insurance premiums	2,090,453
Depreciation	54,213
	<u>71,140,003</u>
Total operating expenses	71,140,003
Operating loss	<u>(3,106,789)</u>
NONOPERATING REVENUES:	
Investment income	85,723
Total nonoperating revenues	<u>85,723</u>
Net loss before transfers	(3,021,066)
Transfers in	<u>3,865,750</u>
Change in net position	844,684
Total net position--beginning	<u>(8,773,186)</u>
Total net position--ending	<u>\$ (7,928,502)</u>

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, 2014

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from collection, investment, and other fees	\$ 5,223,959
Insurance income	62,903,620
Payments to employees	(3,519,733)
Payments to suppliers	(1,780,786)
Contractual services	(3,847,904)
Claims paid	(64,448,913)
Insurance premiums paid	(6,912,309)
Increase in cash collected for others	2,072,512
Other payments	(6,700)
Net cash used by operating activities	(10,316,254)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers from other funds	3,865,750
Net cash provided by noncapital financing activities	3,865,750
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(182,293)
Net cash used in capital activities	(182,293)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Change in investment pool participation	3,105,951
Investment income	85,723
Net cash provided by investing activities	3,191,674
Net decrease in cash and cash equivalents	(3,441,123)
Cash and cash equivalents, beginning of the year	81,074,307
Cash and cash equivalents, end of the year	\$ 77,633,184
Reconciliation of Operating Loss to Net Cash Used By Operating Activities	
Operating loss	\$ (3,106,789)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	54,213
Increase (decrease) in cash due to changes in assets and liabilities:	
Accounts receivable	94,365
Prepaid expenses	(1,778,396)
Accounts and other payables	(6,672,616)
Liability for incurred claims	(474,718)
Due to other funds and governmental agencies	(429,328)
Deferred inflows of resources	1,997,015
Net cash used by operating activities	\$ (10,316,254)

During fiscal year 2014, 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 POSITION
FIDUCIARY FUNDS
June 30, 2014

	<u>Pension & Benefit Trust (1)</u>	<u>Private-purpose Trust</u>	<u>Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,073,893	\$ 528,442	\$ 14,331,471
Investments		531,651	100,000
Equity mutual funds	10,078,433	-	-
Bond mutual funds	1,136,445	-	-
US Agency notes	3,592	-	-
Other investments	9,536	-	-
Accounts receivable and accrued interest	2,580,825	-	16
Due from other funds	-	-	20,623,452
Due from other governmental agencies	-	-	7,400,627
Total assets	<u>14,882,724</u>	<u>1,060,093</u>	<u>\$ 42,455,566</u>
LIABILITIES			
Accounts payable	16,872	50,877	\$ 16
Notes payable	-	-	1,500,000
Health insurance reimbursement and accrued liabilities	494,802	-	-
Due to other governmental agencies	-	-	31,340,915
Refundable deposits	-	-	9,614,635
Total liabilities	<u>511,674</u>	<u>50,877</u>	<u>\$ 42,455,566</u>
NET POSITION			
Held in trust for pension benefits	14,371,050	-	
Held in trust for private purpose	-	1,009,216	
Total net position	<u>\$ 14,371,050</u>	<u>\$ 1,009,216</u>	

(1) Amounts reported for the Pension & Benefit Trust Fund are as of December 31, 2013 (see Note 1),

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2014

	<u>Pension & Benefit Trust (1)</u>	<u>Private-purpose Trust</u>
ADDITIONS		
Contributions:		
Employer	\$ 4,337,929	\$ -
Member	4,242	737,856
Total contributions	<u>4,342,171</u>	<u>737,856</u>
Investment earnings:		
Increase in fair value of investments	1,636,550	-
Realized gains	689,021	-
Interest and dividends	121,414	-
Total investment earnings	<u>2,446,985</u>	<u>-</u>
Investment expense	(106,657)	-
Net investment earnings	<u>2,340,328</u>	<u>-</u>
Other income	1,685,796	-
Total additions	<u>8,368,295</u>	<u>737,856</u>
DEDUCTIONS		
Benefit payments	5,231,895	-
Administrative expense	522,779	538,207
Health insurance reimbursement	1,023,864	-
Total deductions	<u>6,778,538</u>	<u>538,207</u>
Net increase/(decrease)	1,589,757	199,649
Net position--beginning of the year	12,781,293	809,567
Net position--end of the year	<u>\$ 14,371,050</u>	<u>\$ 1,009,216</u>

(1) Amounts reported for the Pension & Benefit Trust Fund are as of December 31, 2013 (see Note 1),

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2014

	Louisville Water Company*	Parking Authority of River City, Inc.	Transit Authority of River City	Louisville and Jefferson County Riverport Authority	Metropolitan Sewer District	Kentucky Science Center, Inc.**	Waterfront Development Corporation	Total
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 34,833,703	\$ 500	\$ 12,116,729	\$ 1,332,406	\$ 84,780,000	\$ 140,799	\$ 465,083	\$ 133,669,220
Investments	-	-	-	4,372,701	100,000	-	3,437,741	7,910,442
Accounts receivable	22,963,540	676,112	4,740,751	193,703	21,809,000	116,219	44,044	50,543,369
Accrued interest receivable	371,738	-	-	5,134	1,199,000	-	-	1,575,872
Contract and assessments receivable, current portion	608,317	-	-	-	-	-	-	608,317
Notes receivable, current portion	664,400	-	-	-	-	-	-	664,400
Pledges receivable, net	-	-	-	-	-	297,330	-	297,330
Inventories	7,565,214	-	1,225,261	7,514,378	3,808,000	30,604	-	20,143,457
Reserves, current portion	3,752,906	-	-	-	-	-	-	3,752,906
Prepaid expenses	1,679,151	10,106	537,111	70,019	1,437,000	23,065	-	3,756,452
Restricted cash and cash equivalents	-	11,398,084	-	-	39,507,000	-	-	50,905,084
Restricted investments	-	8,000,000	-	-	121,216,000	-	-	129,216,000
Total current assets	<u>72,438,969</u>	<u>20,084,802</u>	<u>18,619,852</u>	<u>13,488,341</u>	<u>273,856,000</u>	<u>608,017</u>	<u>3,946,868</u>	<u>403,042,849</u>
Noncurrent assets:								
Restricted cash and cash equivalents	-	-	-	-	-	1,226,307	-	1,226,307
Restricted investments	-	-	31,590	-	-	530,294	-	561,884
Pledges receivable, net	-	-	-	-	-	140,288	-	140,288
Reserves, less current portion	51,732,892	-	-	-	-	-	-	51,732,892
Note receivable	8,617,500	348,601	-	-	-	-	-	8,966,101
Issuance costs	1,480,587	-	-	-	-	-	-	1,480,587
Contract and assessments receivable, less current portion	1,439,539	-	-	-	16,358,000	-	-	17,797,539
Regulatory assets and costs	5,864,674	-	-	-	17,143,000	-	-	23,007,674
Non-utility property	2,785,726	-	-	-	-	-	-	2,785,726
Other assets	-	75,000	-	3,925	-	-	9,955	88,880
Capital assets:								
Land	11,934,153	11,461,424	3,177,782	8,101,986	-	-	8,580,673	43,256,018
Buildings and improvements	182,285,953	151,513,610	36,451,188	29,771,477	1,092,386,000	6,100,515	-	1,498,508,743
Machinery and equipment	60,511,748	6,689,861	108,867,973	175,271	85,395,000	1,141,080	469,868	263,250,801
Museum exhibits	-	-	-	-	-	17,712,866	-	17,712,866
Infrastructure	1,115,413,336	-	-	-	1,575,980,000	-	-	2,691,393,336
Construction in progress	47,044,268	76,557	-	-	463,167,000	157,608	-	510,445,433
Less accumulated depreciation	<u>(417,436,175)</u>	<u>(54,925,889)</u>	<u>(85,944,915)</u>	<u>(19,637,513)</u>	<u>(946,426,000)</u>	<u>(21,056,279)</u>	<u>(286,355)</u>	<u>(1,545,713,126)</u>
Capital assets, net of accumulated depreciation	<u>999,753,283</u>	<u>114,815,563</u>	<u>62,552,028</u>	<u>18,411,221</u>	<u>2,270,502,000</u>	<u>4,055,790</u>	<u>8,764,186</u>	<u>3,478,854,071</u>
Total noncurrent assets	<u>1,071,674,201</u>	<u>115,239,164</u>	<u>62,583,618</u>	<u>18,415,146</u>	<u>2,304,003,000</u>	<u>5,952,679</u>	<u>8,774,141</u>	<u>3,586,641,949</u>
Total assets	<u>1,144,113,170</u>	<u>135,323,966</u>	<u>81,203,470</u>	<u>31,903,487</u>	<u>2,577,859,000</u>	<u>6,560,696</u>	<u>12,721,009</u>	<u>3,989,684,798</u>
DEFERRED OUTFLOWS OF RESOURCES								
Unamortized amount on transfer of assets and future revenues	-	10,591,630	-	-	-	-	-	10,591,630
Unamortized loss on refunding	2,689,792	947,679	-	-	17,811,000	-	-	21,448,471
Total deferred outflows of resources	<u>2,689,792</u>	<u>11,539,309</u>	<u>-</u>	<u>-</u>	<u>17,811,000</u>	<u>-</u>	<u>-</u>	<u>32,040,101</u>

(continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF NET POSITION (continued)
COMPONENT UNITS
June 30, 2014

	Louisville Water Company*	Parking Authority of River City, Inc.	Transit Authority of River City	Louisville and Jefferson County Riverport Authority	Metropolitan Sewer District	Kentucky Science Center, Inc.**	Waterfront Development Corporation	Total
LIABILITIES								
Current liabilities:								
Accounts payable	9,360,096	1,003,164	2,934,092	176,316	28,365,000	183,308	170,497	42,192,473
Accrued payroll and withholdings	473,620	-	-	-	-	197,346	-	670,966
Compensated absences payable	1,789,409	-	3,563,900	-	-	-	123,717	5,477,026
Capital lease obligation, current portion	-	-	148,178	-	-	-	-	148,178
Due to other governmental agencies	15,584,176	-	7,400,627	-	-	-	-	22,984,803
Customer advances and deposits payable	5,348,063	130,014	-	-	1,568,000	-	113,348	7,159,425
Accrued interest payable	1,446,016	309,292	-	-	12,834,000	-	-	14,589,308
Notes payable, current portion	82,048	149,940	-	-	-	58,520	-	290,508
Bonds payable, current portion	15,880,000	5,080,000	-	-	28,525,000	-	-	49,485,000
Bond anticipation note	-	-	-	-	228,601,000	-	-	228,601,000
Lines of credit	-	-	-	-	-	114,000	-	114,000
Other payables from restricted assets	1,903,100	540,582	-	-	-	-	-	2,443,682
Claims and judgments payable	-	-	3,575,470	-	-	-	-	3,575,470
Unearned revenue	-	-	1,177,353	185,188	-	229,801	-	1,592,342
Total current liabilities	<u>51,866,528</u>	<u>7,212,992</u>	<u>18,799,620</u>	<u>361,504</u>	<u>299,893,000</u>	<u>782,975</u>	<u>407,562</u>	<u>379,324,181</u>
Noncurrent liabilities:								
Capital lease, less current portion	-	-	356,230	-	-	-	-	356,230
Unearned revenue	835,124	-	-	-	-	-	-	835,124
Unamortized debt premiums and discounts	12,284,359	2,955,440	-	-	60,263,000	-	-	75,502,799
Notes payable, less current portion	1,676,351	449,820	-	-	-	166,535	-	2,292,706
Bonds payable, less current portion	224,520,000	80,215,000	-	-	1,549,700,000	-	-	1,854,435,000
Other long term liabilities	-	-	-	-	761,000	-	-	761,000
Total noncurrent liabilities	<u>239,315,834</u>	<u>83,620,260</u>	<u>356,230</u>	<u>-</u>	<u>1,610,724,000</u>	<u>166,535</u>	<u>-</u>	<u>1,934,182,859</u>
Total liabilities	<u>291,182,362</u>	<u>90,833,252</u>	<u>19,155,850</u>	<u>361,504</u>	<u>1,910,617,000</u>	<u>949,510</u>	<u>407,562</u>	<u>2,313,507,040</u>
DEFERRED INFLOWS OF RESOURCES								
Interest rate swaps	-	-	-	-	73,640,000	-	-	73,640,000
Other deferred inflows-swaps	-	-	-	-	8,653,000	-	-	8,653,000
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,293,000</u>	<u>-</u>	<u>-</u>	<u>82,293,000</u>
NET POSITION								
Net investment in capital assets	757,594,882	38,725,721	62,047,620	18,411,221	368,346,000	-	8,764,186	1,253,889,630
Restricted for capital projects	55,485,798	258,459	-	-	-	2,143,068	-	57,887,325
Restricted for debt service	-	12,127,415	-	-	148,451,000	-	-	160,578,415
Unrestricted	42,539,920	4,918,428	-	13,130,762	85,963,000	3,468,118	3,549,261	153,569,489
Total net position	<u>\$ 855,620,600</u>	<u>\$ 56,030,023</u>	<u>\$ 62,047,620</u>	<u>\$ 31,541,983</u>	<u>\$ 602,760,000</u>	<u>\$ 5,611,186</u>	<u>\$ 12,313,447</u>	<u>\$ 1,625,924,859</u>

*Amounts for the Louisville Water Company are for December 31, 2013.

**The Kentucky Science Center, Inc. is a not-for-profit organization.

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, 2014

Function/Program	Program Revenues			Net (Expense) Revenue and Changes in Net Position							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	Kentucky Science Center, Inc.**		Waterfront Development Corporation
Component Units:												
Louisville Water Company*	\$ 138,958,521	\$ 158,824,309	\$ -	\$ 6,171,487	\$ 26,037,275							\$ 26,037,275
Parking Authority of River City, Inc.	17,174,697	17,738,367	299,601	-	-	\$ 863,271						863,271
Transit Authority of River City	81,000,645	13,151,751	80,623,823	-	-	-	\$ 12,774,929					12,774,929
Louisville and Jefferson County Riverport Authority	1,412,961	554,945	-	-	-	-	-	\$ (858,016)				(858,016)
Metropolitan Sewer District	206,667,000	216,632,000	10,096,000	8,103,000	-	-	-	-	\$ 28,164,000			28,164,000
Kentucky Science Center, Inc.**	5,119,045	2,639,895	1,776,932	-	-	-	-	-	-	\$ (702,218)		(702,218)
Waterfront Development Corporation	2,452,835	955,752	2,357,041	-	-	-	-	-	-	-	\$ 859,958	859,958
	<u>452,785,704</u>	<u>410,497,019</u>	<u>95,153,397</u>	<u>14,274,487</u>	<u>26,037,275</u>	<u>863,271</u>	<u>12,774,929</u>	<u>(858,016)</u>	<u>28,164,000</u>	<u>(702,218)</u>	<u>859,958</u>	<u>67,139,199</u>
General Revenues												
Investment income					1,331,227	60,185	1,269	11,884	7,682,000	80,153	-	9,166,718
Gain on sale/disposal of assets					-	-	-	-	-	-	3,200	3,200
Miscellaneous					-	-	-	-	-	-	176,161	176,161
Total general revenues and special items					<u>1,331,227</u>	<u>60,185</u>	<u>1,269</u>	<u>11,884</u>	<u>7,682,000</u>	<u>80,153</u>	<u>179,361</u>	<u>9,346,079</u>
Change in net position					27,368,502	923,456	12,776,198	(846,132)	35,846,000	(622,065)	1,039,319	76,485,278
Net position, beginning balance					828,252,098	55,106,567	49,271,422	32,388,115	566,914,000	6,233,251	11,274,128	1,549,439,581
Net position, ending					<u>\$ 855,620,600</u>	<u>\$ 56,030,023</u>	<u>\$ 62,047,620</u>	<u>\$ 31,541,983</u>	<u>\$ 602,760,000</u>	<u>\$ 5,611,186</u>	<u>\$ 12,313,447</u>	<u>\$ 1,625,924,859</u>

*Amounts for the Louisville Water Company are for the year ended December 31, 2013.

**The Kentucky Science Center, Inc. is a not-for-profit entity.

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, 2014

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*, No. 39, *Determining Whether Certain Organizations Are Component Units*, and No. 61, *The Financial Reporting Entity: Omnibus*, 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. These standards require governments to include entities for which there is a financial benefit or burden between the primary government and the component unit or the primary government can impose its will on significant elements of the component unit’s operations.

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, 2014

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. PPC is reported as part of the primary government because its purpose is to issue bonds solely on behalf of Metro Government. There are currently no First Mortgage Revenue Bonds outstanding.
- 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 business of CPC is conducted by a four member Board of Directors consisting of the Mayor of Metro Government, the Deputy Mayor for Development of Metro Government, the President of the Metro Council, and the Chief Financial Officer of Metro Government. 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 the LWC’s Board of Directors. See Note 19 for discussion of the treatment of Metro Government’s ownership of the LWC stock. Water services valued at \$15.4 million were provided to Metro Government in lieu of taxes during the year ended December 31, 2013. LWC remitted \$20,055,060 in dividends to Metro Government during Metro Government’s fiscal year ended June 30, 2014. Complete financial statements of the

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

1. Summary of Significant Accounting Policies, continued

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 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. During fiscal year 2013, PARC purchased two parking lots from Metro Government and two parking garages from CPC. See Note 18 for details on these asset transfers. 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, which 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, 2014, totaled \$46,375,100. 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.
- 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

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

1. Summary of Significant Accounting Policies, continued

modify decisions of MSD regarding expansion of infrastructure and sewage facilities and must approve any rate increases over 7%. Metro Government does not provide any funding to MSD. The amount of free services provided to Metro Government in fiscal year ended June 30, 2014, was approximately \$6,300,000. Complete financial statements of MSD can be requested from Louisville and Jefferson County Metropolitan Sewer District, 700 West Liberty Street, Louisville, KY 40203.

- Kentucky Science Center, Inc. (“KSC”) - The KSC 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, 2014, Metro Government paid \$937,500 as an appropriation to the KSC. Complete financial statements of KSC can be requested from Kentucky Science Center, 727 West Main Street, Louisville, KY 40202.
- 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. 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, 2014, Metro Government paid \$987,000 as an appropriation to WDC. Complete financial statements of WDC can be requested from the Waterfront Development Corporation, 129 East River Road, Louisville, KY 40202.

iii. Related Organizations

The following organizations are related to Metro Government, but are not considered component units, because there is no financial benefit or burden relationship between these organizations and Metro Government. In addition, Metro Government does not impose its will on these organizations.

- 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, 2014.
- Louisville Regional Airport Authority (“RAA”) - The RAA was created by state statute and is responsible for the operation of Louisville International Airport and

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

1. Summary of Significant Accounting Policies, continued

Bowman Field, both located in Louisville. The Board of the RAA consists of eleven members, the Mayor, seven members appointed by the Mayor and three members appointed by the Governor of 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 Convention Bureau received \$14,114,143 in transient room taxes collected by the Revenue Commission during the 2014 fiscal year.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (the Statement of Net Position 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 Position presents Metro Government's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

- Net investment in capital assets 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. Deferred inflows or outflows of resources that are related to capital assets or debt will also be included in this component.
- The restricted component of net position result from restrictions placed by external sources such as creditors, grantors and contributors, or imposed by law through constitutional provisions or enabling legislation. In addition, this component is adjusted for the liabilities and deferred inflows of resources that are related to restricted assets.
- The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Metro Government has reported its equity interest in LWC as unrestricted net position.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

1. Summary of Significant Accounting Policies, continued

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or programs 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

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

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.

Modified Accrual Basis of Accounting: 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, intergovernmental, 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.

