

PARKING AUTHORITY OF RIVER CITY, INC.
A COMPONENT UNIT OF LOUISVILLE-JEFFERSON
COUNTY METRO GOVERNMENT
Louisville, Kentucky

FINANCIAL STATEMENTS
June 30, 2014 and 2013

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CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED).....	3
FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION	6
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION.....	8
STATEMENTS OF CASH FLOWS.....	9
NOTES TO FINANCIAL STATEMENTS	11
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	23

INDEPENDENT AUDITOR'S REPORT

To the Honorable Greg Fischer, Mayor,
the Louisville Metro Council
and the Board of Directors
Louisville, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the Parking Authority of River City ("PARC"), a component unit of Louisville-Jefferson County Metro Government, as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise PARC'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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PARC, as of June 30, 2014 and 2013, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2014 on our consideration PARC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PARC's internal control over financial reporting and compliance.


Crowe Horwath LLP

Louisville, Kentucky
December 19, 2014

PARKING AUTHORITY OF RIVER CITY, INC.
A COMPONENT UNIT OF LOUISVILLE-JEFFERSON
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2014 and 2013

Management's Discussion and Analysis ("MD&A") of the Parking Authority of River City, Inc. ("PARC") financial performance provides an overview of PARC's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with PARC's basic financial statements which begin on page 6.

PARC is a component unit of the Louisville-Jefferson County Metro Government ("Metro Government"). The MD&A should be read in conjunction with the MD&A of Metro Government. For a description of PARC's activities, see Note 1 of the notes to financial statements on page 11.

Using this Annual Report: This annual report consists of a series of financial statements. The Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position (on pages 6 through 8) provide information about the activities of PARC as a whole and present a longer-term view of PARC's finances. These statements include all assets, deferred outflows of resources, liabilities, revenues and expenses of PARC using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The statements of cash flows (on pages 9 and 10) provide information relating to PARC's cash receipts and disbursements during the fiscal year.

Statement of Net Position

The Statement of Net Position includes all of PARC's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities) as well as items that are deferred outflows to be recognized in a future period.

2014 Compared to 2013: Total assets decreased 3.5%, from \$140,236,552 at June 30, 2013 to \$135,323,966 at June 30, 2014. This decrease is primarily due to the disposition of depreciable assets and the use of restricted assets to satisfy related obligations. Deferred outflows of resources decreased 5.8% or \$707,576 from June 30, 2013 to June 30, 2014. This decrease is primarily due to the amortization of net deferred outflows (Intra-entity transfers of assets and future revenues of \$11,123,650 on the transfer of two parking lots and two garages in 2013).

Total liabilities decreased 6.7%, from \$97,376,870 at June 30, 2013 to \$90,833,252 at June 30, 2014. This decrease is primarily due to the refinancing of the 2001 and 2002 bond issues and the issuance of the 2013B bonds in July 2014 and the payment of \$5,020,000 in debt service and \$149,940 in notes payable. The net position of PARC increased \$923,456 during fiscal year 2014.

2013 Compared to 2012: Total assets decreased 1.6%, from \$142,539,748 at June 30, 2012 to \$140,236,552 at June 30, 2013. This decrease is primarily due to the use of restricted assets to satisfy related obligations. This decrease was partially offset by an increase in capital assets due to the transfer of two parking lots and two garages as discussed in the accompanying notes to the financial statements. Deferred outflows of resources increased \$10,948,095 from June 30, 2012 to June 30, 2013. This increase is primarily due to the net deferred amount for intra-entity transfers of assets and future revenues of \$11,123,650 on the transfer of two parking lots and two garages.

(Continued)

PARKING AUTHORITY OF RIVER CITY, INC.
A COMPONENT UNIT OF LOUISVILLE-JEFFERSON
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2014 and 2013

Statement of Revenues, Expenses and Changes in Net Position

These statements help the user assess the profitability of PARC.

2014 Compared to 2013: Operating revenues increased by \$1,296,506 during the year ended June 30, 2014 compared to June 30, 2013. The main reason operating revenue increased during the current year is PARC experienced an increase of parkers over many of their garages. Operating expenses increased by \$246,880 during the year ended June 30, 2014 compared to June 30, 2013. Expenses increased in the current year due primarily to an increase in depreciation and general and administrative expense.

During the fiscal year 2014, non-operating and other revenues decreased \$4,306 compared to fiscal year 2013, which is primarily the decrease in the BABS subsidy which was a result of the federal budget sequestration of 2013. Non-operating expenses in fiscal year 2014 increased \$381,269 over fiscal year 2013, mainly as a result of the loss on disposal of an asset in July 2013.

2013 Compared to 2012: Operating revenues decreased by \$762,676 during the year ended June 30, 2013 compared to June 30, 2012. The main reason operating revenue decreased during the current year is PARC experienced a loss of parkers over many of their garages. Operating expenses increased by \$1,194,483 during the year ended June 30, 2013 compared to June 30, 2012. Expenses increased in the current year due primarily to an increase in depreciation expense.

During the fiscal year 2013, non-operating and other revenues decreased \$1,263,918 compared to fiscal year 2012, which is primarily the result of a gain on the disposal of an asset in the prior year that was not a recurring event in fiscal year 2013. Non-operating expenses in fiscal year 2013 increased \$1,889,378 over fiscal year 2012, mainly as a result of an increase in interest expense related to debt payments.

Statement of Cash Flows

PARC's statements of cash flows report cash receipts, cash payments and net changes in cash resulting from operations, investing and financing activities and provides answers to questions such as where did cash come from, what was cash used for and what were the changes in the cash balance during the reporting period.

