

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Louisville/Jefferson County Metro Government
Commonwealth of Kentucky July 1, 2012–June 30, 2013

PATHWAYS TO PROGRESS



GREG FISCHER, MAYOR

COMPREHENSIVE ANNUAL FINANCIAL REPORT

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT LOUISVILLE, KENTUCKY



Fiscal Year Ended June 30, 2013

**GREG FISCHER
Mayor**

Prepared by:
Office of Management & Budget

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the Fiscal Year Ended June 30, 2013**

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2013**

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OFFICE OF THE MAYOR
LOUISVILLE, KENTUCKY

GREG FISCHER
MAYOR

December 20, 2013

To the citizens of Louisville,

I am pleased to present the Comprehensive Annual Financial Report of the Louisville/Jefferson County Metro Government (“Metro Government”) for the fiscal year ending June 30, 2013. This financial report details how Metro Government has managed the resources entrusted to us by our fellow citizens.

This fiscal year began with strategic initiatives to identify and implement innovative approaches for lowering costs and increasing efficiency. I outlined five goals in my fiscal year 2013 budget address:

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

As we evaluate our accomplishments toward those goals, we have achieved several important milestones during this fiscal year. We have worked to increase Metro Government’s operational efficiency through the LouieStat process by reviewing how we deliver services to citizens and becoming the “best in class” at delivering those services. We’ve worked to reduce overtime and continued the trend of position attrition to bring personnel costs in line with the budget and actual revenues. We continue to invest in our community through the construction of the new Southwest Library, improvements to Metro Parks, and increased resources to address the vacant and abandoned housing issue that has affected so many of our neighborhoods. We are planning for our future through the Vision Louisville project. This project has gathered insights from every corner of our city to find out how our citizens want their city to look and feel in 25 years. Phase Two of this project was completed in December 2013 and we look forward to beginning the implementation of tasks identified during the upcoming year.

Sound fiscal practices, good stewardship of resources and responsible accounting are the foundation of long-term fiscal health. As a result of prudent fiscal management, our revenues exceeded our expenditures and our two largest revenue sources, property and occupational taxes have grown over the prior year indicating a growing local economy. At the close of fiscal year 2013, the undesignated fund balance was \$61.0 million, which represents 11.5 percent of total general fund expenditures.

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

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

Sincerely,

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

Greg Fischer
Mayor



OFFICE OF MANAGEMENT AND BUDGET
LOUISVILLE, KENTUCKY

GREG FISCHER
MAYOR

STEVE ROWLAND
CHIEF FINANCIAL OFFICER

December 20, 2013

To the citizens of Louisville:

As the Chief Financial Officer of the Louisville/Jefferson County Metropolitan Government ("Metro Government"), I have the distinct pleasure of submitting the Comprehensive Annual Financial Report ("CAFR") for the year ended June 30, 2013.

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

On January 6, 2003 the Jefferson County Fiscal Court and the City of Louisville Governments merged and formed a new entity called the Louisville/Jefferson County Metropolitan Government. Metro Government is a public body corporate and politic, duly created and existing as a political subdivision of the Commonwealth of Kentucky under the Constitution and laws of the Commonwealth. Metro Government is governed by an elected Mayor and the Metro Council composed of twenty-six council members. All executive and administrative power of the consolidated local government is vested in the office of the Mayor. As outlined in the organizational chart included in this report, the administration of Metro Government has divided operations among six senior staff reporting directly to the Mayor.

Among the services that Metro Government provides are public safety, streets and roads, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and other administrative services.

An annual appropriated budget is adopted for the General Fund on a cash basis, which differs from the basis used for financial reporting under Generally Accepted Accounting Principles ("GAAP"). On or before June 1 of each year, in accordance with state statute, the Mayor proposes an Executive Budget to the Metro Council. On or before June 30 of each year, in accordance with state statute, the Metro Council adopts the Executive Budget as it may have

been amended, as the approved budget for the fiscal year beginning July 1. An affirmative vote of a majority of the Metro Council is required to enact the proposed appropriations, to amend the budget once it has been approved, or to approve any supplemental appropriations. All budget adjustments at the department level must be approved by the Chief Financial Officer consistent with the approved budget. The capital improvements budget and program for Metro Government is prepared annually to include a program of proposed capital expenditures for the ensuing fiscal year.

Metro Government undertakes long-term financial planning through the development of an internal 5-year Capital Improvement Plan ("CIP") in conjunction with the use of a debt-capacity model. The CIP is an annual survey of capital needs, prioritized relative to the government's most recently adopted 6-year strategic plan, and based on factors such as legal mandates, financial leverage, operating impact, and useful life of the asset. The debt capacity model identifies a portion of revenues that are available for funding debt service and/or pay-go capital. The revenue stream is based on occupational tax receipts to include employee wages, corporate profits, and insurance premiums. The capital budget is intended to be funded with the revenues available for debt service and/or pay-go capital.

The 2013 CAFR reflects a government that continues to be financially strong. During fiscal year 2013, Metro Government continued the recovery that began during the second half of fiscal year 2010. Metro Government has experienced 14 straight quarters of growth in wage withholding revenue. In addition, the Metro Government's unassigned fund balance is \$61.0 million at June 30, 2013.

To gather a more complete understanding of the fiscal condition of Metro Government, this letter should be read in conjunction with the Management's Discussion & Analysis, beginning on page 5 of this report.

FINANCIAL INFORMATION

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

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

Metro Government is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996 and

U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, is provided in a separate report.

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

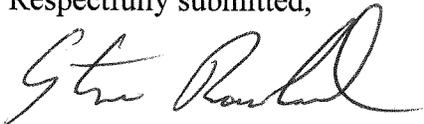
OTHER INFORMATION

Independent Audit. Kentucky law (KRS 64.810) allows the Auditor of Public Accounts ("APA") to perform the annual audit of the funds of Metro Government. The APA has granted permission for Metro Government to employ a private certified public accounting firm to conduct the audits of the basic financial statements for fiscal year 2013.