Grant Advances: Metro Government reports grant advances in the government-wide statement of net position and the governmental funds balance sheet. Grant advances reported in these statements results from resources that Metro Government has received for grant projects prior to incurring eligible expenditures. These amounts are recorded as

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

1. Summary of Significant Accounting Policies, continued

liabilities until Metro Government meets the eligibility requirements because the proceeds could be required to be returned to the grantor if the grant requirements are not satisfied. In a subsequent fiscal period, when the revenue is earned (requirements are satisfied), the liability is removed and revenue is recognized.

Governmental Revenue Recognition: Metro Government reports deferred inflows of resources—unavailable non-exchange imposed revenues in the governmental funds balance sheet. Deferred inflows of resources arise 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. Recognition of revenue for non-exchange transactions is not delayed pending completion of routine administrative tasks provided all other eligibility requirements have been met. Revenue recognition is deferred to the subsequent fiscal period when it is received for other revenues received in non-exchange transactions when time requirements have not been met.

Operating Revenues/Expenses: 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.

Allocation of Restricted and Unrestricted Resources: 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.

Fund Classifications: 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.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

1. Summary of Significant Accounting Policies, continued

- 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. Metro Government reports for the following internal service funds:

- The Insurance & Risk Management Fund is used to account for Metro Government's self-insurance programs, including the employee health care fund.
- The Revenue Commission Fund is used to account for the blended component unit the Louisville/Jefferson County Metro Revenue Commission, which is discussed on page 35 of this report.

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 and funds held for the inmate commissary program.
- The Pension & Benefit Trust Fund is used to account for the Firefighters' Pension Fund and the Policemen's Retirement Fund. These funds are reported on a calendar year basis as of December 31, 2013, which reflects the reporting period adopted by the respective pension Boards during the year. Previously the funds were reported on a fiscal year basis.
- Agency Funds are used to account for assets that Metro Government holds on behalf of others as their agent, including TARC, the Police Property Room, and others.

E. Budgets

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

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

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

1. Summary of Significant Accounting Policies, continued

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, 2014, were as follows:

General Fund	\$	4,863,095
Special Revenue Fund		15,039,330
Major Capital Projects		9,791,353
Special Purpose		935,778
Total Governmental Funds		\$ 30,629,556

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 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 reporting standards, investments are reported at fair value based on quoted market values.

Certain cash and investment amounts are classified on the statement of net position as restricted because applicable bond indentures or other legal provisions limit their use.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

1. Summary of Significant Accounting Policies, continued

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, 2014, have been recorded in the balance sheet of the General Fund as deferred inflows of resources. In the government-wide financial statements, these amounts are recognized as revenues in the fiscal year for which the taxes are levied.

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 1st 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 Transactions

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 position.

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.

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.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

1. Summary of Significant Accounting Policies, continued

J. Inventories and Prepaid Items

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

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

Payments made to vendors for goods and services that will benefit periods beyond June 30, 2014, are recorded in assets as prepaid items, under the consumption method.

K. Capital Assets and Depreciation

Capital assets, including 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 expenditures 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 Position, 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.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

1. Summary of Significant Accounting Policies, continued

Earned vacation pay up to a maximum of 40 days is payable upon termination of employment.

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for sick pay benefits in Metro Government's fund financial statements or the government-wide financial statements. Sick leave, which has no maximum accumulation, is charged to expense when paid. Accrued sick leave balances are not paid when employees terminate or retire. However, 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. This conversion requires no payment from Metro Government.

M. Long-term Debt and Obligations

In the government-wide financial statements, proprietary fund types in the fund financial statements and component unit financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are recorded in the Statement of Net Position 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 expenses and amortized over the term of the related debt. LWC and MSD have adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* which permits the capitalization of issuance costs for regulated entities.

Losses on advance refunding issues are reported as deferred outflows of resources and recognized as an outflow as required by GASB Statement No. 65. Additional details are outlined in Item O (i) below.

Metro Government has implemented the provisions of GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for the year ended June 30, 2014. The present value of the amount of the guarantee has been retroactively expensed pursuant to the transition provisions of the Statement. The beginning balance of Metro Government's net position has been restated to reflect this retroactive adjustment.

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, 2014. 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.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

1. Summary of Significant Accounting Policies, continued

O. Deferred Inflows of Resources and Deferred Outflows of Resources

With the implementation of GASB Statement 65, Statements of Net Position for Metro Government entities and the governmental Balance Sheet includes deferred inflows (or outflows) of resources when appropriate. Deferred outflows of resources represent a consumption of net position that applies to a future period(s). Deferred inflows of resources represent an acquisition of net position that applies to a future period(s). These amounts will not be recognized as expense or revenue until the applicable period.

i. Metro Government

Metro Government's deferred *outflows* of resources include the differences between reacquisition price and the net carrying amount of refunded debt obligations that is recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. Deferred *inflows* of resources reported in the governmental fund financial statements include amounts recorded for property tax receivable that do not meet the "available" criteria discussed earlier for the modified accrual basis of accounting in the governmental fund statements. In addition, Metro Government's deferred inflows include a deferred recognition of a gain on the transfer of assets and future revenues to a component unit (see Note 19).

P. 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, 2014, 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, 2014

1. Summary of Significant Accounting Policies, continued

Committed fund balance for the General Fund, Special Revenue Fund, and the Non-Major Funds are further classified as follows:

Committed for:	Special		Non Major Funds	Total
	General Fund	Revenue Fund		
General Government	\$ 4,392,300	\$ 3,213,437	\$ 599,760	\$ 8,205,497
Neighborhood Development Funds	3,040,779	-	-	3,040,779
Fire	48,750	45,750	-	94,500
Corrections	-	106,563	-	106,563
Emergency Medical Services	-	101,185	-	101,185
Emergency Management Agency/MetroSafe	-	56,904	-	56,904
Metro Animal Services	11,304	29,004	-	40,308
Police	6,484	595,412	-	601,896
Economic Growth & Innovation	-	5,589,453	-	5,589,453
Air Pollution Control	395,198	2,824,936	-	3,220,134
Codes & Regulations	69,975	-	-	69,975
Parks & Recreation	95,890	127,139	-	223,029
Community Services & Revitization	122,077	335,725	-	457,802
Public Health & Wellness	-	524,243	-	524,243
Public Works & Assets	380,895	1,722,426	-	2,103,321
Human Relations Commission	-	250,618	-	250,618
Louisville Free Public Library	169,789	339,803	-	509,592
Metro Technology Services	388,000	-	-	388,000
Committed Fund Balance	<u>\$ 9,121,441</u>	<u>\$ 15,862,598</u>	<u>\$ 599,760</u>	<u>\$ 25,583,799</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 Chief Financial Officer under the authorization of the Mayor’s Office. Amounts classified as assigned have gone before Metro Council subsequent to June 30, 2014 for approval through Ordinance.

Assigned for:	General Fund	Capital		Total
		Projects	Non Major Funds	
General Government	\$ 3,326,627	\$ 22,803,665	\$ 7,857,271	\$ 33,987,563
Economic Growth & Innovation	1,653,001	-	-	1,653,001
Community Services & Revitization	94,525	-	-	94,525
Public Health & Wellness	1,350	-	-	1,350
Assigned Fund Balance	<u>\$ 5,075,503</u>	<u>\$ 22,803,665</u>	<u>\$ 7,857,271</u>	<u>\$ 35,736,439</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

1. Summary of Significant Accounting Policies, continued

- 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 \$62.5 million at June 30, 2014. It is Metro Government’s policy to:

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

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

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

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.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

1. Summary of Significant Accounting Policies, continued

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, 2013, a timing difference arises and causes a difference in the dividends paid and received as illustrated by the following schedule:

Date paid	LWC Dividends Paid	Revenue Commission Dividends Received
March 31, 2013	\$ 4,919,832	\$ -
June 30, 2013	4,919,832	-
September 30, 2013	4,919,832	4,981,407
December 31, 2013	4,889,616	4,981,407
March 31, 2014	-	5,046,123
June 30, 2014	-	5,046,123
	\$ 19,649,112	\$ 20,055,060

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, 2014, at fair value, with maturities (using the weighted average method that is rated for credit risk and interest rate risk), and credit risk ratings (from Moody's Investors Service):

Investment Type	Fair Value	Weighted Average Maturity in Years	Credit Rating
U.S. Government Money Market Mutual Funds	\$ 852	0.13	Aaa-mf
Municipal Bonds	9,804,499	1.23	Aa1-Aa3
U.S. Treasury Notes	5,442,326	4.00	Aaa
U.S. Agency Obligations	34,487,368	3.09	Aaa
Total	\$ 49,735,045		
Portfolio weighted average maturity		2.82	

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

2. Cash Deposits and Investments, continued

B. Non-Pooled Portfolio Investments

Non-pooled portfolio investments of the primary government include all restricted assets of the Capital Projects Funds, the Insurance & Risk Management 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, 2014 rated for credit risk and interest rate risk 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	\$ 1,874,153	0.14	Aaa-mf

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, 2014. Only cash and cash equivalents that are not fully collateralized and are not held in Metro Government's name are included in this disclosure.

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)

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

2. Cash Deposits and Investments, continued

reasonable action is taken to control any adverse developments. Metro Government's investment policy dictates that investments in commercial paper have a credit rating of no less than 'A1' (or its equivalent) at the time of purchase.

F. Concentration of Credit Risk

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

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

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

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

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

G. Revenue Commission

The bank balances of the Revenue Commission, an Internal Service Fund, at June 30, 2014, including cash with paying agents, were \$66,533,474. 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, 2014, 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.

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

2. Cash Deposits and Investments, continued

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 must be collateralized by certain types of investments. With the express approval of the Commissioners, the Revenue Commission may invest up to 10% of its investment portfolio in uninsured certificates of deposit at authorized financial institutions.

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

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

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

1. Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, provided that delivery of 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.

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

2. Cash Deposits and Investments, continued

H. Fiduciary Funds

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

The Firefighters’ Pension Fund had deposits of \$538,207 at December 31, 2013. Of this amount, \$250,000 was covered by the FDIC. Of the remaining deposits, \$277,424 was collateralized by securities held by the pledging financial institution’s trust department or agent, but not in the Firefighters’ Pension Fund’s name and \$10,783 was uncollateralized. The Policemen’s Retirement Fund had deposits of \$284,182 at December 31, 2013, of which \$259,312 was insured by the FDIC and \$24,870 was uncollateralized.

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

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

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

2. Cash Deposits and Investments, continued

Metro Government's fiduciary fund investments rated for credit risk and interest rate risk are summarized in the table below as of June 30, 2014:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Years</u>	<u>Credit Rating</u>
MTTF (included in cash and cash equivalents)			
U.S. Government Money Market Mutual Funds	\$ 3,133,081	0.14	Aaa-mf
Escrow and Deposit Fund (included in cash and cash equivalents)			
U.S. Government Money Market Mutual Funds	\$ 1,499,902	0.07	Aaa-mf
Firefighters' Pension Fund			
U.S. Agency Obligations	\$ 3,592	3.00	Aaa
Bond Mutual Funds	1,136,445	9.40	Not Rated
Equity Mutual Funds	4,548,431		
Total	<u>\$ 5,688,468</u>		
Portfolio weighted average maturity		9.38	
Policemen's Retirement Fund			
Money Market Funds (included in cash and cash equivalents)	\$ 264,579	0.15	Aaa
Equity Mutual Funds	5,530,002		
Other Investments	9,536		
Total	<u>\$ 5,804,117</u>		
Portfolio weighted average maturity		0.15	

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

2. Cash Deposits and Investments, continued

I. Component Units

For complete information on custodial credit risk, interest rate risk, credit risk, and concentration of credit risk, refer to the individual reports of each component unit. As of December 31, 2013, the LWC had \$76,194,934 in deposits that were uninsured and collateralized with securities held by the pledging financial institution. As of June 30, 2014, the KSC had \$1,105,101 in deposits that were uninsured and uncollateralized.

Summarized information for the investments that are rated for credit risk and interest rate risk held by Metro Government's discretely presented 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>
LWC			
Money Market Mutual Funds	\$ 6,169,113	0.15	Aaa
Repurchase Agreements	10,729,318	10.86	Aaa
Total	<u>\$ 16,898,431</u>		
Portfolio weighted average maturity		6.95	
PARC			
U.S. Government Money Market Funds	<u>\$ 10,403,743</u>	0.14	Aaa-mf
TARC			
U.S. Government Money Market Funds	<u>\$ 1,974,807</u>	0.13	Aaa-mf
Riverport			
U.S. Treasury Bills	<u>\$ 149,999</u>	0.50	Aaa
MSD			
Certificates of Deposit	\$ 100,000		
Tax Exempt Municipal Bonds	93,263,087	24.44	Aa
Commercial Paper	29,993,347	0.14	P-1
Money Market Funds	68,255,875	0.13	Aaa
U.S. Agency Obligations	27,953,241	0.95	Aaa
Total	<u>\$ 219,565,550</u>		
Portfolio weighted average maturity		10.57	
KSC			
Bond Mutual Funds	\$ 83,853	4.46	NR
Money Market Funds	45,158	0.12	Aaa-mf
Equity Mutual Funds	401,283		NR
Total	<u>\$ 530,294</u>		
Portfolio weighted average maturity		2.94	

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

3. Disaggregation of Accounts Receivable and Accounts Payable

Accounts receivable are amounts owed to Metro Government as of June 30, 2014. Those amounts to be received within one year are considered current. All others are considered non-current.

Receivables at June 30, 2014, for Metro Government's individual major funds, non-major funds, internal service funds, and fiduciary funds in the aggregate, including allowance for uncollectible amounts, are as follows:

Fund:	Receivables:							
	Taxes	Accounts	Loans	Notes	Other Governments	Gross Receivables	Allowance for Uncollectibles	Net Receivables
General	\$ 5,205,643	\$ 11,464,193	\$ 952,353	\$ -	\$ 3,660,604	\$ 21,282,793	\$ (3,279,555)	\$ 18,003,238
Special Revenue	-	4,794,799	48,359,928	-	7,224,083	60,378,810	(14,986,582)	45,392,228
Capital Projects	-	106,699	4,711,823	41,667	79,347	4,939,536	(2,818,804)	2,120,732
Nonmajor	-	-	200,000	599,760	-	799,760	-	799,760
Internal Service	-	533,452	-	-	-	533,452	-	533,452
Fiduciary	-	2,580,841	-	-	-	2,580,841	-	2,580,841
Total Governmental Funds	\$ 5,205,643	\$ 19,479,984	\$ 54,224,104	\$ 641,427	\$ 10,964,034	\$ 90,515,192	\$ (21,084,941)	\$ 69,430,250
Component Units		<u>\$ 71,129,165</u>		<u>\$ 11,206,373</u>	<u>\$ -</u>	<u>\$ 82,335,538</u>	<u>\$ (1,742,322)</u>	<u>\$ 80,593,216</u>

Accounts payable are amounts owed by Metro Government as of June 30, 2014. Those liabilities to be paid within one year are considered current. All others are considered non-current.

Payables at June 30, 2014, for Metro Government's individual major funds, non-major funds, internal service funds, and fiduciary funds in the aggregate, are as follows:

Fund:	Payables:			
	Vendors	Notes	Other	Total
General	\$ 14,812,215	\$ -	\$ 597,561	\$ 15,409,776
Special Revenue	7,942,709	-	-	7,942,709
Capital Projects	4,082,329	-	-	4,082,329
Nonmajor	470,553	-	-	470,553
Internal Service	4,075,307	-	-	4,075,307
Fiduciary	67,765	1,500,000	-	1,567,765
Total Governmental Funds	\$ 31,450,878	\$ 1,500,000	\$ 597,561	\$ 33,548,439
Component Units	<u>\$ 42,192,473</u>	<u>\$ 2,583,214</u>		<u>\$ 44,775,687</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

4. Capital Assets

A. Metro Government

Capital asset activity for the year ended June 30, 2014, was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 311,955,979	\$ 142,066	\$ (450,001)	\$ 311,648,044
Land improvements	9,379,074	-	(817,768)	8,561,306
Construction in progress	49,597,619	11,003,932	(4,971,813)	55,629,738
Works of art	255,000	-	-	255,000
Total capital assets not being depreciated	371,187,672	11,145,998	(6,239,582)	376,094,088
Other capital assets:				
Land improvements	100,318,472	2,220,828	(35,404)	102,503,896
Buildings	414,493,666	2,972,777	(2,584,604)	414,881,839
Machinery and equipment	86,864,674	4,180,168	(2,490,921)	88,553,921
Vehicles	91,027,322	4,509,908	-	95,537,230
Collections and works of art	2,537,275	15,000	(13,762)	2,538,513
Infrastructure	957,001,228	7,427,078	(62,402)	964,365,904
Total other capital assets	1,652,242,637	21,325,759	(5,187,093)	1,668,381,303
Less accumulated depreciation for:				
Land improvements	(50,723,907)	(4,620,553)	353,291	(54,991,169)
Buildings	(159,477,278)	(9,069,520)	738,608	(167,808,190)
Machinery and equipment	(51,371,075)	(6,579,982)	1,320,787	(56,630,270)
Vehicles	(64,128,075)	(6,901,766)	-	(71,029,841)
Collections and works of art	(1,632,855)	(129,455)	11,596	(1,750,714)
Infrastructure	(875,193,773)	(7,291,617)	693	(882,484,697)
Total accumulated depreciation	(1,202,526,963)	(34,592,893)	2,424,975	(1,234,694,881)
Other capital assets, net	449,715,674	(13,267,134)	(2,762,118)	433,686,422
Governmental activities capital assets, net	\$ 820,903,346	\$ (2,121,136)	\$ (9,001,700)	\$ 809,780,510

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

4. Capital Assets, continued

Depreciation expense was charged to governmental activities as follows:

General Government:	
Metro Council	\$ 3,674
Mayor's Office	334
Other Elected Officials	3,710
Fire	1,231,155
Emergency Medical Services	1,413,763
Emergency Management	3,012,007
Corrections	133,771
Youth Detention Services	87,824
Metro Animal Services	56,700
Criminal Justice Commission	20,552
Police	1,164,873
Economic Growth & Innovation	1,923,360
Air Pollution Control	104,574
Parks & Recreation	6,491,559
Community Services & Revitalization	15,603
Public Health & Wellness	169,827
Public Works	14,981,950
Information Technology	850,881
Office of Management & Budget	103,517
Louisville Free Public Library	1,244,766
Louisville Zoological Gardens	1,578,493
Total depreciation expense	<u>\$ 34,592,893</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

4. Capital Assets, continued

B. Louisville Water Company

Capital asset activity for the LWC for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 11,617,714	\$ 2,241,548	\$ (1,925,109)	\$ 11,934,153
Construction in progress	39,127,614	60,010,136	(52,093,482)	47,044,268
Total capital assets not being depreciated	<u>50,745,328</u>	<u>62,251,684</u>	<u>(54,018,591)</u>	<u>58,978,421</u>
Other capital assets:				
Buildings	172,021,922	14,089,887	(3,825,856)	182,285,953
Machinery and equipment	57,415,582	4,138,976	(1,042,810)	60,511,748
Infrastructure	1,091,491,506	30,325,410	(6,403,580)	1,115,413,336
Total other capital assets	<u>1,320,929,010</u>	<u>48,554,273</u>	<u>(11,272,246)</u>	<u>1,358,211,037</u>
Less accumulated depreciation for:				
Buildings	(46,047,215)	(5,220,130)	2,790,138	(48,477,207)
Machinery and equipment	(43,967,233)	(3,864,740)	1,012,433	(46,819,540)
Infrastructure	(303,337,868)	(21,856,651)	3,055,091	(322,139,428)
Total accumulated depreciation	<u>(393,352,316)</u>	<u>(30,941,521)</u>	<u>6,857,662</u>	<u>(417,436,175)</u>
Other capital assets, net	<u>927,576,694</u>	<u>17,612,752</u>	<u>(4,414,584)</u>	<u>940,774,862</u>
Capital assets, net	<u>\$ 978,322,022</u>	<u>\$ 79,864,436</u>	<u>\$ (58,433,175)</u>	<u>\$ 999,753,283</u>