Capital Assets and Debt Administration

Capital Assets: At June 30, 2014, PARC had \$114,815,563 invested in capital assets consisting of parking garages, parking lots and parking meters, which represents a decrease of \$3,209,200 or 2.7% compared to fiscal year 2013. At June 30, 2013, PARC had \$118,024,763 invested in capital assets consisting of parking garages, parking lots and parking meters, which represent an increase of \$1,610,313 compared to fiscal year 2012. The decrease in the current year is due primarily to the loss on the disposition of an asset in July 2013 in addition to depreciation expense. The increase in the prior year represents the addition of two lots and two garages and the effect of depreciation expense.

Debt: At June 30, 2014, PARC had \$85,894,760 in outstanding bond principle and notes, compared to \$93,129,700 at June 30, 2013 and \$86,770,000 at June 30, 2012. The decrease in the current year is due primarily to debt service payments and to the issuance of the Series 2013B bonds which was used to refinance existing debt. The increase in previous years is due to the issuance of the Series 2013A bonds used to finance the transfer of two parking lots.

(Continued)

PARKING AUTHORITY OF RIVER CITY, INC.
A COMPONENT UNIT OF LOUISVILLE-JEFFERSON
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2014 and 2013

Economic Factors:

PARC is inherently impacted by the economy based on the customer demand for facilities and amenities within the Louisville Jefferson County area. Operating revenues are the primary source for financing of on-street and off-street parking facilities, as well as maintaining and improving those facilities.

PARC continues to invest in new facilities and examines the use of existing facilities to meet the demands of the citizens and businesses. PARC closely monitors the revenue streams, rates and fee revenues and operating costs to support the facilities by managing any significant long term changes in the economic environment.

PARKING AUTHORITY OF RIVER CITY, INC.
A COMPONENT UNIT OF LOUISVILLE-JEFFERSON COUNTY METRO GOVERNMENT
STATEMENTS OF NET POSITION
June 30, 2014 and 2013

	June 30	
	2014	2013
ASSETS		
Current Assets - Unrestricted		
Cash and cash equivalents	\$ 500	\$ 500
Accounts receivable	676,112	774,189
Other current assets	10,106	31,223
Total current assets - unrestricted	<u>686,718</u>	<u>805,912</u>
Current Assets - Restricted		
Cash and cash equivalents	11,398,084	9,479,283
Investments - certificates of deposit	8,000,000	11,400,000
Total current assets - restricted	<u>19,398,084</u>	<u>20,879,283</u>
Total Current Assets	20,084,802	21,685,195
Non-Current Assets		
Nondepreciable capital assets	11,537,981	11,707,424
Depreciable capital assets, net	103,277,582	106,317,339
Total capital assets	<u>114,815,563</u>	<u>118,024,763</u>
Other Assets:		
Notes receivable, net of discount	348,601	369,594
Deposits with management companies	75,000	157,000
Total non-current and other assets	<u>115,239,164</u>	<u>118,551,357</u>
Total Assets	<u>\$ 135,323,966</u>	<u>\$ 140,236,552</u>
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized amount on intra-entity transfer of assets and future revenues	\$ 10,591,630	\$ 11,123,650
Deferred outflow for advance refunding of debt	947,679	1,123,235
Total deferred outflows of resources	<u>\$ 11,539,309</u>	<u>\$ 12,246,885</u>

See accompanying notes to financial statements.

PARKING AUTHORITY OF RIVER CITY, INC.
A COMPONENT UNIT OF LOUISVILLE-JEFFERSON COUNTY METRO GOVERNMENT
STATEMENTS OF NET POSITION
June 30, 2014 and 2013

	June 30,	
	2014	2013
LIABILITIES		
Current Liabilities - Unrestricted		
Accounts payable	\$ 1,003,164	\$ 341,060
Prepaid parking	130,014	491,156
	1,133,178	832,216
Current Liabilities Payable From Restricted Assets		
Accrued interest payable	309,292	399,569
Current portion of first mortgage revenue bonds	5,080,000	5,020,000
Current portion of note payable	149,940	149,940
Accrued expenses	540,582	1,764,991
	6,079,814	7,334,500
Total Current Liabilities	7,212,992	8,166,716
First mortgage revenue bonds, less current portion	80,215,000	87,360,000
Bond premium, net of accumulated amortization	2,955,440	1,250,394
Note payable, less current portion	449,820	599,760
	90,833,252	97,376,870
Total Liabilities	\$ 90,833,252	\$ 97,376,870
NET POSITION		
Net investment in capital assets	\$ 38,725,721	37,502,788
Restricted:		
Bond indenture	10,276,566	10,526,758
Debt payment	1,789,089	1,738,381
Capital reserve	258,459	973,733
Lease payment	61,760	53,060
Unrestricted	4,918,428	4,311,847
Net Position	\$ 56,030,023	55,106,567

See accompanying notes to financial statements.

