

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**LOUISVILLE/JEFFERSON COUNTY
METRO REVENUE COMMISSION –**

**A COMPONENT UNIT OF THE LOUISVILLE/JEFFERSON
COUNTY METRO GOVERNMENT
LOUISVILLE, KENTUCKY**



**FOR THE FISCAL YEAR ENDED
JUNE 30, 2007**

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LOUISVILLE/JEFFERSON COUNTY METRO
GOVERNMENT
LOUISVILLE, KENTUCKY

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Prepared by: Finance & Administration Division
Jane Driskell, Chief Financial Officer
Alice Diggs, Financial Operations Manager
John McGarry, Business Manager



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Louisville/Jefferson County Metro Revenue Commission

June 30, 2007

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INTRODUCTORY SECTION





LOUISVILLE, KENTUCKY

LOUISVILLE/JEFFERSON COUNTY METRO REVENUE COMMISSION

JERRY E. ABRAMSON
MAYOR

JANE DRISKELL
CHIEF FINANCIAL OFFICER

October 30, 2007

To The Honorable Jerry E. Abramson, Mayor, Louisville Metro Government

The comprehensive annual financial report of the Louisville/Jefferson County Metro Revenue Commission (the "Revenue Commission"), a component unit of the Louisville/Jefferson County Metro Government ("Metro Government"), Louisville, Kentucky, for the fiscal year ending June 30, 2007, is hereby submitted in accordance with the provisions of Section 32.450 of the Metro Government Code of Ordinances. This Ordinance requires that the Revenue Commission issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report.

The responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that fairly presents the financial position and results of operations of the various funds of the Revenue Commission. All disclosures necessary to enable the reader to gain an understanding of the Revenue Commission's activities have been included.

This report includes all funds of the Revenue Commission. The Commission collects license fees, certain taxes and the Louisville Water Company dividends and remits money to paying agents for payment of debt service requirements of the general obligation bonds of the Metro Government. In addition, it collects license fees and certain taxes for other local government units.

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

In 1851, the Kentucky General Assembly established a "Sinking Fund" to pay all existing liabilities of the City of Louisville. The Revenue Commission is now an agency of the Metro Government. The Commissioners consist of the Mayor of the Metro Government, the President of the Metro Council, the Superintendent of the

Jefferson County Public School System, and three citizen members appointed by the Mayor of Metro Government and approved by the Metro Council pursuant to Section 32.450(b).

Financial Information

Management of the Revenue Commission is responsible for establishing and maintaining internal control designed to ensure that the assets of the agency are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

For fiscal year ending June 30, 2007, a formal budget was approved by the Commissioners and then by the Louisville Metro Council. The budget is an integral part of the accounting system providing management control over expenses of the Enterprise Fund.

There were no financial policy changes that had a significant impact on the current year's financial statements.

The Metro Revenue Commission continuing to return surplus funds to the Louisville Metro Government each year signifies that the collection fee rates assessed are adequate enough for any financial long term projects encountered.

As demonstrated by the statements and schedules included in the financial section of the report, Metro Revenue Commission continues to meet its responsibility for sound financial management. This letter should be read in conjunction with the MD&A, beginning on page 3 of this report.

Independent Audit. Metro Government ordinances require an annual audit by independent certified public accountants. The Commission's Audit Committee selected the accounting firm of Strothman & Company PSC to perform this fiscal year's audit. Our auditors used Generally Accepted Auditing Standards in conducting this engagement. Our component unit financial statements, combined and individual fund statements, supplemental schedules, and the auditors' report are included in the financial section of this report.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Revenue Commission for its Comprehensive Annual Financial Report for the fiscal year ending June 30, 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

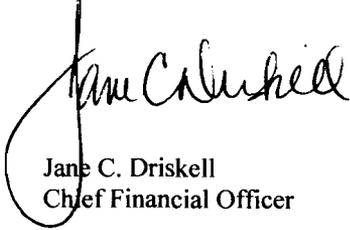
In order to receive a Certificate of Achievement award, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. The Comprehensive Annual Financial Report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Revenue Commission has received a Certificate of Achievement for the last seventeen years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we will be submitting it to GFOA.

Letter of Transmittal—Comprehensive Annual Financial Report
October 30, 2007

Acknowledgements. I want to thank our Louisville Metro Mayor, The Honorable Jerry E. Abramson, the members of the Metro Council, the Commissioners of the Revenue Commission, and especially all the employees of the Revenue Commission for their support and dedication. I wish to also acknowledge and thank those who assisted and contributed in the preparation of this report.

Respectfully submitted,



Jane C. Driskell
Chief Financial Officer

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Louisville/Jefferson County
Metro Revenue Commission
Kentucky

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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

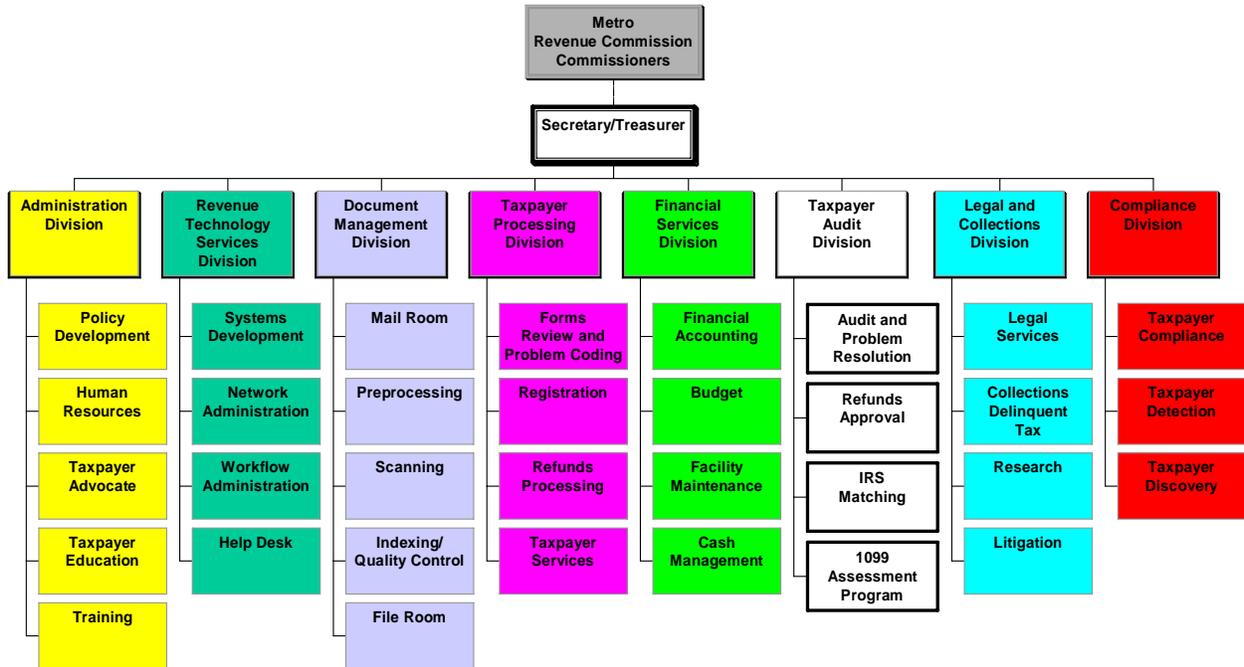


President

Executive Director

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Louisville/Jefferson County Metro Revenue Commission
 Organizational Chart
 Fiscal Year End Budget 2007



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Louisville/Jefferson County Metro Revenue Commission

JUNE 30, 2007

Commissioners

G. Raymond Crider, Commissioners President
Appointed Citizen Member

Russell Riedling, Commissioners Vice-President
Appointed Citizen Member

Roger Conwell, Jr., Commissioners Vice-President
Appointed Citizen Member

The Honorable Jerry E. Abramson, Mayor
City of Louisville/Jefferson County Metro Government

Rick Blackwell, President
Louisville Metro Government Council

Dr. Stephen W. Daeschner, Superintendent
Jefferson County Public School System

FINANCIAL SECTION



Independent Auditors' Report



Commissioners
Louisville/Jefferson County Revenue Commission
Louisville, Kentucky

We have audited the accompanying financial statements of the proprietary fund and fiduciary funds of the Louisville/Jefferson County Revenue Commission (the "Metro Revenue Commission") as of and for the year ended June 30, 2007, as indicated in the accompanying table of contents, which collectively comprise the Metro Revenue Commission's financial statements. These financial statements are the responsibility of the Metro Revenue Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Metro Revenue Commission's proprietary fund and fiduciary funds as of June 30, 2007, and the changes in its proprietary fund's net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2007 on our consideration of the Metro Revenue Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 14 and supplementary information on page 29 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Metro Revenue Commission's basic financial statements. The combining and individual fund financial statements on pages 30 through 38 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The information presented in the introductory section on pages i through vii and in the statistical section on pages 39 through 58 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STROTHMAN & COMPANY PSC

Louisville, Kentucky
October 15, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management team of the Louisville/Jefferson County Metro Revenue Commission (the "Metro Revenue Commission") presents this discussion and analysis of the Agency's financial activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the transmittal letter on pages i-iii and the Agency's financial statements which begins on page 15.

Financial Statements

The financial section includes the government-wide financial statements and the combining and individual fund financial statements and schedules, as well as the independent auditor's report on these financial statements and schedules. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

These financial statements include all of the funds of the Louisville/Jefferson County Metro Revenue Commission ("Metro Revenue Commission"). The Metro Revenue Commission is a component unit of the Louisville/Jefferson County Metro Government ("Louisville Metro Government"). The Louisville Metro Government was formed on January 6, 2003, from merger of the City of Louisville and Jefferson County governments. The financial statements of fiduciary funds are included because the Metro Revenue Commission is financially accountable for those resources although they belong to other parties. The Louisville Metro Accounts Agency Funds account for the various duties of the Metro Revenue Commission. The Metro Revenue Commission collects and distributes the Louisville Water Company dividends to the Louisville Metro Government. It remits money to paying agents for payment of debt service requirements of the general obligation bonds of the Louisville Metro Government. The Louisville Metro Accounts, School Boards, and Mass Transit Accounts Agency Funds hold the collection of the occupational and insurance premiums license fees for these local government units. The Transient Room Tax Accounts Agency Fund contains the collection of the transient room tax for the Greater Louisville Convention and Visitors Bureau and the Kentucky Center and pays the debt service on bonds issued by the Greater Louisville Convention and Visitors Bureau for the expansion of Commonwealth Convention Center.

FINANCIAL HIGHLIGHTS

Following are explanations for some of the most significant changes in our financial statements:

- Current Assets increased \$1,165,529 due to an increase in Cash and Cash Equivalents, generating a 2.39% increase in Net Assets (Table 1). The increase of Net Capital Assets, (Table 1) reflects the purchase of the Centera hardware needed to replace our CD-ROM jukebox and optical platters. The Centera Worm provides faster access to archived imaged taxpayer returns and correspondence, reducing disk media requirements currently used to avoid continuously accessing the jukebox. Currently all documents are stored on disk as well as optical platters. With a faster and more efficient access to archived documents through Centera, much of this disk spaces can be reclaimed for future Agency use.

	FY 2007	FY 2006	Dollar Change	Percent Change
Current Assets	\$ 49,929,786	\$ 48,764,257	\$ 1,165,529	2.39 %
Capital Assets, Net	<u>374,216</u>	<u>266,183</u>	<u>108,033</u>	40.59 %
Total Assets	<u>50,304,002</u>	<u>49,030,440</u>	<u>1,273,562</u>	2.60 %
Current Liabilities	10,048,212	9,644,232	403,980	4.19 %
Due to Other Funds	<u>40,047,697</u>	<u>39,304,337</u>	<u>743,360</u>	1.89 %
Total Liabilities	<u>50,095,909</u>	<u>48,948,569</u>	<u>1,147,340</u>	2.34 %
Invested in Capital Assets, Net	<u>\$ 208,093</u>	<u>\$ 81,871</u>	<u>\$ 126,222</u>	154.17 %

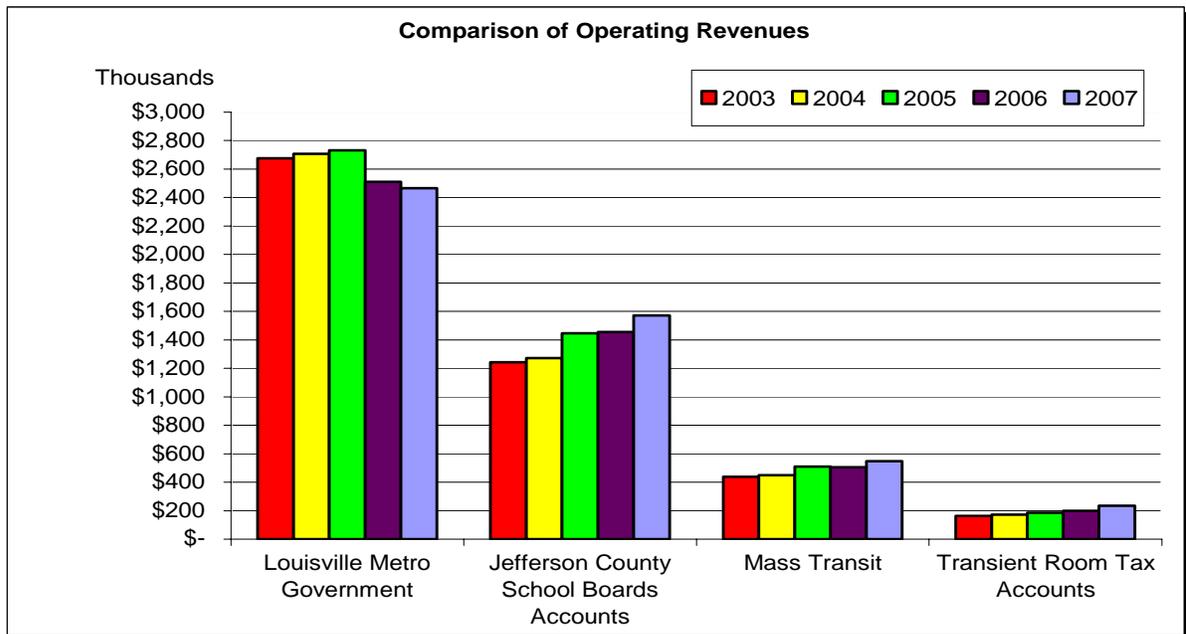
- Current Liabilities increased 4.19% (Table 1) due to timing of settlement for outstanding payables at year-end.
- The Metro Revenue Commission's net assets increased 154.17% (Table 2) last year due to purchase of capitalized assets.