Awards. The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Metro Government for the 2012 CAFR. In order to be awarded a Certificate of Achievement, Metro Government published an easily readable and efficiently organized CAFR. The report satisfied both GAAP and applicable legal requirements.

Acknowledgments. The preparation of the 2013 CAFR for Metro Government was made possible by the dedicated service of the staff of the Office of Management & Budget. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report. In addition, I would like to thank Crowe Horwath, without whose efficient services, this report could not have been presented on a timely basis.

Respectfully submitted,



Steve Rowland
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

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

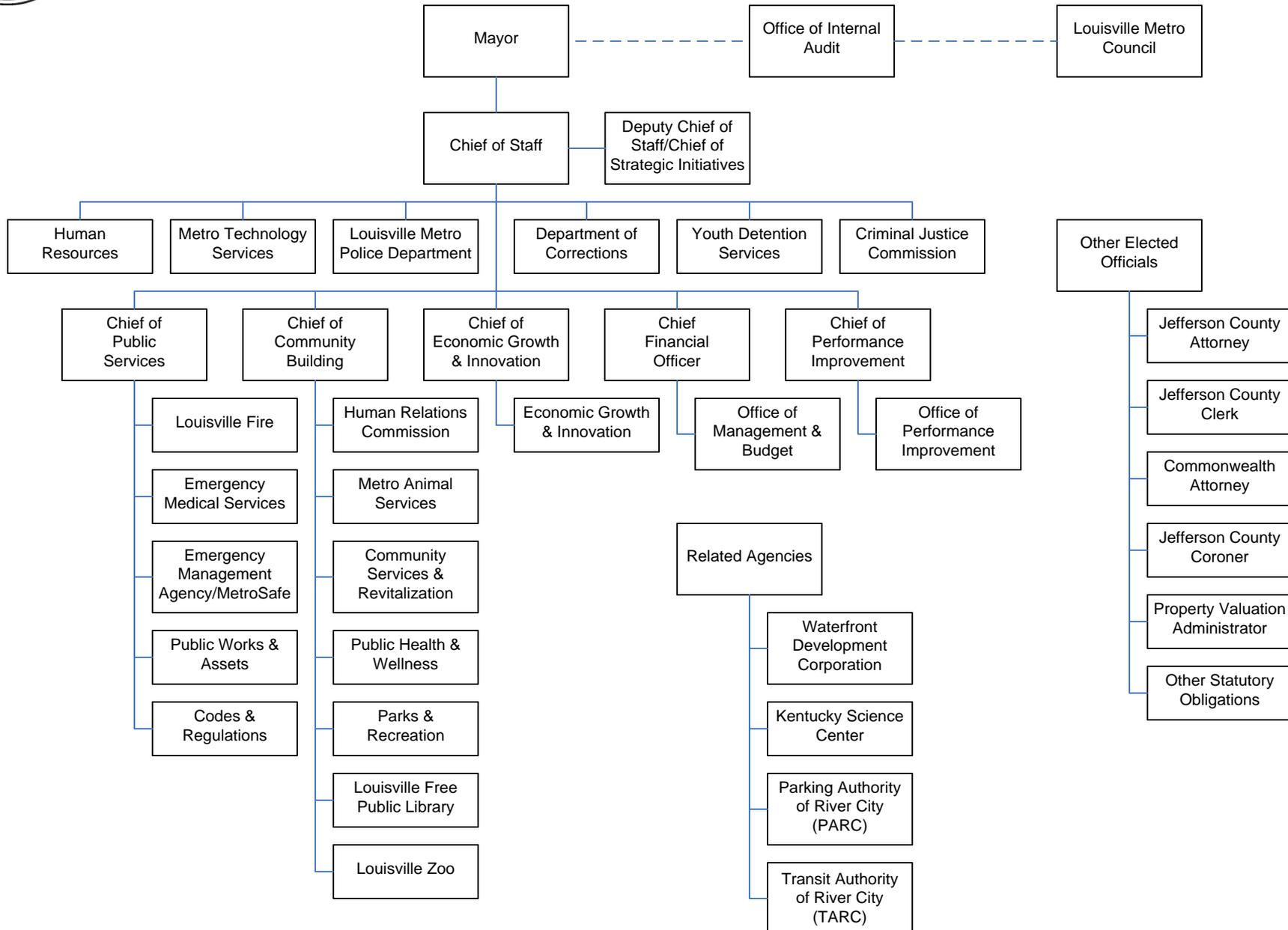
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO



Louisville Metro Government



LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT



Fiscal Year Ended June 30, 2013

HONORABLE GREG FISCHER MAYOR

METRO COUNCIL MEMBERS

ATTICA SCOTT	DISTRICT 1
BARBARA SHANKLIN	DISTRICT 2
MARY C. WOOLRIDGE	DISTRICT 3
DAVID TANDY	DISTRICT 4
CHERI BRYANT HAMILTON	DISTRICT 5
DAVID JAMES	DISTRICT 6
KENNETH C. FLEMING	DISTRICT 7
TOM OWEN	DISTRICT 8
TINA WARD-PUGH	DISTRICT 9
JIM KING	DISTRICT 10
KEVIN KRAMER	DISTRICT 11
RICK BLACKWELL	DISTRICT 12
VICKI AUBREY WELCH	DISTRICT 13
CINDI FOWLER	DISTRICT 14
MARIANNE BUTLER	DISTRICT 15
KELLY DOWNARD	DISTRICT 16
GLEN STUCKEL	DISTRICT 17
MARILYN PARKER	DISTRICT 18
JERRY MILLER	DISTRICT 19
STUART BENSON	DISTRICT 20
DAN JOHNSON	DISTRICT 21
ROBIN ENGEL	DISTRICT 22
JAMES PEDEN	DISTRICT 23
MADONNA FLOOD	DISTRICT 24
DAVID YATES	DISTRICT 25
BRENT ACKERSON	DISTRICT 26