PARKING AUTHORITY OF RIVER CITY, INC.
A COMPONENT UNIT OF LOUISVILLE-JEFFERSON COUNTY METRO GOVERNMENT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years ended June 30, 2014 and 2013

	Year Ended June 30	
	2014	2013
Operating Revenues		
Parking facilities	\$ 14,042,576	\$ 12,931,888
Parking meters	3,243,543	2,741,648
Rental and validated parking	452,248	768,325
Total Operating Revenues	17,738,367	16,441,861
Operating Expenses		
Contractual services	3,031,170	3,269,894
General and administrative	4,551,706	4,290,761
Depreciation and amortization	4,526,674	4,302,015
Total Operating Expenses	12,109,550	11,862,670
Total Operating Revenues over Expenses	5,628,817	4,579,191
Non-Operating Revenues (Expenses)		
Investment income	60,185	55,290
Interest expense	(3,744,503)	(4,146,628)
Rent expense sublease	(436,313)	(435,238)
Other non-operating expense	(316,877)	(26,221)
BABS subsidy	299,601	308,802
Gain (loss) on disposal of assets	(567,454)	(75,790)
Total Non Operating Revenues (Expenses)	(4,705,361)	(4,319,785)
Change in Net Position	923,456	259,406
Net Position, Beginning of Year	55,106,567	54,847,161
Net Position, End of Year	\$ 56,030,023	\$ 55,106,567

See accompanying notes to financial statements.

PARKING AUTHORITY OF RIVER CITY, INC.
A COMPONENT UNIT OF LOUISVILLE-JEFFERSON COUNTY METRO GOVERNMENT
STATEMENTS OF CASH FLOWS
Years ended June 30, 2014 and 2013

	Year Ended June 30	
	2014	2013
Cash Flows From Operating Activities		
Cash received from parking garages, meters, validations and leases	\$ 17,918,444	\$ 16,150,928
Cash payments to suppliers	(3,584,815)	(1,384,431)
Cash payments to employees for services	(4,318,152)	(4,402,356)
Other operating cash payments	(582,239)	(636,438)
Net Cash Provided by Operating Activities	9,433,238	9,727,703
Cash Flows From Investing Activities		
(Purchase) Redemption of certificates of deposit	3,400,000	(11,400,000)
Investment income (loss)	60,186	55,290
Net Cash Provided by (Used in) Investing Activities	3,460,186	(11,344,710)
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(3,546,593)	(5,840,073)
Intra-entity transfer of assets and future revenues	-	(11,148,249)
Cash to redeem Bonds less related expense	18,973,818	-
Proceeds (Principal Paid) from bond issue	(19,170,000)	11,022,331
Proceeds (Principal Paid) from note payable	(149,940)	749,700
Change in notes receivable	20,993	19,995
Principal payments on revenue bonds	(4,995,000)	(4,485,000)
Interest payments on revenue bonds	(4,190,478)	(4,129,089)
BABS subsidy received	299,601	308,802
Rent payments on sublease	(436,313)	(435,238)
Other non-operating expense	(316,877)	(26,221)
Proceeds (Loss) from sale of KCA garage	2,536,166	-
Net Cash Used In Capital and Related Financing Activities	(10,974,623)	(13,963,042)
Net Increase (Decrease) in Cash and Cash Equivalents	1,918,801	(15,580,049)
Cash and Cash Equivalents, Beginning of Year	9,479,783	25,059,832
Cash and Cash Equivalents, End of Year	\$ 11,398,584	\$ 9,479,783

See accompanying notes to financial statements.

PARKING AUTHORITY OF RIVER CITY, INC.
A COMPONENT UNIT OF LOUISVILLE-JEFFERSON COUNTY METRO GOVERNMENT
STATEMENTS OF CASH FLOWS
Years ended June 30, 2014 and 2013

	Year Ended June 30	
	2014	2013
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 5,628,817	\$ 4,579,191
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	4,526,674	4,302,015
Change in assets and liabilities		
Accounts receivable	98,077	(290,934)
Other current assets	21,117	4,399
Deposits with management companies	82,000	-
Accounts payable and accrued expenses	(562,305)	845,835
Prepaid parking	(361,142)	287,197
Net Cash Provided By Operating Activities	\$ 9,433,238	\$ 9,727,703
Cash and Cash Equivalents - Statement of Net Assets		
Unrestricted	\$ 500	\$ 500
Restricted	11,398,084	9,479,283
Total Cash and Cash Equivalents	\$ 11,398,584	\$ 9,479,783
Noncash Capital and Related Financial Activities:	\$ -	\$ -

See accompanying notes to financial statements.

PARKING AUTHORITY OF RIVER CITY, INC.
A COMPONENT UNIT OF LOUISVILLE-JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Parking Authority of River City, Inc. (“PARC”) is a component unit of Louisville-Jefferson County Metro Government (“Metro Government”) and was established in 1966 for the purpose of assisting in the redevelopment of the downtown riverfront areas. PARC is a non-profit, non-stock public corporation organized under the laws of the Commonwealth of Kentucky for the purpose of acquiring and improving interests in real estate and other property for use by and the ultimate benefit of Metro Government. In this regard, PARC serves as an agency of Metro Government in financing the acquisition of on-street and off-street parking facilities (“Consolidated Project”). PARC’s financial statements are included in Metro Government’s Comprehensive Annual Financial Report.

Basis of Presentation: The financial statements of PARC have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. PARC follows pronouncements as codified under GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which was adopted in fiscal year 2013. PARC follows the accrual basis of accounting, reporting as an enterprise fund.

Cash and Cash Equivalents: PARC considers all highly liquid investments (including restricted investments) purchased with an original maturity of three months or less to be cash equivalents.

Investments: Investments are reported at fair value.

Property and Equipment: Property and equipment are stated at cost and depreciated over their estimated useful lives using the straight-line method. Parking garages and improvements are depreciated over lives ranging from 15 to 50 years and equipment is generally depreciated over 10 years. Property and equipment is generally capitalized at \$5,000. Interest costs during construction are capitalized into the cost of the respective projects. Construction in progress is capitalized and depreciated when a certificate of final completion is issued for the project.