	FY 2007	FY 2006	Dollar Change	Percent Change
Total Operating Revenues	\$ 4,818,370	\$ 4,676,020	\$ 142,350	3.04 %
Depreciation	114,239	374,117	(259,878)	(69.46) %
Other Operating Expenses	4,577,909	4,663,593	(85,684)	(1.84) %
Nonoperating Expenses	<u>60</u>	<u>60</u>	<u>(60)</u>	(100.00) %
Total Expenses	<u>4,692,148</u>	<u>5,037,770</u>	<u>(345,622)</u>	(71.30) %
Changes in Net Assets	126,222	(361,750)	487,972	134.89 %
Beginning Net Assets	<u>81,871</u>	<u>443,621</u>	<u>(361,750)</u>	(81.54) %
Ending Net Assets	<u>\$ 208,093</u>	<u>\$ 81,871</u>	<u>\$ 126,222</u>	154.17 %

FINANCIAL HIGHLIGHTS

Fees for Collection of All Taxes				
	Collection Fees 2007	Collection Fees 2006	Increase (Decrease)	%
Louisville Metro Government	\$ 2,464,788	\$ 2,510,228	\$ (45,440)	(1.81) %
Jefferson County School Boards				
Accounts	1,572,068	1,455,024	117,044	8.04
Mass Transit	547,034	506,259	40,775	8.05
Transient Room Tax Accounts	234,480	204,509	29,971	14.66
Grand Total	\$ 4,818,370	\$ 4,676,020	\$ 142,350	3.04 %

- The addition of new hotels in Louisville created a 14.66% increase (Table 3) in Transient Room Tax Accounts fees. Collection Fees are used by the Metro Revenue Commission to pay its operating expenditures during the year. Collection Fees are assessed at 1.35% of tax collections for the fiscal year. The Transient Room Tax Accounts Agency is charged a 1.25% collection fee and a 10% investment income fee.



- Louisville Metro Government's collection fees are declining (see above chart) due to the surplus operating revenues generated from the collection fees assessed being returned to the Louisville Metro Government's General Fund.

FINANCIAL HIGHLIGHTS

Table 4
Operating Expenses
Years Ended June 30

	2007 Amount	Percent of Total	2006 Amount	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Salaries/Employee Benefits	\$ 3,147,765	67.1 %	\$ 3,264,488	\$ (116,723)	-3.58 %
Computer Services	20,400	0.4	20,400	-	0.00
Building Rent	185,518	4.0	185,518	-	0.00
Building and Office Expense	35,216	0.8	34,105	1,111	3.26
Professional Services	534,733	11.4	453,172	81,561	18.00
Postage	218,204	4.7	244,352	(26,148)	-10.70
Forms and Printing	111,097	2.4	83,664	27,433	32.79
Equipment Maintenance and Repair	16,855	0.4	29,573	(12,718)	-43.01
Equipment Purchases	40,010	0.9	114,989	(74,979)	-65.21
Software Licenses	71,547	1.5	54,624	16,923	30.98
Supplies	25,600	0.5	26,409	(809)	-3.06
Telephone	42,579	0.9	42,427	152	0.36
Court Fees and Costs	20,386	0.4	38,221	(17,835)	-46.66
Travel	7,395	0.2	7,600	(205)	-2.70
Miscellaneous	100,604	2.0	64,051	36,553	57.07
Total not including depreciation	4,577,909	97.6	4,663,593	(85,684)	-1.84
Depreciation	114,239	2.4	374,117	(259,878)	-69.46
Total Operating Expenses	<u>\$ 4,692,148</u>	<u>100.0 %</u>	<u>\$ 5,037,710</u>	<u>\$ (345,562)</u>	<u>-6.86 %</u>

The following is an analysis of the Metro Revenue Commission's operating expenses, as summarized in Table 4.

- Total Operating Expenses, excluding depreciation, decreased 1.8%.
- Equipment Purchases decreased 65.2% because the Metro Revenue Commission purchased more equipment above the capitalization limit of \$1,500 in FYE 07. The Metro Revenue Commission purchased the Centera Worm hardware needed to replace our CD-ROM jukebox and optical platters. The Centera Worm provides faster access to archived imaged taxpayer returns and correspondence, reducing disk media requirements currently used and to avoid continuously accessing the jukebox.
- Court Fees and Costs decreased 46.7% due to fewer filings and one less Tax Collection Specialist. Taxpayers' reimbursement of court fees assessed increased by \$5,710.
- Air filters were upgraded during FYE 2006 so we are now experiencing a decreased in Equipment Maintenance and Repair (43.0 %) for this year.
- The 31.0% increase in Software Licenses can be attributed to the timing of the renewals on various software applications.

FINANCIAL HIGHLIGHTS

- The decrease of 3.6% in Salaries/Employee Benefits is directly related to experiencing a higher number of vacancies during the year. It is offset by a 57.1% increase in Miscellaneous costs associated with the hiring of temporary employees to perform tasks created by these vacancies.
- Forms and Printing costs increased 32.8% due to management making changes to the templates used in our bulk mailing process.
- Vacancies in Revenue Technology created a need for outside contractors therefore an 18% increase in Professional Services.

REVENUES

The Metro Revenue Commission's gross receipts for the year ended June 30, 2007, including gross license tax collections made on behalf of the Louisville Metro Government, Mass Transit Trust Fund and the local school boards, totaled \$498,847,524. A breakdown of the Metro Revenue Commission's gross receipts (including collections from other local government agencies) for the years ended June 30, 2007 and 2006 are as follows:

	Years Ended June 30		Amount of Increase (Decrease)	Percent of Increase (Decrease)
	2007 Amount	2006 Amount		
Allocable to Louisville Metro:				
1 1/4% occupational license tax*	\$ 251,969,040	\$ 233,477,125	\$ 18,491,915	7.92 %
Insurance premiums tax	54,135,594	51,644,996	2,490,598	4.82 %
All other license fees and taxes	94,410	89,398	5,012	5.61 %
Investment income	2,276,166	1,678,342	597,824	35.62 %
Transient room tax*	18,156,510	15,941,852	2,214,658	13.89 %
Collection/Investment Fee	(234,479)	(204,509)	(29,970)	14.65 %
Investment income	75,232	52,358	22,874	43.69 %
Louisville Water Co. dividend	14,474,542	16,940,112	(2,465,570)	(14.55) %
Collection fee income	4,818,370	4,676,020	142,350	3.04 %
Collection fee-Louisville Metro	(2,464,788)	(2,510,228)	45,440	1.81 %
TOTAL METRO ACCOUNTS	343,300,597	321,785,466	21,515,131	6.69 %
Allocable to Public School Boards:				
3/4% occupational license tax*	116,449,463	107,779,575	8,669,888	8.04 %
Collection fee	(1,572,068)	(1,455,024)	(117,044)	8.04 %
Investment income	515,451	390,974	124,477	31.84 %
TOTAL SCHOOL BOARDS	115,392,846	106,715,525	8,677,321	8.13 %
Allocable to Metro Mass Transit Trust Fund:				
1/5% occupational license tax*	40,521,050	37,500,689	3,020,361	8.05 %
Collection fee	(547,035)	(506,259)	(40,776)	8.05 %
Investment income	180,066	135,974	44,092	32.43 %
TOTAL MASS TRANSIT	40,154,081	37,130,404	3,023,677	8.14 %
GRAND TOTAL	\$ 498,847,524	\$ 465,631,395	\$ 33,216,129	7.13 %

*This includes penalties and interest (for late filing and late payments).

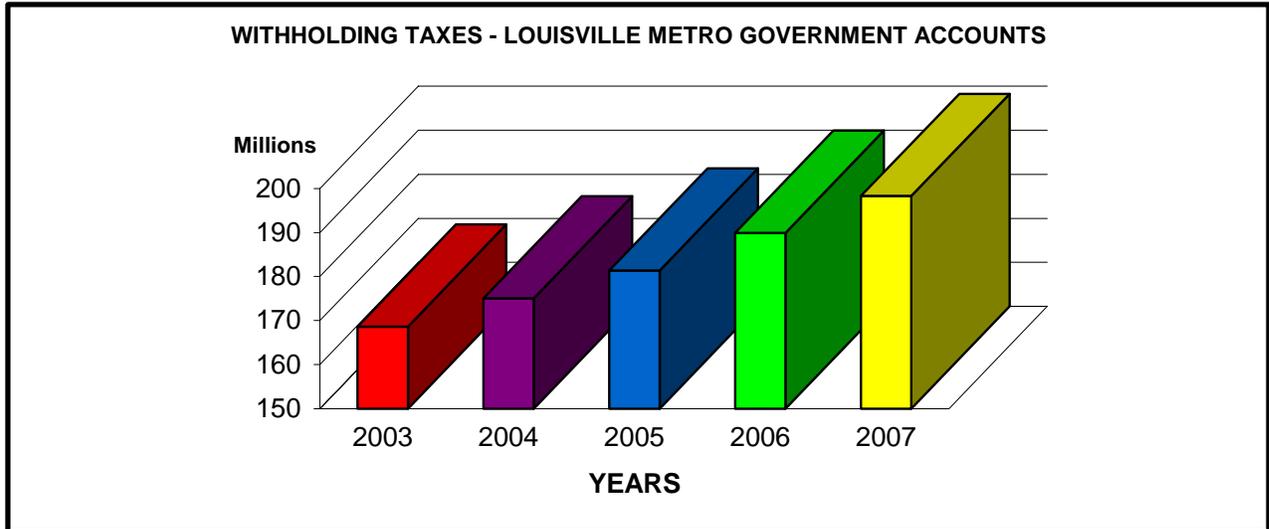
REVENUES

- Administrative costs were .94% of total collections for the year ended June 30, 2007, compared with 1.08% for 2006 and 1.22% for 2005.
- Investment Income was up approximately 32% from last year. The financial market is slowly improving, and we are experiencing increases in yields on our investments. Cash temporarily idle during the year was held in our money market sweep account that invests in short term repurchase agreements. The maturities of the investments range from 1 day to 90 days. The Commission's investment policy is designed to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, all of the deposits and investments were collateralized at 110%.
- Collection Fees decreased mainly due to operating expenses for the agency decreasing. Louisville Metro benefited from this increase with the return of surplus funds at the end of the fiscal year.
- Transient room taxes increased 13.9% due to an increase in the number of hotels, occupancy rate and the cost of rooms during the year.
- Occupational License Taxes increased approximately 8% due to an improving economy, Metro Revenue Commission increased efforts in 1099 assessments, IRS matching program, and other special projects generated to increase revenue.
- In 2006, the Louisville area experienced a very rainy season, so the Louisville Water Company experienced a decreased in revenue and net income. This resulted in the decrease (14.6%) in dividend payments to the Louisville Metro Government.

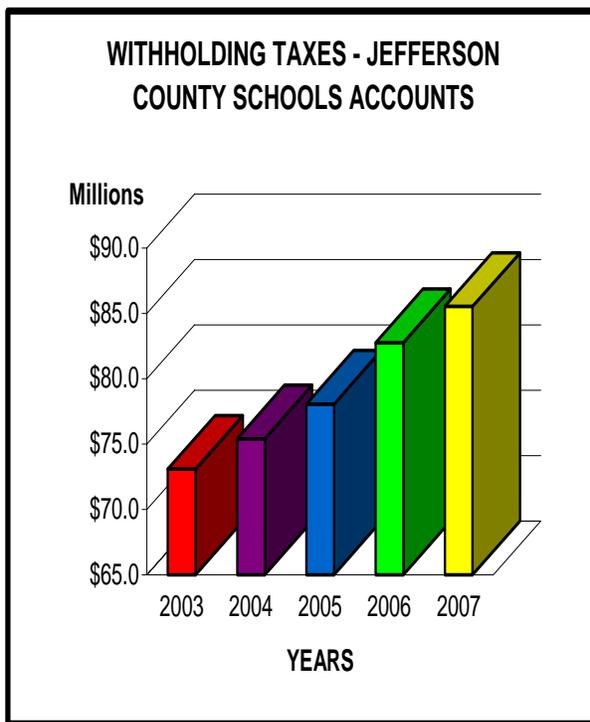
ECONOMIC FACTORS

The following is a discussion of changes in tax collections for the last five years:

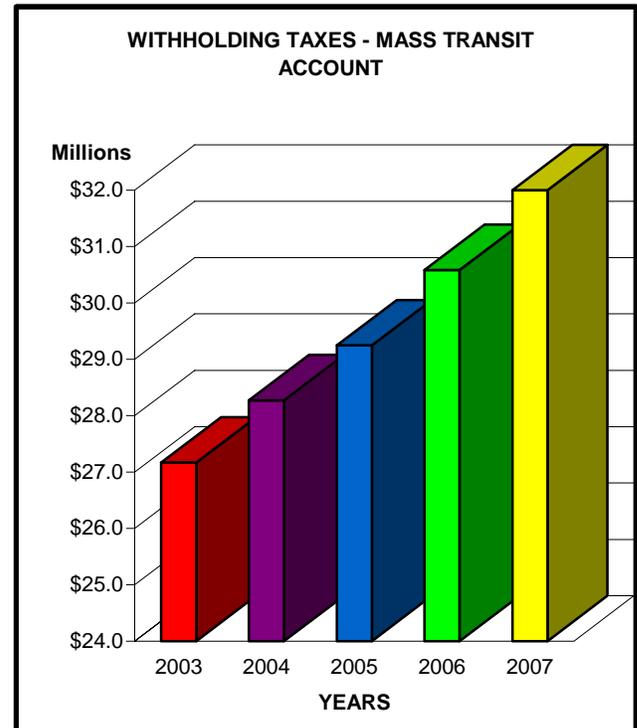
Total Withholding Taxes grew by 4.14% for fiscal year ended June 30, 2007. This increase reflects salary increases, job growth and an improved economic market. Withholding Taxes percentage of increase for 2007 by agency is shown in the graphs below.