OFFICE OF MANAGEMENT AND BUDGET

STEVE ROWLAND CHIEF FINANCIAL OFFICER
 STEPHANIE A. MOORE DIRECTOR OF ACCOUNTING

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Louisville/Jefferson County Metro Government ("Metro Government"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Metro Government's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

We did not audit the financial statements of the Transit Authority of River City, Waterfront Development Corporation and the Kentucky Science Center, Inc. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as it relates to the amounts included for those entities, are based solely on the reports of the other auditors. These entities represent approximately 2% of total component unit assets and 18% of total component unit program revenues.

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Metro Government, as of June 30, 2013 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 19 to the financial statements, Metro Government has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which were both effective for the year ended June 30, 2013. Metro Government has also decided to early adopt GASB Statement 65, *Items Previously Reported as Assets and Liabilities* for the year ended June 30 2013, which resulted in adjusting beginning net position for bond issuance costs.

The implementation of GASB Statement 61 resulted in the recognition of Metro Government's equity interest in the Louisville Water Company of \$800,484,443 on the Statement Net Position at June 30, 2013. This was not previously required under GASB Statement 14, *The Financial Reporting Entity*.

Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages 5 through 15, the required supplemental information including the budgetary comparison information on page 95, the pension information related to the schedule of funding progress on page 96 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

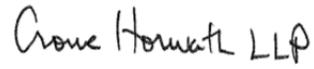
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Metro Government's financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

The introductory section and statistical section has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in black ink that reads "Crowe Horwath LLP". The signature is written in a cursive, slightly slanted style.

Crowe Horwath LLP

Louisville, Kentucky
December 20, 2013



**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
For the Year Ended June 30, 2013**

Our discussion and analysis of Louisville/Jefferson County Metro Government's ("Metro Government") financial performance provides an overview of Metro Government's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the Metro Government's financial statements, which begin on page 17.

Financial Highlights

- Total assets plus deferred outflows of resources of the primary government exceeded total liabilities and deferred inflows of resources by approximately \$1.4 billion at the close of fiscal year 2013. This amount includes a deficit of approximately \$76.6 million in unrestricted net position.
- Metro Government's net position now includes an equity interest in Louisville Water Company of \$828 million.
- Total net position increased by \$45.8 million.
- At the end of fiscal year 2013, Metro Government's governmental funds reported a combined ending fund balance of approximately \$204.1 million. This was an increase of approximately \$14.2 million for the year ending June 30, 2013.
- At the end of fiscal year 2013, unassigned general fund balance was \$61.0 million or approximately 11.5% of total general fund expenditures.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

One of the most important questions raised about the Metro Government's finances is whether the Metro Government as a whole is better off or worse off as a result of the year's activities. The Statement of Net Position (page 17) and the Statement of Activities (pages 18-19) report information about the Metro Government as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued
For the Year Ended June 30, 2013**

These two statements report the Metro Government's net position as of June 30, 2013 and the changes in net position during fiscal year 2013. Metro Government's net position, the difference between assets, what the citizens own, deferred outflows of resources, liabilities, what the citizens owe, and deferred inflows of resources is one way to measure the Metro Government's financial health, or financial position. Increases or decreases in the Metro Government's net position over time are one indicator of whether its financial health is improving or deteriorating. Additional non-financial factors should be considered in assessing the overall health of the Metro Government, such as changes in the Metro Government's property tax base and the condition of the Metro Government's capital assets (roads, buildings, etc.).

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

If a fee is charged to customers to help the Metro Government cover all or most of the cost of certain services it provides, those activities are considered to be business-type activities in most cases. The primary government did not report any business-type activities in fiscal year 2013.

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

Fund Financial Statements

The fund financial statements provide detailed information about Metro Government's most significant funds. Fund financial statements begin on page 20. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Some funds are required to be established by State law and by bond covenants. However, other funds are established, as needed, to help control and manage money for particular purposes or to show that Metro Government is meeting legal responsibilities for using certain taxes, grants, and other money.

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

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

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued
For the Year Ended June 30, 2013**

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 35.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information. Required supplementary information includes a budgetary to actual comparison of Metro Government's general fund and a schedule of funding progress and employer contributions for Metro Government's pension and benefit trust fund. Required supplementary information begins on page 95. Metro Government presents combining financial statements for the non-major, internal service, and agency funds as other supplementary information. This information begins on page 98.

Government-wide Financial Analysis

Net position serves as a useful indicator of a government's financial condition over time. Metro Government's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by approximately \$1.4 billion at June 30, 2013. As of June 30, 2013, Metro Government's net position includes the equity interest in the Louisville Water Company of approximately \$828 million. This asset was added to Metro Government's Statement of Net Position with the implementation of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, as of June 30, 2013, which resulted in an adjustment to beginning net position of approximately \$800 million at July 1, 2012.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued
For the Year Ended June 30, 2013**

Additional changes in Metro Government's Statement of Net Position include separate reporting elements for deferred outflows of resources and deferred inflows of resources to comply with the implementation of GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and 65, *Items Previously Reported as Assets and Liabilities*, as of June 30, 2013.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF NET POSITION**

June 30

(amounts in thousands)