Debt Issuance Costs, Bond Premiums and Deferred Losses on Bond Refundings: Debt issuance costs are expensed and bond premiums amortized over the lives of the bond using an effective interest method. Deferred outflows on bond refundings are amortized over the life of the new issues or the remaining life of the old issue, whichever is shorter, using the straight-line method, which approximates the effective interest method.

Operating and Nonoperating Revenues: Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Restricted and Unrestricted Assets: When both restricted and unrestricted resources are available for use, it is PARC’s policy to use restricted resources first, then unrestricted resources as they are needed.

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

(Continued)

PARKING AUTHORITY OF RIVER CITY, INC.
A COMPONENT UNIT OF LOUISVILLE-JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 2 – RESTRICTED ASSETS

In connection with the issuance of first mortgage revenue bonds (the “Bonds”), PARC entered into a Trust Indenture (the “Indenture”). The Indenture contains provisions for establishing accounts for segregation of assets and restricting the use of the proceeds of the Bonds as well as other funds received. Cash and investments of the various funds and accounts are restricted for the following purposes:

Revenue Fund: A depository for collections of all income and revenue of PARC. Transfers are made from this account according to funding requirements of the Indenture.

Operating Fund: Assets held for operation, normal maintenance and insurance costs.

Bond Fund: Bond related accounts include:

- Bond Service Account: assets held for payment of principal and interest on the Bonds
- Reserve Account: assets held as a reserve for payment of principal and interest if monies in the Bond Service Account are insufficient to make required payments

Depreciation Fund: Assets held as a reserve for payment of extraordinary repairs and maintenance, and additions to the parking garages.

Under the Bond Indenture, the Depreciation Fund is required to maintain an account balance of at least 3.55% of the aggregate principal amount of bonds outstanding. At June 30, 2014, the account balance was 3.84% of the aggregate principal amount of bonds outstanding. At June 30, 2013, the account balance was 3.53% of the aggregate principal amount of bonds outstanding.

Construction and Acquisition Fund: Assets held for project costs.

Restricted Assets by Fund:

At June 30, 2014 and 2013, restricted assets in these funds were as follows:

<u>2014</u>	<u>Revenue</u>	<u>Operating</u>	<u>Bond</u>	<u>Depreciation</u>	<u>Construction & Acquisition</u>	<u>Total</u>
Cash and cash equivalents	\$ 975,457	\$ 4,766,045	\$ 3,639,263	\$ 276,581	\$ 1,740,738	\$ 11,398,084
Certificates of deposit			5,000,000	3,000,000		\$ 8,000,000
Total	\$ 975,457	\$ 4,766,045	\$ 8,639,263	\$ 3,276,581	\$ 1,740,738	\$ 19,398,084
<u>2013</u>						
Cash and cash equivalents	\$ 1,655,172	\$ 3,483,126	\$ 2,465,497	\$ 264,254	\$ 1,611,234	\$ 9,479,283
Certificates of deposit	-	1,481,626	6,918,374	3,000,000	-	\$ 11,400,000
Total	\$ 1,655,172	\$ 4,964,752	\$ 9,383,871	\$ 3,264,254	\$ 1,611,234	\$ 20,879,283

(Continued)

PARKING AUTHORITY OF RIVER CITY, INC.
A COMPONENT UNIT OF LOUISVILLE-JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits: The Indenture requires that all deposits with the Trustee or any other depository in excess of Federal Deposit Insurance Corporation (“FDIC”) insured amounts be collateralized by government obligations equal to the amount of such deposits. As of June 30, 2014, PARC held bank deposits totaling \$8,827,687, made up of \$827,687 of cash and \$8,000,000 of certificates of deposit. All deposits in excess of FDIC insured amounts were fully collateralized. The carrying amount of PARC’s deposits at June 30, 2014 and 2013 were \$8,994,341 and \$13,659,706, respectively.

Cash Equivalents: All investments are held under a Trust Indenture which dictates the investment policy. Investments at June 30, 2014 consisted of U.S. Government Money Market Funds, which are not subject to custodial risk. At June 30, 2014 and 2013, funds are concentrated in one money market fund and are treated as cash equivalents for financial reporting with information as follows:

<u>2014</u>			
<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
U.S. Government Money-Market Funds	<u>\$ 10,403,743</u>	0.14	Aaa-mf
<u>2013</u>			
<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
U.S. Government Money-Market Funds	<u>\$ 7,219,578</u>	0.15	Aaa-mf

NOTE 4 – NOTES RECEIVABLE

In 2001, PARC loaned \$750,000 to a parking garage developer. No payments were required for the first six years, and principal payments were required over 19 years with no interest. The loan was recorded at the net present value of the repayments using a 5% discount rate. During January 2014 and January 2013, PARC received principal payments of \$39,474 and \$39,474, respectively.