Louisville Metro Government Accounts 4.22%



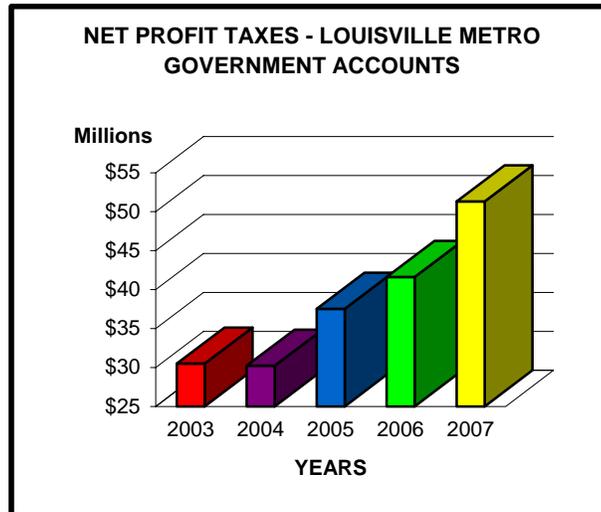
Jefferson County Schools Accounts 3.35%



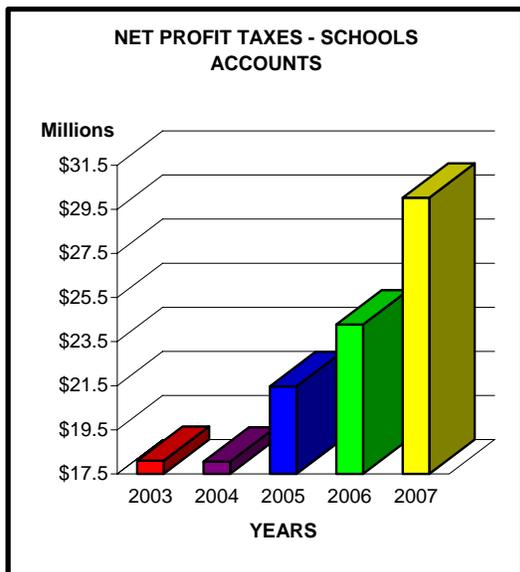
Mass Transit 4.62%

ECONOMIC FACTORS

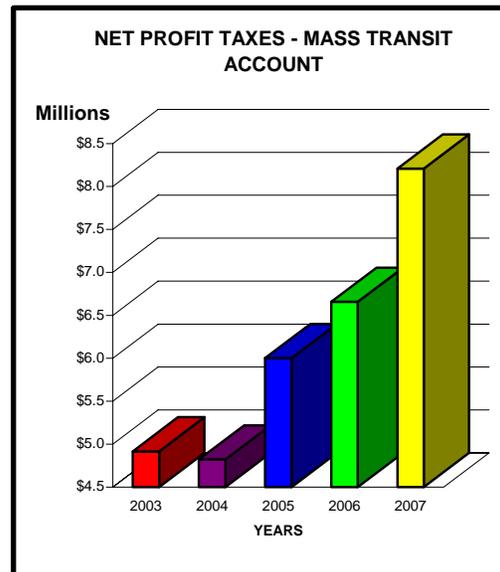
Total Net Profit Taxes increased 23.45% for fiscal year ended June 30, 2007. One taxpayer made deposits that accounted for 13.63% of the increase in Net Profit Taxes. Net Profit Taxes by agencies for the last five years is shown below:



Louisville Metro Government Accounts 18.92%

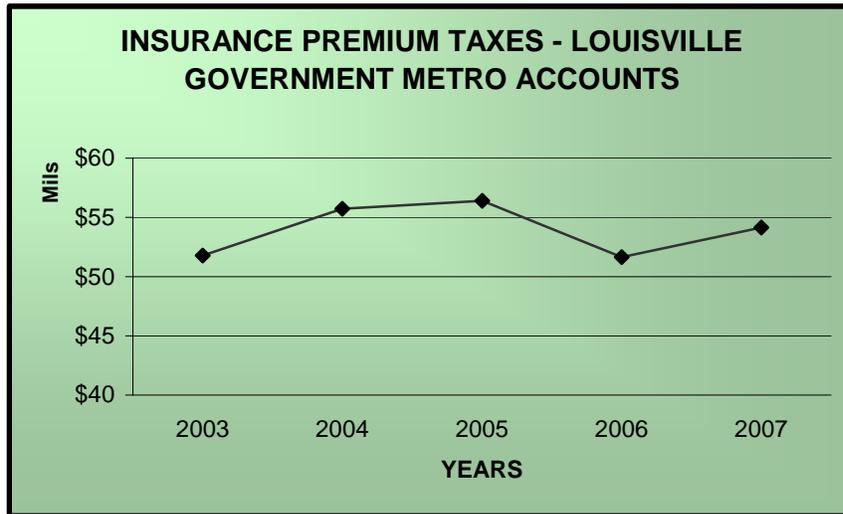


Jefferson County Schools Accounts 23.71%



Mass Transit Account 23.31%

ECONOMIC FACTORS



Louisville Metro Government Accounts 4.82%

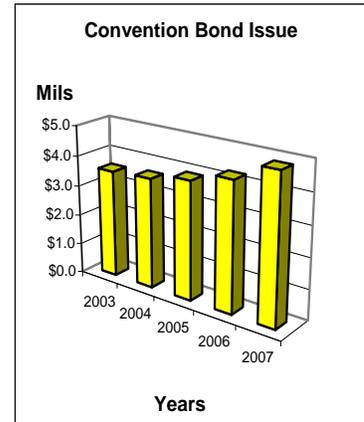
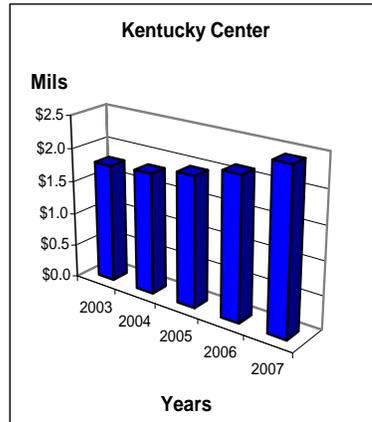
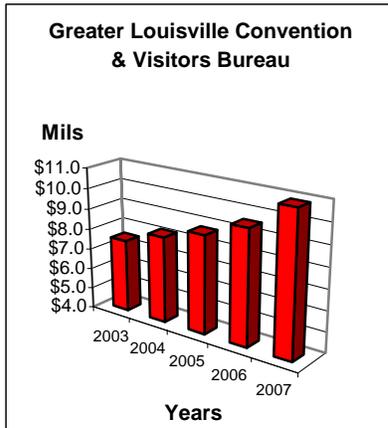
Total Insurance Premium Taxes experienced a 4.82% increase for fiscal year ended June 30, 2007. The previous charts reflect the dollars collected for the city and county accounts for the last five years. The Metro Louisville Accounts are assessed on the following categories of insurance: (a) casualty, (b) automobile, (c) inland marine, (d) fire and allied perils, (e) health (Urban Service District Only), and (f) life.



Transient Room Taxes Accounts 13.52%

Total Transient Room Taxes increased 13.84% for fiscal year ended June 30, 2007. This increase can be attributed to the increase of new hotels, occupancy rate and the cost of rooms during the year. This tax is an aggregate tax of seven and one half percent (7.5%) of the rent of occupancy of hotels/rooms during the month.

ECONOMIC FACTORS



Four and one half percent (4.5%) of the transient room tax benefits the Greater Louisville Convention and Visitors Bureau (GLCVB), one percent (1.0%) benefits the Kentucky Center for the Performing Arts (KC) and two percent (2.0%) is used to retire Dedicated Tax Revenue Bonds issued by the Louisville/Jefferson County Tourism and Convention Commission.

Contacting the Metro Revenue Commission's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Metro Revenue Commission's finances and to show Metro Revenue Commission's accountability for the money it receives. If you have questions about this report or need additional information, contact the Metro Revenue Commission, 101 South Eighth Street, Louisville, Kentucky 40202.

CAPITAL ASSETS

The Metro Revenue Commission's capital assets include the cost of building a "client-server" Tax Administration System, personal computers, software and other computer peripherals.

	Capital Assets		
	<u>FYE</u> <u>2007</u>	<u>FYE</u> <u>2006</u>	<u>Change</u>
Equipment & software	\$ 4,366,942	\$ 4,263,513	\$ 103,429
Accumulated depreciation	<u>(4,024,102)</u>	<u>(4,037,215)</u>	<u>13,113</u>
Net equipment and software	342,840	226,298	116,542
Furniture & fixtures	487,243	485,081	2,162
Accumulated depreciation	<u>(455,867)</u>	<u>(445,196)</u>	<u>(10,671)</u>
Net furniture and fixtures	<u>31,376</u>	<u>39,885</u>	<u>(8,509)</u>
Fixed Assets, Net of Accumulated Depreciation	<u>\$ 374,216</u>	<u>\$ 266,183</u>	<u>\$ 108,033</u>

The following is a summary of some of the major capital assets purchased during the fiscal year 2007.

Major capital assets additions include:

- \$158,234 Centera WORM Project
- \$ 57,067 Replaced Servers

Note: More detailed information on capital asset activity can be found in the notes to the financial statements on page 23, Note A, paragraph #6 and page 26, Note C.

ENTERPRISE FUND

Enterprise funds are a type of proprietary fund used to report an activity for which a fee is charged to external users for goods or services.

The Enterprise Fund is used to account for the financial activities related to the administration of the Metro Revenue Commission's operations.

Statement of Net Assets - Proprietary Fund - Enterprise Fund

Louisville/Jefferson County Metro Revenue Commission

June 30, 2007

Assets

Current Assets

Cash and cash equivalents \$ 49,929,786

Total Current Assets 49,929,786

Capital assets, net of accumulated depreciation 374,216

Total Assets 50,304,002

Liabilities

Current Liabilities

Deferred revenue and refunds payable 8,551,310

Accounts payable and accrued expenses 1,496,902

Due to other funds 40,047,697

Total Current Liabilities 50,095,909

Net Assets

Invested in capital assets 208,093

Total Net Assets \$ 208,093

See Notes to Financial Statements

Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Fund
- Enterprise Fund

Louisville/Jefferson County Metro Revenue Commission

Year Ended June 30, 2007

Operating Revenues

Collection, investment and other fees \$ 4,818,370

Operating Expenses

Salaries 2,384,708

Employee benefits:

Health and life insurance 299,115

Pension 288,427

Payroll taxes 175,515

Computer services 20,400

Building rent 185,518

Building and office expense 35,216

Professional services 534,733

Postage 218,204

Forms and printing 111,097

Equipment maintenance and repair 16,855

Equipment purchases 40,010

Software licenses 71,547

Supplies 25,600

Telephone 42,579

Court fees and costs 20,386

Depreciation 114,239

Travel 7,395

Miscellaneous 100,604

Total Operating Expenses 4,692,148

Operating Income 126,222

Net Assets Beginning of Year 81,871

Net Assets End of Year \$ 208,093

See Notes to Financial Statements

Statement of Cash Flows - Proprietary Fund - Enterprise Fund

Louisville/Jefferson County Metro Revenue Commission

Year Ended June 30, 2007

Cash Flows From Operating Activities	
Net cash received from taxpayers	\$ 6,116,886
Cash paid to employees	(3,147,765)
Cash paid to suppliers	<u>(1,430,144)</u>
Net Cash Provided By Operating Activities	1,538,977
Cash Flows From Capital Activities	
Purchase of capital assets	<u>(222,272)</u>
Net Increase in Cash and Cash Equivalents	1,316,705
Cash and Cash Equivalents Beginning of Year	<u>48,613,081</u>
Cash and Cash Equivalents End of Year	<u><u>\$ 49,929,786</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 126,222
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation expense	114,239
Changes in assets and liabilities	
Decrease in due from Louisville Water Company	151,176
Increase in deferred revenue and refunds payable	244,840
Increase in accounts payable and accrued expenses	159,140
Increase in due to other funds	<u>743,360</u>
Net Cash Provided By Operating Activities	<u><u>\$ 1,538,977</u></u>

See Notes to Financial Statements

Statement of Fiduciary Net Assets - Agency Funds

Louisville/Jefferson County Metro Revenue Commission

June 30, 2007

Assets

Due from Enterprise Fund \$ 40,047,697

Total Assets \$ 40,047,697

Liabilities

Amounts held for Louisville/Jefferson County Metro Government,
restricted for debt service \$ 640,761

Payable to Louisville/Jefferson County Metro Government:

Louisville Metro Agency Fund 24,959,756

Mass Transit Trust Agency Fund 3,255,168

Transient Room Tax Agency Fund 1,794,200

Payable to School Boards Agency Fund 9,397,812

Total Liabilities \$ 40,047,697

See Notes to Financial Statements

Louisville/Jefferson County Metro Revenue Commission

June 30, 2007

Note A--Description of Organization and Summary of Significant Accounting Policies

The Louisville/Jefferson County Metro Revenue Commission (the "Metro Revenue Commission") was established by an Act of the Legislature of the Commonwealth of Kentucky in 1851. It operates as a component unit of the Louisville/Jefferson County Metro Government ("Louisville Metro Government").

The financial statements of the Metro Revenue Commission have been prepared in conformity with generally accepted accounting principles as applied to government units. The Government Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. These financial statements follow the provisions of GASB No. 34, "Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments" and related standards.

The more significant of the Metro Revenue Commission's accounting policies are described below:

1. Reporting Entity

The Metro Revenue Commission's financial statements include all funds and accounts of its operations. The Metro Revenue Commission is financially dependent upon the Louisville Metro Government. Any excess in revenues over expenses of the Metro Revenue Commission is transferred to the Louisville Metro Government's General Fund. The Commissioners consist of the Mayor of the Louisville Metro Government, the Superintendent of the Jefferson County Public School System, the President of the Louisville Metro Council, and three members elected by the Louisville Metro Council. The budget of the Metro Revenue Commission is formally approved by the Louisville Metro Council. The existence and operations of the Metro Revenue Commission are governed by the Louisville Metro Government Ordinances.

The primary functions of the Metro Revenue Commission are: (1) the collection of license fees, certain taxes, and other charges, and the Louisville Water Company dividend for the Louisville Metro Government; (2) collection and remittance of monies to paying agents for payments of the debt service requirements of the general obligation bonds of the Louisville Metro Government; (3) payment of the Metro Revenue Commission's administrative cost to carry out its duties; and (4) remission to the Louisville Metro Government of any monies remaining after these obligations are met. In addition to these duties, the Metro Revenue Commission acts as a collecting agent of certain license fees and taxes for other local governmental units.

2. Basis of Presentation:

The accounts of the Metro Revenue Commission are organized on the basis of funds, each of which is a separate entity with its own self-balancing accounts that comprise its assets, liabilities, net assets, revenues, and expenses.

Resources are accounted for in individual funds based upon the purpose for which they are to be spent and the restrictions, if any, on the spending activities. The Metro Revenue Commission uses the following generic fund types in its activities:

Continued

Louisville/Jefferson County Metro Revenue Commission

June 30, 2007

Note A--Description of Organization and Summary of Significant Accounting Policies
--Continued

Proprietary Fund Type

Enterprise Fund - The Enterprise Fund is used to account for the financial activities related to the administration of the Metro Revenue Commission's operations. In past years, this fund was identified as an Internal Service Fund. However, it was determined in fiscal year 2005 that it would be better described as an enterprise fund. That is because its services are provided to governmental organizations outside of the financial reporting entity (i.e. the Metro Revenue Commission).