	Governmental Activities		Total Percentage Change
	2013	2012	2012-2013
Current and other assets	\$ 313,895	\$ 304,774	3.0%
Equity interest in component unit	828,252	-	100.0%
Capital assets	820,903	826,122	-0.6%
Total assets	1,963,050	1,130,896	73.6%
Deferred Outflows of Resources	4,823	-	100.0%
Long-term liabilities	437,021	457,056	-4.4%
Other liabilities	80,528	80,615	-0.1%
Total liabilities	517,549	537,671	-3.7%
Deferred Inflows of Resources	13,919	-	100.0%
Net invested in capital assets	1,323,668	561,495	135.7%
Restricted	189,353	105,432	79.6%
Unrestricted	(76,616)	(73,702)	4.0%
Total net position	\$ 1,436,405	\$ 593,225	142.1%

While current assets increased by 3.0% from fiscal year 2012 to fiscal year 2013, the individual balances included in these subtotals changed by much larger amounts. Cash and investments increased by 6.4% because investments include \$10 million of unspent bond proceeds for the construction of a new library. Receivables increased by 5.5% which is primarily due to the increase of loans that have been made by the Metro Government through grant programs. Prepaid items and deferred charges decreased \$2.9 million as amounts for issuance costs in prior years had been amortized, but were expensed with the implementation of GASB Statement No. 65. This amount is included in the prior period adjustment noted in the summary of changes in net position (see page 10).

The largest portion of Metro Government's net position for governmental activities reflects the net investment in capital assets (e.g. land, buildings, and infrastructure) less any related debt outstanding used to acquire those assets. Metro Government uses these capital assets to provide services to its citizens. These assets are not available for future spending and cannot be liquidated to repay the related debt. Net capital assets declined by \$5.2 million with three significant elements to this net decrease, 1) asset additions exceeded annual depreciation costs by \$3.5 million; 2) Metro Government sold properties with carrying values of \$5.2 million; and

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued
For the Year Ended June 30, 2013**

3) Metro Government retired obsolete assets of \$3.9 million after a detailed inventory of capital assets was completed.

Short-term liabilities, such as accounts payable, accrued payroll, and amounts due to other governments increased \$8.4 million primarily due to amounts outstanding as of June 30, 2013 for payment of a large settlement in the Insurance and Risk Management Fund. In fiscal year 2012, other liabilities included \$8.5 million of unearned revenue which reflected amounts due on potential refunds to taxpayers for advance payments on occupational license fee withholdings. These amounts are reported as deferred inflows of resources in fiscal year 2013, but declined from the \$8.5 million to \$2.7 million in the current year.

Long-term liabilities declined \$24.9 million as Metro Government retired \$57.7 million in general obligation debt, revenue bonds, and notes payable. This decrease was offset by the issuance of two bonds in fiscal year 2013 totaling \$26.9 million and an increase in claims and judgments, and compensated absence obligations of approximately \$3.0 million. Claims and judgments were the primary factor in this increase due to payments in settlement of a claim against Metro Government.

Metro Government reviews third-party restrictions to determine amounts that will be classified as restricted net position each year. In fiscal year 2013, the capital projects restricted net position increased \$66 million mainly due to the addition of the restricted assets of LWC as part of Metro Government's equity interest. Amounts restricted for grant programs have been classified as such on the Statement of Net Position while those amounts had been classified as other purposes in the prior year. The net investment in capital assets increased primarily with the addition of LWC's net investment in capital assets of \$718.1 million. With the increases to restricted and investment in capital asset components, the unrestricted net position of Metro Government declined by \$2.9 million. However, the resources set aside for capital and other projects will provide critical investments for the continued economic recovery in Jefferson County.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued
For the Year Ended June 30, 2013**

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

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

	Governmental Activities		Total Percentage Change	Amount change
	2013	2012	2012-2013	2012-2013
Revenues				
Program revenues:				
Charges for services	\$ 83,168	\$ 89,212	-6.8%	\$ (6,044)
Operating grants and contributions	94,956	99,654	-4.7%	(4,698)
Capital grants and contributions	30,620	30,008	2.0%	612
General revenues:				
Property taxes	146,224	134,926	8.4%	11,298
Other taxes	332,642	311,922	6.6%	20,720
Gain on equity interest in LWC	27,768	-	100.0%	27,768
Other	39,844	44,299	-10.1%	(4,455)
Total revenues	755,222	710,021	6.4%	45,201
Expenses				
General Government &				
Administrative Functions	71,981	66,889	7.6%	5,092
Public Safety	173,164	180,561	-4.1%	(7,397)
Police	154,391	149,204	3.5%	5,187
Economic Growth & Innovation	39,022	40,715	-4.2%	(1,693)
Codes & Regulations	13,204	10,163	29.9%	3,041
Parks & Recreation	32,020	34,428	-7.0%	(2,408)
Community Services & Revitalization	38,239	37,987	0.7%	252
Public Health & Wellness	30,903	37,287	-17.1%	(6,384)
Public Works & Assets	107,057	121,557	-11.9%	(14,500)
Louisville Free Library	18,130	19,776	-8.3%	(1,646)
Louisville Zoological Gardens	15,217	14,348	6.1%	869
Interest on long-term debt	16,133	17,886	-9.8%	(1,753)
Total expenses	709,461	730,801	-2.9%	(21,340)
Increase (decrease) in net position	45,761	(20,780)		66,541
Net position—beginning, restated	1,390,644	614,005		776,639
Net position—ending	\$ 1,436,405	\$ 593,225		\$ 843,180

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued
For the Year Ended June 30, 2013**

Government-wide net position increased \$45.8 million in fiscal year 2013 versus a decrease of \$20.8 million in the prior fiscal year. Metro Government collected an additional \$11.3 million in property taxes and \$20.7 million in occupational license fees over the prior year. Charges for services declined \$6.0 million from the prior year. This decrease is primarily due to the decrease in charges for services in Economic Growth & Innovation ("EG&I") that were related to services provided to PARC in prior years for payment processing. All payment processing for PARC is now handled by PARC and reimbursement is not being made to EG&I for these services. Operating grants and contributions declined by \$4.7 million in fiscal year 2013 as compared to fiscal year 2012. Grants and contributions are often inconsistent from one year to another as competition gets stiffer for federal and state shared revenues.