C. Parking Authority of River City, Inc

Capital asset activity for PARC for the year ended June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 11,461,424	\$ -	\$ -	\$ 11,461,424
Construction in progress	246,000	1,470,851	(1,640,294)	76,557
Total capital assets not being depreciated	<u>11,707,424</u>	<u>1,470,851</u>	<u>(1,640,294)</u>	<u>11,537,981</u>
Other capital assets:				
Buildings and Improvements	153,998,636	2,596,966	(5,081,992)	151,513,610
Machinery and equipment	5,774,747	1,119,070	(203,956)	6,689,861
Total other capital assets	<u>159,773,383</u>	<u>3,716,036</u>	<u>(5,285,948)</u>	<u>158,203,471</u>
Less accumulated depreciation	<u>(53,456,044)</u>	<u>(4,088,486)</u>	<u>2,618,641</u>	<u>(54,925,889)</u>
Other capital assets, net	<u>106,317,339</u>	<u>(372,450)</u>	<u>(2,667,307)</u>	<u>103,277,582</u>
Capital assets, net	<u>\$ 118,024,763</u>	<u>\$ 1,098,401</u>	<u>\$ (4,307,601)</u>	<u>\$ 114,815,563</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

4. Capital Assets, continued

D. Transit Authority of River City

Capital asset activity for TARC for the year ended June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 3,177,782	\$ -	\$ -	3,177,782
Other capital assets:				
Buildings	35,969,068	482,120	-	36,451,188
Vehicles	74,417,066	18,468,723	(5,232,147)	87,653,642
Office and computer equipment	5,788,562	900,677	(39,310)	6,649,929
Machinery and equipment	14,004,420	1,001,177	(441,195)	14,564,402
Total other capital assets	130,179,116	20,852,697	(5,712,652)	145,319,161
Less accumulated depreciation	(83,400,017)	(8,257,550)	5,712,652	(85,944,915)
Other capital assets, net	46,779,099	12,595,147	-	59,374,246
Capital assets, net	<u>\$ 49,956,881</u>	<u>\$ 12,595,147</u>	<u>\$ -</u>	<u>\$ 62,552,028</u>

E. Louisville and Jefferson County Riverport Authority

Capital asset activity for Riverport for the year ended June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
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	175,271	-	-	175,271
Total other capital assets	29,946,748	-	-	29,946,748
Less accumulated depreciation for:				
Buildings	(19,003,122)	(476,034)	-	(19,479,156)
Other	(148,292)	(10,065)	-	(158,357)
Total accumulated depreciation	(19,151,414)	(486,099)	-	(19,637,513)
Other capital assets, net	10,795,334	(486,099)	-	10,309,235
Capital assets, net	<u>\$ 18,897,320</u>	<u>\$ (486,099)</u>	<u>\$ -</u>	<u>\$ 18,411,221</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

4. Capital Assets, continued

F. Metropolitan Sewer District

Capital asset activity for MSD for the year ended June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 371,816,000	\$ 115,495,000	\$ (24,144,000)	\$ 463,167,000
Other capital assets:				
Buildings	1,070,432,000	3,445,000	18,509,000	1,092,386,000
Machinery and equipment	83,882,000	25,000	1,488,000	85,395,000
Infrastructure	1,548,134,000	23,699,000	4,147,000	1,575,980,000
Total other capital assets	2,702,448,000	27,169,000	24,144,000	2,753,761,000
Less accumulated depreciation	(884,199,000)	(62,227,000)	-	(946,426,000)
Other capital assets, net	1,818,249,000	(35,058,000)	24,144,000	1,807,335,000
Capital assets, net	<u>\$ 2,190,065,000</u>	<u>\$ 80,437,000</u>	<u>\$ -</u>	<u>\$ 2,270,502,000</u>

G. Kentucky Science Center

Capital asset activity for the KSC for the year ended June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Exhibits in progress	\$ 229,203	\$ 114,724	\$ (229,203)	\$ 114,724
Equipment not installed	42,884	-	-	42,884
Other capital assets:				
Leasehold improvements	6,069,648	30,867	-	6,100,515
Machinery and equipment	1,135,690	5,390	-	1,141,080
Museum exhibits	18,575,771	588,803	(1,451,708)	17,712,866
Total other capital assets	25,781,109	625,060	(1,451,708)	24,954,461
Less accumulated depreciation	(21,099,088)	(928,708)	971,517	(21,056,279)
Other capital assets, net	4,682,021	(303,648)	(480,191)	3,898,182
Capital assets, net	<u>\$ 4,954,108</u>	<u>\$ (188,924)</u>	<u>\$ (709,394)</u>	<u>\$ 4,055,790</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

4. Capital Assets, continued

H. Waterfront Development Corporation

Capital asset activity for the WDC for the year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 8,388,289	\$ 192,384	\$ -	\$ 8,580,673
Other capital assets:				
Office equipment	14,923	-	-	14,923
Park maintenance equipment	417,812	44,400	(7,267)	454,945
Total other capital assets	432,735	44,400	(7,267)	469,868
Less accumulated depreciation	(243,884)	(42,471)	-	(286,355)
Other capital assets, net	188,851	1,929	(7,267)	183,513
Capital assets, net	<u>\$ 8,577,140</u>	<u>\$ 194,313</u>	<u>\$ (7,267)</u>	<u>\$ 8,764,186</u>

5. Land Held for Development

Land held for development in the amount of \$7,514,378 is all held by Riverport at June 30, 2014. Land held for development is stated at cost, which does not exceed its net realizable value. These costs include land acquisition, improvements, and other capitalized costs associated with the development along the Ohio River.

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:

- Automobile Liability: Self-insured up to \$500,000 per occurrence. Excess coverage is purchased through the Louisville Area Governmental Self-Insurance Trust ("LAGIT").
- Workers' Compensation (covering all employees): Self-insured up to \$2,000,000 per occurrence. Excess coverage is purchased above this retained level.
- Unemployment Compensation: Completely self-insured.
- 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

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

6. Risk Management, continued

additional PPO plans offered through Metro Government's health self-insurance fund, which is also administered by Humana, Inc.

- **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.
- **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.
- **Real and Business Personal Property:** Metro Government's property exposures are self-insured up to \$250,000 per occurrence, except for flood coverage which carries a deductible of \$250,000 in addition to the amount of insurance available under the National Flood Insurance Program, whether purchased or not. Excess coverage is purchased on a blanket limit basis under LAGGIT for up to \$250 million, subject to certain sub-limits for specific exposures.

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

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

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

The claims liability of \$32,520,992 reported in the Fund at June 30, 2014, 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.

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

6. Risk Management, continued

Changes in the Fund's claims liability amount in fiscal years 2013 and 2014 were as follows:

Year ending June 30	Beginning Balance	Claims and Changes in Estimates	Claim Payments	Ending Balance
2012	\$ 28,378,042	\$ 63,765,339	\$ 61,412,904	\$ 30,730,477
2013	30,730,477	82,605,799	80,340,566	32,995,710
2014	32,995,710	63,608,103	64,082,821	32,520,992

The liability associated with the health self-insurance fund as of June 30, 2014, is \$3,080,000 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 \$37,537 and \$39,885 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 \$70,440 and \$29,730 for services provided to LAGIT and LAGGIT, respectively.

The LWC, Riverport, KSC, 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 KSC's primary general liability exposures; therefore they are also members of LAGIT.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

7. Short-Term Debt

A. Primary Government

On September 12, 2013, the Escrow and Deposit Fund re-issued the Amended and Restated General Obligation Bond Anticipation Note, Series 2013A for \$1,500,000 at an interest rate of 2.12%. 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, 2014, was extended and renewed on July 31, 2014 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 2014:

Year ending June 30	Beginning Balance	Additions	Reductions	Ending Balance
2014	\$ 1,500,000	\$ 1,500,000	\$ (1,500,000)	\$ 1,500,000

B. Discretely Presented Component Unit--Metropolitan Sewer District

On November 6, 2013, MSD issued \$226,340,000 of Sewer and Drainage System Subordinated Bond Anticipation Notes, Series 2013A with an interest rate of 2.00%. The proceeds of the notes were used to refinance the 2012A Notes. The 2013A Notes mature on November 26, 2014.

On October 1, 2012, MSD received \$5,000,000 in American Recovery and Reinvestment Act funds from the Kentucky Infrastructure Authority. \$2,395,000 of the loan is payable at a 3.00% interest rate over 20 years, with the remaining \$2,605,000 of principal being forgivable.

The following table outlines activity on short-term notes during fiscal year 2014 (in thousands):

Year ending June 30	Beginning Balance	Additions	Reductions	Ending Balance
2014	\$ 228,691	\$ 226,340	\$ (226,430)	\$ 228,601

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

8. Long-Term Debt

A. Metro 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 \$269,260,000 of General Obligation Bonds and Notes outstanding at June 30, 2014. The primary collateral for the General Obligation Bonds and Notes 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 2015 at the option of PARC.

On July 2, 2013, Metro Government issued \$710,000 of General Obligation Refunding Bonds, Series 2013C. The Series 2013C bonds were issued to refund, on a current basis, at par, the remaining outstanding County of Jefferson, Kentucky General Obligation Bonds, Series 2000A. The Series 2013C bonds, issued at par, are payable in principal installments ranging from \$195,000 to \$265,000 beginning May 15, 2014 at interest rates ranging from 0.45% to 0.85% through May 15, 2016. The refunding provided for cumulative savings of \$71,949 over the life of the bonds resulting in a net present value savings of \$72,799 or 10.63% of the refunded bonds.

On July 2, 2013, Metro Government also issued \$8,670,000 of General Obligation Refunding Bonds, Series 2013D. The Series 2013D bonds were issued to refund, on a current basis, at par, the remaining outstanding County of Jefferson, Kentucky General Obligation Refunding Bonds, Series 2002A. The Series 2013D bonds, issued at a premium, are payable in principal installments ranging from \$590,000 to \$3,055,000 beginning April 1, 2014 at interest rates ranging from 2.0% to 5.0% through April 1, 2020. The refunding provided for cumulative savings of \$722,023 over the life of the bonds resulting in a net present value savings of \$718,020 or 7.81% of the refunded bonds.

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

8. Long-Term Debt, continued

On January 9, 2014, Metro Government issued \$2,000,000 of General Obligation Notes, Series 2014A to finance the acquisition of heavy equipment and vehicles for the Department of Public Works and Assets, Louisville Metro EMS and the Louisville Metro Police. The Series 2014A notes, issued at par, are payable in semi-annual principal installments ranging from \$194,919 to \$205,018 beginning March 30, 2014 at an interest rate of 1.2668% over 5 years.

On March 3, 2014, Metro Government issued \$4,961,900 of General Obligation Notes, Series 2014B to finance the acquisition of heavy equipment and vehicles for the Department of Public Works and Assets, Louisville Metro EMS and the Louisville Metro Police. The Series 2014B notes, issued at par, are payable in semi-annual principal installments ranging from \$482,352 to \$507,948 beginning March 30, 2014 at an interest rate of 1.2968% over 5 years.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

8. Long-Term Debt, continued

i. General Obligation Bonds

General Obligation Bonds and Notes outstanding, including accreted interest, at June 30, 2014, are as follows (in thousands):

Description of Issue	Original Issue Amount	Interest Rate	Maturity During Year Ended June 30	Debt Outstanding June 30
Jefferson Co. General Obligation				
Bonds:				
Series 2000B Capital Appreciation Bonds	\$ 50,096	6.00%	2015	\$ 5,291
Louisville/Jefferson Co. Metro				
Government General Obligation				
Bonds:				
Series 2004A (Foundation for our Future)	23,840	5.00	2015	1,110
Series 2004B (PARC Improvements)	5,655	5.00	2015	265
Series 2006A (Blueprint for our Future)	33,255	4.00 to 4.50	2027	24,545
Series 2009A (Refunding)	8,150	2.25 to 4.00	2023	6,040
Series 2009B (Refunding)	33,285	2.50 to 3.00	2019	17,610
Series 2009C (Refunding)	14,740	3.50 to 4.00	2019	7,965
Series 2009D (Refunding)	7,700	5.00	2016	2,450
Series 2009E (Refunding)	41,275	4.00 to 5.00	2020	26,465
Series 2009F (BAB's & RZEDB's)	63,250	4.40 to 5.65	2030	63,250
Series 2010 (Firefighter's settlement)	33,105	4.00	2020	23,205
Series 2010B (Energy equipment)	1,985	2.00	2016	825
Series 2010C (QEGB's)	7,400	4.70	2028	7,400
Series 2010D (Refunding)	34,805	3.00 to 4.00	2024	31,085
Series 2010E (Refunding)	6,495	2.00 to 4.00	2024	5,725
Series 2013A (Library construction)	10,250	2.00 to 3.50	2033	9,835
Series 2013B (Refunding)	16,685	1.50 to 5.00	2025	16,665
Series 2013C (Refunding)	710	0.65 to 0.85	2016	515
Series 2013D (Refunding)	8,670	4.00 to 5.00	2020	6,280
Total General Obligation Bonds				256,526
Net of premiums and discounts				6,479
Total Net General Obligation Bonds				\$ 263,005
Louisville/Jefferson Co. Metro				
Government General Obligation				
Notes:				
Series 2014A Notes	\$ 2,000	1.27	2019	\$ 1,799
Series 2014B Notes	4,962	1.30	2019	4,456
Total General Obligation Notes				6,255
Total Net General Obligation Bonds and Notes				\$ 269,260

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

8. Long-Term Debt, continued

Debt service requirements to maturity for General Obligation Bonds, excluding accreted interest of \$3,031 (which is included in the table presented on page 68), are as follows (in thousands):

Year ending June 30	Principal	Interest	Total
2015	\$ 28,144	\$ 13,147	\$ 41,291
2016	23,147	9,177	32,324
2017	22,984	8,350	31,334
2018	23,877	7,560	31,437
2019	24,003	6,694	30,697
2020-2024	76,235	22,984	99,219
2025-2029	51,775	8,864	60,639
2030-2033	9,585	375	9,960
Totals	<u>\$ 259,750</u>	<u>\$ 77,151</u>	<u>\$ 336,901</u>

ii. Lease Revenue Bonds

There are \$70,561,000 of Lease Revenue Bonds outstanding at June 30, 2014. 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, 2014, 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	6.95 to 7.00%	2018	\$ 25,064
2007A Current Interest Bonds	58,855	4.00 to 4.375	2028	<u>45,415</u>
Total Lease Revenue Bonds				<u>70,479</u>
Net of premiums and discounts				<u>82</u>
Total Net Lease Revenue Bonds				<u>\$ 70,561</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

8. Long-Term Debt, continued

Debt service requirements to maturity for Lease Revenue Bonds, excluding accreted interest of \$19,311 (which is included in the table presented on page 69), are as follows (in thousands):

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 4,143	\$ 7,197	\$ 11,340
2016	4,156	7,317	11,473
2017	4,166	7,320	11,486
2018	4,204	7,391	11,595
2019	2,850	1,474	4,324
2020-2024	16,095	5,522	21,617
2025-2028	15,555	1,738	17,293
Totals	<u>\$ 51,169</u>	<u>\$ 37,959</u>	<u>\$ 89,128</u>

iii. Notes Payable

Notes payable outstanding at June 30, 2014, is as follows:

<u>Description of Issue</u>	<u>Interest Rate</u>	<u>Maturity During Year Ended</u>	<u>Debt Outstanding June 30</u>
Louisville Water Co. Promissory Note	2.00%	2016	\$ 8,617,500

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

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 912,500	\$ 172,400	\$ 1,084,900
2016	<u>7,705,000</u>	<u>138,700</u>	<u>7,843,700</u>
Totals	<u>\$ 8,617,500</u>	<u>\$ 311,100</u>	<u>\$ 8,928,600</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

8. Long-Term Debt, continued

iv. Financial Guarantee to Louisville Arena Authority

On September 3, 2008 the Kentucky Economic Development Authority issued \$349,218,518 Louisville Arena Project Revenue Bonds, Series 2008. The outstanding balance as of December 31, 2013 (the Louisville Arena Authority's last reporting date) is \$347,572,112. 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. As of June 30, 2014 Metro Government has paid \$32,666,599 to the Louisville Arena Authority, reducing the remaining maximum to \$276,333,401. Metro Government made payments of \$9,800,000 during the year ended June 30, 2014.

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

<u>Years</u>	<u>Minimum Annual Guaranteed Payments</u>	<u>Maximum Annual Guaranteed Payments</u>
2015-2019	\$ 6,533,333	\$ 9,800,000
2020-2029	7,200,000	10,800,000
2030-2039	6,866,667	10,300,000

Metro Government has recorded a liability of \$100,077,644 in the Statement of Net Position for this guarantee. The amount of the liability recognized is the best estimate of the discounted present value of the future outflows expected to be incurred as a result of the guarantee. Metro Government calculated the present value of these future outflows using a rate of 6.217%, which is the LAA's effective interest rate for the related debt.

The change in the liability recognized for nonexchange financial guarantees by Metro Government at June 30, 2014, is as follows:

	<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>
2014	\$ 103,446,383	\$ 6,431,261	\$ (9,800,000)	\$ 100,077,644

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

8. Long-Term Debt, continued

The present value of the estimated requirements to the maturity of this guarantee are as follows:

Year ending June 30	Future Estimated Payment	Present Value of Payments
2015	\$ 9,800,000	\$ 9,226,440
2016	9,800,000	8,686,386
2017	9,800,000	8,177,848
2018	9,800,000	7,699,084
2019	9,800,000	7,248,453
2020-2024	36,000,000	22,301,587
2025-2029	36,000,000	16,495,100
2030-2034	34,333,335	11,636,135
2035-2039	34,333,335	8,606,611
Total	<u>\$ 189,666,670</u>	<u>\$ 100,077,644</u>

On or prior to October 1 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, 2014.

v. Arbitrage

Pursuant to the Internal Revenue Code of 1986, as amended, Metro Government computes rebatable 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, 2014.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

8. Long-Term Debt, continued

B. Discretely Presented Component Units

i. Louisville Water Company

Bonds payable at December 31, 2013 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 2006	\$ 83,845	4.0 to 5.0%	2031	\$ 69,590
Series 2009A	116,220	2.25 to 5.0	2025	84,100
Series 2009B	86,710	3.75 to 5.5	2029	86,710
Total Water System Revenue Bonds				<u>240,400</u>
Net of premiums and discounts				12,284
Total Net Water System Revenue Bonds				<u><u>\$ 252,684</u></u>

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

Year ending December 31	Principal	Interest	Total
2014	\$ 15,880	\$ 11,545	\$ 27,425
2015	17,695	10,777	28,472
2016	17,425	9,892	27,317
2017	17,150	9,021	26,171
2018	16,580	8,294	24,874
2019-2023	74,155	30,774	104,929
2024-2028	60,545	14,351	74,896
2029-2031	20,970	1,870	22,840
Totals	<u>\$ 240,400</u>	<u>\$ 96,524</u>	<u>\$ 336,924</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, 2013.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

8. Long-Term Debt, continued

LWC's notes payable at December 31, 2013 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	\$ 1,758,399

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

Year ending December 31	Principal	Interest	Total
2014	\$ 82,047	\$ 34,760	\$ 116,807
2015	83,697	33,111	116,808
2016	85,380	31,428	116,808
2017	87,096	29,712	116,808
2018	88,847	27,962	116,809
2019-2023	471,748	112,292	584,040
2024-2028	521,105	62,937	584,042
2029-2031	338,479	11,945	350,424
Totals	<u>\$ 1,758,399</u>	<u>\$ 344,147</u>	<u>\$ 2,102,546</u>

ii. Parking Authority of River City, Inc.