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with principal ongoing operations. The principal operating revenues of the Enterprise Fund are collection, investment, and other fees. Operating expenses include salaries and related taxes and benefits, rent, postage, professional services, depreciation, and other costs of conducting collection activities. All revenues and expenses not meeting this definition are reported as non-operating items.

As noted above, the Metro Revenue Commission is a component unit of Louisville Metro Government. As such, its financial statements are included within the financial statements of Louisville Metro Government. Because Louisville Metro Government is the predominant participant in the activities of the Metro Revenue Commission, their financial statements will reflect the Metro Revenue Commission as an internal service fund.

Fiduciary Fund Types

Fiduciary Fund Types have been established to account for monies collected on behalf of other governmental entities.

Louisville Metro Agency Funds - The Louisville Metro Agency Funds account for the various duties of the Metro Revenue Commission. The following is a description of each of the Louisville Metro Agency Funds:

Tax Collections and Other Receipts Agency Fund - This fund is used to account for collection of license fees withheld by employers, license fees based on business net profits, insurance premium license fees, other special taxes, delinquent property taxes, interest and penalties, and interest earned on investments. These collections are then remitted monthly to the Louisville Metro Government, net of operating expenses paid by the Metro Revenue Commission and the current year debt service requirements on the Louisville Metro Government's general obligation bonds. Funds required to cover operating expenses are retained by the Enterprise Fund.

Continued

Louisville/Jefferson County Metro Revenue Commission

June 30, 2007

Note A--Description of Organization and Summary of Significant Accounting Policies
--Continued

Louisville Water Company Agency Fund - The Metro Revenue Commission collects dividends on the stock of the Louisville Water Company. Dividends collected by the Metro Revenue Commission are then remitted to the Louisville Metro Government. The collection and subsequent remittance of these dividends are reflected in this agency fund.

Current Debt Requirement Agency Fund - The Current Debt Requirement Agency Fund is used to accumulate funds from the Louisville Metro Government's tax collections to pay the annual bond principal and interest requirements on the Louisville Metro Government's general obligation bonds. Bond principal and interest requirements were \$4,200,000 and \$5,303,050, respectively, for the year ended June 30, 2007. The total amount of general obligation bonds is reported by the Louisville Metro Government in its financial statements.

As previously noted, the financial statements of the Metro Revenue Commission are also included within the financial statements of Louisville Metro Government. For financial reporting purposes, Louisville Metro Government will reflect the Louisville Metro Agency Funds referred to above as amounts due to its General Fund.

School Boards Agency Fund and Mass Transit Agency Fund - The Metro Revenue Commission collects the occupational license fees and insurance premium license fees for local governmental units in these two funds as follows:

<u>Governmental Unit</u>	<u>Agency Fund</u>
Jefferson County Board of Education and Anchorage Independent School District Mass Transit Trust Fund	School Boards Agency Fund Mass Transit Trust Agency Fund

Collections made by the Metro Revenue Commission are accounted for in the respective agency fund. A collection fee of 1.35% of collections is charged by the Metro Revenue Commission. Remittances to the governmental units of the prior month's collections are made on the day following the Commissioners' regular monthly meeting.

Transient Room Tax Agency Fund - The Metro Revenue Commission collects the transient room tax for the Greater Louisville Convention and Visitors Bureau (the "Visitors Bureau") and the Kentucky Center for the Arts, and accounts for proceeds in the Transient Room Tax Agency Fund.

A collection fee of 1.25% of collections is charged by the Metro Revenue Commission. On the day following the regular monthly Commissioners' meeting, remittance is made to the Louisville Metro Government, which then disburses the tax collected to the Greater Louisville Convention and Visitors Bureau and the Kentucky Center for the Arts.

Continued

Louisville/Jefferson County Metro Revenue Commission

June 30, 2007

Note A--Description of Organization and Summary of Significant Accounting Policies

--Continued

3. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The proprietary fund operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net assets. The accrual basis of accounting is utilized by the proprietary fund. Collection fee revenue in the Enterprise Fund is recognized when the tax collection is made for a governmental unit. Expenses in the Enterprise Fund are recognized when the liability is incurred.

All agency funds are custodial in nature and do not involve measurement of the results of operations.

In accordance with the GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," the Metro Revenue Commission has elected to apply all applicable GASB pronouncements, as well as Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

The Metro Revenue Commission reports deferred revenue on its statement of net assets. The Metro Revenue Commission collects taxes on certain types of income with which the taxpayers disagree and for which the taxpayers have filed claims for refunds. The Metro Revenue Commission records such amounts as deferred revenue to preclude charging the various agencies a collection fee and to preclude premature distribution of the tax receipts to the respective governmental units until the disputes are resolved.

4. Budget and Budgetary Accounting

By ordinance, the Metro Revenue Commission's appropriations come from the Louisville Metro Government's tax collections in an amount sufficient to meet all of its expenses. Appropriations lapse at the end of the year. The Metro Revenue Commission's budget is first approved by the Commissioners, and then submitted for approval by the Louisville Metro Council as part of the Louisville Metro Government's budget. The budget, which may be amended during the year, is adopted on a basis consistent with generally accepted accounting principles.

5. Interfund Transactions

All collections are received in the Enterprise Fund and recorded as a liability to the appropriate agency funds. All disbursements of collections to the various governmental units are made from the Enterprise Fund and recorded in the various agency funds through the interfund accounts. The Agency Funds use the accrual basis of accounting to recognize receivables and payables.

Continued

Louisville/Jefferson County Metro Revenue Commission

June 30, 2007

Note A--Description of Organization and Summary of Significant Accounting Policies
--Continued

Details of interfund receivable and payable balances as of June 30, 2007, are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Enterprise Fund		\$ 40,047,697
Agency Funds:		
Louisville/Jefferson County Metro Government:		
Amounts held for restricted debt service	\$ 640,761	
Tax Collections and Other Receipts Agency Fund	24,959,756	
Mass Transit Trust Agency Fund	3,255,168	
Transient Room Tax Agency Fund	1,794,200	
School Boards Agency Fund	<u>9,397,812</u>	
	<u>\$ 40,047,697</u>	<u>\$ 40,047,697</u>

6. Capital Assets

Capital assets are recorded at cost. Furniture, fixtures, equipment and software are capitalized if \$1,500 or greater. Repairs and maintenance are recorded as expenses. Depreciation and accumulated depreciation are recorded for the enterprise fund only. Depreciation has been calculated on each class of depreciable property using the straight-line method, with one-half year's depreciation in the year of acquisition. The estimated useful lives are five years for equipment and software, and ten years for furniture and fixtures.

7. Compensated Absences

Vested and accumulated vacation leave for employees of the Enterprise Fund is recorded as an expense and a liability as the benefits accrue to employees. Vacation pay may be accumulated up to 60 days.

Earned vacation pay, up to a maximum of 40 days, is payable upon termination of employment. Unpaid vacation earned at June 30, 2007, was approximately \$166,000, including applicable FICA and Medicare taxes.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences," no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Sick leave, which has no maximum accumulation, is charged to expense when paid. Unpaid sick leave earned at June 30, 2007, was approximately \$458,000, including applicable FICA and Medicare taxes.

Continued

Louisville/Jefferson County Metro Revenue Commission

June 30, 2007

Note A--Description of Organization and Summary of Significant Accounting Policies--Continued

8. Statement of Cash Flows

For purposes of the statement of cash flows, the Metro Revenue Commission considers cash on hand and demand deposits to be cash and cash equivalents.

9. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, net assets, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note B--Deposits and Investments

The Metro Revenue Commission has adopted the provisions of GASB Statement No. 40, "Deposits and Investment Risk Disclosures", which was effective for years beginning after June 15, 2004. Risk disclosures under previous standards generally focused on custodial risk. GASB Statement No. 40 also addresses other common areas of investment risk including interest rate risk, credit risk and concentration of credit risk, as applicable.

The bank balances at June 30, 2007, including cash with paying agents, were \$10,417,476. Of this amount, \$200,000 was covered by federal depository insurance. The remainder was collateralized by the bank holding securities in the Metro Revenue Commission's name.

The investment balances at June 30, 2007 of \$40,536,731 consists of money market mutual funds (investing in U. S. Government securities) 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.

Interest income is remitted to the Louisville Metro Government and to the various governmental units in accordance with an agreed-upon allocation formula. An investment fee of 10% of investment income is charged to the Transient Room Tax Agency Fund.

Custodial Credit Risk – Custodial credit risk for deposits and investments is the risk that, in the event of failure by a financial institution, the Metro Revenue Commission may not be able to recover the value of its assets held by such financial institution. Except as follows, the Metro Revenue Commission's investment policy states that all cash maintained in any financial institution be collateralized by certain types of investments. With the express approval of the Commissioners, the Metro Revenue Commission may invest up to 10% of its investment portfolio in uninsured certificates of deposit at authorized financial institutions.

Continued

Louisville/Jefferson County Metro Revenue Commission

June 30, 2007

Note B—Deposits and Investments-Continued

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 Metro 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 Metro 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 Metro Revenue Commission is permitted to invest in the following:

- (1) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, provided that delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian.
- (2) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States government.
- (3) Obligations of any corporation of the United States government.
- (4) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation 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.

Continued

Louisville/Jefferson County Metro Revenue Commission

June 30, 2007

Note C--Capital Assets

An analysis of capital assets at June 30, 2007 follows:

	July 1 2006	Additions	Disposals	June 30 2007
Equipment and software	\$ 4,263,513	\$ 220,110	\$ (116,681)	\$ 4,366,942
Accumulated depreciation	<u>(4,037,215)</u>	<u>(103,568)</u>	<u>116,681</u>	<u>(4,024,102)</u>
Net equipment and software	226,298	116,542	-	342,840
Furniture & fixtures	485,081	2,162		487,243
Accumulated depreciation	<u>(445,196)</u>	<u>(10,671)</u>	<u> </u>	<u>(455,867)</u>
Net furniture and fixtures	<u>39,885</u>	<u>(8,509)</u>	<u> </u>	<u>31,376</u>
Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 266,183</u></u>	<u><u>\$ 108,033</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 374,216</u></u>

Note D--Deferred Compensation

The Metro Revenue Commission's employees are offered the opportunity to participate in the Louisville Metro Government deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. 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 and who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. Metro Revenue Commission therefore does not show these assets and liabilities on its financial statements.

Note E--Post-Employment Health Care Benefits

Retired Metro Revenue Commission employees may receive some health care benefits from the County Employees' Retirement System (the "System") at no cost to the Metro Revenue Commission. The System provides group rates on medical insurance and health maintenance organization ("HMO") coverage for Metro Revenue Commission retirees. In addition, a retiree may pay the cost to obtain coverage for a spouse and dependent children at the same group rates. Participation in the medical

Continued

Louisville/Jefferson County Metro Revenue Commission

June 30, 2007

Note E--Post-Employment Health Care Benefits--Continued

insurance/HMO program is optional. Depending on years of service, the amount paid for a retiree by the System is based on the amount of a single coverage premium in the state contract, with the retiree paying any additional cost of coverage.

At June 30, 2007, eligibility categories, percentage of monthly premiums paid by the System and number of potential retiree participants follow:

<u>Years of Service</u>	<u>% of Monthly Premiums Paid by the System</u>	<u>Potential Retiree Participants</u>
Less than 4 years	0%	12
4 to 9 years	25%	16
10 to 14 years	50%	8
15 to 19 years	75%	10
20 or more years	100%	8

Note F--Employee Retirement Systems

All Metro Revenue Commission full-time employees, as Louisville Metro Government employees, participate in the County Employees' Retirement System, a cost-sharing, multi-employer state-wide defined benefit pension plan administered by the Kentucky Retirement System. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members. Cost-of-living adjustments are provided at the discretion of the State legislature.

The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the County Employees' Retirement System. That report may be obtained by writing to Kentucky Retirement System, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601.

The Metro Revenue Commission was required by the same statute to contribute at an actuarially determined rate of 13.19% during the year ended June 30, 2007. Contributions for the year ended June 30, 2007 were approximately \$398,000, of which \$288,000 was the Metro Revenue Commission and \$110,000 was from employees. The Metro Revenue Commission's share of the contributions to the plan for 2006 and 2005 were approximately \$255,000 and \$189,000, respectively. The above contributions were equal to the required contributions for each year.

Note G--Related Party Transactions

Although the Metro Revenue Commission operates as an independent agency and provides services to several governmental units including the Louisville Metro Government, the Jefferson County School Board, and others, it draws its authority to operate from the Louisville Metro Government Code of

Continued

Louisville/Jefferson County Metro Revenue Commission

June 30, 2007

Note G--Related Party Transactions--Continued

Ordinances. Any excess in revenues over expenses of the Metro Revenue Commission is transferred to the Louisville Metro Government General Fund.

The accompanying Statement of Net Asset-Proprietary Fund-Enterprise Fund reflects a \$100,000 payable for professional services incurred by the Metro Revenue Commission for services received from Louisville Metro Government, and \$6,199 for reimbursable expenses incurred Metro Revenue Commission.

Note H--Commitments

The Metro Revenue Commission leases office space under an agreement requiring rental payments of approximately \$16,000 per month through June 2008. Rental expense under the agreement was \$185,518 for the year ended June 30, 2007.

Note I--Risk Management

The Metro Revenue Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Insurance and Risk Management Fund ("Fund"), a former City of Louisville internal service fund, was established in 1976 to consolidate all of the City's insurance or self-insurance under a comprehensive risk management program. This program currently includes all Metro agencies. The Fund consists of a comprehensive self-insurance program relating to the following:

1. Automobile Liability: Self-insured up to \$500,000 per occurrence. Excess coverage is purchased through the Louisville Area Governmental Self-Insurance Trust ("LAGIT").
2. Worker's Compensation (covering all employees): Self-insured up to \$1,000,000 per occurrence deductible with a \$1,000,000 corridor deductible. Excess coverage is purchased above these retained levels.
3. Unemployment Compensation: Completely self-insured.
4. Group Health Coverage: Various programs are available as an option to all full-time employees.
5. General Liability: Various general liability exposures self-insured up to \$500,000 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.
6. Automobile Physical Damage: Self-insured up to \$100,000 per occurrence. Excess coverage is purchased for catastrophic losses.
7. Real and Business Personal Property: Self-insured up to \$250,000 per occurrence, except for Flood Zone A which shall have a deductible of \$250,000 in addition to the amount of coverage available under the National Flood Insurance Program, whether purchased or not. Excess coverage is purchased on a blanket limit basis for all Metro properties through Louisville Area Governmental General Insurance Trust ("LAGGIT"), a property insurance trust.