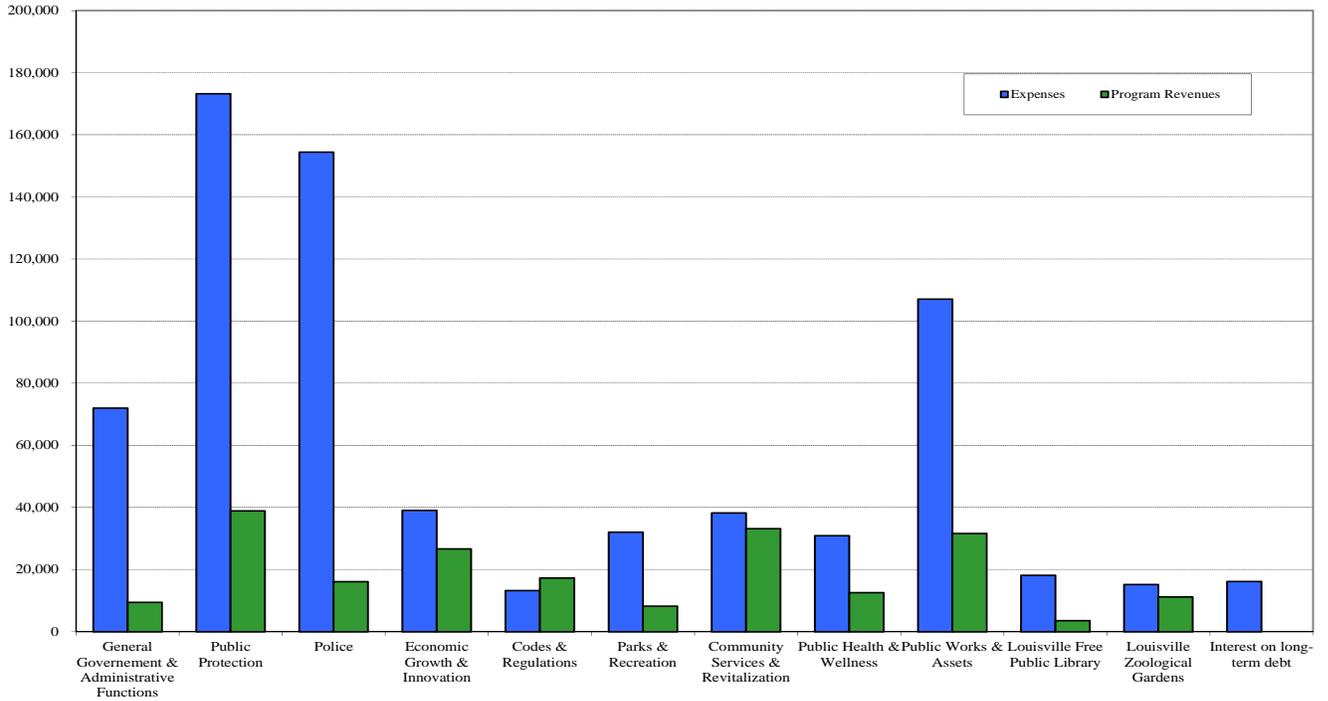
Operating expenses were \$21.3 million lower in fiscal year 2013 as Metro Government continued its efforts to streamline the enterprise operating model and improve efficiency. Costs for public works reflected the most significant decline of \$14.5 million, which is primarily the result of decreased depreciation expense in fiscal year 2013.

Other income increased \$23.3 million which is primarily the result of the inclusion of the gain on Metro Government's equity interest in the LWC of \$27.8 million. Gains on sales of assets added to the other income growth with the sale of two parking garages and two parking lots, as discussed in the capital asset section of this discussion. As noted earlier, the prior period adjustment includes an increase of \$800.5 million for the LWC equity interest and a \$3.1 million decrease to write-off unamortized bond issuance costs from prior years.

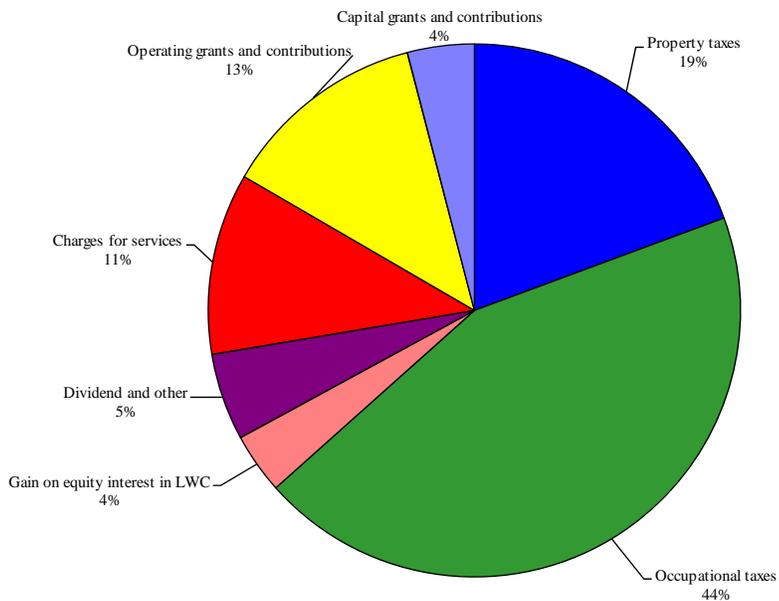
Overall, operations shifted to a more positive trend with revenues increasing 6.4% and expenses declining 2.9%. The following charts provide more information on Metro Government's operating results.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued
For the Year Ended June 30, 2013**