PARC's First Mortgage Revenue Bonds payable at June 30, 2014, 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 2009A	\$ 39,265	3.5 to 5.75%	2040	\$ 36,455
Series 2009B	16,110	3.25 to 4.125	2021	6,495
Series 2010A	1,590	2.0 to 2.2	2016	810
Series 2010B	16,220	3.9 to 6.375	2041	16,220
Series 2013A	10,095	3.0	2033	9,725
Series 2013B	17,080	3.0 to 5.0	2032	15,590
Total First Mortgage Revenue Bonds				85,295
Net of premiums and discounts				2,955
Total Net First Mortgage Revenue Bonds				<u>\$ 88,250</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

8. Long-Term Debt, continued

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>	
2015	\$ 5,080	\$ 3,968	\$ 9,048	
2016	4,005	3,820	7,825	
2017	2,765	3,707	6,472	
2018	2,870	3,604	6,474	
2019	2,955	3,497	6,452	
2020-2024	14,540	15,796	30,336	
2025-2029	16,385	12,481	28,866	
2030-2034	17,430	7,907	25,337	
2035-2039	14,835	3,464	18,299	
2040-2041	4,430	192	4,622	
Totals	<u>\$ 85,295</u>	<u>\$ 58,436</u>	<u>\$ 143,731</u>	

During February 2013, PARC purchased two parking garages from CPC. PARC purchased the garages with cash of \$4,200,300 and promissory notes totaling \$749,700. Principal payments are due annually in the amount of \$149,940 until June 30, 2018. The notes are interest free and the imputed rate was determined to be 1.84%.

<u>Description of Issue</u>	<u>Interest Rate</u>	<u>Maturity During Year Ended</u>	<u>Debt Outstanding June 30</u>
Louisville Metro Government Promissory Note	1.84%	2018	\$ 599,760

Annual payments on the note payable to maturity are as follows:

Year ending		
<u>June 30</u>	<u>Principal</u>	
2015	\$ 149,940	
2016	149,940	
2017	149,940	
2018	149,940	
Total	<u>\$ 599,760</u>	

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

8. Long-Term Debt, continued

iii. Metropolitan Sewer District

On November 6, 2013, MSD issued \$100,000,000 of Sewer and Drainage System Revenue Bonds, Series 2013C. The proceeds of the Series 2013C bonds, net of issuance costs, were used to pay the costs of improvements to MSD's sewer and drainage system.

MSD's various bonds outstanding at June 30, 2014, 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 2005A	\$ 64,740	3.00 to 5.00%	2026	\$ 18,820
Series 2006A	100,000	4.00 to 5.00	2038	89,325
Series 2007A	61,125	4.00 to 5.00	2025	48,080
Series 2008A	105,000	4.00 to 5.00	2038	100,860
Series 2009A	76,275	5.00	2022	52,720
Series 2009B	225,770	2.00 to 5.00	2023	164,785
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	258,330
Series 2013A	115,790	4.00	2036	115,790
Series 2013B	119,515	4.00 to 5.00	2038	119,515
Series 2013C	100,000	3.00 to 5.00	2044	100,000
Total Sewer and Drainage System Revenue Bonds				1,578,225
Net of premiums and discounts				60,263
Total Net Sewer and Drainage System Revenue Bonds				<u>\$ 1,638,488</u>

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

Year ending June 30	Principal	Interest	Total
2015	\$ 28,650	\$ 81,603	\$ 110,253
2016	30,100	80,189	110,289
2017	31,775	78,707	110,482
2018	33,550	77,140	110,690
2019	35,440	75,466	110,906
2020-2024	200,820	348,756	549,576
2025-2029	229,580	296,250	525,830
2030-2034	143,080	250,097	393,177
2035-2039	426,780	190,514	617,294
2040-2044	418,450	66,143	484,593
Totals	<u>\$ 1,578,225</u>	<u>\$ 1,544,865</u>	<u>\$ 3,123,090</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

8. Long-Term Debt, continued

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 position. 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 position at June 30, 2014 was approximately \$73.6 million. A corresponding charge for the change in fair value was made to MSD's non-operating expenses during fiscal year 2014. The fair values of the interest rate swaps were estimated using the zero-coupon method.

On June 30, 2014, MSD had the following derivative instruments outstanding (in thousands):

<u>Counter Party</u>	<u>Initial Notional Amount</u>	<u>Current Notional Amount</u>	<u>Effective Date</u>	<u>Termination Date</u>	<u>Payment Terms</u>	<u>Receipt Terms</u>	<u>Fair Value</u>	<u>Change in Fair Value</u>
Wells Fargo	\$ 225,732	\$ 180,716	11/15/2009	5/15/2033	4.4215%	67% of 30-day LIBOR	\$ (58,897)	\$ (974)
Bank of America	56,433	45,284	11/15/2009	5/15/2033	4.4215%	67% of 30-day LIBOR	(14,743)	(248)
	<u>\$ 282,165</u>	<u>\$ 226,000</u>					<u>\$ (73,640)</u>	<u>\$ (1,222)</u>

LIBOR = London Interbank Offering Rate

SIFMA = Securities Industry and Financial Markets Association

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, 2014, credit ratings from Moody's and Standard and Poor's, respectively: Wells Fargo, Aa3 and AA- and Bank of America, A2 and A.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

8. Long-Term Debt, continued

C. Summary of Debt Transactions:

Long-term liability activity for the year ended June 30, 2014, was as follows (in thousands):

	Beginning Balance	Additions and Accreted Interest	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES:					
Bonds and notes payable:					
General obligation debt	\$ 285,189	\$ 16,684	\$ (39,092)	\$ 262,781	\$ 28,144
Revenue bonds	78,054	1,720	(9,295)	70,479	4,143
Notes payable	11,282	-	(2,664)	8,618	913
Bonds and notes payable	<u>374,525</u>	<u>18,404</u>	<u>(51,051)</u>	<u>341,878</u>	<u>33,200</u>
Net of bond premiums and discounts	7,638	693	(1,770)	6,561	-
Total bonds and notes payable	<u>382,163</u>	<u>19,097</u>	<u>(52,821)</u>	<u>348,439</u>	<u>33,200</u>
Other liabilities:					
Capital lease	2,478	-	(695)	1,783	705
Commitments	103,446	6,431	(9,800)	100,078	9,800
Claims and judgments	32,995	63,608	(64,083)	32,520	14,396
Compensated absences	19,385	19,790	(19,668)	19,507	1,262
Total other liabilities	<u>158,304</u>	<u>89,829</u>	<u>(94,246)</u>	<u>153,888</u>	<u>26,163</u>
Governmental activities long-term liabilities	<u>\$ 540,467</u>	<u>\$ 108,926</u>	<u>\$ (147,067)</u>	<u>\$ 502,327</u>	<u>\$ 59,363</u>
COMPONENT UNITS:					
Bonds and notes payable:					
LWC	\$ 260,269	\$ -	\$ (18,110)	\$ 242,159	\$ 15,962
PARC	93,130	17,080	(24,315)	85,895	5,230
KSC	45	220	(40)	225	59
MSD	1,505,260	100,000	(27,035)	1,578,225	28,525
Bonds and notes payable	<u>1,858,704</u>	<u>117,300</u>	<u>(69,500)</u>	<u>1,906,504</u>	<u>49,776</u>
Net of bond premiums and discounts	66,572	1,974	(1,301)	67,245	-
Total bonds and notes payable	<u>1,925,276</u>	<u>119,274</u>	<u>(70,801)</u>	<u>1,973,749</u>	<u>49,776</u>
Other liabilities:					
Capital lease	685	-	(181)	504	-
Claims and judgments	5,603	760	(1,060)	5,303	3,575
Compensated absences	5,255	222	-	5,477	354
Total other liabilities	<u>11,543</u>	<u>982</u>	<u>(1,241)</u>	<u>11,284</u>	<u>3,929</u>
Component units long-term liabilities	<u>\$ 1,936,819</u>	<u>\$ 120,256</u>	<u>\$ (72,042)</u>	<u>\$ 1,985,033</u>	<u>\$ 53,705</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

9. Capital Lease Obligations

A. Metro Government

On December 19, 2011, Metro Government executed a Master Equipment Lease/Purchase Agreement with an outside entity 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. The carrying value of the assets purchased under the lease agreement is \$2,418,405.

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

Year ending <u>June30</u>	<u>Minimum Payments</u>
2015	\$ 155,995
2016	155,995
2017	155,995
2018	<u>51,995</u>
Total minimum lease payments	519,980
Less: Amounts representing interest	<u>(15,572)</u>
Present value of Lease Payments	<u>\$ 504,408</u>

B. Transit Authority of River City

TARC entered into an agreement with Fifth Third Bank to lease twenty para-transit vehicles under a capital lease. The lease agreement contains a bargain purchase option at the end of the lease term. Amortization of assets held under capital leases is included with TARC's depreciation expense.

The following is a schedule of TARC's future minimum payments required under the capital lease together with the present value of the lease at June 30, 2014:

Year ending <u>June30</u>	<u>Minimum Payments</u>
2015	\$ 155,995
2016	155,995
2017	155,995
2018	<u>51,995</u>
Total minimum lease payments	519,980
Less: Amounts representing interest	<u>(15,572)</u>
Present value of Lease Payments	<u>\$ 504,408</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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 \$2,648,655,139 of Industrial Revenue Bonds through June 30, 2014. During the year ended June 30, 2014, the Metro Council authorized approximately \$289,140,000 of Industrial Revenue Bonds. The aggregate principal amount outstanding at June 30, 2014, could not be determined.

11. Interfund Receivables, Payables, and Transfers

Interfund receivable and payable balances at June 30, 2014, are as follows:

Fund	Interfund Receivable	Interfund Payable
General	\$ 31,092,346	\$ -
Nonmajor Governmental	140,760	-
Agency:		
Revenue Commission	16,185,919	-
Mass Transit	4,437,419	-
Internal Service:		
Revenue Commission	-	51,856,444
Totals	\$ 51,856,444	\$ 51,856,444

These balances resulted from a timing difference between when taxes were collected by the Revenue Commission for June 2014 and were distributed to the appropriate funds.

Interfund transfers during the fiscal year ended June 30, 2014, were as follows:

	Transfers out:		Transfers in:			
	General Fund	Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Proprietary Fund	Total
General Fund	\$ -	\$ -	\$ -	\$ 44,417,748	\$ 3,689,878	\$ 48,107,626
Special Revenue Fund	1,662,665	-	-	959,948	175,872	2,798,485
Capital Projects Fund	315,809	-	-	1,164,288	-	1,480,097
Nonmajor Governmental Fund:	149,940	-	86,432	-	-	236,372
Total	\$ 2,128,414	\$ -	\$ 86,432	\$ 46,541,984	\$ 3,865,750	\$ 52,622,580

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

11. Interfund Receivables, Payables, and Transfers, continued

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 \$6,171,487 and is shown on the component unit's statement of activities as a capital contribution.

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 purposes only. The grant programs are subject to audit by agents of the granting authorities, the purpose of which is to ensure 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.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

13. Contingencies and Commitments, continued

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, 2014.

14. 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. The beginning balance of the liability for fiscal year 2014 was \$14,190. Payments totaling \$4,742 were made during fiscal year 2014 and changes in estimates have increased this liability from the prior year to \$61,646, the remaining balance, at June 30, 2014. This liability is reflected in the government-wide statement of net position. Future costs may vary from that amount because of inflation, changes in technology, or changes in regulations.

15. Deferred Compensation

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

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 position. Metro Government, the LWC and MSD therefore do not show these assets and liabilities on their respective statements of net position.

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

16. Post-Employment Health Care Benefits

All retired Metro Government employees receive health care benefits after retirement. The benefits offered are dependent on the length of service of the employee and the retirement system in which they participate.

A. Employees Participating in CERS

All current Metro Government employees participating in CERS are eligible for healthcare benefits provided by the Kentucky Retirement System (“KRS”) in conjunction with their service benefits described in Note 17. Retiree cost depends on length of service prior to retirement. Employer contribution rates are established annually by the KRS Board of Trustees.

The KRS (as described in Note 17(A)(i)) issues separate stand-alone financial statements for the statewide multiple employer cost-sharing plan that provides other post-employment benefits for local government employees participating in CERS. The employee and employer rates and contributions allocable to the health insurance benefits are included in the amounts reported for the pension benefits in Note 17 and are not separated for the monthly payments to KRS. KRS does, however, maintain separate accounting for the contributions allocated to health insurance benefits and the payments on behalf of retirees and beneficiaries.

At the time of completion of this CAFR, the KRS has not yet released their CAFR for the fiscal year ended June 30, 2014. The following information was extracted from the KRS CAFR for the fiscal year ended June 30, 2013.

Under the provisions of Kentucky Revised Statute Section 61.701, the Board of Trustees of KRS administers the KRS Insurance Fund. The KRS Insurance Fund was established as a single insurance fund to provide group hospital and medical benefits to retirees drawing a benefit from the three pension funds administer by KRS: (1) KERS; (2) CERS; and (3) SPRS. Metro Government employees participate in CERS. The assets of the KRS Insurance Fund are commingled for investment purposes.

The KRS Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. For the fiscal year ended June 30, 2013, insurance premiums withheld from benefit payments for members of the CERS non-hazardous and hazardous plans were \$27,804,392 and \$2,068,890, respectively. For the fiscal year ended June 30, 2012, insurance premiums withheld from benefit payments for members of the CERS non-hazardous and hazardous plans were \$27,541,099 and \$1,982,303, respectively. The KRS Insurance Fund pays the same proportion of hospital and medical insurance premiums for the spouse and dependents of retired hazardous members killed in the line of duty.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

16. Post-Employment Health Care Benefits, continued

As of June 30, 2013, the KRS Insurance Fund had 100,708 retirees and beneficiaries, across all plans, for whom benefits were available. The amount of contribution paid by the funds is based on years of service. For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows.

<u>Years of Service</u>	<u>Portion Paid by KRS Insurance Fund</u>
20+ years	100%
15-19 years	75%
10-14 years	50%
4-9 years	25%
Less than 4 years	0%

As a result of the 2004 House Bill 290 enacted by the Kentucky General Assembly, medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on, or after, July 1, 2003, earn ten dollars (\$10) per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees earn fifteen dollars (\$15) per month with the same participation dates. In addition, a hazardous employee's spouse receives ten dollars (\$10) per month for insurance benefits for each year of a deceased employee's earned hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to change in the consumer Price Index for all urban consumers.

Health insurance benefits are not protected under the inviolable contract provisions of Kentucky Revised Statute 16.652, 61.692 and 78.852. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

In prior years, the employers' required medical insurance contribution rate was being increased annually by a percentage that would result in advance-funding the medical liability on an actuarially determined basis using the entry age normal cost method within a 20-year period measured from 1987. In November 1992, the Board of Trustees adopted a fixed percentage contribution rate and suspended future increases under the current medical premium funding policy until the next experience study could be performed. In May 1996, the Board of Trustees adopted a policy to increase the insurance contribution rate by the amount needed to achieve the target rate for full entry age normal funding within twenty years.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

16. Post-Employment Health Care Benefits, continued

The following table presents the schedule of funding progress for the KRS Insurance Fund as a whole:

<u>System</u>	<u>Actuarial Value of Assets</u>	<u>AAL Entry Age Normal</u>	<u>Funded</u>	<u>Covered Payroll</u>	<u>Unfunded as a % of Covered Payroll</u>
KERS Non-Haz	\$ 497,584,327	\$ 2,128,754,134	23.4%	\$ 1,644,408,698	99.2%
KERS Haz	370,774,403	385,517,675	96.2%	132,015,368	11.2%
CERS Non-Haz	1,628,244,197	2,443,894,100	66.6%	2,236,277,489	36.5%
CERS Haz	892,774,391	1,437,332,817	62.1%	461,672,567	118.0%
SPRS	136,321,060	222,326,743	61.3%	45,256,202	190.0%
Total Insurance Funds	\$ 3,525,698,378	\$ 6,617,825,469	53.3%	\$ 4,519,630,324	146.4%

B. Policemen and Firefighters Participating in Metro Plan

Retired policemen's and firefighters' benefits (as outlined in their respective union contracts) 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 2012.

The annual reimbursements required for health insurance premiums for retired policemen and firefighters participating in the Metro Government retirement plans that were closed in 1986 and 1989 (see Note 17(B)), respectively, are outlined in the table below. These other post-employment benefit commitments are funded on a pay-as-you-go funding approach. Management has determined that an actuarial analysis to determine the Annual Required Contribution is not necessary because these annual payments are immaterial to the financial position and results of operations for Metro Government as a whole. Further, since these funds are closed and the number of retirees and beneficiaries decreases each year, the annual reimbursement amounts also decline.

The table below shows the amount of reimbursement for health care benefits paid by Metro Government to these plans over the past three years:

<u>Fiscal Year Ended</u>	<u>Policemen's Retirement Fund</u>	<u>Firefighters' Pension Fund</u>	<u>Total</u>
06/30/12	\$ 470,706	\$ 641,098	\$ 1,111,804
06/30/13	451,216	622,025	1,073,241
06/30/14	437,677	587,285	1,024,962

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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 KRS, an agency of the Commonwealth of Kentucky. Revenue Commission, PARC and WDC participate as a part of Metro Government's contribution. The CERS provides for retirement, disability and death benefits to plan members and beneficiaries. KRS issues a publicly available financial report that includes audited 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% for participants in the Non-Hazardous Duty Plan and 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 5% for participants in the Non-Hazardous Duty Plan and (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, 2014, is 18.89% (35.70% under the Hazardous Duty Plan) of participating employees' creditable 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, 2014, June 30, 2013, and June 30, 2012.

Metro Government's contribution (which includes Revenue Commission, PARC, and WDC) to the CERS for the years ending June 30, 2014, 2013 and 2012 are outlined in the table below.

Fiscal Year Ended	Total Contributions	Hazardous Contribution Rate	Non-Hazardous Contribution Rate
06/30/14	\$ 76,203,030	35.70%	18.89%
06/30/13	77,070,727	37.60%	19.55%
06/30/12	73,629,314	33.25%	18.96%

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

17. Pension Plans, continued

Contributions of Metro Government's Component Units met the funding requirements for the 3 years as follows:

- LWC's contribution to the CERS for years ending December 31, 2013, 2012 and 2011 were \$5,524,649, \$5,549,950, and \$5,080,620 respectively.
- TARC's contribution to the CERS for the years ended June 30, 2014, 2013, and 2012 were \$5,789,165, \$5,710,481, and \$5,255,971 respectively.
- Riverport's contribution to the CERS for the years ended June 30, 2014, 2013, and 2012 were \$63,538, \$75,502, and \$61,807 respectively.
- MSD's contribution to the CERS for the years ended June 30, 2014, 2013, and 2012 were \$7,122,000, \$7,219,000, and \$7,156,000 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. The plans report on a calendar year basis. 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 not yet eligible for normal retirement shall receive three-fourths of his contributions to the Fund without interest, upon termination.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

17. Pension Plans, continued

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, 2014:

	Firefighters' Pension <u>Fund</u>	Policemen's Retirement <u>Fund</u>
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	183	151
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. The plans reporting period is the calendar year.

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 position available for benefits. There are no investments or other assets legally reserved for purposes other than the payment of member benefits for either Fund.

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.

Based on the actuarial valuations performed by consulting actuaries at January 1, 2014, 2013, and 2012 the unfunded pension obligation as of December 31, 2013, 2012, and

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

17. Pension Plans, continued

2011 for the Policemen’s Retirement Fund was \$9,507,174, \$10,558,637, and \$11,079,886, respectively, and for the Firefighters’ Pension Fund was \$13,521,776, \$15,266,478, and \$16,510,288, respectively.