Supplementary Information

Budget Comparison - Proprietary Fund - Enterprise Fund

Louisville/Jefferson County Metro Revenue Commission

Year Ended June 30, 2007

	Budget 2007	Actual 2007	Over / (Under) Variance	Percent Variance
Operating Revenues	<u>\$ 5,598,600</u>	<u>\$ 4,818,370</u>	<u>\$ (780,230)</u>	<u>-13.9%</u>
Operating Expenses				
Salaries, less adjustments	\$ 3,707,600	\$ 3,165,954	\$ (541,646)	-14.6%
Computer services	20,400	20,400	0	0.0%
Building rent	185,600	185,518	(82)	0.0%
Building and office expense	39,100	35,216	(3,884)	-9.9%
Professional services	713,300	534,733	(178,567)	-25.0%
Postage	242,000	218,204	(23,796)	-9.8%
Forms and printing	120,000	111,097	(8,903)	-7.4%
Equipment maintenance and repair	26,200	16,855	(9,345)	-35.7%
Equipment purchases	121,000	40,010	(80,990)	-66.9%
Software licenses	158,100	71,547	(86,553)	-54.7%
Capitalized purchases		222,272	222,272	100.0%
Supplies	35,000	25,600	(9,400)	-26.9%
Telephone	48,100	42,579	(5,521)	-11.5%
Court fees and costs, less reimbursed	50,000	20,386	(29,614)	-59.2%
Travel	19,000	7,395	(11,605)	-61.1%
Miscellaneous	<u>113,200</u>	<u>100,604</u>	<u>(12,596)</u>	<u>-11.1%</u>
Total Operating Expenses	<u>\$ 5,598,600</u>	<u>\$ 4,818,370</u>	<u>\$ (780,230)</u>	<u>-13.9%</u>

Reconciliation to Statement of Revenue, Expenses and Changes in Net Assets

Total Expenses	\$ 4,818,370
Capital purchases	(222,272)
Depreciation	114,239
Other	<u>(18,189)</u>

Total Operating Expenses per Statements of Revenues, Expenses, and Changes in Net Assets	<u>\$ 4,692,148</u>
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See Independent Auditors' Report

AGENCY FUNDS

Agency Funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments, and/or other funds.

Louisville Metro Agency Funds account for the various duties of the Metro Revenue Commission as set forth in Louisville Metro Government Code of Ordinances Section 32.110.

The School Boards Agency Fund and Mass Transit Trust Agency Fund are used to account for the collection and dispersal of occupational license fees for local government units.

The Transient Room Tax Agency Fund collects the transient room tax for the Greater Louisville Convention and Visitors Bureau and the Kentucky Center and also for the debt service on the Greater Louisville Convention and Visitors Commission Dedicated Tax Revenue Bonds of 1995.

Combining Statement of Fiduciary Net Assets - All Agency Funds

Louisville/Jefferson County Metro Revenue Commission

June 30, 2007

	Louisville Metro Agency Funds	School Boards Agency Fund	Mass Transit Trust Agency Fund	Transient Room Tax Agency Fund	Totals
Assets					
Due from Enterprise Fund	\$ 25,600,517	\$ 9,397,812	\$ 3,255,168	\$ 1,794,200	\$ 40,047,697
Total Assets	<u>\$ 25,600,517</u>	<u>\$ 9,397,812</u>	<u>\$ 3,255,168</u>	<u>\$ 1,794,200</u>	<u>\$ 40,047,697</u>
Liabilities					
Amounts held for Louisville/ Jefferson County Metro Government, restricted for debt service	\$ 640,761				\$ 640,761
Payable to Louisville/Jefferson County Metro Government: Louisville Metro Agency Funds	24,959,756				24,959,756
Mass Transit Trust Agency Fund			\$ 3,255,168		3,255,168
Transient Room Tax Agency Fund				\$ 1,794,200	1,794,200
Payable to School Boards Agency Fund		\$ 9,397,812			9,397,812
Total Liabilities	<u>\$ 25,600,517</u>	<u>\$ 9,397,812</u>	<u>\$ 3,255,168</u>	<u>\$ 1,794,200</u>	<u>\$ 40,047,697</u>

See Independent Auditors' Report

Combining Statement of Changes in Assets and Liabilities - All Agency Funds

Louisville/Jefferson County Metro Revenue Commission

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
<u>Louisville Metro Agency Funds</u>				
Assets				
Cash with paying agent	\$ -	\$ 9,297,845	\$ 9,297,845	\$ -
Due from Enterprise Fund	<u>25,442,958</u>	<u>326,115,705</u>	<u>325,958,146</u>	<u>25,600,517</u>
Total Assets	<u>\$ 25,442,958</u>	<u>\$ 335,413,550</u>	<u>\$ 335,255,991</u>	<u>\$ 25,600,517</u>
Liabilities				
Amounts held for Louisville/ Jefferson County Metro Government, restricted for debt service	\$ 640,761	\$ 9,297,845	\$ 9,297,845	\$ 640,761
License fee collections payable: Louisville Metro Agency Funds	<u>24,802,197</u>	<u>326,115,705</u>	<u>325,958,146</u>	<u>24,959,756</u>
Total Liabilities	<u>\$ 25,442,958</u>	<u>\$ 335,413,550</u>	<u>\$ 335,255,991</u>	<u>\$ 25,600,517</u>
<u>School Boards Agency Fund</u>				
Assets				
Due from Enterprise Fund	<u>\$ 8,838,392</u>	<u>\$ 116,964,914</u>	<u>\$ 116,405,494</u>	<u>\$ 9,397,812</u>
Liabilities				
License fee collections payable to School Boards Agency Fund	<u>\$ 8,838,392</u>	<u>\$ 116,964,914</u>	<u>\$ 116,405,494</u>	<u>\$ 9,397,812</u>

Continued

Combining Statement of Changes in Assets and Liabilities - All Agency Funds--Continued

Louisville/Jefferson County Metro Revenue Commission

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
<u>Mass Transit Trust Agency Fund</u>				
Assets				
Due from Enterprise Fund	<u>\$ 3,053,097</u>	<u>\$ 40,701,116</u>	<u>\$ 40,499,045</u>	<u>\$ 3,255,168</u>
Liabilities				
License fee collections payable to Mass Transit Trust Agency Fund	<u>\$ 3,053,097</u>	<u>\$ 40,701,116</u>	<u>\$ 40,499,045</u>	<u>\$ 3,255,168</u>
<u>Transient Room Tax Agency Fund</u>				
Assets				
Due from Enterprise Fund	<u>\$ 1,969,890</u>	<u>\$ 18,231,742</u>	<u>\$ 18,407,432</u>	<u>\$ 1,794,200</u>
Liabilities				
Tax collections payable Transient Room Tax Agency Fund	<u>\$ 1,969,890</u>	<u>\$ 18,231,742</u>	<u>\$ 18,407,432</u>	<u>\$ 1,794,200</u>

Continued

Combining Statement of Changes in Assets and Liabilities - All Agency Funds--Continued

Louisville/Jefferson County Metro Revenue Commission

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
<u>Totals - All Agency Funds</u>				
Assets				
Cash with				
paying agents	\$ -	\$ 9,297,845	\$ 9,297,845	\$ -
Due from Enterprise Fund	<u>39,304,337</u>	<u>502,013,477</u>	<u>501,270,117</u>	<u>40,047,697</u>
Total Assets	<u>\$ 39,304,337</u>	<u>\$ 511,311,322</u>	<u>\$ 510,567,962</u>	<u>\$ 40,047,697</u>
Liabilities				
Amounts held for Louisville/ Jefferson County Metro Government, restricted for debt service	\$ 640,761	\$ 9,297,845	\$ 9,297,845	\$ 640,761
Payable to Louisville/ Jefferson County Metro Government:				
Louisville Metro Agency Funds	24,802,197	326,115,705	325,958,146	24,959,756
Mass Transit Trust				
Agency Fund	3,053,097	40,701,116	40,499,045	3,255,168
Transient Room Tax				
Agency Fund	1,969,890	18,231,742	18,407,432	1,794,200
Payable to School Boards				
Agency Fund	<u>8,838,392</u>	<u>116,964,914</u>	<u>116,405,494</u>	<u>9,397,812</u>
Total Liabilities	<u>\$ 39,304,337</u>	<u>\$ 511,311,322</u>	<u>\$ 510,567,962</u>	<u>\$ 40,047,697</u>

See Independent Auditors' Report

Analysis of All Agency Funds Due From Enterprise Fund Accounts

Louisville/Jefferson County Metro Revenue Commission

Year Ended June 30, 2007

	Louisville Metro Agency Funds	School Boards Agency Fund	Mass Transit Trust Agency Fund	Transient Room Tax Agency Fund	Totals
Receipts and Additions					
Occupational license fees and other special tax collections					
Employees' license fees	\$ 198,307,171	\$ 85,530,401	\$ 31,999,396		\$ 315,836,968
License fees based on business net profits	51,310,329	30,030,140	8,208,951		89,549,420
Insurance premium license fees	54,135,594				54,135,594
Truck and trailer license fees	94,410				94,410
Transient room tax				\$ 18,097,814	18,097,814
Interest and penalties charged taxpayers	2,351,540	888,922	312,703	58,696	3,611,861
Interest earned on investments	2,276,166	515,451	180,066	75,232	3,046,915
Dividends - Louisville Water Company	14,474,542				14,474,542
Expenses paid by Louisville Metro Government	3,165,953				3,165,953
Total Receipts and Additions	326,115,705	116,964,914	40,701,116	18,231,742	502,013,477
Disbursements and Deletions					
Payments to governmental agencies	313,990,308	114,833,426	39,952,010	18,172,953	486,948,697
Collection fee paid to the Enterprise Fund	2,464,788	1,572,068	547,035	226,956	4,810,847
Investment fee paid to the Enterprise Fund				7,523	7,523
Collections remitted to paying agents for Louisville Metro Government debt service:					
Principal	4,200,000				4,200,000
Interest	5,303,050				5,303,050
Total Disbursements and Deletions	325,958,146	116,405,494	40,499,045	18,407,432	501,270,117
Excess of Receipts and Additions Over (Under) Disbursements and Deletions	157,559	559,420	202,071	(175,690)	743,360
Due From Enterprise Fund, Beginning of Year	25,442,958	8,838,392	3,053,097	1,969,890	39,304,337
Due from Enterprise Fund, End of Year	\$ 25,600,517	\$ 9,397,812	\$ 3,255,168	\$ 1,794,200	\$ 40,047,697

See Independent Auditors' Report

LOUISVILLE METRO AGENCY FUNDS

Louisville Metro Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The Tax Collections and Other Receipts Agency Fund is used to account for the collection of license fees withheld by employers, license fees based on business net profits, insurance premium license fees, special taxes, interest and penalties, and interest earned on investments.

The Louisville Water Company Agency Fund collects any dividends paid on the stock of the Louisville Water Company.

The Bond Proceeds Agency Fund is used to account for the proceeds of various Louisville Metro Government general obligation bond issues.

The Current Debt Requirement Agency Fund is used to accumulate funds from Louisville Metro Government tax collections to pay the annual principal and interest requirements on Louisville Metro Government's general obligation bonded debt.

Combining Statement of Fiduciary Net Assets - Louisville Metro Agency Funds

Louisville/Jefferson County Metro Revenue Commission

June 30, 2007

	Tax Collections and Other Receipts Agency Fund	Current Debt Requirement Agency Fund	Totals
	<u> </u>	<u> </u>	<u> </u>
Assets			
Due from Enterprise Fund	\$ 24,959,756	\$ 640,761	\$ 25,600,517
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 24,959,756</u>	<u>\$ 640,761</u>	<u>\$ 25,600,517</u>
Liabilities			
Amounts held for Louisville/Jefferson County Metro Government, restricted for debt service		\$ 640,761	\$ 640,761
Payable to Louisville/Jefferson County Metro Government: Louisville Metro Agency Funds-tax collections and other income	\$ 24,959,756		24,959,756
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 24,959,756</u>	<u>\$ 640,761</u>	<u>\$ 25,600,517</u>

See Independent Auditors' Report

Combining Statement of Changes in Assets and Liabilities - Louisville Metro Agency Funds

Louisville/Jefferson County Metro Revenue Commission

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
<u>Tax Collections and Other Receipts Agency Fund</u>				
Assets				
Due from Enterprise Fund	\$ 24,802,197	\$ 326,115,705	\$ 325,958,146	\$ 24,959,756
Liabilities				
Payable to Louisville/Jefferson County Metro Government: Louisville Metro Agency Funds- tax collections and other income	\$ 24,802,197	\$ 326,115,705	\$ 325,958,146	\$ 24,959,756
	<u>\$ 24,802,197</u>	<u>\$ 326,115,705</u>	<u>\$ 325,958,146</u>	<u>\$ 24,959,756</u>
<u>Current Debt Requirement Agency Fund</u>				
Assets				
Cash with paying agents	\$ -	\$ 9,297,845	\$ 9,297,845	\$ -
Due from Enterprise Fund	640,761			640,761
	<u>\$ 640,761</u>	<u>\$ 9,297,845</u>	<u>\$ 9,297,845</u>	<u>\$ 640,761</u>
Liabilities				
Amounts held for Louisville/Jefferson Country Metro Government, restricted for debt service	\$ 640,761	\$ 9,297,845	\$ 9,297,845	\$ 640,761

Continued

Combining Statement of Changes in Assets and Liabilities - Louisville Metro Agency Funds--Continued

Louisville/Jefferson County Metro Revenue Commission

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
<u>Totals - Louisville Metro Agency Funds</u>				
Assets				
Cash with paying agents	\$ -	\$ 9,297,845	\$ 9,297,845	\$ -
Due from Enterprise Fund	<u>25,442,958</u>	<u>326,115,705</u>	<u>325,958,146</u>	<u>25,600,517</u>
Total Assets	<u>\$ 25,442,958</u>	<u>\$ 335,413,550</u>	<u>\$ 335,255,991</u>	<u>\$ 25,600,517</u>
Liabilities				
Amounts held for Louisville/ Jefferson County Metro Government, restricted for debt service	\$ 640,761	\$ 9,297,845	\$ 9,297,845	\$ 640,761
Payable to Louisville/ Jefferson County Metro Government: Louisville Metro Agency Funds	<u>24,802,197</u>	<u>326,115,705</u>	<u>325,958,146</u>	<u>24,959,756</u>
Total Liabilities	<u>\$ 25,442,958</u>	<u>\$ 335,413,550</u>	<u>\$ 335,255,991</u>	<u>\$ 25,600,517</u>

See Independent Auditors' Report

Analysis of Louisville Metro Accounts Agency Funds Due From Enterprise Fund Accounts

Louisville/Jefferson County Metro Revenue Commission

Year Ended June 30, 2007

	Tax Collections and Other Receipts Agency Fund	Louisville Water Company Agency Fund	Current Debt Requirement Agency Fund	Totals
Receipts and Additions				
Occupational license fees and other special tax collections				
Employees' license fees	\$ 198,307,171			\$ 198,307,171
License fees based on business net profits	51,310,329			51,310,329
Insurance premium license fees	54,135,594			54,135,594
Truck and trailer license fees	94,410			94,410
Interest and penalties charged taxpayers	2,351,540			2,351,540
Interest earned on investments	2,276,166			2,276,166
Dividends - Louisville Water Company		\$ 14,474,542		14,474,542
Expenses paid by Louisville Metro Government				
	<u>3,165,953</u>			<u>3,165,953</u>
Total Receipts and Additions	311,641,163	14,474,542		326,115,705
Disbursements and Deletions				
Payments to Louisville Metro Government	299,364,590	14,625,718		313,990,308
Collection fee paid to the Enterprise Fund	2,464,788			2,464,788
Collections remitted to paying agents for Louisville Metro Government debt service				
Principal			\$ 4,200,000	4,200,000
Interest			5,303,050	5,303,050
			<u>9,503,050</u>	<u>9,503,050</u>
Total Disbursements and Deletions	<u>301,829,378</u>	<u>14,625,718</u>	<u>9,503,050</u>	<u>325,958,146</u>
Excess of Receipts and Additions Over (Under) Disbursements and Deletions	9,811,785	(151,176)	(9,503,050)	157,559
Interfund transfers	(9,503,050)		9,503,050	
Due from Enterprise Fund, Beginning of Year	<u>25,291,782</u>	<u>151,176</u>		<u>25,442,958</u>
Due from Enterprise Fund, End of Year	<u>\$ 25,600,517</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,600,517</u>

See Independent Auditors' Report

STATISTICAL SECTION



Statistical Section

This section of the Metro Revenue Commission's CAFR presents schedules to be used in conjunction with the financial statements, note disclosures, and supplementary information provided by Metro Revenue Commission's overall financial reporting activities. This information has not been audited by the independent auditor.