Expenses and Program Revenue – Governmental Activities – For the Year Ended June 30, 2013:



Revenues by Source – Governmental Activities – For the Year Ended June 30, 2013:



**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued
For the Year Ended June 30, 2013**

Financial Analysis of Governmental Funds

At the close of fiscal year 2013, Metro Government's governmental funds reported a combined ending fund balance of approximately \$204.1 million. This is an increase of \$14.2 million from fiscal year 2012. Metro Government reports fund balance as nonspendable, restricted, committed, assigned, or unassigned (refer to Note 1 for detailed information on the fund balance classifications). Metro Government had \$61.0 million of unassigned fund balance available in the General Fund at June 30, 2013. Unassigned fund balance of the General Fund (Metro Government's main operating fund) represents approximately 11.5% of total general fund expenditures for fiscal year 2013.

The General Fund's fund balance increased \$445,502 during fiscal year 2013 as compared to a decrease of \$341,799 in fiscal year 2012. Overall, the General Fund benefitted from the same operating factors, higher property and occupational tax revenues (\$31.8 million) and lower operating costs (\$2.8 million), as we noted for the government as a whole.

The Special Revenue Fund's fund balance increased \$12.1 million during fiscal year 2013 as compared to an increase of \$2.3 million in fiscal year 2012. Grant programs are the primary activity in Special Revenue Fund and grant awards can vary significantly from one year to the next. The net increase in fund balance for Special Revenue includes a \$10 million increase in nonspendable fund balance for economic development and community reinvestment loans and a \$3 million increase in committed funds to comply with grant restrictions. Assigned balances of \$1.3 million in fiscal year 2012 were reclassified to committed for the fiscal year 2013 financial statements.

The Capital Projects Fund's fund balance increased \$14.7 million during fiscal year 2013 as compared to a \$17.4 million decrease in fiscal year 2012. Compared to 2012, donation revenues in the Capital Project Fund increased by \$1.5 million as the result of donations received by the Louisville Free Public Library and Parks & Recreation for the construction of a new library and land acquisition, respectively. Capital expenditures lagged behind fiscal year 2012 by \$11 million. This decrease is primarily related to the one-time purchase of \$3.5 million of garbage trucks in fiscal year 2012 and the completion of \$2.5 million of HVAC work in fiscal year 2012 that was not a recurring expenditure in fiscal year 2013.

General Fund Budgetary Highlights

The Budgetary Comparison schedule presented on page 95 in the Required Supplementary Information section of this report highlights the original and final adopted budgets for Metro Government as compared to the actual revenues and expenditures. Metro Government uses the cash basis for budgeting, so this schedule also includes adjustments to convert the modified accrual reporting in the governmental funds to the cash basis reporting in the Budgetary Comparison Schedule.

Revenues exceeded budget by \$4.4 million while total expenditures were \$61.2 million less than the final adopted budget. The largest variances between budget and actual amounts relate to interdepartmental adjustments that are eliminated in the financial statements. These amounts are included in budgeted recoveries, within charges for services, and as budgeted departmental expenditures but are not reflected in the actual totals presented in the financial statements. Transfers out include amounts required for debt service and grant matches in the other governmental funds.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued
For the Year Ended June 30, 2013**

Capital Asset And Debt Administration

Capital Assets

Metro Government held \$820.9 million of capital assets, net of accumulated depreciation at June 30, 2013. Depreciation charges for fiscal year 2013 totaled \$36.6 million.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT			
CAPITAL ASSETS			
(net of depreciation)			
	2013	2012	Total Percentage Change 2012-2013
Land	\$ 311,955,979	\$ 310,015,348	0.6%
Land improvements	58,973,639	56,665,848	4.1%
Buildings	255,016,388	238,784,927	6.8%
Machinery and equipment	35,493,599	36,311,595	-2.3%
Vehicles	26,899,247	24,554,094	9.6%
Collections and works of art	1,159,420	1,292,493	-10.3%
Infrastructure	81,807,455	83,008,615	-1.4%
Construction in progress	49,597,619	75,489,478	-34.3%
Total	\$ 820,903,346	\$ 826,122,398	-0.6%

Metro Government initiated a thorough review of capital asset inventory to identify obsolete assets that should be removed from the asset balances. In addition, several large asset sales occurred during the year. Metro Government and the Capital Projects Corporation transferred two parking lots and two garages, respectively, to PARC, a component unit of Metro Government during fiscal year 2013. This transfer consolidated the capital assets with the entity responsible for managing these types of operations. Carrying values of \$1.3 million for the lots and \$3.3 million for the garages were moved from Metro Government's capital assets to PARC.

In addition, Metro Government sold land on Flat Rock Road for \$2.7 million with a book value of \$100,000. Six other smaller parcels with a total book value of \$700,000 were also sold.

As of June 30, 2013, Metro Government has several major construction projects in the works. In addition to the Library construction, additional capital improvements are occurring at Fourth Street Live, various projects in Metro Government's parks to improve the infrastructure and connectivity of the Louisville Loop, and improvements to the infrastructure of Metro Government through additional funds dedicated to various street paving projects and the addition of bike lanes to many major thoroughfares.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued
For the Year Ended June 30, 2013**

Debt Administration

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

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

	<u>2013</u>	<u>2012</u>	<u>Total Percentage Change 2012-2013</u>
General obligation debt	\$ 292,735	\$ 309,133	-5.3%
Revenue bonds	78,146	88,528	-11.7%
Note	11,282	11,737	-3.9%
Total	<u>\$ 382,163</u>	<u>\$ 409,398</u>	-6.7%

During the year, total debt of the Metro Government decreased by \$27.2 million. During fiscal year 2013 new debt of \$10.3 million was issued to fund the Library project and general obligation bonds of \$16.7 million were issued to refund bonds issued in 2004. This refunding achieved a net present value of savings in interest costs of \$2.1 million over the life of the bonds or 11.5% of the refunded bonds. With the annual debt service payments, Metro Government reduced the outstanding bonds and notes payable by \$41.0 million in addition to the refunded bonds during fiscal year 2013. Additional information on the Metro Government's long-term debt activity can be found in Note 8 of this report.