Based on the actuarial valuations performed by consulting actuaries at January 1, 2013, 2012, and 2011, Metro Government made the required annual contributions in fiscal years ended June 30, 2014, 2013 and 2012 of \$1,625,938, \$1,461,418, and \$1,439,974, respectively, to the Policemen’s Retirement Fund and \$2,989,564, \$2,598,938, and \$2,385,051, 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, 2014, Metro Government will be required to make contributions to the Policemen’s Retirement Fund of \$1,821,693 and to the Firefighters’ Pension Fund of \$3,143,954 for the fiscal year beginning July 1, 2014.

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

<u>Fund</u>	<u>Firefighters’ Pension Fund</u>	<u>Policemen’s Retirement Fund</u>
Valuation date	January 1, 2014	January 1, 2014
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

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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 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>						
1/1/2014	\$ 8,248,555	\$ 21,770,331	\$ 13,521,776	37.9%	\$ -	0%
<u>Policemen's Retirement Fund:</u>						
1/1/2014	\$ 6,930,328	\$ 16,437,502	\$ 9,507,174	42.2%	\$ 60,628	15,681.16%

SCHEDULES OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Firefighters' Pension Fund		Policemen's Retirement Fund	
	Annual Contribution	Percentage Contributed	Annual Contribution	Percentage Contributed
2012	\$ 1,827,317	100.00%	\$ 1,486,182	100.00%
2013	2,385,051	100.00%	1,439,974	100.00%
2014	2,598,938	100.00%	1,461,418	100.00%

The 2013 plan year contribution was \$2,794,251 and \$1,543,678 for the Firefighters' Pension Fund and Policemen's Retirement Fund, respectively.

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
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

17. Pension Plans, continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION & BENEFIT TRUST FUNDS
For the Year Ended December 31, 2013

	<u>Firefighters'</u> <u>Pension Trust</u>	<u>Policemen's</u> <u>Retirement Fund</u>	<u>Total Pension &</u> <u>Benefit Trust</u>
ADDITIONS			
Contributions:			
Employer	\$ 2,794,251	\$ 1,543,678	\$ 4,337,929
Member	-	4,242	4,242
Total contributions	<u>2,794,251</u>	<u>1,547,920</u>	<u>4,342,171</u>
Investment earnings:			
Increase in fair value of investments	629,493	1,007,057	1,636,550
Realized gains	540,013	149,008	689,021
Interest and dividends	5,684	115,730	121,414
Total investment earnings	<u>1,175,190</u>	<u>1,271,795</u>	<u>2,446,985</u>
Investment expense	<u>(48,630)</u>	<u>(58,027)</u>	<u>(106,657)</u>
Net investment earnings	<u>1,126,560</u>	<u>1,213,768</u>	<u>2,340,328</u>
Other income	<u>924,912</u>	<u>760,884</u>	<u>1,685,796</u>
Total additions	<u>4,845,723</u>	<u>3,522,572</u>	<u>8,368,295</u>
DEDUCTIONS			
Benefit payments	2,909,451	2,322,444	5,231,895
Administration expense	264,068	258,711	522,779
Health insurance reimbursement	592,012	431,852	1,023,864
Total deductions	<u>3,765,531</u>	<u>3,013,007</u>	<u>6,778,538</u>
Net increase in net position	1,080,192	509,565	1,589,757
Net position--beginning of the year	<u>6,380,796</u>	<u>6,400,497</u>	<u>12,781,293</u>
Net position--end of the year	<u>\$ 7,460,988</u>	<u>\$ 6,910,062</u>	<u>\$ 14,371,050</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION & BENEFIT TRUST FUNDS
For the Year Ended December 31, 2013

	<u>Firefighters'</u> <u>Pension Trust</u>	<u>Policemen's</u> <u>Retirement Fund</u>	<u>Total Pension &</u> <u>Benefit Trust</u>
ADDITIONS			
Contributions:			
Employer	\$ 2,794,251	\$ 1,543,678	\$ 4,337,929
Member	-	4,242	4,242
Total contributions	<u>2,794,251</u>	<u>1,547,920</u>	<u>4,342,171</u>
Investment earnings:			
Increase in fair value of investments	629,493	1,007,057	1,636,550
Realized gains	540,013	149,008	689,021
Interest and dividends	5,684	115,730	121,414
Total investment earnings	<u>1,175,190</u>	<u>1,271,795</u>	<u>2,446,985</u>
Investment expense	<u>(48,630)</u>	<u>(58,027)</u>	<u>(106,657)</u>
Net investment earnings	<u>1,126,560</u>	<u>1,213,768</u>	<u>2,340,328</u>
Other income	<u>924,912</u>	<u>760,884</u>	<u>1,685,796</u>
Total additions	<u>4,845,723</u>	<u>3,522,572</u>	<u>8,368,295</u>
DEDUCTIONS			
Benefit payments	2,909,451	2,322,444	5,231,895
Administration expense	264,068	258,711	522,779
Health insurance reimbursement	592,012	431,852	1,023,864
Total deductions	<u>3,765,531</u>	<u>3,013,007</u>	<u>6,778,538</u>
Net increase in net position	1,080,192	509,565	1,589,757
Net position--beginning of the year	<u>6,380,796</u>	<u>6,400,497</u>	<u>12,781,293</u>
Net position--end of the year	<u>\$ 7,460,988</u>	<u>\$ 6,910,062</u>	<u>\$ 14,371,050</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

18. Asset Transfers to Component Units

A. Metro Government

During fiscal year 2013 Metro Government transferred two parking lots to PARC. The two lots were located on the south side of Jefferson Street between 7th and 8th Streets (the “Mud Lot”) and behind City Hall on the south side of Market Street between 6th and 7th Streets (the “City Hall Lot”). The lots were transferred in exchange for \$10,740,000. The lots were recorded on Metro Government’s books at a net book value of approximately \$1,280,400. The transfer amount for the parking lots was based on an appraisal that valued the land and the potential revenue PARC could receive from the renting of spaces.

In accordance with GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, the lots have been transferred to PARC at Metro Government’s net book value and the difference between the transfer price of the assets and the net book value has been recorded by Metro Government and PARC as a deferred inflow of resources and a deferred outflow of resources, respectively. The deferred inflow for Metro Government and the deferred outflow for PARC will be amortized over the life of the related debt that was issued by PARC (see Note 8 for a discussion of the debt issued).

B. Capital Projects Corporation

On September 28, 2012, the Board of Directors of the Capital Projects Corporation approved a resolution to transfer the parking garages located at 415 South 6th 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 was transferred for \$1,951,540, with \$1,576,540 due at the time of the transfer and \$75,000 due annually for fiscal years 2014 through 2018. The Market Street Garage was transferred for \$2,998,460 with \$2,623,760 due at the time of the transfer and \$74,940 due annually for fiscal years 2014 through 2018. Pursuant to the resolution authorizing the transfer, all proceeds are to be transferred to the Metro Government within ten days of receipt. The garages were recorded on Metro Government’s books at a net book value of approximately \$3,261,400.

In accordance with GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, the lots have been transferred to PARC at CPC’s net book value and the difference between the transfer price of the assets and the net book value has been recorded by CPC and PARC as a deferred inflow of resources and a deferred outflow of resources, respectively. The deferred inflow for CPC and the deferred outflow for PARC will be amortized over 30 years for the Market Street Garage and 25 years for the Louisville Gardens Garage.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

18. Asset Transfers to Component Units, continued

C. Parking Authority of River City

On June 20, 2012, the Board of Directors of PARC approved a resolution to obtain 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 Metro Government. The transfer of the parking lots was approved by the Metro Council in the fiscal 2013 budget ordinance. The lots were transferred to PARC in exchange for \$10,740,000 which was funded by the issuance of bonds. On September 28, 2012, the Board of Directors of PARC approved a resolution to obtain the parking garages located at 415 South 6th Street (the “Louisville Gardens Garage”) and 536 West Market Street (the “Market Street Garage”) from CPC. The Louisville Gardens Garage was transferred in exchange for \$1,951,540 and the Market Street Garage was transferred in exchange for \$2,998,460 which was funded by cash reserves of \$4,200,300 and promissory notes payable of \$749,700.

Please refer to sections a and b of this note for discussion of the treatment of the deferred loss by PARC in accordance with GASB Statement No. 48.

19. Implementation of GASB Pronouncements

A. Accounting Pronouncements Adopted during the fiscal year ended June 30, 2014:

i. GASB Statement No. 66, Technical Corrections - 2012 - an Amendment of GASB Statements No. 10 and No. 62.

This Statement revises guidance for reporting risk financing activities and allows governments to determine the fund type based on the nature of the activity to be reported. In addition, the Statement revises guidance on accounting for operating leases. Metro Government is currently evaluating the impact of implementing this standard.

ii. GASB Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25.*

The provisions of this Statement are effective for fiscal years beginning after June 15, 2013 and affected the single-employer plans for the Firefighters’ Pension Fund and the Policemen’s Retirement Fund. The revised guidance affects the calculation of the actuarial valuation of plan assets and provides additional guidance on reporting certain assets and liabilities. The Firefighters’ Pension Fund and the Policemen’s Retirement Fund report on a calendar year basis; therefore the changes related to these plans will be reported in the fiscal year 2015 Metro Government CAFR.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

19. Implementation of GASB Pronouncements

iii. *GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees*

This Statement requires governments that have extended a nonexchange financial guarantee to recognize a liability when certain qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. In certain situations, the original debt issuer may also be recognizing revenues that reflect the reduction in debt or a liability for repayment of amounts remitted by the guarantor. Beginning net position has been adjusted as follows to reflect the implementation of this Statement:

Net position -- beginning of year	\$	1,436,405,968
Effect of GASB 70 implementatoin		<u>(103,446,383)</u>
Net position -- as restated		<u>\$ 1,332,959,585</u>

B. Future Implementation of GASB Pronouncements

In addition to the pronouncements discussed above, the GASB has issued additional guidance for state and local governments that is not yet effective. Metro Government is currently reviewing the provisions of the following pronouncements to determine the impact of implementation in future periods.

i. *GASB Statement No 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*

The provisions of this Statement are effective for periods beginning after June 15, 2014. This standard will affect Metro Government’s reporting of pension obligations for both the CERS and the single-employer plans for the Firefighters’ Pension Fund and the Policemen’s Retirement Fund. These plans report on a calendar year basis and their information will be incorporated in the fiscal year 2015 Metro Government CAFR.

The Kentucky Retirement Systems will be assisting with the determination of actuarial amounts to determine Metro Government’s proportionate share of relevant balances and amounts related to CERS. Metro Government will use actuarial information for the single-employer plans to determine those amounts. Metro Government believes this statement will likely have a material impact on net position.

ii. *GASB Statement No.69, Government Combinations and Disposals of Government Operations*

The provisions of this Statement are effective for periods beginning after December 15, 2013. This standard provides accounting and reporting guidance for certain types of combinations and disposals of government operations. These provisions will be applied on a prospective basis to any applicable combinations or disposals of Metro Government.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

19. Implementation of GASB Pronouncements

iii. GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An amendment of GASB Statement No. 68*

This objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Metro Government is still determining the impact this Statement will have on the financial statements.

20. Subsequent Events

A. Metro Government

- i. On December 3, 2014, Metro Government issued \$9,910,000 of General Obligation Bonds, Series 2014D to finance the acquisition, construction and equipping of various public projects as described in the Metro Government 2014-15 Capital Budget. The Series 2014D bonds, issued at a premium, are payable in semi-annual principal installments ranging from \$95,000 to \$725,000 beginning June 1, 2015 at interest rates ranging from 1.00% to 5.00% over 20 years.

On December 3, 2014, Metro Government issued \$19,555,000 of General Obligation Notes, Series 2014E to finance the acquisition, installation and maintenance of facilities, equipment and vehicles for various agencies of Metro Government. The Series 2014E notes, issued at a premium, are payable in semi-annual principal installments ranging from \$1,840,000 to \$4,210,000 beginning June 1, 2015 at interest rates ranging from 1.00% to 5.00% over 5 years.

On December 3, 2014, Metro Government also issued \$19,650,000 of General Obligation Refunding Bonds, Series 2014F. The Series 2014F bonds were issued to advance refund the outstanding Louisville/Jefferson County Metro Government General Obligation Bonds, Series 2006A with maturities from November 1, 2017 through and including November 1, 2026. The maturities ranging from November 1, 2014 through November 1, 2016 are to be paid as normal. The Series 2014F bonds, issued at a premium, are payable in principal installments ranging from \$1,665,000 to \$2,345,000 beginning November 1, 2017 at interest rates ranging from 2.0% to 4.0% through November 1, 2026. The refunding provided for cumulative savings of \$1,355,170 over the life of the bonds resulting in a net present value savings of \$1,230,983 or 6.15% of the refunded bonds.

The schedules in Note 8 do not reflect the impact of the issues and refundings above.

B. Component Units

i. Louisville and Jefferson County Metropolitan Sewer District

On August 1, 2014 MSD's rates for wastewater and stormwater charges increased by 5.5%. In November 2014 MSD issued \$80,000,000 of Revenue Bonds to fund capital projects and \$226,340,000 of Bond Anticipation Notes to refinance the 2013A Notes.

Continued



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, 2014

	Original Budget	Final Budget	Actual Amounts - GAAP Basis	Reconciliation of Basis Difference	Actual Amounts - Budgetary Basis	Variance with Final Budget - Over (Under)
REVENUES						
Property taxes	\$ 141,310,000	\$ 141,310,000	\$ 140,114,870	\$ 277,374	\$ 140,392,244	\$ (917,756)
Occupational taxes	311,110,000	311,110,000	342,160,707	491,437	342,652,144	31,542,144
Licenses and permits	12,231,500	12,231,500	12,751,256	207,143	12,958,399	726,899
Intergovernmental	26,325,700	25,779,232	24,567,355	(560,633)	24,006,722	(1,772,510)
Charges for services	64,256,400	64,672,876	58,513,390	838,488	59,351,878	(5,320,998)
Fees and fines	5,553,500	5,553,500	4,593,832	1,864	4,595,696	(957,804)
Investment income	270,000	270,000	467,278	-	467,278	197,278
Dividends	20,090,000	20,090,000	20,055,060	-	20,055,060	(34,940)
Donations	5,238,500	5,381,027	2,214,646	20,992	2,235,638	(3,145,389)
Miscellaneous	783,800	669,006	1,543,300	(112,382)	1,430,918	761,912
Total revenues	<u>587,169,400</u>	<u>587,067,141</u>	<u>606,981,694</u>	<u>1,164,283</u>	<u>608,145,977</u>	<u>21,078,836</u>
EXPENDITURES						
Current operating:						
General Government:						
Metro Council	7,730,700	6,286,105	5,922,731	5,220	5,927,951	(358,154)
Mayor's Office	2,373,200	2,373,200	2,391,722	(7,379)	2,384,343	11,143
County Attorney	7,473,300	7,473,300	7,438,013	23,413	7,461,426	(11,874)
Other Elected Officials	8,673,800	8,673,800	8,753,278	-	8,753,278	79,478
Fire	53,045,300	53,034,500	52,940,796	(42,004)	52,898,792	(135,708)
Emergency Medical Services	26,994,900	26,994,900	24,509,667	(119,500)	24,390,167	(2,604,733)
Emergency Management/MetroSafe	14,476,500	14,476,500	13,962,255	(4,868)	13,957,387	(519,113)
Corrections	52,583,400	52,487,531	52,493,690	(190,096)	52,303,594	(183,937)
Youth Detention Services	9,230,600	9,230,600	9,263,289	(12,133)	9,251,156	20,556
Metro Animal Services	3,577,600	3,425,750	3,177,511	278	3,177,789	(247,961)
Criminal Justice Commission	302,100	302,100	300,373	10,970	311,343	9,243
Firefighters' Pension Fund	3,964,500	3,964,500	3,689,749	-	3,689,749	(274,751)
Policemen's Retirement Fund	2,435,400	2,435,400	2,393,015	-	2,393,015	(42,385)
Police	157,350,300	157,272,687	158,503,859	(80,095)	158,423,764	1,151,077
Economic Growth & Innovation	12,439,700	12,288,531	12,051,802	401,960	12,453,762	165,231
Air Pollution Control	3,979,200	3,130,800	3,104,394	(10,312)	3,094,082	(36,718)
Codes & Regulations	11,857,100	11,287,968	10,786,360	6,192	10,792,552	(495,416)
Parks & Recreation	26,074,000	27,188,013	26,439,005	154,836	26,593,841	(594,172)
Community Services & Revitalization	9,597,200	9,870,536	9,623,850	(33,172)	9,590,678	(279,858)
Public Health & Wellness	17,262,400	17,359,392	16,376,426	24,309	16,400,735	(958,657)
Public Works & Assets	54,936,900	54,577,845	54,307,874	(499,612)	53,808,262	(769,583)
Information Technology	12,426,600	12,411,600	10,990,985	(172,972)	10,818,013	(1,593,587)
Office of Management & Budget	30,917,200	31,870,480	30,734,814	(47,085)	30,687,729	(1,182,751)
Office of Performance Improvement	784,100	784,100	772,149	23,136	795,285	11,185
Human Resources	3,658,900	3,658,900	3,769,569	-	3,769,569	110,669
Human Relations Commission	660,600	660,600	690,924	(32,810)	658,114	(2,486)
Louisville Free Public Library	17,053,000	16,344,148	16,376,591	29,097	16,405,688	61,540
Louisville Zoological Gardens	16,039,600	14,910,622	13,913,424	(282,511)	13,630,913	(1,279,709)
Internal Audit	625,300	625,300	541,593	(176)	541,417	(83,883)
Debt service principal	5,448,300	5,448,300	1,358,987	-	1,358,987	(4,089,313)
Debt service interest and other charges	10,104,400	10,104,400	285,328	(25,440)	259,888	(9,844,512)
Total expenditures	<u>584,076,100</u>	<u>580,952,408</u>	<u>557,864,023</u>	<u>(880,754)</u>	<u>556,983,269</u>	<u>(23,969,139)</u>
Excess (deficiency) of revenues over expenditures	<u>3,093,300</u>	<u>6,114,733</u>	<u>49,117,671</u>	<u>2,045,037</u>	<u>51,162,708</u>	<u>45,047,975</u>
OTHER FINANCING SOURCES (USES)						
Transfers in			2,128,414		2,128,414	
Transfers out			(48,107,626)		(48,107,626)	
Total other financing sources and uses			<u>(45,979,212)</u>		<u>(45,979,212)</u>	
Net change in fund balances			3,138,459		5,183,496	
Fund balances--beginning			75,373,974		75,373,974	
Fund balances--ending			<u>\$ 78,512,433</u>		<u>\$ 80,557,470</u>	

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

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
June 30, 2014**

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

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>						
1/1/2009	\$ 9,233,693	\$ 26,701,182	\$ 17,467,489	34.6%	\$ -	
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%
1/1/2013	7,328,380	22,594,858	15,266,478	32.4%	-	0%
1/1/2014	8,248,555	21,770,331	13,521,776	37.9%	-	0%
<u>Policemen's Retirement Fund:</u>						
1/1/2009	\$ 9,482,462	\$ 20,863,561	\$ 11,381,099	45.4%	\$ 53,435	21,299.0%
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%
1/1/2013	6,990,186	17,548,823	10,558,637	39.8%	60,159	17,551.2%
1/1/2014	6,930,328	16,437,502	9,507,174	42.2%	60,628	15,681.2%