Sources: Unless otherwise noted, the information in this section is derived from the Metro Revenue Commission's comprehensive annual financial reports for the relevant year.

Financial Trends-These schedules contain information to help the reader understand how the Metro Revenue Commission's financial performance changed over time. Also included are revenues by source, disbursements by function and other changes in fund balances.

Operating Revenues and Expenses by Sources/Functions	Pages 39-40
Analysis of Agency Funds Due from Enterprise Fund	Pages 41-49
Analysis of Changes in Revenue by Agencies/Fund	Page 50

Revenue Capacity-These schedules present information to help the reader understand the percentage of change over time for gross license tax collections and the rates that generates this revenue.

Revenue Base/Rates	Pages 51-52
Principal Revenue Source Payers	Page 53

Demographic and Economic Information-These schedules offer demographic and economics indicators to help the reader understand the environment within which Metro Revenue Commission's financial collection activities takes place.

Demographic Statistics	Page 54
Principal Employers By Rank	Page 55

Operating Information-These schedules offer contextual information about the Metro Revenue Commission's operations and resources in order for readers to understand and assess its economic condition.

Operating Indicators by Function/Program	Pages 56-58
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Louisville/Jefferson County Metro Revenue Commission
Operating Revenues and Expenses by Sources/Functions

After Merger, Fiscal Years 2007-2003

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Collection, Investment and Other Fees					
Louisville Metro Government (1)	\$ 2,464,788	\$ 2,510,228	\$ 2,730,807		
City of Louisville				\$ 1,198,523	\$ 1,165,904
Jefferson County				1,508,431	1,509,432
Jefferson County School Boards	1,572,068	1,455,024	1,446,502	1,271,891	1,242,992
Mass Transit Trust	547,034	506,259	508,675	450,442	437,464
Transient Room Taxes	234,480	204,509	185,476	171,734	162,544
Delinquent Property Taxes-City of Louisville					334,390
Total Collection, Investment and Other Fees	4,818,370	4,676,020	4,871,460	4,601,021	4,852,726
Operating Expenses					
Salaries	2,384,708	2,522,911	2,500,748	2,529,369	2,815,862
Employee benefits:					
Health and life insurance	299,115	306,835	278,785	271,695	266,975
Pension	288,427	255,099	189,431	179,218	160,553
Payroll taxes	175,515	179,643	173,590	179,931	198,223
Computer services	20,400	20,400	20,400	26,700	26,708
Building rent	185,518	185,518	185,518	192,518	188,519
Building and office expense	35,216	34,105	26,467	25,445	44,313
Professional services	534,733	453,172	434,632	397,773	423,401
Postage	218,204	244,352	289,549	278,584	313,607
Forms and printing	111,097	83,664	119,247	79,429	24,763
Equipment maintenance and repair	16,855	29,573	21,549	29,137	77,213
Equipment purchases	40,010	114,989	23,528	63,956	18,918
Software licenses	71,547	54,624	74,488	68,268	45,005
Supplies	25,600	26,409	34,118	34,647	39,402
Telephone	42,579	42,427	38,051	41,797	46,183
Court fees and costs	20,386	38,221	20,433	32,965	27,505
Depreciation	114,239	374,117	633,600	654,715	705,986
Travel	7,395	7,600	6,890	2,781	2,526
Tax Amnesty Advertising Expenses (2)			299,548		
Miscellaneous	100,604	64,051	55,541	75,351	55,928
Total Operating Expenses	4,692,148	5,037,710	5,426,113	5,164,279	5,481,590
Operating Income (Loss)	126,222	(361,690)	(554,653)	(563,258)	(628,864)
Nonoperating Expense					
Loss on disposal of equipment		(60)	-	(4,285)	(8,390)
Transfers					
Transfer from City of Louisville Accounts					100,000
Net Assets Beginning of Year	81,871	443,621	998,274	1,565,817	2,103,071
Net Assets End of Year	\$ 208,093	\$ 81,871	\$ 443,621	\$ 998,274	\$ 1,565,817

- 1) The Louisville Metro Government was formed on January 6, 2003, from the City of Louisville and Jefferson County governments.
- 2) The Tax Amnesty Program ran with a media, advertising, and marketing campaign from March 28, through May 31, 2005. The Louisville Tax Amnesty program resulted in tax collections of \$5.7 million.

Louisville/Jefferson County Metro Revenue Commission
Operating Revenues and Expenses by Sources/Functions

Before Merger, Fiscal Years

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Collection, Investment and Other Fees					
City of Louisville	\$ 1,114,837	\$ 1,582,301	\$ 1,107,585	\$ 1,324,496	\$ 1,487,264
Transfer from City of Louisville General Fund (1)			644,039	379,187	115,803
Delinquent Property Taxes-City of Louisville (2)	323,701	312,986	351,691	331,651	396,463
Jefferson County	1,543,638	1,439,630	1,388,527	1,309,980	1,209,667
Jefferson County School Boards	1,256,761	1,230,656	1,218,454	1,160,976	1,081,305
Mass Transit Trust	438,220	433,337	420,997	298,056	369,220
Transient Room Taxes	129,060	145,698	133,886	125,896	115,917
Total Collection, Investment and Other Fees	4,806,217	5,144,608	5,265,179	4,930,242	4,775,639
Operating Expenses					
Salaries	2,673,549	2,584,269	2,269,761	2,077,999	2,049,777
Employee benefits:					
Health and life insurance	248,807	219,999	185,517	168,960	175,575
Pension	161,662	168,865	144,112	164,096	169,650
Payroll taxes	191,801	183,379	160,549	147,231	146,433
Computer services (3)	24,235	37,102	215,924	626,300	766,300
Building rent	179,518	176,518	180,318	162,000	162,000
Building and office expense	25,706	41,083	68,902	116,796	39,467
Professional services (3)	476,639	530,779	581,597	90,110	146,848
Postage	261,340	215,296	149,484	170,847	175,791
Forms and printing	19,402	20,437	25,477	21,085	20,536
Equipment maintenance and repair	93,148	111,556	80,095	28,918	34,791
Equipment purchases	43,218	96,646			
Interest expense	-	13,138	57,547	80,966	
Supplies	61,048	77,984	50,782	42,834	47,902
Telephone	41,173	33,768	31,832	34,718	35,577
Court fees and costs	17,213	7,768	1,163	15,916	34,795
Depreciation	691,669	664,686	643,443	386,257	137,553
Travel	4,713	3,933	12,398	3,215	120
Miscellaneous	46,406	59,347	54,734	34,017	30,062
Total Operating Expenses	5,261,247	5,246,553	4,913,635	4,372,265	4,173,177
Operating Income (Loss)	(455,030)	(101,945)	351,544	557,977	602,462
Nonoperating Expense					
Loss on disposal of equipment	(1,845)	(7,158)	(4,294)	(2,113)	(3,502)
Transfers					
Transfer of Surplus Funds to City of Louisville	(35,564)				
Net Assets Beginning of Year	2,595,509	2,704,612	2,357,362	1,701,498	1,102,538
Net Assets End of Year	\$ 2,103,070	\$ 2,595,509	\$ 2,704,612	\$ 2,257,362	\$ 1,701,498

- 1) Surplus funds left at the end of the years were retained to pay for the new Tax Administration System.
- 2) Before the merger, the Metro Revenue Commission collected delinquent City of Louisville property taxes.
- 3) The decrease in Computer Services and the corresponding increase in Professional Services denote the change in listing of the annual assessment from the City of Louisville for services provided to the component unit. In the past years, the cost was determined as a part of the City's cost to purchase and maintain a mainframe system.

Louisville Metro Agency Fund

Analysis of Agency Funds Due from Enterprise Fund

After Merger, Fiscal Years 2007-2003

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Receipts and Additions					
Occupational license fees and other special tax collections					
Employees' license fees	\$198,307,171	\$189,943,629	\$181,358,547	\$ 175,023,322	\$168,623,478
License fees based on					
business net profits	51,310,329	41,604,610	37,525,408	30,235,236	30,498,937
Insurance premium license fees	54,135,594	51,644,996	56,405,136	55,732,044	51,792,057
Truck and trailer license fees	94,410	89,398	81,808	75,916	62,803
Interest and penalties charged taxpayers	2,351,540	1,928,886	2,279,417	2,057,674	2,464,684
Interest earned on investments	2,276,166	1,678,342	847,086	340,813	488,690
Delinquency collections-property tax and other charges					1,334,210
Dividends - Louisville Water Company	14,474,542	16,940,112	15,395,462	11,975,101	12,434,830
Prepaid Dividends-LWC				533,756	
Expenses paid by Louisville Metro Government	<u>3,165,953</u>	<u>3,281,271</u>	<u>3,092,588</u>	<u>3,210,909</u>	<u>3,524,468</u>
Total Receipts and Additions	326,115,705	307,111,244	296,985,452	279,184,771	271,224,157
Disbursements and Deletions					
Payments to governmental agencies	313,990,308	297,209,528	282,080,871	273,327,967	265,330,791
Collection fee paid to the Enterprise Fund	2,464,788	2,510,228	2,730,807	2,706,954	3,009,726
Collections remitted to paying agents for Louisville Metro Government debt service:					
Principal	4,200,000	3,955,000	3,195,000	1,450,000	1,600,000
Interest	5,303,050	4,472,496	4,208,745	3,143,668	1,568,005
Transfer to Enterprise Fund					100,000
Total Disbursements and Deletions	<u>325,958,146</u>	<u>308,147,252</u>	<u>292,215,423</u>	<u>280,628,589</u>	<u>271,608,522</u>
Excess of Receipts and Additions Over (Under) Disbursements and Deletions	157,559	(1,036,008)	4,770,029	(1,443,818)	(384,365)
Due From Enterprise Fund, Beginning of Year	<u>25,442,958</u>	<u>26,478,966</u>	<u>21,708,937</u>	<u>23,152,755</u>	<u>23,537,120</u>
Due from Enterprise Fund, End of Year	<u>\$ 25,600,517</u>	<u>\$ 25,442,958</u>	<u>\$ 26,478,966</u>	<u>\$ 21,708,937</u>	<u>\$ 23,152,755</u>

For evaluation purposes, we have combined City of Louisville and Jefferson County for fiscal year ended 2004 and 2003.

City of Louisville Agency Fund

Analysis of Agency Funds Due from Enterprise Fund

Before Merger, Fiscal Years 2002-1998

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Receipts and Additions					
Occupational license fees and other special tax collections					
Employees' license fees	\$ 87,491,129	\$ 85,824,342	\$ 82,678,711	\$ 78,715,560	\$ 76,923,809
License fees based on					
business net profits	13,191,382	18,523,980	19,620,331	19,005,755	15,282,976
Insurance premium license fees	28,429,059	28,245,478	26,390,911	27,316,052	24,698,592
Truck and trailer license fees	49,931	53,401	67,305	13,513	34,341
Interest and penalties charged taxpayers	1,108,375	1,094,183	579,736	756,393	607,680
Interest earned on investments	604,477	1,483,089	1,287,695	1,176,222	1,219,192
Delinquency collections-property tax and other charges	1,747,458	1,102,782	851,741	1,277,024	1,268,291
Dividends - Louisville Water Company	13,127,014	13,523,581	13,320,811	11,415,421	11,115,384
Expenses paid by Louisville Metro					
Government	3,344,424	3,211,420	2,850,390	2,646,561	2,639,968
Compact redistribution (1)	<u>15,014,328</u>	<u>9,893,073</u>	<u>9,072,996</u>	<u>7,085,099</u>	<u>5,083,879</u>
Total Receipts and Additions	164,107,577	162,955,329	156,720,627	149,407,600	138,874,112
Disbursements and Deletions					
Payments to governmental agencies	158,718,683	158,057,820	151,148,311	147,818,824	135,636,999
Collection fee paid to the Enterprise Fund	1,438,538	1,895,287	1,459,277	1,656,147	1,883,727
Investment fee paid to the Enterprise Fund					
Collections remitted to paying agents for Louisville Metro Government debt service:					
Principal	1,105,000	1,065,000	1,030,000	290,000	1,255,000
Interest	1,161,967	1,110,155	1,064,847	480,883	66,775
Transfer to Enterprise Fund (2)			<u>644,039</u>	<u>379,187</u>	<u>115,803</u>
Total Disbursements and Deletions	<u>162,424,188</u>	<u>162,128,262</u>	<u>155,346,474</u>	<u>150,625,041</u>	<u>138,958,304</u>
Excess of Receipts and Additions Over (Under) Disbursements and Deletions	1,683,389	827,067	1,374,153	(1,217,441)	(84,192)
Due From Enterprise Fund, Beginning of Year	<u>14,225,649</u>	<u>13,398,582</u>	<u>12,024,429</u>	<u>13,241,870</u>	<u>13,326,062</u>
Due from Enterprise Fund, End of Year	<u>\$ 15,909,038</u>	<u>\$ 14,225,649</u>	<u>\$ 13,398,582</u>	<u>\$ 12,024,429</u>	<u>\$ 13,241,870</u>

1) Compact distribution was eliminated with merger of the City of Louisville and Jefferson County governments.