The following is a summary of notes receivable:

	<u>2014</u>	<u>2013</u>
Parking Garage Developer Note		
Gross amount of note	\$ 750,000	\$ 750,000
Discount	(394,013)	(394,013)
Accrued interest	268,930	250,449
Principal received	<u>(276,316)</u>	<u>(236,842)</u>
Balance at June 30	<u>348,601</u>	<u>369,594</u>
Notes Receivable, Net of Discount	<u>\$ 348,601</u>	<u>\$ 369,594</u>

(Continued)

PARKING AUTHORITY OF RIVER CITY, INC.
A COMPONENT UNIT OF LOUISVILLE-JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 5 – PROPERTY AND EQUIPMENT, NET

The following is a summary of property and equipment for the years ended June 30, 2014 and 2013:

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Dispositions</u>	<u>June 30, 2014</u>
Nondepreciable:				
Land	\$ 11,461,424	\$ -	\$ -	\$ 11,461,424
Construction-in-progress	246,000	1,470,851	(1,640,294)	76,557
	<u>11,707,424</u>	<u>1,470,851</u>	<u>(1,640,294)</u>	<u>11,537,981</u>
Depreciable:				
Buildings and improvements	153,998,636	2,596,966	(5,081,992)	151,513,610
Equipment	5,774,747	1,119,070	(203,956)	6,689,861
	<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>
	<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>
	<u>July 1, 2012</u>	<u>Additions</u>	<u>Dispositions</u>	<u>June 30, 2013</u>
Nondepreciable:				
Land	\$ 9,964,905	\$ 1,496,519	\$ -	\$ 11,461,424
Construction-in-progress	65,406	4,959,617	(4,779,023)	246,000
	<u>10,030,311</u>	<u>6,456,136</u>	<u>(4,779,023)</u>	<u>11,707,424</u>
Depreciable:				
Buildings and improvements	150,632,704	3,365,932	-	153,998,636
Equipment	5,095,833	797,028	(118,114)	5,774,747
	<u>155,728,537</u>	<u>4,162,960</u>	<u>(118,114)</u>	<u>159,773,383</u>
Less accumulated depreciation	<u>(49,344,398)</u>	<u>(4,153,970)</u>	<u>42,324</u>	<u>(53,456,044)</u>
	<u>106,384,139</u>	<u>8,990</u>	<u>(75,790)</u>	<u>106,317,339</u>
Capital assets, net	<u>\$ 116,414,450</u>	<u>\$ 6,465,126</u>	<u>\$ (4,854,813)</u>	<u>\$ 118,024,763</u>

(Continued)

PARKING AUTHORITY OF RIVER CITY, INC.
A COMPONENT UNIT OF LOUISVILLE-JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 6 – FIRST MORTGAGE REVENUE BONDS

First Mortgage Revenue Bonds and promissory notes activity for the years ended June 30, 2014 and 2013 is as follows:

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Dispositions</u>	<u>June 30, 2014</u>	<u>Current Portion</u>
Series 2001	\$ 2,845,000	\$ -	\$ (2,845,000)	\$ -	\$ -
Series 2002	16,325,000	-	(16,325,000)	-	-
Series 2009A	37,190,000	-	(735,000)	36,455,000	755,000
Series 2009B	8,500,000	-	(2,005,000)	6,495,000	2,075,000
Series 2010A	1,205,000	-	(395,000)	810,000	400,000
Series 2010B	16,220,000	-	-	16,220,000	-
Series 2013A	10,095,000	-	(370,000)	9,725,000	375,000
Series 2013B	-	17,080,000	(1,490,000)	15,590,000	1,475,000
	<u>92,380,000</u>	<u>17,080,000</u>	<u>(24,165,000)</u>	<u>85,295,000</u>	<u>5,080,000</u>
Unamortized premium	<u>1,250,394</u>	<u>1,974,434</u>	<u>(269,388)</u>	<u>2,955,440</u>	<u>-</u>
	<u>\$ 93,630,394</u>	<u>\$ 19,054,434</u>	<u>\$ (24,434,388)</u>	<u>\$ 88,250,440</u>	<u>\$ 5,080,000</u>
	<u>July 1, 2012</u>	<u>Additions</u>	<u>Dispositions</u>	<u>June 30, 2013</u>	<u>Current Portion</u>
Series 2001	\$ 3,895,000	\$ -	\$ (1,050,000)	\$ 2,845,000	\$ 1,105,000
Series 2002	16,715,000	-	(390,000)	16,325,000	410,000
Series 2009A	37,905,000	-	(715,000)	37,190,000	735,000
Series 2009B	10,445,000	-	(1,945,000)	8,500,000	2,005,000
Series 2010A	1,590,000	-	(385,000)	1,205,000	395,000
Series 2010B	16,220,000	-	-	16,220,000	-
Series 2013A	-	10,095,000	-	10,095,000	370,000
	<u>86,770,000</u>	<u>10,095,000</u>	<u>(4,485,000)</u>	<u>92,380,000</u>	<u>5,020,000</u>
Unamortized premium	<u>375,172</u>	<u>927,331</u>	<u>(52,109)</u>	<u>1,250,394</u>	<u>-</u>
	<u>\$ 87,145,172</u>	<u>\$ 11,022,331</u>	<u>\$ (4,537,109)</u>	<u>\$ 93,630,394</u>	<u>\$ 5,020,000</u>

- A. Series 2001: The proceeds of the Series 2001 Bonds were used to advance refund the remaining amount of Series 1989 Bonds. Principal payments were due semiannually in amounts ranging from \$545,000 on December 1, 2013 to \$590,000 on December 1, 2015. The remaining effective interest rate ranged from 4.5% to 4.625%. These bonds have been refunded with the 2013B Series Bonds. See Note H below.
- B. Series 2002: The proceeds of the Series 2002 Bonds were used for construction of the Muhammad Ali Center Garage and Plaza. Principal payments were due annually in amounts ranging from \$410,000 on June 1, 2014 to \$1,330,000 on June 1, 2032. The remaining effective interest rate ranged from 4.13% to 5.0%. These bonds have been refunded with the Series 2013 B Bonds. See Note H below.