Future Economic Factors

The most recent unemployment rate for Metro Louisville (October 2013) was 7.5% compared to the national unemployment rate of 7.3%. The Louisville Metropolitan Statistical Area includes eight surrounding counties in Kentucky and 4 additional counties in southern Indiana. In October 2013, the MSA had a civilian labor force of 634,345 compared to 624,100 in October 2012. Metro Government's fiscal year 2014 budget projects a nominal growth rate of only 0.9% but the fiscal year 2013 revenues included several nonrecurring tax collections. The underlying tax base is expected to grow 2.8% for fiscal year 2014.

Metro Louisville has experienced 14 consecutive quarters of growth in the primary General Fund component of occupational license fees on employee wages (beginning in calendar quarter January 2010 through June 2013) which accounts for over 40% of the budgeted General Fund revenue annually. Local corporate profits and insurance premium fees are expected to grow 6.5% and 2.5%, respectively, in fiscal year 2014. Modest growth is also anticipated for real and personal property taxes based on initial property assessments and the assumption of flat tax rates adopted in fiscal year 2014 at 1.4%.

Contacting Metro Government's Financial Management

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

BASIC FINANCIAL STATEMENTS

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF NET POSITION
June 30, 2013

	Primary Government	
	Governmental Activities	Component Units
ASSETS		
Cash and cash equivalents	\$ 145,583,238	\$ 103,152,405
Investments	69,905,050	8,234,239
Receivables, net of allowance for uncollectible amounts	78,708,304	81,672,290
Inventories	727,389	18,944,189
Prepaid items	755,304	26,137,263
Assets restricted by bond indentures and other legal provisions	18,215,255	249,425,491
Non-utility property	-	3,053,397
Equity interest in LWC	828,252,098	-
Capital assets:		
Land and improvements	321,335,053	34,358,906
Construction in progress	49,597,619	411,461,701
Works of art	255,000	-
Infrastructure	957,001,228	2,639,625,506
Other capital assets	695,241,409	1,738,248,441
Less accumulated depreciation	(1,202,526,963)	(1,454,897,320)
Capital assets, net	<u>820,903,346</u>	<u>3,368,797,234</u>
Total assets	<u>1,963,049,984</u>	<u>3,859,416,508</u>
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized loss on refundings	4,823,467	14,634,235
Unamortized amount on transfer of assets and future revenues	-	11,123,650
Total deferred outflows of resources	<u>4,823,467</u>	<u>25,757,885</u>
LIABILITIES		
Accounts payable and accrued payroll	57,499,650	47,054,963
Accrued interest payable	1,921,455	14,395,944
Due to other government agencies	19,999,586	15,010,481
Notes payable	-	2,633,298
Unearned revenue	-	1,986,792
Other liabilities	1,107,163	11,177,379
Dividend payable	-	123,150
Bond anticipation note	-	228,691,000
Long-term liabilities:		
Due within one year	51,099,401	57,930,003
Due in more than one year	385,921,599	1,874,498,802
Total liabilities	<u>517,548,854</u>	<u>2,253,501,812</u>
DEFERRED INFLOWS OF RESOURCES		
Unamortized amount on transfer of assets and future revenues	11,123,650	-
Deferred tax credit receipts	2,794,979	-
Deferred inflows on swap agreements	-	82,233,000
Total deferred inflows of resources	<u>13,918,629</u>	<u>82,233,000</u>
NET POSITION		
Net investment in capital assets	1,323,667,832	1,197,499,353
Restricted for:		
Grant programs	57,630,658	
Capital projects	117,017,219	77,406,071
Debt service	1,549,007	149,257,199
Other purposes	13,156,463	-
Unrestricted	(76,615,211)	125,276,958
Total net position	<u>\$ 1,436,405,968</u>	<u>\$ 1,549,439,581</u>