2) Surplus funds from the Revenue Commission were retained to pay for the new Tax Administration System.

Jefferson County Agency Fund

Analysis of Agency Funds Due from Enterprise Fund

Before Merger, Fiscal Years 2002-1998

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Receipts and Additions					
Occupational license fees and other special tax collections					
Employees' license fees	\$ 79,602,419	\$ 79,969,053	\$ 76,420,418	\$ 70,945,268	\$ 64,876,284
License fees based on business net profits	19,671,192	13,054,810	14,656,621	13,567,816	12,292,095
Insurance premium license fees	14,082,595	12,723,849	11,313,411	11,880,908	11,926,664
Interest and penalties charged taxpayers	987,355	891,556	463,327	639,294	509,882
Interest earned on investments	208,184	530,008	499,865	445,059	431,953
Compact redistribution (1)	<u>(15,014,328)</u>	<u>(9,893,073)</u>	<u>(9,072,996)</u>	<u>(7,085,099)</u>	<u>(5,083,879)</u>
Total Receipts and Additions	99,537,417	97,276,203	94,280,646	90,393,246	84,952,999
Disbursements and Deletions					
Payments to governmental agencies	97,254,174	95,387,238	92,735,294	89,069,479	83,679,533
Collection fee paid to the Enterprise Fund	<u>1,543,638</u>	<u>1,439,630</u>	<u>1,388,526</u>	<u>1,309,980</u>	<u>1,209,667</u>
Total Disbursements and Deletions	<u>98,797,812</u>	<u>96,826,868</u>	<u>94,123,820</u>	<u>90,379,459</u>	<u>84,889,200</u>
Excess of Receipts and Additions Over (Under) Disbursements and Deletions	739,605	449,335	156,826	13,787	63,799
Due From Enterprise Fund, Beginning of Year	<u>6,888,477</u>	<u>6,439,142</u>	<u>6,282,316</u>	<u>6,268,529</u>	<u>6,204,730</u>
Due from Enterprise Fund, End of Year	<u>\$ 7,628,082</u>	<u>\$ 6,888,477</u>	<u>\$ 6,439,142</u>	<u>\$ 6,282,316</u>	<u>\$ 6,268,529</u>

1) Compact distribution was eliminated with merger of the City of Louisville and Jefferson County governments.

School Boards Agency Fund

Analysis of Agency Funds Due from Enterprise Fund

Ten Fiscal Years (continued on the next page)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Receipts and Additions					
Occupational license fees and other special tax collections					
Employees' license fees	\$ 85,530,401	\$ 82,760,181	\$ 78,063,581	\$ 75,398,121	\$ 73,072,495
License fees based on business net profits	30,030,140	24,275,341	21,471,866	18,056,407	18,091,398
Interest and penalties charged taxpayers	888,922	744,053	834,558	759,601	909,563
Interest earned on investments	515,451	390,974	190,585	70,981	96,149
Total Receipts and Additions	<u>116,964,914</u>	<u>108,170,549</u>	<u>100,560,590</u>	<u>94,285,110</u>	<u>92,169,605</u>
Disbursements and Deletions					
Payments to governmental agencies	114,833,426	107,138,788	97,210,504	93,686,189	91,009,931
Collection fee paid to the Enterprise Fund	<u>1,572,068</u>	<u>1,455,024</u>	<u>1,446,502</u>	<u>1,271,891</u>	<u>1,242,992</u>
Total Disbursements and Deletions	<u>116,405,494</u>	<u>108,593,812</u>	<u>98,657,006</u>	<u>94,958,080</u>	<u>92,252,923</u>
Excess of Receipts and Additions Over (Under) Disbursements and Deletions	559,420	(423,263)	1,903,584	(672,970)	(83,318)
Due From Enterprise Fund, Beginning of Year	<u>8,838,392</u>	<u>9,261,655</u>	<u>7,358,071</u>	<u>8,031,041</u>	<u>8,114,359</u>
Due from Enterprise Fund, End of Year	<u><u>\$ 9,397,812</u></u>	<u><u>\$ 8,838,392</u></u>	<u><u>\$ 9,261,655</u></u>	<u><u>\$ 7,358,071</u></u>	<u><u>\$ 8,031,041</u></u>

School Boards Agency Fund

Analysis of Agency Funds Due from Enterprise Fund

Ten Fiscal Years (continued from the previous page)

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Receipts and Additions					
Occupational license fees and other special tax collections					
Employees' license fees	\$ 73,359,019	\$ 71,601,109	\$ 69,436,017	\$ 66,148,383	\$ 63,269,455
License fees based on business net profits	18,944,435	18,812,735	20,404,960	19,222,421	16,240,652
Interest and penalties charged taxpayers	789,938	745,871	414,947	616,814	586,553
Interest earned on investments	163,197	453,173	433,023	381,579	382,873
Total Receipts and Additions	<u>93,256,589</u>	<u>91,612,888</u>	<u>90,688,947</u>	<u>86,369,197</u>	<u>80,479,533</u>
Disbursements and Deletions					
Payments to governmental agencies	91,139,948	90,000,760	89,514,983	85,627,685	79,310,546
Collection fee paid to the Enterprise Fund	<u>1,256,761</u>	<u>1,230,656</u>	<u>1,218,455</u>	<u>1,160,976</u>	<u>1,081,305</u>
Total Disbursements and Deletions	<u>92,396,709</u>	<u>91,231,416</u>	<u>90,733,438</u>	<u>86,788,661</u>	<u>80,391,851</u>
Excess of Receipts and Additions Over (Under) Disbursements and Deletions	859,880	381,472	(44,491)	(419,464)	87,682
Due From Enterprise Fund, Beginning of Year	<u>7,254,480</u>	<u>6,873,008</u>	<u>6,917,499</u>	<u>7,336,963</u>	<u>7,249,282</u>
Due from Enterprise Fund, End of Year	<u>\$ 8,114,360</u>	<u>\$ 7,254,480</u>	<u>\$ 6,873,008</u>	<u>\$ 6,917,499</u>	<u>\$ 7,336,964</u>

Mass Transit Trust Agency Fund

Analysis of Agency Funds Due from Enterprise Fund

Ten Fiscal Years (continued on the next page)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Receipts and Additions					
Occupational license fees and other special tax collections					
Employees' license fees	\$ 31,999,396	\$ 30,586,240	\$ 29,246,846	\$ 28,274,371	\$ 27,166,917
License fees based on business net profits	8,208,951	6,657,409	6,001,581	4,821,525	4,915,207
Interest and penalties charged taxpayers	312,703	257,040	300,447	270,158	322,580
Interest earned on investments	180,066	135,974	67,304	25,144	34,133
Total Receipts and Additions	<u>40,701,116</u>	<u>37,636,663</u>	<u>35,616,178</u>	<u>33,391,198</u>	<u>32,438,837</u>
Disbursements and Deletions					
Payments to governmental agencies	39,952,010	37,231,592	34,546,782	33,148,774	31,908,087
Collection fee paid to the Enterprise Fund	547,035	506,259	508,675	450,442	437,464
Total Disbursements and Deletions	<u>40,499,045</u>	<u>37,737,851</u>	<u>35,055,457</u>	<u>33,599,216</u>	<u>32,345,551</u>
Excess of Receipts and Additions Over (Under) Disbursements and Deletions	202,071	(101,188)	560,721	(208,018)	93,286
Due From Enterprise Fund, Beginning of Year	<u>3,053,097</u>	<u>3,154,285</u>	<u>2,593,565</u>	<u>2,801,583</u>	<u>2,708,297</u>
Due from Enterprise Fund, End of Year	<u>\$ 3,255,168</u>	<u>\$ 3,053,097</u>	<u>\$ 3,154,286</u>	<u>\$ 2,593,565</u>	<u>\$ 2,801,583</u>

Mass Transit Trust Agency Fund

Analysis of Agency Funds Due from Enterprise Fund

Ten Fiscal Years (continued from the previous page)

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Receipts and Additions					
Occupational license fees and other special tax collections					
Employees' license fees	\$ 26,931,460	\$ 26,712,483	\$ 25,542,936	\$ 24,068,064	\$ 22,762,705
License fees based on business net profits	5,252,094	5,120,372	5,498,109	5,222,879	4,410,949
Interest and penalties charged taxpayers	789,938	266,145	143,994	191,962	175,962
Interest earned on investments	163,197	160,300	150,075	131,919	131,415
Total Receipts and Additions	<u>33,136,689</u>	<u>32,259,300</u>	<u>31,335,114</u>	<u>29,614,824</u>	<u>27,481,031</u>
Disbursements and Deletions					
Payments to governmental agencies	31,888,724	31,683,901	30,827,634	29,330,370	27,090,561
Collection fee paid to the Enterprise Fund	438,220	433,337	420,998	398,056	369,220
Total Disbursements and Deletions	<u>32,326,944</u>	<u>32,117,238</u>	<u>31,248,632</u>	<u>29,728,426</u>	<u>27,459,781</u>
Excess of Receipts and Additions Over (Under) Disbursements and Deletions	191,499	142,062	86,482	(113,602)	21,250
Due From Enterprise Fund, Beginning of Year	<u>2,516,798</u>	<u>2,374,736</u>	<u>2,288,254</u>	<u>2,401,856</u>	<u>2,380,606</u>
Due from Enterprise Fund, End of Year	<u>\$ 2,708,297</u>	<u>\$ 2,516,798</u>	<u>\$ 2,374,736</u>	<u>\$ 2,288,254</u>	<u>\$ 2,401,856</u>

Transient Room Tax Agency Fund

Analysis of Agency Funds Due from Enterprise Fund

Ten Fiscal Years (continued on the next page)

	2007	2006	2005	2004	(1) 2003
Receipts and Additions					
Transient room tax	\$ 18,097,814	\$ 15,898,077	\$ 14,583,299	\$ 13,622,016	\$ 12,885,513
Interest and penalties charged taxpayers	58,696	43,775	45,357	44,409	16,233
Interest earned on investments	75,232	52,358	26,176	9,036	12,726
Total Receipts and Additions	18,231,742	15,994,210	14,654,832	13,675,461	12,914,472
Disbursements and Deletions					
Payments to governmental agencies	18,172,953	15,934,367	13,599,917	13,381,574	12,639,449
Collection fee paid to the Enterprise Fund	226,956	199,273	182,858	170,830	161,272
Investment fee paid to the Enterprise Fund	7,523	5,236	2,618	904	1,272
Total Disbursements and Deletions	18,407,432	16,138,876	13,785,393	13,553,308	12,801,993
Excess of Receipts and Additions Over (Under) Disbursements and Deletions	(175,690)	(144,666)	869,439	122,153	112,479
Due From Enterprise Fund, Beginning of Year	1,969,890	2,114,556	1,245,117	1,122,964	1,010,485
Due from Enterprise Fund, End of Year	\$ 1,794,200	\$ 1,969,890	\$ 2,114,556	\$ 1,245,117	\$ 1,122,964

1) In August 2002, the transient room tax was increased by one and one-half percent to promote additional tourist and convention business.

Transient Room Tax Agency Fund

Analysis of Agency Funds Due from Enterprise Fund

Ten Fiscal Years (continued from the previous page)

	2002	2001	2000	1999	1998
Receipts and Additions					
Transient room tax	\$ 10,166,614	\$ 11,190,899	\$ 10,300,331	\$ 9,756,989	\$ 8,948,977
Interest and penalties charged taxpayers	23,852	20,965	35,520	5,502	8,912
Interest earned on investments	16,796	55,497	46,860	38,650	39,431
Total Receipts and Additions	10,207,262	11,267,361	10,382,711	9,801,141	8,997,320
Disbursements and Deletions					
Payments to governmental agencies	10,117,253	11,361,189	9,994,172	9,622,941	8,923,532
Collection fee paid to the Enterprise Fund	127,381	140,148	129,198	122,031	111,974
Investment fee paid to the Enterprise Fund	1,679	5,550	4,686	3,865	3,943
Total Disbursements and Deletions	10,246,313	11,506,887	10,128,056	9,748,837	9,039,449
Excess of Receipts and Additions Over (Under) Disbursements and Deletions	(39,051)	(239,526)	254,655	52,304	(42,129)
Due From Enterprise Fund, Beginning of Year	1,049,536	1,289,062	1,034,407	982,103	1,024,232
Due from Enterprise Fund, End of Year	<u>\$ 1,010,485</u>	<u>\$ 1,049,536</u>	<u>\$ 1,289,062</u>	<u>\$ 1,034,407</u>	<u>\$ 982,103</u>

Analysis of Changes in Revenue by Agencies
Last Ten Fiscal Years

	Louisville Metro Government	County Agency	School Boards Agency	Mass Transit Trust Agency	Transient Room Tax Agency (2)	Total
1998	\$ 139,010,253	\$ 83,743,332	\$ 79,398,228	\$ 27,111,811	\$ 8,881,403	\$ 338,145,027
	0.51%	5.42%	3.42%	3.91%	-1.40%	2.59%
1999	149,755,947	89,393,627	85,208,221	29,216,768	9,675,245	363,249,808
	7.73%	6.75%	7.32%	7.76%	8.94%	7.42%
2000	157,032,100	92,892,120	89,470,492	30,914,116	10,248,827	380,557,655
	4.86%	3.91%	5.00%	5.81%	5.93%	4.76%
2001	162,993,230	95,836,573	90,382,232	31,825,963	11,121,663	392,159,661
	3.80%	3.17%	1.02%	2.95%	8.52%	3.05%
2002	164,130,832	97,993,778	91,999,828	32,080,223	10,078,202	396,282,863
	0.70%	2.25%	1.79%	0.80%	-9.38%	1.05%
2003	169,910,490	99,632,199	90,926,613	32,001,373	12,751,928	405,222,603
	3.52%	1.67%	-1.17%	-0.25%	26.53%	2.26%
2004	177,853,023	100,014,906	93,013,219	32,940,756	13,503,727	417,325,631
	4.67%	0.38%	2.29%	2.94%	5.90%	2.99%
2005	296,033,517	(1)	99,114,088	35,107,503	14,469,356	444,724,463
	66.45%		6.56%	6.58%	7.15%	6.57%
2006	305,995,765		106,715,525	37,130,404	15,789,701	465,631,395
	3.37%		7.67%	5.76%	9.13%	4.70%
2007	325,303,334		115,392,846	40,154,081	17,997,263	498,847,524
	6.31%		8.13%	8.14%	13.98%	7.13%

Includes gross license tax collections (less operating fees) made on behalf of the fiduciaries (including from other local governmental agencies). This includes penalties and interest (for late filing and late payments.) The Louisville Metro Government includes the Louisville Water Company Dividends.