(Continued)

PARKING AUTHORITY OF RIVER CITY, INC.
A COMPONENT UNIT OF LOUISVILLE-JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 6 – FIRST MORTGAGE REVENUE BONDS (Continued)

- C. Series 2009A: During March 2009, PARC issued the Series 2009A bonds in the amount of \$39,265,000 and Series 2009B bonds of \$16,110,000. The proceeds of the Series 2009A Bonds were used to fund the construction of the Louisville Arena Parking Garage.

The Louisville Arena Parking Garage does not generate sufficient cash from operations to cover the related debt service. However, management has determined that the overall operations of PARC are sufficient, in total, to fund the debt service of the Series 2009A bonds as well as other outstanding debt. Principal payments are due annually in amounts ranging from \$755,000 on December 1, 2014 to \$2,480,000 on December 1, 2039. The remaining effective interest rate ranges from 3.5% to 5.75%.

- D. Series 2009B: The proceeds of the Series 2009B Bonds were used to advance refund the remaining outstanding Series 1997 Bonds. Principal payments are due annually in amounts ranging from \$2,075,000 on December 1, 2014 to \$670,000 on December 1, 2020. The remaining effective interest rate ranges from 3.25% to 4.25%.
- E. Series 2010A: During January 2010, PARC issued the Series 2010A Tax-Exempt bonds in the amount of \$1,590,000. The proceeds of the Series 2010A Bonds were used to fund the construction of the Glassworks and Clay Commons garages. Principal payments are due annually in amounts ranging from \$400,000 on December 1, 2014 to \$410,000 on December 1, 2015. The remaining effective interest rate ranges from 2.0% to 2.2%.
- F. Series 2010B: During January 2010, PARC issued the Series 2010B Build America Bonds in the amount of \$16,220,000. The proceeds of the Series 2010B Bonds were used to fund the construction of the Glassworks and Clay Commons garages. Principal payments are due annually in amounts ranging from \$420,000 on December 1, 2016 to \$995,000 on December 1, 2040. The remaining effective interest rate ranges from 3.9% to 6.375%.
- G. Series 2013A: During June 2013, PARC issued the Series 2013A Bonds in the amount of \$10,095,000. The proceeds were used to finance the transfer of two parking lots from Metro Government to PARC. Principal payments are due annually in amounts ranging from \$375,000 on June 1, 2015 to \$715,000 on June 1, 2033. The remaining effective interest rate ranges from 3.0% to 5.0%.
- H. Series 2013B: During July 2013, PARC issued the Series 2013B Bonds in the amount of \$17,080,000. The proceeds were used to advance refund the PARC Series 2001 and 2002 bonds (see Notes A and B above). Principal payments are due semi-annually in amounts ranging from \$520,000 on December 1, 2013 to \$1,130,000 on June 1, 2032. The remaining effective interest rate ranges from 3% to 5%. The refunding provided for cumulative savings of \$3,800,645 over the life of the bonds resulting in a net present value savings of \$2,961,943. The outstanding principal balances at June 30, 2014 that are to be paid from escrow accounts for the Series 2001 and Series 2002 bonds that were advance refunded was \$2,845,000 and \$16,325,000, respectively.

(Continued)

PARKING AUTHORITY OF RIVER CITY, INC.
A COMPONENT UNIT OF LOUISVILLE-JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 6 – FIRST MORTGAGE REVENUE BONDS (Continued)

The Bonds are collateralized by a first mortgage lien on all of PARC’s property and equipment and by PARC’s pledge of rental revenues received pursuant to a lease agreement with Metro Government. Metro Government leases and operates PARC’s properties at an annual rent payment equal to the sum of annual debt service requirements on the remaining outstanding bonds and certain debt reserve requirements. Metro Government has pledged as collateral on the Bonds all revenue derived from the operation of the properties, revenues derived from all on-street parking meters and any other rentals from parking facilities to the extent of the required annual rentals due under the lease agreement.

Debt service to maturity of the Bonds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 5,080,000	\$ 3,968,318	\$ 9,048,318
2016	4,005,000	3,820,126	7,825,126
2017	2,765,000	3,706,676	6,471,676
2018	2,870,000	3,604,379	6,474,379
2019	2,955,000	3,497,059	6,452,059
2020-2024	14,540,000	15,795,631	30,335,631
2025-2029	16,385,000	12,481,446	28,866,446
2030-2034	17,430,000	7,906,768	25,336,768
2035-2039	14,835,000	3,464,238	18,299,238
2040-2041	4,430,000	192,237	4,622,237
	<u>\$ 85,295,000</u>	<u>\$ 58,436,878</u>	<u>\$ 143,731,878</u>

NOTE 7 – PROMISSORY NOTES PAYABLE

During February 2013, PARC acquired two parking garages from the Jefferson County, Kentucky Capital Projects Corporation (“CPC”). PARC acquired the garages with cash of \$4,200,300 and promissory notes of \$374,700 and \$375,000. Principal payments are due annually in amounts of \$74,940 and \$75,000, respectively, on or before June 30, 2014 to June 30, 2018. The notes are interest free and the imputed rate was determined to be 1.84%. Maturities of notes payable as of June 30, 2014 are as follows:

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

(Continued)

PARKING AUTHORITY OF RIVER CITY, INC.
A COMPONENT UNIT OF LOUISVILLE-JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 7 – PROMISSORY NOTES PAYABLE (Continued)

The following is the notes payable activity for the years ended June 30, 2014 and 2013:

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Dispositions</u>	<u>June 30, 2014</u>	<u>Current Portion</u>
Promissory notes	\$ 749,700	\$ -	\$ 149,940	\$ 599,760	\$ 149,940
	<u>July 1, 2012</u>	<u>Additions</u>	<u>Dispositions</u>	<u>June 30, 2013</u>	<u>Current Portion</u>
Promissory notes	\$ -	\$ 749,700.00	\$ -	\$ 749,700	\$ 149,940

NOTE 8 – RELATED PARTY TRANSACTIONS

PARC reimburses Metro Government for certain administrative and other expenses that Metro Government pays on behalf of PARC. During the years ended June 30, 2014 and 2013:

- Administrative expenses for personnel totaled \$1,869,221 and \$1,768,901, for the two years. PARC owed Metro Government \$148,943 and \$128,470 for these administrative expenses at each year end.
- Certain operating and some non-operating expenses totaled \$5,071,758 and \$6,247,139 for the two years. At June 30, 2014 and 2013, PARC owed Metro Government \$1,048,723 and \$976,732. Amounts paid to Metro Government are reported in contractual services, general and administrative, rent expense sublease, and/or other non-operating expenses depending on the nature of the expense.

Amounts due to Metro Government at the end of the fiscal years for operating expenses are reported as accounts payable, and amounts due to Metro Government for administrative costs are reported in accrued expenses, on the statement of net position.

Metro Government assigns to PARC the operating revenues from the Consolidated Project for debt service requirements pursuant to the annual lease agreement dated December 1, 1985. The lease agreement is automatically renewable at Metro Government's option for successive annual terms through December 1, 2040.

Metro Government has the option to purchase, subject to any prior rights of the Commonwealth of Kentucky, the Consolidated Project at any time during the term of this lease by directing PARC to exercise immediately its option to redeem all of the Bonds on the earliest possible date permitted under the terms thereof and by paying directly to the Trustee the redemption price due upon such redemption. In any event, upon the full payment and retirement (or provision therefore) of all Bonds (and interest thereon) issued under the Indenture, in accordance with Article 11 of the Indenture and payment of all other amounts due under this lease, this lease will automatically terminate and PARC will convey the Consolidated Project, subject to any prior rights of the Commonwealth of Kentucky, to Metro Government at the earliest practical time.

(Continued)

PARKING AUTHORITY OF RIVER CITY, INC.
A COMPONENT UNIT OF LOUISVILLE-JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 8 – RELATED PARTY TRANSACTIONS (Continued)

In November 2004, PARC entered into an operating sublease agreement with Metro Government for certain improvements and major repairs to be made to the Consolidated Project from the proceeds of \$5,655,000 Series 2004B general obligation bonds issued by Metro Government. The sublease is renewable annually through 2015 at the option of PARC. Payments under the sublease agreement are in amounts equal to the debt service on the general obligation bonds issued to finance the projects, and are subordinate to the payments of debt service on the First Mortgage Revenue Bonds discussed in Note 6. Sublease payments paid to Metro Government during the year ended June 30, 2014 and 2013 were \$265,122 and \$435,238, respectively. In June 2013, Metro Government issued \$16,685,000 General Obligation Refunding Bonds, Series 2013B to advance refund the portion of the Series 2004B bonds maturing on or after November 2015.

Future sublease payments due under the agreement, assuming the lease is renewed annually through the end of the term of the underlying bonds are as follows:

Un-Refunded Debt Service Series 2004B	
<u>Year Ending June 30</u>	
2015	\$ <u>271,625</u>
	<u>\$ 271,625</u>
Refunding of Series 2004B	
<u>Year Ending June 30</u>	
2015	\$ 146,384
2016	394,546
2017	392,265
2018	392,639
2019	392,265
2020	396,015
2021	393,889
2022	395,890
2023	396,889
2024	393,027
2025	<u>389,464</u>
	<u>\$ 4,083,273</u>

During February 2013, PARC acquired two parking garages located at 415 South 6th Street (the “Louisville Gardens Garage”) and 536 West Market Street (the “Market Street Garage”) from Jefferson County, Kentucky, Capital Projects Corporation (“CPC”), a blended component unit of Metro Government. These garages were paid for with cash and promissory notes to CPC. See Note 12 for additional information.

During June 2013, PARC acquired two parking lots located on Market Street between 6th and 7th Streets (the “City Hall Lot”) and on Jefferson between 7th and 8th Streets (the “Mud Lot”) from Metro Government. These lots were financed with the issuance of the Series 2013A bonds and cash. See Note 12.

(Continued)

PARKING AUTHORITY OF RIVER CITY, INC.
A COMPONENT UNIT OF LOUISVILLE-JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 9 – COMMITMENTS

City Center: As part of the City Center Development, Metro Government acquired the parking lots located at 2nd and Liberty, 3rd and Liberty and 3rd and Muhammad Ali Streets during December 2009. PARC will operate and manage these lots until the construction of the City Center is complete. Under the operating agreement between PARC and Metro Government, PARC accounts for the revenue and expenses monthly and submits to Metro Government an account reconciliation along with the residual net income.

Waterfront Park Place: In 2002, PARC loaned an original amount of \$700,000 to Waterfront Park Place bearing interest at 5.5%. The loan was to be repaid no later than the date on which 90% of the condominium space had been sold. As of June 30, 2010, 90% of the condominium space was occupied, but the note and accrued interest were not paid. Because of the uncertainty regarding the collectability of this note, an allowance of uncollectible amounts was recorded as of June 30, 2010 to bring the balance to \$175,000. During January 2012, PARC and Waterfront Park Place, LLC entered into a settlement agreement. Consideration for Waterfront Park Place, LLC's release from the note receivable was \$75,000 and a promise to enter into a lease agreement where PARC will operate the lot for a period of 10 years. PARC will retain the net income from the operation of the lot. PARC made a lease payment of \$2,500 per month to Waterfront Park Place, LLC for the first 12 months with a 3% increase annually thereafter.