SCHEDULES OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Firefighters' Pension Fund		Policemen's Retirement Fund	
	Annual Contribution	Percentage of ARC Contributed	Annual Contribution	Percentage Contributed
2009	\$ 1,863,306	100.0%	\$ 1,396,080	100.0%
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%
2013	2,598,938	100.0%	1,461,418	100.0%
2014	2,989,564	100.0%	1,625,938	100.0%

**OTHER SUPPLEMENTARY INFORMATION -
COMBINING FINANCIAL STATEMENTS**

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014**

	<u>Debt Service Funds</u>		<u>Capital Projects Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>General Obligation</u>	<u>Capital Projects Corporation</u>	<u>Special Purpose Fund</u>	<u>Public Properties Corporation</u>	<u>Capital Projects Corporation</u>	
ASSETS						
Cash and cash equivalents	\$ -	\$ 2,500	\$ 3,107,955	\$ 1,043,060	\$ 661	\$ 4,154,176
Investments	-	-	3,126,823	1,049,392	-	4,176,215
Loans receivable	-	-	200,000	-	-	200,000
Notes receivable	-	-	-	-	599,760	599,760
Due from other funds	140,760	-	-	-	-	140,760
Restricted assets:						
Cash and cash equivalents	1,871,659	-	-	-	-	1,871,659
Total assets	<u>\$ 2,012,419</u>	<u>\$ 2,500</u>	<u>\$ 6,434,778</u>	<u>\$ 2,092,452</u>	<u>\$ 600,421</u>	<u>\$ 11,142,570</u>
LIABILITIES						
Accounts payable	-	-	470,553	-	-	470,553
Accrued payroll	-	-	67	-	-	67
Matured bonds payable	140,760	-	-	-	-	140,760
Total liabilities	<u>140,760</u>	<u>-</u>	<u>470,620</u>	<u>-</u>	<u>-</u>	<u>611,380</u>
FUND BALANCES						
Nonspendable	-	-	200,000	-	-	200,000
Restricted for:						
Debt service	1,871,659	2,500	-	-	-	1,874,159
Committed for:						
Capital projects	-	-	-	-	599,760	599,760
Assigned to:						
Capital projects	-	-	5,764,158	2,092,452	661	7,857,271
Total fund balances	<u>1,871,659</u>	<u>2,500</u>	<u>5,964,158</u>	<u>2,092,452</u>	<u>600,421</u>	<u>10,531,190</u>
Total liabilities and fund balances	<u>\$ 2,012,419</u>	<u>\$ 2,500</u>	<u>\$ 6,434,778</u>	<u>\$ 2,092,452</u>	<u>\$ 600,421</u>	<u>\$ 11,142,570</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, 2014

	<u>Debt Service Funds</u>		<u>Capital Projects Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>General Obligation</u>	<u>Capital Projects Corporation</u>	<u>Special Purpose Fund</u>	<u>Public Properties Corporation</u>	<u>Capital Projects Corporation</u>	
REVENUES						
Intergovernmental	\$ 1,800,449	\$ 4,392,291	\$ 2,052,343	\$ -	\$ -	\$ 8,245,083
Charges for services	-	-	649,032	-	-	649,032
Investment income	189	-	14,911	-	-	15,100
Miscellaneous	-	-	5,893	-	-	5,893
Total revenues	<u>1,800,638</u>	<u>4,392,291</u>	<u>2,722,179</u>	<u>-</u>	<u>-</u>	<u>8,915,108</u>
EXPENDITURES						
Current:						
Miscellaneous	-	2,500	-	-	-	2,500
Debt service:						
Principal	29,212,032	9,295,000	-	-	-	38,507,032
Interest and other charges	10,756,555	2,009,379	-	-	-	12,765,934
Capital outlay	-	-	5,438,910	7,291	25,000	5,471,201
Total expenditures	<u>39,968,587</u>	<u>11,306,879</u>	<u>5,438,910</u>	<u>7,291</u>	<u>25,000</u>	<u>56,746,667</u>
Deficiency of revenues under expenditures	<u>(38,167,949)</u>	<u>(6,914,588)</u>	<u>(2,716,731)</u>	<u>(7,291)</u>	<u>(25,000)</u>	<u>(47,831,559)</u>
OTHER FINANCING SOURCES (USES)						
Issuance of refunding bonds, par	9,380,000	-	-	-	-	9,380,000
Issuance of refunding bonds, premium	693,069	-	-	-	-	693,069
Refunded bond principal	(9,880,000)	-	-	-	-	(9,880,000)
Refunded bond interest	(109,673)	-	-	-	-	(109,673)
Transfers in	38,409,705	6,914,588	1,217,691	-	-	46,541,984
Transfers out	-	-	(86,432)	-	(149,940)	(236,372)
Total other financing sources (uses)	<u>38,493,101</u>	<u>6,914,588</u>	<u>1,131,259</u>	<u>-</u>	<u>(149,940)</u>	<u>46,389,008</u>
Net change in fund balances	325,152	-	(1,585,472)	(7,291)	(174,940)	(1,442,551)
Fund balances--beginning	<u>1,546,507</u>	<u>2,500</u>	<u>7,549,630</u>	<u>2,099,743</u>	<u>775,361</u>	<u>11,973,741</u>
Fund balances--ending	<u>\$ 1,871,659</u>	<u>\$ 2,500</u>	<u>\$ 5,964,158</u>	<u>\$ 2,092,452</u>	<u>\$ 600,421</u>	<u>\$ 10,531,190</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2014

	Insurance and Risk Management Fund	Louisville Jefferson Co. Metro Revenue Commission	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 12,124,589	\$ 65,508,595	\$ 77,633,184
Investments	12,012,611	-	12,012,611
Accounts receivable	533,452	-	533,452
Deposits with paying agents	75,000	-	75,000
Prepaid expenses	1,778,396	-	1,778,396
Total current assets	<u>26,524,048</u>	<u>65,508,595</u>	<u>92,032,643</u>
Capital assets:			
Furniture and equipment, net	-	235,376	235,376
Total capital assets	<u>-</u>	<u>235,376</u>	<u>235,376</u>
Total assets	<u>26,524,048</u>	<u>65,743,971</u>	<u>92,268,019</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,046,795	2,028,512	4,075,307
Refunds payable	-	6,951,784	6,951,784
Claims and judgments	14,396,155	-	14,396,155
Due to other funds	-	51,856,444	51,856,444
Total current liabilities	<u>16,442,950</u>	<u>60,836,740</u>	<u>77,279,690</u>
Noncurrent liabilities:			
Claims and judgments	18,124,837	-	18,124,837
Total noncurrent liabilities	<u>18,124,837</u>	<u>-</u>	<u>18,124,837</u>
Total liabilities	<u>34,567,787</u>	<u>60,836,740</u>	<u>95,404,527</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred tax credit receipts	-	4,791,994	4,791,994
Total deferred inflows of resources	<u>-</u>	<u>4,791,994</u>	<u>4,791,994</u>
NET POSITION			
Net investment in capital assets	-	235,376	235,376
Restricted	705,099	-	705,099
Unrestricted	(8,748,838)	(120,139)	(8,868,977)
Total net position	<u>\$ (8,043,739)</u>	<u>\$ 115,237</u>	<u>\$ (7,928,502)</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2014

	Insurance and Risk Management Fund	Louisville Jefferson Co. Metro Revenue Commission	Total
OPERATING REVENUES:			
Collection, investment and other fees	\$ -	\$ 5,223,959	\$ 5,223,959
Insurance income	62,809,255	-	62,809,255
Total operating revenues	<u>62,809,255</u>	<u>5,223,959</u>	<u>68,033,214</u>
OPERATING EXPENSES:			
Professional services	231,028	4,439,268	4,670,296
Contractual services	80,015	243,601	323,616
Repairs and maintenance	-	8,861	8,861
Other supplies and expenses	37,291	347,170	384,461
Insurance claims, settlements and losses	63,608,103	-	63,608,103
Insurance premiums	2,090,453	-	2,090,453
Depreciation	-	54,213	54,213
Total operating expenses	<u>66,046,890</u>	<u>5,093,113</u>	<u>71,140,003</u>
Operating loss	<u>(3,237,635)</u>	<u>130,846</u>	<u>(3,106,789)</u>
NONOPERATING REVENUES:			
Investment income	85,723	-	85,723
Total nonoperating revenues	<u>85,723</u>	<u>-</u>	<u>85,723</u>
Net loss before transfers	(3,151,912)	130,846	(3,021,066)
Transfers in	3,865,750	-	3,865,750
Transfers out	-	-	-
Change in net position	713,838	130,846	844,684
Total net position--beginning	<u>(8,757,577)</u>	<u>(15,609)</u>	<u>(8,773,186)</u>
Total net position--ending	<u>\$ (8,043,739)</u>	<u>\$ 115,237</u>	<u>\$ (7,928,502)</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2014

	Insurance and Risk Management Fund	Louisville Jefferson Co. Metro Revenue Commission	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from collection, investment, and other fees	\$ -	\$ 5,223,959	\$ 5,223,959
Insurance income	62,903,620	-	62,903,620
Payments to employees	(231,028)	(3,288,705)	(3,519,733)
Payments to suppliers	(30,591)	(1,750,195)	(1,780,786)
Contractual services	(3,847,904)	-	(3,847,904)
Claims paid	(64,448,913)	-	(64,448,913)
Insurance premiums paid	(6,912,309)	-	(6,912,309)
Increase in cash collected for others	-	2,072,512	2,072,512
Other payments	(6,700)	-	(6,700)
Net cash provided/(used) by operating activities	<u>(12,573,825)</u>	<u>2,257,571</u>	<u>(10,316,254)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers from other funds	<u>3,865,750</u>	<u>-</u>	<u>3,865,750</u>
Net cash provided by noncapital financing activities	<u>3,865,750</u>	<u>-</u>	<u>3,865,750</u>
CASH FLOWS FROM CAPITAL ACTIVITIES:			
Acquisition and construction of capital assets	<u>-</u>	<u>(182,293)</u>	<u>(182,293)</u>
Net cash used in capital activities	<u>-</u>	<u>(182,293)</u>	<u>(182,293)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Change in investment pool participation	3,105,951	-	3,105,951
Investment income	<u>85,723</u>	<u>-</u>	<u>85,723</u>
Net cash provided by investing activities	<u>3,191,674</u>	<u>-</u>	<u>3,191,674</u>
Net increase (decrease) in cash and cash equivalents	(5,516,401)	2,075,278	(3,441,123)
Cash and cash equivalents, beginning of the year	<u>17,640,990</u>	<u>63,433,317</u>	<u>81,074,307</u>
Cash and cash equivalents, end of the year	<u>\$ 12,124,589</u>	<u>\$ 65,508,595</u>	<u>\$ 77,633,184</u>
Reconciliation of Operating Loss to Net Cash Provided/(Used) By Operating Activities			
Operating gain/(loss)	\$ (3,237,635)	\$ 130,846	\$ (3,106,789)
Adjustments to reconcile operating loss to net cash provided /(used) by operating activities:			
Depreciation expense	-	54,213	54,213
Increase (decrease) in cash due to changes in assets and liabilities:			
Accounts receivable	94,365	-	94,365
Prepaid expenses	(1,778,396)	-	(1,778,396)
Accounts and other payables	(7,177,441)	504,825	(6,672,616)
Liability for incurred claims	(474,718)	-	(474,718)
Due to other funds and governmental agencies	-	(429,328)	(429,328)
Deferred inflows of resources	<u>-</u>	<u>1,997,015</u>	<u>1,997,015</u>
Net cash provided/(used) by operating activities	<u>\$ (12,573,825)</u>	<u>\$ 2,257,571</u>	<u>\$ (10,316,254)</u>

During fiscal year 2014, there was no non-cash change to the fair value of investments.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2014

	<u>Mass Transit</u>	<u>Escrow and Deposit</u>	<u>Revenue Commission</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 3,133,081	\$ 11,198,390	\$ -	\$ 14,331,471
Investments	100,000	-	-	100,000
Interest receivable	16	-	-	16
Due from other funds	4,437,419	114	16,185,919	20,623,452
Due from other governmental agencies	7,400,627	-	-	7,400,627
Total assets	<u>\$ 15,071,143</u>	<u>\$ 11,198,504</u>	<u>\$ 16,185,919</u>	<u>\$ 42,455,566</u>
LIABILITIES				
Notes payable	\$ -	\$ 1,500,000	\$ -	\$ 1,500,000
Accounts payable	-	16	-	16
Due to other governmental agencies	15,071,143	83,853	16,185,919	31,340,915
Refundable deposits	-	9,614,635	-	9,614,635
Total liabilities	<u>\$ 15,071,143</u>	<u>\$ 11,198,504</u>	<u>\$ 16,185,919</u>	<u>\$ 42,455,566</u>

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

For the fiscal year ended June 30, 2014

Mass Transit

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
ASSETS				
Cash and cash equivalents	\$ 7,875,189	\$ 17,487,183	\$ 22,229,291	\$ 3,133,081
Investments	100,000	-	-	100,000
Interest receivable	44	16	44	16
Due from other funds	4,294,218	4,437,419	4,294,218	4,437,419
Due from other governmental agencies	1,520,442	7,400,627	1,520,442	7,400,627
Total assets	<u>\$ 13,789,893</u>	<u>\$ 29,325,245</u>	<u>\$ 28,043,995</u>	<u>\$ 15,071,143</u>
LIABILITIES				
Due to other governmental agencies	\$ 13,789,893	\$ 47,656,350	\$ 46,375,100	\$ 15,071,143
Total liabilities	<u>\$ 13,789,893</u>	<u>\$ 47,656,350</u>	<u>\$ 46,375,100</u>	<u>\$ 15,071,143</u>

Escrow and Deposit

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
ASSETS				
Cash and cash equivalents	\$ 7,990,488	\$ 24,364,984	\$ 21,157,082	\$ 11,198,390
Due from other funds	-	418,532	418,418	114
Total assets	<u>\$ 7,990,488</u>	<u>\$ 24,783,516</u>	<u>\$ 21,575,500</u>	<u>\$ 11,198,504</u>
LIABILITIES				
Notes payable	\$ 1,500,000	-	-	\$ 1,500,000
Accounts payable	561	91	636	16
Due to other governmental agencies	442,307	-	358,454	83,853
Refundable deposits	6,047,620	10,589,124	7,022,109	9,614,635
Total liabilities	<u>\$ 7,990,488</u>	<u>\$ 10,589,215</u>	<u>\$ 7,381,199</u>	<u>\$ 11,198,504</u>

Revenue Commission

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
ASSETS				
Due from other funds	\$ 15,705,368	\$ 158,812,049	\$ 158,331,498	\$ 16,185,919
Total assets	<u>\$ 15,705,368</u>	<u>\$ 158,812,049</u>	<u>\$ 158,331,498</u>	<u>\$ 16,185,919</u>
LIABILITIES				
Due to other governmental agencies	\$ 15,705,368	\$ 158,812,049	\$ 158,331,498	\$ 16,185,919
Total liabilities	<u>\$ 15,705,368</u>	<u>\$ 158,812,049</u>	<u>\$ 158,331,498</u>	<u>\$ 16,185,919</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.

<u>Contents</u>	<u>Page</u>
Financial Trends	111-115

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

Revenue Capacity.....	116-122
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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.

Debt Capacity	123-127
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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.

Demographic and Economic Information	128-129
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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.

Operating Information	130-133
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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.

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Operating Information	130-133
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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
SUMMARY OF NET POSITION AND CHANGES IN NET POSITION

	2005	2006	2007	Last Ten Fiscal Years		2010	2011	2012	2013	2014
				2008	2009					
Primary Government/Governmental Activities:										
Net investment in capital assets	\$ 595,436,164	\$ 583,508,245	\$ 574,279,092	\$ 556,217,633	\$ 752,726,047	\$ 562,313,226	\$ 564,365,332	\$ 561,495,114	\$ 605,614,641	\$ 592,136,882
Restricted	40,503,493	40,159,453	48,854,645	62,193,363	63,000,419	110,554,680	117,847,207	105,432,176	114,534,971	102,447,018
Unrestricted	1,059,088	(8,134,837)	(1,167,710)	(13,411,709)	(219,649,735)	(77,056,948)	(68,207,245)	(73,702,597)	612,809,973	673,254,749
Total Primary Government/Governmental Activities Net Position	\$ 636,998,745	\$ 615,532,861	\$ 621,966,027	\$ 604,999,287	\$ 596,076,731	\$ 595,810,958	\$ 614,005,294	\$ 593,224,693	\$ 1,332,959,585	\$ 1,367,838,649
Primary Government/Governmental Activities:										
Expenses (1)										
General Government	\$ 24,571,680	\$ 25,623,205	\$ 27,142,783	\$ 27,463,380	\$ 25,757,030	\$ 26,038,922	\$ 24,642,512	\$ 24,356,217	\$ 25,551,288	\$ 24,959,340
Public Protection	130,194,826	152,742,063	156,867,814	168,125,697	166,736,527	179,177,567	165,249,244	180,560,832	173,165,530	178,457,835
Police	138,751,554	132,793,664	135,962,267	140,438,253	147,980,259	154,758,199	146,109,848	149,203,869	154,390,579	166,543,751
Economic Growth & Innovation	28,451,908	26,276,189	30,710,291	25,275,680	39,617,092	41,026,189	46,807,358	40,714,536	39,022,221	36,586,292
Codes & Regulations	8,185,714	8,847,046	8,640,257	11,289,044	12,220,294	11,363,294	10,260,304	10,162,793	13,203,773	12,689,355
Parks & Recreation	24,943,797	25,479,670	25,515,919	25,131,824	24,615,331	31,235,451	27,335,066	34,427,841	32,020,006	35,381,854
Community Services & Revitalization	31,841,096	33,146,828	30,304,444	28,844,976	29,871,809	40,596,137	48,008,957	37,987,193	38,238,990	33,276,562
Public Health & Wellness	36,407,344	38,607,238	38,132,320	26,795,986	25,066,813	27,846,578	26,097,549	37,286,740	30,902,897	29,051,919
Neighborhoods (2)	6,628,578	7,202,084	7,068,336	8,194,903	6,878,355	-	-	-	-	-
Public Works & Assets	129,373,570	128,850,571	127,157,541	130,173,516	117,838,351	121,630,180	115,037,984	121,557,241	107,057,482	97,489,191
Information Technology	9,205,957	9,543,827	10,111,462	11,858,166	12,428,088	11,113,289	10,284,427	11,410,236	12,111,989	12,049,036
Office of Management & Budget	14,471,294	13,048,462	13,789,994	24,813,303	23,929,387	25,184,029	30,926,357	25,968,370	28,750,138	28,003,568
Office of Performance Improvement	-	-	-	-	-	-	-	-	-	786,196
Human Resources	4,299,291	4,452,275	4,176,072	4,521,110	4,492,419	4,238,428	3,643,413	3,683,658	4,029,030	3,838,145
Related Agencies	48,140,137	48,141,028	48,736,693	53,572,010	41,302,782	41,933,564	38,706,100	35,595,222	34,884,831	35,710,144
Interest expense	17,077,617	16,302,423	17,214,454	14,425,027	19,424,674	19,405,824	19,397,158	17,886,190	16,133,319	14,433,550
Total Expenses	652,544,363	671,056,573	681,530,647	700,922,875	698,159,211	735,547,651	712,506,277	730,800,938	709,462,073	709,256,738
Program Revenues:										
Charges for Services:										
Emergency Medical Services	8,831,242	9,610,942	12,087,525	11,621,333	13,431,725	14,188,669	14,857,817	15,827,599	14,875,428	15,016,285
Codes & Regulation	12,409,334	12,963,317	13,954,629	14,215,180	13,126,794	11,366,206	11,476,715	12,240,045	13,714,006	15,050,262
Louisville Zoological Gardens	7,887,283	7,503,751	8,224,299	8,667,497	8,519,092	8,696,270	9,337,769	14,347,717	9,674,461	10,055,819
Economic Growth & Innovation	8,219,029	7,893,128	9,007,348	10,082,408	8,080,332	20,095,174	12,377,407	11,837,685	5,766,022	4,965,184
Other	34,837,445	31,781,000	40,182,710	33,471,796	32,930,586	39,842,923	65,108,525	34,959,342	39,137,833	39,752,384
Total Charges for Services	72,184,333	69,752,138	83,456,511	78,058,214	76,088,529	94,189,242	113,158,233	89,212,388	83,167,750	84,839,934
Operating Grants and Contributions	75,099,069	72,212,271	73,451,393	82,810,321	99,301,526	101,747,787	92,108,638	99,653,680	94,956,266	89,354,359
Capital grants and Contributions	29,167,632	56,127,486	42,118,743	31,815,335	37,242,327	55,753,672	47,352,771	30,007,843	30,619,786	18,032,712
Total Primary Government Program Revenues	176,451,034	198,091,895	199,026,647	192,683,870	212,632,382	251,690,701	252,619,642	218,873,911	208,743,802	192,227,005
Net (Expense) Revenue	(476,093,329)	(472,964,678)	(482,504,000)	(508,239,005)	(485,526,829)	(483,856,950)	(459,886,635)	(511,927,027)	(500,718,271)	(517,029,733)
General Revenues:										
Taxes										
Property taxes, levied for general purposes	120,575,832	120,750,897	126,741,678	133,966,466	134,091,146	144,034,671	135,553,293	134,925,775	146,224,312	140,252,274
Occupational taxes	275,767,186	285,559,281	307,856,301	309,491,515	301,344,426	292,400,027	304,470,948	311,921,717	332,642,106	342,160,707
Investment income	3,965,089	5,251,143	9,189,326	8,413,117	3,950,500	1,812,116	1,185,714	803,261	317,716	866,649
Gain on equity interest in LWC	-	-	-	-	-	-	-	-	-	27,767,655
Dividends	13,935,078	17,715,564	14,625,718	18,531,912	17,288,555	18,148,381	18,232,699	18,873,435	18,931,347	20,055,060
Other intergovernmental revenue	4,672,662	12,764,992	13,591,805	11,419,069	11,291,887	5,141,872	13,499,503	14,409,201	13,466,456	13,961,702
Amortization of intra-entity transfer	-	-	-	-	-	-	-	-	-	532,020
Fees and fines	2,211,315	2,676,570	-	-	-	-	-	-	-	-
Gain on sale of assets	650,000	1,156,848	1,047,399	2,626,001	1,622,208	32,174	323,156	34,705	4,861,434	3,994,793
Other taxes	319,838	319,388	271,059	209,376	269,634	7,679,701	3,480,660	984,143	309,135	299,836
Rental receipts (3)	4,764,521	395,634	1,256,226	1,832,428	1,950,901	5,284,108	-	-	-	-
Miscellaneous	5,972,358	4,464,605	3,982,753	4,782,381	4,795,016	8,995,989	4,635,565	9,194,189	1,960,028	2,417,254
Total General Revenues	432,833,879	451,054,922	478,562,265	491,272,265	476,604,273	483,529,039	481,381,538	491,146,426	546,480,189	551,908,797
Change in Net Position	(43,259,450)	(21,909,756)	(3,941,735)	(16,966,740)	(8,922,556)	(327,911)	21,494,903	(20,780,601)	45,761,918	34,879,064
Net Position - beginning, restated	680,258,195	636,998,745	615,532,861	621,966,027	604,999,287	596,076,731	595,810,958	614,005,294	1,287,197,667	1,332,959,585
Increase due to acquired agency	-	443,872	-	-	-	-	-	-	-	-
Prior period adjustment	-	-	10,374,901	-	-	62,138	(3,300,567)	-	-	-
Net Position - ending	\$ 636,998,745	\$ 615,532,861	\$ 621,966,027	\$ 604,999,287	\$ 596,076,731	\$ 595,810,958	\$ 614,005,294	\$ 593,224,693	\$ 1,332,959,585	\$ 1,367,838,649