(1) The City of Louisville and Jefferson County governments merged January 6, 2003, and the Metro Revenue Commission combined all city and county funds together in July, 2004.

(2) In August, 2002, the transient room taxes were increased by one and one-half percent.

LOUISVILLE/JEFFERSON COUNTY METRO REVENUE COMMISSION

REVENUE BASE - PRINCIPAL SOURCES

	Withholding Taxes	% of Change	Net Profit Taxes	% of Change	Insurance	% of Change	Transient Room	% of Change	Trucks	% of Change	Interest & Penalty	% of Change	Louisville Water Co Dividend	% of Change
1998	\$ 227,832,253		\$ 48,226,672		\$ 36,625,256		\$ 8,948,977		\$ 34,341		\$ 1,888,989		\$ 11,115,384	
1999	239,877,275	5.29%	57,018,871	18.23%	39,196,960	7.02%	9,756,989	9.03%	13,513	-60.65%	2,209,965	16.99%	11,415,421	2.70%
2000	254,078,082	5.92%	60,180,021	5.54%	37,704,322	-3.81%	10,300,331	5.57%	67,305	398.08%	1,637,524	-25.90%	13,320,811	16.69%
2001	264,106,987	3.95%	55,511,897	-7.76%	40,969,327	8.66%	11,190,899	8.65%	53,401	-20.66%	3,018,720	84.35%	13,523,581	1.52%
2002	267,384,027	1.24%	57,059,103	2.79%	42,511,654	3.76%	10,166,614	-9.15%	49,931	-6.50%	3,186,733	5.57%	13,127,014	-2.93%
2003	268,862,890	0.55%	53,505,542	-6.23%	51,792,057	21.83%	12,885,513	26.74%	62,803	25.78%	3,713,060	16.52%	12,434,830	-5.27%
2004	278,695,814	3.66%	53,113,168	-0.73%	55,732,044	7.61%	13,622,016	5.72%	75,916	20.88%	3,131,842	-15.65%	11,975,101	-3.70%
2005	288,668,974	3.58%	64,998,855	22.38%	56,405,136	1.21%	14,583,299	7.06%	81,808	7.76%	3,459,779	10.47%	15,395,462	28.56%
2006	303,290,050	5.06%	72,537,360	11.60%	51,644,996	-8.44%	15,898,077	9.02%	89,398	9.28%	2,973,754	-14.05%	16,940,112	10.03%
2007	315,836,968	4.14%	89,549,420	23.45%	54,135,594	4.82%	18,097,814	13.84%	94,410	5.61%	3,611,861	21.46%	14,474,542	-14.55%

LOUISVILLE/JEFFERSON COUNTY METRO REVENUE COMMISSION
REVENUE RATES

[Tables 1 and 2 applies to withholding and net profit taxes.](#)

TABLE 1

CLASS OF LICENSEE	LICENSE FEE IMPOSED
Resident employees	2.2% of "wages"
Non-resident employees	1.45% of "wages"
All corporations, partnerships, or other associations regardless of residency status	2.2% of "net profits"
Resident sole proprietors/independent contractors	2.2% of "net profits"
Non-resident sole proprietors/independent contractors	1.45% of "net profits"

Note: "Wages" shall include all salaries, wages, commissions, and other compensation earned by an employee as more precisely defined by the provisions of Section 2.3 and 2.4 of the Metro Revenue Commission's regulations.

TABLE 2

TYPE OF LICENSE FEE	RATE
City of Louisville or Jefferson County	1.25%
School Boards (Residents Only)	0.75%
Transit Authority (TARC)	0.20%
TOTAL RATE (RESIDENTS)	2.20%
TOTAL RATE (NON-RESIDENTS)	1.45%

Note: "Net profit" shall mean the income from the operation of a business, profession, occupation or enterprise after provision for all costs and expenses incurred in the conduct thereof as more precisely defined in Sections 3.7 through 3.13 of the Metro Revenue Commission's regulations

TABLE 3

INSURANCE PREMIUMS LICENSEE FEE RATE

CATEGORIES	RATE
Casualty	5%
Automobile	5%
Inland marine	5%
Fire and allied perils	5%
Health (Louisville Metro Only)	5%
Life (First year's premium only)	5%

Note: All insurance premiums taxes benefit the Louisville Metro Government. This license fee is imposed on each insurance company for the privilege of engaging in the business of insurance within the Louisville Metro's area. You can find the precise definition in Metro Revenue Commission's regulation, Section 5.2.

TABLE 4

TRANSIENT ROOM TAX RATE

AGENCIES BENEFITED	RATE
Convention and Visitors' Bureau	4.50%
Kentucky Center	1.00%
Dedicated Tax Revenue Bonds	2.00%
Total	7.50%

Note: Transient room tax is aggregate tax of 7.5% of rent for every occupancy of a suite, room or rooms, charged by all persons, companies, corporations or other like or similar persons doing business as motor courts, motels, hotels, inns or like or similar accommodations businesses. More information on this tax can be found in Section 5.3, A, of the Metro Revenue Commission's regulations.

LOUISVILLE/JEFFERSON COUNTY METRO REVENUE COMMISSION

TABLE 5

PRINCIPAL WITHHOLDING TAXPAYERS

EMPLOYER	RANK
JEFFERSON COUNTY BOARD OF EDUCATION	1
UNITED PARCEL SERVICE	2
FORD MOTOR COMPANY	3
NORTON HEALTHCARE INC	4
UNIVERSITY OF LOUISVILLE	5
GENERAL ELECTRIC COMPANY	6
LOUISVILLE METRO GOVERNMENT	7
HUMANA INC	8
JEWISH HOSPITAL & ST MARYS	9
KENTUCKY STATE TREASURER	10
BROWN FORMAN CORPORATION	11
THE KROGER COMPANY	12
BAPTIST HEALTHCARE SYSTEM	13
HUMANA INSURANCE COMPANY	14
US POSTAL SERVICE	15
UNIVERSITY MEDICAL CENTER	16
AT&T RESOURCES INC	17
U S VETERANS ADMINISTRATION	18
THE WELLPOINT COMPANIES INC	19
YUM RESTAURANT SERVICES GROUP INC	20
EON US SERVICES INC	21
WAL-MART ASSOCIATES INC	22
KINDRED HEALTHCARE OPERATING INC	23
BA MERCHANT SERVICES LLC	24
JP MORGAN CHASE BANK NA	25
NATIONAL CITY BANK	26
LOUISVILLE GAS & ELECTRIC CO	27
DEFENSE FINANCE & ACCOUNTING SERVICE	28
YUM BRANDS INC	29
JJB HILLIARD & W L LYONS INC	30

LOUISVILLE/JEFFERSON COUNTY METRO REVENUE COMMISSION

Demographic Statistics

Last Ten Calendar Years

Calendar Year	Louisville Population (1)	Jefferson County Population (1)	School Enrollment (2)	Employment (3)	Unemployment Rate (3)	Per Capita Personal Income (4)
1998	255,045	672,104	116,931	542,259	3.1%	\$ 28,727
1999	253,128	672,900	114,711	541,345	3.3%	29,573
2000	256,231	693,604	116,587	566,658	3.7%	31,502
2001	256,231	692,910	118,611	553,158	5.0%	33,087
2002	251,399	698,080	120,075	531,506	5.3%	34,201
2003	N/A	699,017	120,376	522,954	5.5%	34,448
2004	N/A	700,030	121,249	581,240	5.2%	35,649
2005	N/A	701,817	121,249	585,639	6.2%	37,121
2006	N/A	701,500	119,781	593,260	5.5%	N/A

DATA SOURCES:

(1) 1990 and 2000 data are based on actual census; other years represent best available

(2) Figures include all Jefferson County schools. Figures for Louisville are not available.

(3) Kentucky Department of Employment Services. Figures are for the Louisville Metropolitan Area, including several counties in southern Indiana.

(4) Bearfacts 1995-2005, Bureau of Economic Analysis

LOUISVILLE/JEFFERSON COUNTY METRO REVENUE COMMISSION
 PRINCIPAL EMPLOYERS
 Current Year and Nine Years Ago

	June 30, 2007			June 30, 1998		
	Employers	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Employer	Industry/Product					
United Parcel Service, Inc.	Diversified Distribution/Logistics Services	1	3.10%	15,236	1	2.62%
Jefferson County Public Schools	K-12 Public Education	2	2.24%	12,181	2	2.10%
Ford Motor Company	Automotive Manufacturer	3	1.47%	7,942	4	1.37%
Norton Healthcare, Inc.	Healthcare	4	1.31%			
Humana, Inc.	Healthcare	5	1.26%	4,150	9	0.71%
Louisville Metro Government	Government Services	6	1.01%			
Jewish Hospital & St. Mary's Healthcare, Inc	Healthcare	7	1.00%	5,148	6	0.89%
University of Louisville	Higher Education	8	0.94%	4,647	7	0.80%
The Kroger Company	Retail Grocer	9	0.87%			
GE Consumer & Industrial	Household Appliance Manufacturer	10	0.84%	9,750	3	1.68%
Kentucky State Government	Government Services			5,884	5	1.01%
Columbia/HCA Healthcare Corp.	Healthcare			4,506	8	0.78%
Alliant Health System	Healthcare			3,738	10	0.64%
Total			14.04%	83,305	73,182	12.61%

Source: Business First of Louisville
 Bureau of labor Statistics website: www.bls.gov

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

593,260	2006	580,524	1997
	MSA		MSA
	Employment		Employment

Louisville/Jefferson County Metro Revenue Commission
Operating Indicators by Function/Program

Function/program	FYE 2007	FYE 2006	FYE 2005	FYE 2004
General Information				
Administration				
Personnel by Division				
Administration	2	2	2	6
Document Management	10	12	13	13
Legal and Collections	12	12	12	11
Compliance	3	4	5	1
Finance	5	4	6	5
Revenue Technology	4	5	4	6
Audit	7	7	8	10
Tax Processing/Service	18	19	17	17
Total Personnel	61	65	67	69
Document Management				
Items Scanned	742,842	1,024,858	950,582	962,239
Monetary/Nonmonetary Transactions Amount	297,900 \$ 492,685,765	294,281 \$ 460,143,887	292,664 \$ 436,795,214	275,277 \$ 414,380,842
Legal and Collections				
Legal Proceedings	2,046	2,267	1,598	2,189
Collection Activity	58,048	43,890	41,285	41,516
Delinquent Collections (1)	\$ 8,284,477	\$ 3,778,372	\$ 5,398,632	\$ 3,882,749
Liens	5,306	4,990	4,529	4,270
Garnishments	1,290	1,172	928	494
Payment Plans	617	652	350	427
Compliance				
Inquiries	1,834	1,742	1,162	497
Registrations	508	725	344	153
Found Complaint	597	926	479	199
Finance				
ACH Transactions Amount	12,553 \$ 60,231,661	6,615 \$ 41,259,646	2,420 \$ 17,635,687	N/A N/A
Credit Card Transactions Amount	358 \$ 123,320	245 \$ 79,620	532 \$ 120,666	162 \$ 53,714
Electronic Check Transactions (2) Amount	617 \$ 989,701	47 \$ 180,152	N/A N/A	N/A N/A

Louisville/Jefferson County Metro Revenue Commission
Operating Indicators by Function/Program

Function/program	FYE 2007	FYE 2006	FYE 2005	FYE 2004
Revenue Technology				
Software Enhancements	112	204	154	443
Software Upgrades	15	4	7	N/A
Training Classes	7	9	5	N/A
Letters Sent	344,048	319,294	360,294	N/A
Forms Sent	102,976	179,395	173,861	N/A
Software Upgrades	53	146	46	N/A
Hardware Upgrades	60	175	28	N/A
Virus Blocked	21,898	9,019	13,771	N/A
Spam Diverted	924,860	1,227,689	371,624	N/A
Web Site visits (4)	N/A	36,188	32,445	N/A
Web Site Enhancements (4)	N/A	27	37	N/A
Audit - IRS Matching				
Assessments	\$ 592,683	\$ 715,938	\$ 531,433	\$ 411,531
Collected	\$ 535,434	\$ 622,082	\$ 545,525	\$ 404,690
Returns Filed/Amended	1,002	1,195	869	738
Accounts Affected	106	191	177	168
Audit - 1099/ Special Audit				
1099 Assessments	764	2,856	10,112	5,779
Amount Assessed	\$ 87,002	\$ 351,531	\$ 636,318	\$ 755,112
W-1 Assesments	\$ 96,452	\$ 736,105	\$ 636,146	N/A
Amount Paid	\$ 87,579	\$ 302,566	\$ 778,132	N/A
W-2 Assessments (3)	\$ 577,492	\$ 204,936	\$ 1,043,532	N/A
Amount Paid	\$ 417,474	\$ 374,089	\$ 817,594	\$ 70,238

Louisville/Jefferson County Metro Revenue Commission
Operating Indicators by Function/Program

Function/program	FYE 2007	FYE 2006	FYE 2005	FYE 2004
Tax Processing				
Returns: Processed by Type				
W-1 (Employee Withholdings)	233,209	221,319	194,274	N/A
OL-3 (Net Profits)	168,777	164,179	153,155	N/A
LINS (Louisville-Insurance Premiums)	9,028	11,234	7,502	N/A
JINS (Jefferson County Ins Premiums)	154	521	2,182	N/A
TRAN (Transient Room Taxes)	1,936	1,774	1,770	N/A
Services:				
Walk ins	4,960	5,092	6,428	5,131
Parking Stickers	96	105	148	158
Accounts Established	11,510	14,061	18,988	9,834
Account Maintenance	53,542	56,401	63,949	49,366
Phone Calls	50,909	60,117	55,591	51,907
Employee Refunds	10,775	8,760	5,907	4,340
Employee Refunds Amount	\$ 1,924,134	\$ 1,642,353	\$ 1,254,809	\$ 1,065,902

- 1) One taxpayer's payments accounted for 35.98% of FYE 2007 tax collections.
- 2) Electronic checks were not accepted until April 2006.
- 3) An audit of comparison of resident employee versus non-resident employee wages from filed employee returns.
- 4) Stats are no longer available since we are now hosted on Louisville Metro's website.

Note: Operating Indicators by function/program are not readily available for prior years.