NOTE 10 – PENSION DISCLOSURES

Plan Description: PARC contributes to the County Employees Retirement System ("CERS") which is a cost-sharing multiple-employer defined benefit pension plan administered by Kentucky Retirement Systems, an agency of the Commonwealth of Kentucky. The CERS provides for retirement, disability and death benefits to plan members and beneficiaries. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for CERS. That report may be obtained by writing to the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124.

Funding Policy: Plan members are required to contribute 5% of creditable compensation and PARC is required to contribute at an actuarially determined rate. The rate is 18.89% and 19.55% of participating employees' compensation for the fiscal years ended June 30, 2014 and 2013, respectively. The contribution requirements of employers and plan members are established and may be amended by the CERS Board of Trustees.

PARC's contribution to the CERS totaled \$216,633, \$185,167 and \$196,815 for the years ended June 30, 2014, 2013 and 2012, respectively.

NOTE 11 – POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS

Retired PARC employees receive some health care benefits depending on their length of service. In accordance with Kentucky Revised Statutes, these benefits are provided and advanced-funded on an actuarially determined basis through the CERS.

(Continued)

PARKING AUTHORITY OF RIVER CITY, INC.
A COMPONENT UNIT OF LOUISVILLE-JEFFERSON COUNTY METRO GOVERNMENT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2014 and 2013

NOTE 12 – INTRA-ENTITY TRANSFER OF ASSETS AND FUTURE REVENUES

During fiscal year 2013, PARC acquired two lots and the rights to future revenues from Metro Government for \$10,740,000. The lots were carried by Metro Government at a net book value of approximately \$1,280,400. The transfer amounts of the parking lots were based on an appraisal that valued the land and the potential revenue PARC could receive from the renting of space in these lots.

In addition to the acquisition of the two lots, PARC also acquired two garages and the rights to future revenues from CPC. The total purchase price of the two garages was \$4,950,000, with \$4,200,300 due at closing and \$749,700 due over the next five fiscal years. The garages were recorded on CPC's books at a net book value of approximately \$3,261,400, with the difference attributable to acquisition of future revenues.

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 and garages were transferred to PARC from Metro Government and CPC, respectively, at the net book value recorded by the transferor of the asset. The difference between the acquisition amount of the assets and the net book value as recorded by the transferor is recorded as a deferred outflow of resources for PARC based on the value of future revenues.

The original amount of the deferred outflows and the amortization period of the deferred outflows are listed in the table below:

<u>Asset Description</u>	<u>Acquisition Amount</u>	<u>Net Book Value of Transferor</u>	<u>Deferred Outflow</u>	<u>Amortization Period</u>
Mud Lot	\$ 6,740,000	\$ 1,048,405	\$ 5,691,595	20 Years
City Hall Lot	4,000,000	231,984	3,768,016	20 Years
Louisville Gardents Garage	1,951,540	1,538,895	412,645	25 Years
Market Street Garage	2,998,460	1,722,467	1,275,993	30 Years
	<u>\$ 15,690,000</u>	<u>\$ 4,541,751</u>	<u>\$ 11,148,249</u>	

(Continued)

PARKING AUTHORITY OF RIVER CITY, INC.
A COMPONENT UNIT OF LOUISVILLE-JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 12 – INTRA-ENTITY TRANSFER OF ASSETS AND FUTURE REVENUES (Continued)

The following is a summary of the deferred outflows of resources for the years ended June 30, 2014 and 2013:

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Dispositions</u>	<u>June 30, 2014</u>
Deferred outflows of resources				
Advanced refunding of debt	\$ 2,133,771	\$ -	\$ -	\$ 2,133,771
Intra-entity transfer of assets and future revenues	11,148,249	-	-	11,148,249
	13,282,020	-	-	13,282,020
Less accumulated amortization	(1,035,135)	(707,576)	-	(1,742,711)
	12,246,885	(707,576)	-	11,539,309
Total deferred outflows of resources	<u>\$ 12,246,885</u>	<u>\$ (707,576)</u>	<u>\$ -</u>	<u>\$ 11,539,309</u>
	<u>July 1, 2012</u>	<u>Additions</u>	<u>Dispositions</u>	<u>June 30, 2013</u>
Deferred outflows of resources				
Advanced refunding of debt	\$ 2,133,771	\$ -	\$ -	\$ 2,133,771
Intra-entity transfer of assets and future revenues	-	11,148,249	-	11,148,249
	2,133,771	11,148,249	-	13,282,020
Less accumulated amortization	(1,010,536)	(24,599)	-	(1,035,135)
	1,123,235	11,123,650	-	12,246,885
Total deferred outflows of resources	<u>\$ 1,123,235</u>	<u>\$ 11,123,650</u>	<u>\$ -</u>	<u>\$ 12,246,885</u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Greg Fischer, Metro Mayor
Members of the Metro Council
Louisville-Jefferson County Metro Government
Louisville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Parking Authority of River City, Inc. ("PARC"), a component unit of Louisville-Jefferson County Metro Government, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise PARC's basic financial statements, and have issued our report thereon dated December 19, 2014.

Internal Control Over Financial Reporting

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

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

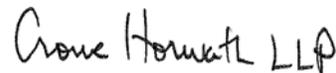
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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


Crowe Horwath LLP

Louisville, Kentucky
December 19, 2014