- (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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009 (1)</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund										
Reserved	\$ 4,155,586	\$ 5,493,394	\$ 6,931,347	\$ 3,469,429						
Unreserved	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	\$ 2,234,245	\$ 1,827,935
Committed					6,499,730	7,006,904	8,398,077	5,516,769	12,145,968	9,121,441
Assigned					5,390,322	4,776,333	3,237,648	4,782,910	-	5,075,503
Unassigned					65,407,107	65,413,735	61,481,800	62,427,431	60,993,761	62,487,554
Total General Fund	<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>	<u>\$ 75,373,974</u>	<u>\$ 78,512,433</u>
All Other Governmental Funds										
Reserved	\$ 18,591,392	\$ 32,587,646	\$ 37,478,627	\$ 53,123,245						
Unreserved, reported in:										
Special Revenue Fund	18,242,052	3,498,142		(5,723,981)						
Capital Projects Fund	50,884,092	48,926,550	55,858,957	40,137,381						
Other Nonmajor Governmental Funds	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	\$ 42,194,182	\$ 36,686,860
Restricted										
Debt service reserve					24,645	640,728	702,588	1,188,444	1,549,007	1,874,159
Other capital projects					7,720,089	44,510,631	33,149,813	22,193,090	16,471,248	22,212,134
Committed						19,358,238	13,420,935	14,477,155	18,712,355	16,462,358
Assigned										
Capital projects					63,806,231	55,475,794	56,415,646	43,955,089	49,828,395	30,660,936
Grant programs					6,269,161		1,695,405	1,317,853	-	-
Unassigned						(9,326,830)				
Total all other Governmental Funds	<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>	<u>\$ 128,755,187</u>	<u>\$ 107,896,447</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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
REVENUES										
Property taxes	\$ 120,912,806	\$ 121,338,886	\$ 127,919,524	\$ 134,259,325	\$ 133,501,705	\$ 141,716,498	\$ 138,778,419	\$ 135,292,983	\$ 146,395,352	\$ 140,114,870
Occupational taxes	275,767,186	285,559,281	307,856,301	309,491,515	301,344,426	292,400,027	304,470,948	311,921,717	332,642,106	342,160,707
Licenses and permits	11,521,182	11,457,731	11,811,402	11,600,220	10,521,865	11,057,738	11,368,388	11,605,120	11,310,699	12,751,256
Intergovernmental	113,503,540	133,762,762	122,899,040	123,701,933	140,964,634	164,305,785	155,184,610	143,345,773	135,815,730	121,489,356
Charges for services	60,026,636	54,494,156	68,620,013	65,046,880	65,033,024	75,707,838	87,881,294	75,011,225	68,797,114	62,197,666
Fees and fines	722,187	2,438,607	3,395,450	1,491,118	2,473,251	2,216,160	3,198,045	3,343,794	4,109,364	4,594,366
Investment income	3,965,089	5,251,143	9,189,326	8,413,117	3,950,500	1,812,116	1,185,714	803,261	317,716	866,649
Dividends	13,935,078	17,715,564	14,625,718	18,531,912	17,288,555	18,148,381	18,232,699	18,873,435	18,931,347	20,055,060
Donations	2,748,194	11,728,614	7,736,520	4,755,423	6,029,542	10,462,409	10,092,130	5,149,786	6,420,941	5,455,900
Miscellaneous	3,361,493	4,831,279	3,667,409	4,332,278	4,443,665	9,825,235	4,398,396	9,232,820	1,964,512	2,267,202
Total revenues	606,463,391	648,578,023	677,720,703	681,623,721	685,551,167	727,652,187	734,790,643	714,579,914	726,704,881	711,953,032
EXPENDITURES (1)										
General Government	22,265,724	22,981,366	24,679,207	25,525,729	23,478,816	23,437,183	24,666,853	24,090,917	24,326,121	24,505,744
Public Protection	116,010,331	137,404,977	142,118,284	155,794,072	153,421,244	158,587,753	161,712,743	164,487,923	167,301,188	169,421,490
Police	126,343,610	120,413,360	125,522,471	131,670,127	137,290,564	138,444,511	145,142,734	146,384,294	145,861,874	162,414,323
Economic Growth & Innovation	23,949,370	22,091,209	26,620,960	21,911,769	34,880,087	34,809,826	45,274,868	38,142,444	35,307,818	32,577,093
Codes & Regulations	7,491,076	8,058,948	7,998,515	10,615,953	10,192,927	10,212,326	10,260,927	10,055,407	12,573,693	12,462,632
Parks & Recreation	21,922,934	22,405,732	22,641,942	22,558,585	21,751,602	24,680,213	24,637,647	28,386,403	25,287,010	28,320,015
Community Services & Revitalization	29,154,534	30,228,338	28,133,973	27,177,609	27,848,133	31,076,886	46,153,340	37,568,161	36,398,441	32,666,551
Public Health & Wellness	33,031,631	35,020,251	35,181,838	25,011,628	23,148,305	24,863,141	25,963,966	36,693,912	29,261,333	28,364,636
Neighborhoods (2)	6,066,781	6,565,329	6,559,384	7,717,628	6,409,530	-	-	-	-	-
Public Works & Assets	67,457,003	70,884,688	71,262,503	73,676,326	82,986,482	81,172,938	87,164,736	87,164,396	80,831,004	80,908,231
Information Technology	6,960,196	7,248,081	7,813,687	9,589,440	9,975,852	9,236,175	9,337,569	10,309,590	10,682,818	10,990,985
Office of Management & Budget	13,247,952	11,898,662	12,802,901	23,281,270	22,246,348	22,552,036	30,855,010	25,583,709	27,289,853	30,737,314
Office of Performance Improvement	-	-	-	-	-	-	-	-	-	772,149
Human Resources	3,936,674	4,060,640	3,877,455	4,259,117	4,187,516	3,817,202	3,647,513	3,643,159	3,836,766	3,769,569
Related Agencies	38,518,437	38,562,734	39,521,940	44,246,849	32,429,223	33,778,047	34,632,946	31,446,405	31,629,495	32,275,766
Debt service principal	22,613,352	25,595,000	24,252,500	25,960,000	28,820,000	29,820,000	36,100,000	38,306,051	40,419,497	39,884,168
Debt service interest and other payments	16,033,918	15,210,706	17,892,454	14,425,027	15,227,787	16,682,756	16,426,350	15,014,147	14,293,180	13,018,262
Capital outlay	62,653,450	93,268,102	89,555,809	83,759,227	124,587,884	92,816,423	39,852,354	36,228,306	32,379,439	33,758,724
Total expenditures	617,656,973	671,898,123	686,435,823	707,180,356	758,882,300	735,987,416	741,829,556	733,505,224	717,679,530	736,847,652
Other Financing Sources (Uses)										
Proceeds from sale of capital assets	650,000	1,156,848	1,047,399	2,626,001	1,622,208	32,174	323,156	34,705	15,985,084	3,994,793
Issuance of bonds, par	29,495,000	-	33,255,000	-	44,000,000	96,355,000	9,385,000	-	10,100,000	6,961,900
Issuance of bonds, premium/(discount)	1,267,582	-	(60,278)	-	448,800	2,743,343	58,702	-	-	-
Issuance of refunding bonds, par	-	-	58,855,000	-	63,875,000	41,275,000	41,300,000	-	16,835,000	9,380,000
Issuance of refunding bonds, premium/(discount)	-	-	(137,152)	-	874,372	3,976,585	1,341,521	-	2,804,708	693,069
Issuance of debt, capital lease	-	-	-	-	-	-	-	3,500,000	-	-
Bond issuance costs paid	-	-	-	-	-	-	-	-	-	(9,880,000)
Refunded bond principal, interest, and premium	-	-	-	-	(65,295,627)	(44,000,000)	-	-	-	(109,673)
Proceeds from long term note	-	-	-	-	-	-	10,000,000	-	-	-
Payment to bond refunding escrow agent	-	-	(58,220,426)	-	-	-	(42,030,940)	-	(19,223,684)	-
Transfers in	46,270,744	45,960,731	65,293,175	72,426,546	85,953,962	67,870,287	61,262,097	62,640,229	69,340,694	48,756,830
Transfers out	(47,270,744)	(45,960,731)	(65,293,175)	(72,426,546)	(85,953,962)	(110,511,156)	(75,545,398)	(68,568,949)	(90,674,937)	(52,622,580)
Total other financing sources (uses)	30,412,582	1,156,848	34,739,543	2,626,001	45,524,753	57,741,233	6,094,138	(2,394,015)	5,166,865	7,174,339
Net change in fund balance	\$ 19,219,000	\$ (22,163,252)	\$ 26,024,423	\$ (22,930,634)	\$ (27,806,380)	\$ 49,406,004	\$ (944,775)	\$ (21,319,325)	\$ 14,192,216	\$ (17,720,281)
Ratio of total debt service expenditures to noncapital expenditures	6.55%	6.60%	6.74%	6.24%	6.90%	7.30%	7.55%	8.55%	8.07%	7.46%

- (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

Fiscal Year	Taxes	Licenses and Permits	Inter-governmental	Charges for Services	Fines and Forfeitures	Investment Income	Donations and Miscellaneous Revenue	Total Revenues
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
2013	479,037,458	11,310,699	134,470,127	66,212,186	4,109,364	62,864	3,971,153	699,173,851
2014	482,275,577	12,751,256	118,913,528	58,513,390	4,594,366	611,253	4,010,244	681,669,614

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
GENERAL FUND TAX REVENUES BY SOURCE
Last Ten Fiscal Years

Fiscal Year	Total Taxes	General Property Taxes	Bank and Life Insurance Shares	Public Service Corporations	Occupational Taxes	Other (1)	Interest, Penalties and Other Fees
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
2013	479,037,458	119,461,158	4,976,240	12,049,982	332,642,106	9,184,756	723,216
2014	482,275,577	120,956,463	5,028,818	7,765,117	342,160,707	5,666,983	697,489

(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

Fiscal Year	Employment (2)	Unemployment Rate (2)	Per Capita Income (1) (2) (3)	Percent Income Growth	Occupational Tax Revenue	Percent Revenue Growth
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%	41,828	6.14%	311,921,717	2.45%
2013	334,034	8.6%	43,408	3.78%	332,642,106	6.64%
2014	339,429	8.1%	44,482	2.47%	342,160,707	2.86%

Source: Bureau of Economic Analysis website: www.bea.gov
Workforce Kentucky website: www.workforcekentucky.ky.gov

- (1) Per capita income for 2014 is an estimate based on the average annual percentage increase over the last ten years. Per capita income for 2013, which had been an estimate, has been changed to reflect published figures as of April 2014.
- (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, 2014

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

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 (3)
	Assessed Value (2)	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		Real	Personal	
2005	\$ 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 %	0.128	0.166	28,000
2006	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 %	0.128	0.166	29,400
2007	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 %	0.126	0.166	29,400
2008	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 %	0.126	0.166	31,400
2009	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 %	0.126	0.166	31,400
2010	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 %	0.126	0.166	33,700
2011	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 %	0.126	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
2013	52,680,900,802	55,287,731,992	9,641,449,953	9,641,449,953	62,322,350,755	64,929,181,945	95.99 %	0.126	0.166	34,000
2014	52,784,193,990	55,550,817,680	8,554,120,377	8,554,120,377	61,338,314,367	64,104,938,057	95.68 %	0.126	0.166	36,000

- (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 with the USD. All properties within the Metropolitan area are taxed at the Metro Government general rate. Only those properties within the USD 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 (3)
	Assessed Value (2)	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		Real	Personal	
2005	\$ 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 %	0.374	0.566	\$ 28,000
2006	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 %	0.373	0.566	29,400
2007	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 %	0.372	0.566	29,400
2008	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 %	0.368	0.566	31,400
2009	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	31,400
2010	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
2011	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	33,700
2012	13,540,026,278	14,127,735,908	2,434,463,209	2,434,463,209	15,974,489,487	16,562,199,117	96.45 %	0.367	0.566	34,000
2013	13,540,026,278	14,127,735,908	2,434,463,209	2,434,463,209	15,974,489,487	16,562,199,117	96.45 %	0.367	0.566	34,000
2014	13,499,447,592	14,116,984,162	1,700,346,488	1,700,346,488	15,199,794,080	15,817,330,650	96.10 %	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 ("USD") lies within the Metropolitan boundaries. The above schedule represents the assessed value of the properties within the USD. Metro Government tax is levied on properties within the entire Metropolitan area. USD tax is an additional tax levied on properties within the USD. All properties within the Metropolitan area are taxed at the Metro Government general rate. Only those properties within the USD 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

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)					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				
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
2013	0.126	0.166	0.367	0.566	1.225	0.700	0.700	0.700	1.193	0.700	1.432	3.325
2014	0.126	0.166	0.367	0.566	1.225	0.710	0.710	0.710	1.203	0.710	1.442	3.355

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) 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 Nine Years Ago

Taxpayer	Type of Business	June 30, 2014			June 30, 2005		
		Assessed Valuation	Rank	Percent of Total Assessed Valuation of \$ 76,538,108,447	Assessed Valuation	Rank	Percent of Total Assessed Valuation of \$ 59,701,255,363
Louisville Gas & Electric Co.	Energy Utility	\$ 940,289,462	1	1.2%	\$ 951,948,686	1	1.6%
AT&T Communications	Telecommunications	370,507,657	2	0.5%	122,020,222	7	0.2%
Humana, Inc.	Healthcare	274,044,784	3	0.4%	220,426,161	4	0.4%
United Parcel Service, Inc.	Air Express and Distribution	248,688,971	4	0.3%			
Galt House, Inc.	Hotel	216,762,478	5	0.3%			
KBSII National City Tower LLC	Commercial Real Estate	216,000,000	6	0.3%			
Thomas W. Bullitt	Retail	210,738,180	7	0.3%	112,861,063	8	0.2%
BT Properties LLC	Property Management	180,356,570	8	0.2%			
Federal Express	Air Express and Distribution	175,385,956	9	0.2%			
Diageo Americas Supply Inc	Distillery/Beverage Distribution	149,121,837	10	0.2%			
BellSouth Telecommunications	Telecommunications				794,343,162	2	1.3%
Insight Midwest LP	Cable Media				287,242,228	3	0.5%
The Kentucky Trust Co	Banking/Financial Services				133,425,030	5	0.2%
Louisville Trophy LLC	Miscellaneous Services				130,000,000	6	0.2%
Information Systems Corporation	Information Services				102,861,642	9	0.2%
National City Bank, Kentucky	Banking/Financial Services				101,492,852	10	0.2%
	TOTAL	\$ 2,981,895,895		3.9%	\$ 2,956,621,046		5.0%

Source: Jefferson County Sheriff's Office

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year	Amount of Levy	Amount Collected in Year of Levy	Percentage Collected in Year of Levy	Collections in Subsequent Years	Total Tax Collections to Date	Percentage of Levy Collected	Total Outstanding Delinquent Taxes Receivable at June 30, 2014
2005	\$ 112,929,657	\$ 109,744,607	97.2%	\$ 2,311,102	\$ 112,055,709	99.2%	\$ 9,262,583
2006	115,468,469	114,972,927	99.6%	358,979	115,331,906	99.9%	6,213,399
2007	122,324,736	121,888,305	99.6%	20,829	121,909,134	99.7%	5,679,253
2008	128,569,436	128,045,919	99.6%	238,002	128,283,921	99.8%	5,401,922
2009	133,040,752	129,573,177	97.4%	3,249,063	132,822,240	99.8%	7,225,768
2010	137,034,214	132,148,914	96.4%	4,515,840	136,664,754	99.7%	12,006,630
2011	133,193,647	131,954,594	99.1%	608,956	132,563,550	99.5%	6,614,735
2012	132,050,675	131,350,289	99.5%	255,628	131,605,917	99.7%	6,344,686
2013	142,495,713	141,489,737	99.3%	347,472	141,837,209	99.5%	6,110,372
2014	136,518,821	135,353,735	99.1%	-	135,353,735	99.1%	5,205,643

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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt Limit - 10% of assessed valuation	\$ 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	\$ 7,429,140,658	\$ 7,829,684,024	\$ 7,653,810,845
Total bonded debt applicable to limit	<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>	<u>389,674,245</u>	<u>361,564,765</u>	<u>331,386,311</u>
Legal debt margin	<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>	<u>\$ 7,039,466,413</u>	<u>\$ 7,468,119,259</u>	<u>\$ 7,322,424,534</u>
Total net debt applicable to the limit as a percentage of debt limit	6.41%	5.80%	5.64%	5.10%	5.12%	5.98%	5.76%	5.25%	4.62%	4.33%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed Valuation - January 1, 2013	\$76,538,108,447
Debt Limit (10% of assessed value)	7,653,810,845
Debt applicable to limit:	
Bonded debt outstanding	333,260,464
Less: Amount set aside for repayment of bonded debt	<u>(1,874,153)</u>
Total debt margin applicable to limit	<u>331,386,311</u>
Legal debt margin	<u>\$ 7,322,424,534</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, 2014

Governmental Unit	Debt Outstanding	Percentage Applicable to Louisville Metro Taxpayers	Louisville Metro Taxpayers Share of Debt
Direct Debt:			
Revenue bonds	\$ 70,561,211	100.00%	\$ 70,561,211
Notes payable	8,617,500	100.00%	8,617,500
Capital lease	1,782,965	100.00%	1,782,965
General obligation debt	<u>269,260,239</u>	100.00%	<u>269,260,239</u>
Total direct debt	<u>350,221,915</u>		<u>350,221,915</u>
Overlapping debt:			
Jefferson County Public Schools	<u>390,203,977</u>	100.00%	<u>390,203,977</u>
Total direct and overlapping debt	<u><u>\$ 740,425,892</u></u>		<u><u>\$ 740,425,892</u></u>

Note: Both the Louisville Metro Government and the Jefferson County Public Schools taxing district occupy the entire geographical boundaries of Jefferson County. Therefore, the outstanding debt of both overlapping governments is borne by all residents within Jefferson County.

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

Governmental Activities

Fiscal Year	General Obligation Bonds	First Mortgage Revenue Bonds (2)	Lease Revenue Bonds	Notes Payable	Capital Leases	Total Primary Government	Percentage of Total Personal Income	Total Personal Income (1)	Per Capita
2005	\$ 258,466	\$ 30,100	\$ 97,212	\$ 568	\$ 564	\$ 386,910	1.52%	\$ 25,470,269	554
2006	238,261	28,030	98,600	318	500	365,709	1.41%	25,949,674	523
2007	250,568	26,680	103,705	57	433	381,443	1.41%	27,122,740	544
2008	229,307	25,260	105,096	-	361	360,024	1.22%	29,497,015	508
2009	278,647	-	101,550	2,000	284	382,481	1.28%	29,785,092	536
2010	356,203	-	97,710	2,000	203	456,116	1.53%	29,834,474	632
2011	339,814	-	93,622	12,000	116	445,552	1.52%	29,247,199	601
2012	309,133	-	88,528	11,737	3,186	412,584	1.32%	31,241,331	546
2013	292,734	-	78,146	11,282	2,478	384,640	1.19%	32,228,455	512
2014	269,260	-	70,561	8,618	1,783	350,222	1.08%	32,297,938	463

Source: Bureau of Economic Analysis website: www.bea.gov

- (1) Personal Income for 2014 is an estimate based on the average annual percentage increase over the last ten years. Personal Income for 2013, which had been an estimate, has been changed to reflect published figures as of April 2014.
- (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

Fiscal Year	Population	Assessed Value	General Obligation Bonds	Ratio of General Bonded Debt to Assessed Value	General Bonded Debt Per Capita
2005	698,903	\$ 59,701,255,363	\$ 258,465,973	0.43%	\$ 370
2006	699,827	62,478,548,371	238,261,330	0.38%	340
2007	701,500	67,115,159,813	250,567,506	0.37%	357
2008	709,264	70,010,705,206	229,306,542	0.33%	323
2009	713,877	73,629,344,788	278,647,191	0.38%	390
2010	721,594	74,398,978,196	356,203,171	0.48%	491
2011	741,096	73,649,740,393	339,813,578	0.46%	459
2012	746,906	74,291,406,584	309,133,318	0.42%	414
2013	750,828	78,296,840,242	292,734,431	0.37%	390
2014	756,832	76,538,108,447	269,260,239	0.35%	356

Source: US Census Bureau website: www.census.gov

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

PLEDGED REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	First Mortgage Revenue Bonds				Lease Revenue Bonds			
	Gross Revenue (1)	Debt Service		Coverage	Gross Revenue (1)	Debt Service		Coverage
		Principal (2)	Interest			Principal (3)	Interest	
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
2013	-	-	-	-	14,559,379	12,455,000	2,104,379	1.00
2014	-	-	-	-	11,304,379	9,295,000	2,009,379	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, 2014**

<u>Area</u>	<u>2000</u>	<u>2010</u>	<u>% Change 2000-2010</u>	<u>Estimated (1)</u>		<u>2013</u>	<u>% Change 2000-2013</u>
				<u>2011</u>	<u>2012</u>		
Louisville/Jefferson County	693,604	741,096	6.8%	746,906	750,828	756,832	9.1%
Kentucky	4,041,769	4,339,367	7.4%	4,369,356	4,380,415	4,395,295	8.7%
United States	281,421,906	308,745,538	9.7%	311,591,917	313,914,040	316,128,839	12.3%

Source: US Census Bureau website: www.census.gov

(1) Estimated population amounts for 2014 were not available from the Census Bureau.

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

Employer	Industry/Product	June 30, 2014			June 30, 2005		
		Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
United Parcel Service, Inc.	Diversified Distribution/Logistics Services	20,047	1	3.39%	17,206	1	3.03%
Jefferson County Public Schools	K-12 Public Education	14,269	2	2.41%	13,420	2	2.36%
Humana, Inc.	Healthcare	11,235	3	1.90%			
Norton Healthcare, Inc.	Healthcare	9,666	4	1.63%	7,850	4	1.38%
KentuckyOne Health, Inc.	Healthcare	8,893	5	1.50%			
Ford Motor Company	Automotive Manufacturer	8,347	6	1.41%	9,303	3	1.64%
University of Louisville	Higher Education	6,187	7	1.05%	4,943	10	0.87%
GE Appliances	Household Appliance Manufacturer	6,000	8	1.01%	5,200	7	0.91%
Louisville Metro Government	Government Services	5,651	9	0.96%	5,744	5	1.01%
The Kroger Company	Retail Grocer	5,152	10	0.87%	4,960	8	0.87%
Jewish Hospital Healthcare Services	Healthcare				5,450	6	0.96%
Kentucky State Government	Government Services				4,952	9	0.87%
Total		95,447		16.13%	79,028		13.90%

Source: Business First of Louisville
Workforce Kentucky website: www.workforcekentucky.ky.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, 2014

	Full-Time Equivalent Employees as of June 30, (1) (2)									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Metro Council	81	85	80	79	82	79	77	78	77	77
Mayor's Office	31	31	29	28	27	28	27	21	21	19
Policy and Strategic Planning	6	7	4	7	6	-	-	-	-	-
County Attorney	104	102	96	94	90	94	91	88	91	93
Other Elected Officials	67	64	64	64	40	37	39	38	37	38
Office of Performance Improvement	-	-	-	-	-	-	-	-	-	9
Fire (3)	624	553	547	529	538	498	466	473	457	486
Emergency Medical Services (3)	186	278	253	257	266	247	246	239	248	244
Emergency Management/MetroSafe (4)	26	171	160	169	180	193	192	197	182	192
Corrections	545	569	582	577	563	551	547	561	568	554
Youth Detention Services	128	129	129	130	133	132	128	128	129	122
Metro Animal Services	37	41	48	48	45	49	48	48	49	55
Criminal Justice Commission	5	5	5	5	4	4	4	2	4	4
Public Protection Cabinet	1	1	-	-	-	-	-	-	-	-
Police (4)	1,605	1,514	1,480	1,511	1,502	1,485	1,476	1,492	1,479	1,504
Economic Growth & Innovation	67	66	63	65	76	65	66	70	50	32
Redevelopment Authority	2	1	-	-	-	-	-	-	-	-
Air Pollution Control	57	62	65	63	66	68	67	66	66	53
Community Development	15	12	7	-	-	-	-	-	-	-
Codes & Regulations	203	202	196	177	170	164	168	166	187	192
Parks & Recreation	593	576	566	476	529	542	508	587	489	551
Community Services & Revitalization	338	327	307	250	250	240	226	197	192	158
Public Health & Wellness	320	321	302	288	280	293	285	259	251	228
Neighborhoods (6)	48	44	44	75	46	28	-	-	-	-
Public Works & Assets	698	686	682	653	681	706	684	631	608	622
Information Technology	49	59	66	68	69	62	65	63	67	62
Office of Management & Budget	116	114	113	107	105	115	110	166	173	177
Human Resources	49	49	44	47	43	37	38	35	37	39
Human Relations Commission	18	17	16	15	17	16	14	15	11	16
Kentuckiana Works (5)	14	11	12	14	-	-	-	-	-	17
Louisville Free Public Library	287	289	276	268	237	234	238	231	233	228
Louisville Zoological Gardens	187	180	184	193	235	249	254	248	260	255
Internal Audit	8	8	8	8	5	8	7	6	7	6
Waterfront Development Corporation (7)	14	67	112	66	77	87	79	-	-	-
Total	<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>	<u>5,973</u>	<u>6,033</u>

- (1) 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%.
- (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 Emergency Management/MetroSafe.
- (5) In 2009, Kentuckiana Works was brought under Economic Growth & Innovation.
- (6) In 2010, Neighborhoods was dissolved and its employees were transferred to Parks & Recreation.
- (7) In 2012, Waterfront Development Corporation became a component unit of the primary government.

LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT
MISCELLANEOUS OPERATING INDICATORS AND CAPITAL ASSET INFORMATION
June 30, 2014

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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public Works & Assets										
Road Operations and Maintenance										
Miles of streets maintained	3,000	3,000	3,000	3,025	2,540	2,540	2,900	2,578	2,412	2,596
Miles of streets paved	138	153	231	175	42	37	35	44	19	50
Number of potholes filled	29,809	30,000	14,000	18,175	15,098	27,667	34,909	26,827	28,953	46,893
Overlay and pavement repairs (sq ft) (1)	-	-	203,000	123,274	71,147	150,329	225,062	174,191	154,923	154,618
Crack Seals (linear ft) (9)	-	-	-	-	-	-	-	190,073	114,630	31,674
Fleet Services										
Number of vehicles maintained (2)	-	-	2,587	2,590	2,578	2,569	2,515	2,450	2,415	2,387
Facilities and Project Management										
Number of buildings maintained	67	67	67	68	73	68	75	68	89	89
Solid Waste Management										
Tons recycled	18,724	19,761	21,149	18,597	10,462	14,472	11,613	12,742	15,160	17,952
Tons composted	20,594	16,570	19,507	13,085	9,582	17,045	27,148	11,639	10,240	11,307
Tons landfilled	146,521	200,455	206,556	206,146	96,754	122,291	124,506	152,979	120,570	108,403
Codes & Regulation										
Inspections, Permits and Licenses										
Number of inspections performed	160,023	162,545	164,467	179,118	183,330	174,540	173,751	153,104	144,071	114,662
Number of permits issued (3)	48,351	48,351	40,942	49,464	44,845	68,131	41,458	30,446	41,649	37,234
Planning and Design Services (4)										
Number of zoning adjustments	-	-	-	135	96	98	94	56	137	56
Number of plans submitted	-	-	-	1,179	1,340	1,297	1,464	1,091	1,705	1,934
Parks & Recreation										
Community centers	17	17	17	17	15	15	12	12	12	12
Number of parks	123	123	123	123	124	124	122	120	120	120
Park acreage	14,000	14,000	14,000	14,000	15,000	15,000	12,447	12,447	12,447	12,447
Golf courses	9	9	9	9	9	9	9	9	11	12
Swimming pools	12	12	11	5	5	5	5	5	4	4
Tennis courts	172	172	172	172	155	155	178	178	160	160
Number of walking trails/bike paths	40	40	40	41	33	33	52	54	54	54
Louisville Zoological Gardens										
Total acreage	151	151	151	151	151	151	151	151	151	151
Area developed in acres	90	90	90	90	88	90	90	90	90	90
Number of animals	1,300	1,300	1,300	1,300	1,747	1,761	1,757	1,496	1,515	1,410
Number of visitors	757,517	741,930	810,546	818,129	835,807	792,248	867,417	945,184	843,404	881,776

(continued)

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
June 30, 2014										
Louisville Free Public Library										
Number of branches	16	16	16	16	16	17	17	18	18	18
Number of library card holders	343,043	358,927	470,000	457,979	460,247	481,591	339,093	335,669	355,902	367,964
Number of computers	410	470	455	470	495	483	567	589	608	618
Number of items in circulation	1,348,846	1,348,747	1,288,941	1,264,123	1,418,570	1,366,625	1,309,345	1,257,787	1,222,480	1,349,880
Number of items borrowed	3,827,835	4,065,233	4,193,574	4,427,416	4,104,396	3,725,258	3,878,587	3,755,067	3,724,722	3,868,717
Fire Protection (Urban Service District)										
Number of stations	22	22	22	22	21	22	22	22	21	21
Number of incidents (calls answered)	10,960	9,488	11,478	11,654	14,777	11,917	10,097	12,469	12,446	12,813
Number of medical runs	9,090	7,923	9,850	13,063	21,904	20,639	16,452	20,456	20,197	19,978
Number of fires extinguished	1,829	1,995	1,975	1,829	1,856	1,392	1,093	1,364	1,412	1,452
Number of home inspections conducted	12,132	11,053	13,470	13,474	18,245	12,995	958	943	780	7,808
Number of building inspections conducted	11,024	7,708	8,992	8,343	5,833	4,310	5,725	6,912	6,884	7,032
Police Protection										
Number of sworn officers (8)	-	1,230	1,208	1,228	1,235	1,238	1,232	1,233	1,227	1,242
Number of incidents (calls answered) (5)	-	-	494,140	535,550	512,847	509,072	510,259	548,568	548,409	566,388
Number of arrests	38,919	46,726	52,024	47,315	55,349	58,898	57,831	53,254	53,793	42,499
Number of citations (6)	80,728	86,426	81,780	88,497	106,347	19,097	37,058	38,861	68,111	54,089
Corrections										
Number of prisoners	39,242	35,375	45,000	46,105	45,570	46,263	45,339	42,172	40,739	38,852
Number of beds	1,919	1,919	1,919	1,919	1,961	1,919	1,793	1,793	1,793	1,793
Youth Detention Services										
Number of youth monitored	780	828	852	964	799	836	918	1,155	986	879
Number of youth housed	1,980	2,104	2,045	1,790	1,674	1,879	2,001	1,717	1,547	1,120
Public Health & Wellness										
Number of clinics	12	12	12	12	12	11	12	12	12	12
Number of services provided	445,676	454,022	429,610	422,634	401,690	440,750	351,789	369,100	541,893	266,490
Emergency Medical Services										
Number of dispatches	92,816	111,627	140,086	136,977	129,684	109,938	115,618	115,892	111,243	116,637
Number of transports	52,913	54,073	60,282	64,901	62,200	65,236	69,716	69,228	76,214	83,182
Metro Animal Services										
Licensed pets	63,310	58,510	85,000	72,995	63,136	53,097	53,508	54,612	51,654	56,239
Number of animals spayed/neutered	1,063	2,058	1,800	3,886	3,776	3,030	3,135	2,462	3,159	3,091
Number of pets adopted	1,063	1,943	1,200	1,395	2,453	2,244	2,173	2,293	1,933	1,943
Economic Growth & Innovation										
Number of downtown market rate housing units	1,777	1,912	2,004	2,047	2,218	2,218	2,316	2,349	2,406	2,406
Community Services & Revitalization										
Number of families assisted	17,892	18,479	14,849	15,722	20,887	22,418	22,569	20,037	17,738	17,731
Number of individuals assisted	42,760	44,187	33,981	36,500	48,170	51,423	51,059	45,303	40,236	40,527

(continued)

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>June 30, 2014</u> <u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Louisville Water Company										
Number of residential customers	238,893	241,938	244,478	246,145	245,649	247,192	248,451	240,715	242,007	243,187
Annual residential consumption (1,000 Gallons)	17,089,874	17,089,874	15,305,832	17,479,922	16,390,030	14,973,777	16,067,929	14,037,669	14,067,469	13,227,765
Number of commercial and industrial customers	22,708	22,940	23,546	23,825	24,571	24,504	24,711	22,770	22,769	22,844
Annual comm. and ind. consumption (1,000 Gallon)	19,501,479	19,968,030	18,823,270	20,303,307	19,327,579	17,785,370	15,084,249	1,649,740	16,373,833	15,880,532
Number of fire hydrants	19,471	19,931	20,467	20,809	21,120	21,323	21,480	23,734	23,792	23,841
Parking Authority of River City, Inc.										
Number of PARC garages	12	12	12	12	12	13	16	15	15	14
Number of PARC surface lots	4	4	4	3	3	3	2	3	3	6
Number of parkers	7,067	7,345	7,332	8,322	8,777	9,399	9,429	9,008	8,990	9,922
Transit Authority of River City										
Total ridership	14,657,752	15,835,796	16,280,662	16,364,856	15,070,578	14,405,530	14,056,838	15,192,500	14,966,139	14,965,789
Total miles driven	11,909,817	12,163,639	12,167,757	12,072,337	12,169,443	11,901,732	11,200,334	11,708,182	11,541,025	11,636,956
Total hours driven	766,821	784,215	812,549	810,921	781,544	767,926	806,803	842,707	861,242	859,135
Buses in service	274	265	277	276	249	321	315	314	314	297
Number of hybrid buses (7)					12	21	21	21	32	32
Number of routes	55	53	52	51	54	49	46	43	40	41
Metropolitan Sewer District										
Miles of sewers	3,035	3,099	3,133	3,200	3,197	3,207	3,200	3,332	3,240	3,263
Number of treatment plants	25	23	21	21	21	21	20	20	19	19
Number of service connections	220,599	222,698	224,654	226,430	226,711	228,580	230,240	235,136	239,334	240,174
Daily average treatment (mgd)	145.4	154.8	134.1	152.0	126.6	143.0	142.0	145.0	130.6	141.0
Daily treatment capacity (mgd) (mgd - millions of gallons per day)	161.9	172.5	171.8	174.0	173.5	174.0	173.0	173.0	176.6	177.0
Facilities and services not included in the reporting entity:										
Jefferson County Public Schools										
Total enrollment	97,278	97,518	98,087	97,988	98,999	98,963	99,095	100,420	100,975	100,996
Number of elementary schools	87	87	87	89	89	89	89	89	89	89
Number of middle schools	22	22	22	22	23	23	23	23	23	23
Number of high schools	19	19	19	19	19	18	18	18	18	18
Number of instructors (8)		5,267	5,383	5,363	5,468	5,386	5,372	6,287	6,474	6,630

- (1) 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'.
- (2) 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.
- (3) 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.
- (4) 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.
- (5) 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.
- (6) Fiscal year 2010 was the first year that the number of paper citations was not available and therefore has not been included.
- (7) Transit Authority of River City added hybrid buses in 2008.
- (8) This information was not archived prior to fiscal year 2006 and therefore is not reported.
- (9) This information was not archived prior to fiscal year 2011 and therefore is not reported.