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government:					
Governmental activities:					
Metro Council	\$ 6,112,759	\$ -	\$ 72,002	\$ -	\$ (6,040,757)
Mayor's Office	2,655,075	-	-	-	(2,655,075)
County Attorney	7,797,837	287,147	20,258	-	(7,490,432)
Other Elected Officials	8,985,617	279,982	40,975	-	(8,664,660)
Fire	48,017,783	945,725	1,887,112	884,063	(44,300,883)
Emergency Medical Services	26,736,194	14,875,428	19,849	-	(11,840,917)
Emergency Management/MetroSafe	24,978,222	2,552,739	(37,337)	4,708,588	(17,754,232)
Corrections	53,689,799	2,201,589	8,694,352	-	(42,793,858)
Youth Detention Services	9,618,890	620	86,826	-	(9,531,444)
Metro Animal Services	3,107,875	1,011,976	54,961	1,623	(2,039,315)
Criminal Justice Commission	1,204,400	-	1,045,171	-	(159,229)
Firefighters' Pension Fund	3,596,222	-	-	-	(3,596,222)
Policemen's Retirement Fund	2,216,145	-	-	-	(2,216,145)
Police	154,390,579	4,514,547	9,343,294	2,207,235	(138,325,503)
Economic Growth & Innovation	32,439,243	5,766,022	13,688,761	2,145,597	(10,838,863)
Air Pollution Control	6,582,978	2,869,735	1,785,488	407,307	(1,520,448)
Codes & Regulations	13,203,773	13,714,006	3,282,170	298,840	4,091,243
Parks & Recreation	32,020,006	5,007,369	676,139	2,555,108	(23,781,390)
Community Services & Revitalization	38,238,990	4,376,924	16,909,586	11,889,928	(5,062,552)
Public Health & Wellness	30,902,897	1,308,303	12,138,675	(865,798)	(18,321,717)
Public Works & Assets	107,057,482	4,796,116	22,772,023	4,071,198	(75,418,145)
Information Technology	12,111,989	2,051,619	-	-	(10,060,370)
Office of Management & Budget	28,750,138	6,257,404	142,085	-	(22,350,649)
Human Resources	4,029,030	-	-	-	(4,029,030)
Human Relations Commission	899,441	2,065	279,151	-	(618,225)
Louisville Free Public Library	18,129,507	673,973	1,349,728	1,517,997	(14,587,809)
Louisville Zoological Gardens	15,216,667	9,674,461	704,997	798,100	(4,039,109)
Internal Audit	639,216	-	-	-	(639,216)
Interest expense	16,133,319	-	-	-	(16,133,319)
Total governmental activities	<u>\$ 709,462,073</u>	<u>\$ 83,167,750</u>	<u>\$ 94,956,266</u>	<u>\$ 30,619,786</u>	<u>\$ (500,718,271)</u>
Component units:					
Louisville Water Company	\$ 138,448,443	\$ 158,046,893	\$ -	\$ 5,381,939	\$ 24,980,389
Parking Authority of River City, Inc.	16,546,547	16,441,861	308,802	-	204,116
Transit Authority of River City	79,039,571	13,126,359	68,540,419	-	2,627,207
Louisville and Jefferson County Riverport Authority	1,591,611	1,129,337	-	-	(462,274)
Metropolitan Sewer District	173,532,000	210,045,000	10,986,000	7,134,000	54,633,000
Kentucky Science Center, Inc.	5,277,913	3,073,438	1,867,657	-	(336,818)
Waterfront Development Corporation	2,659,423	765,339	1,685,650	-	(208,434)
Total component units	<u>\$ 417,095,508</u>	<u>\$ 402,628,227</u>	<u>\$ 83,388,528</u>	<u>\$ 12,515,939</u>	<u>\$ 81,437,186</u>

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2013

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Component Units</u>
Net (expense) revenue (from preceding page)	\$ (500,718,271)	\$ 81,437,186
General revenues:		
Taxes:		
Property taxes, levied for general purposes	146,224,312	-
Occupational taxes	332,642,106	-
Investment income	317,716	6,546,592
Gain on equity interest in LWC	27,767,655	
Dividends	18,931,347	-
Other intergovernmental revenue	13,466,456	-
Gain on sale of assets	4,861,434	404,831
Other taxes	309,135	-
Miscellaneous	1,960,028	139,200
Total general revenues	<u>546,480,189</u>	<u>7,090,623</u>
Change in net position	45,761,918	88,527,809
Net position--beginning (restated, see Note 19)	1,390,644,050	1,460,911,772
Net position--ending	<u>\$ 1,436,405,968</u>	<u>\$ 1,549,439,581</u>

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

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 31,422,918	\$ 5,375,480	\$ 22,350,942	\$ 5,359,591	64,508,931
Investments	26,455,472	4,606,857	19,155,053	4,569,106	54,786,488
Receivables, net of allowance for uncollectible amounts:					
Taxes receivable	2,077,526	-	-	-	2,077,526
Accounts receivable and accrued interest	11,465,642	2,698,340	40,350	-	14,204,332
Loans receivable	999,051	39,495,504	2,326,179	200,000	43,020,734
Notes receivable	-	-	2,208,333	749,700	2,958,033
Due from federal government	-	9,334,053	-	-	9,334,053
Due from state government	2,744,993	3,740,816	-	-	6,485,809
Due from other funds	32,145,426	-	-	140,760	32,286,186
Inventories	727,389	-	-	-	727,389
Prepaid items	507,805	172,499	-	-	680,304
Restricted assets:					
Cash and cash equivalents	-	-	16,471,248	1,744,007	18,215,255
Total assets	<u>\$ 108,546,222</u>	<u>\$ 65,423,549</u>	<u>\$ 62,552,105</u>	<u>\$ 12,763,164</u>	<u>\$ 249,285,040</u>
LIABILITIES					
Accounts payable	\$ 12,354,330	\$ 7,232,777	\$ 1,401,317	\$ 442,332	\$ 21,430,756
Accrued payroll and withholdings	17,668,314	551,282	-	8,831	18,228,427
Matured bonds and interest payable	-	-	-	140,760	140,760
Notes payable	-	-	2,000,000	-	2,000,000
Other liabilities	909,663	-	-	197,500	1,107,163
Total liabilities	<u>30,932,307</u>	<u>7,784,059</u>	<u>3,401,317</u>	<u>789,423</u>	<u>42,907,106</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	2,239,941	8,832	-	-	2,248,773
Total deferred inflows of resources	<u>2,239,941</u>	<u>8,832</u>	<u>-</u>	<u>-</u>	<u>2,248,773</u>
FUND BALANCES					
Nonspendable	2,234,245	39,668,003	2,326,179	200,000	44,428,427
Restricted for:					
Debt service reserve	-	-	-	1,549,007	1,549,007
Other capital projects	-	-	16,471,248	-	16,471,248
Committed	12,145,968	17,962,655	-	749,700	30,858,323
Assigned to:					
Capital projects	-	-	40,353,361	9,475,034	49,828,395
Unassigned	60,993,761	-	-	-	60,993,761
Total fund balances	<u>75,373,974</u>	<u>57,630,658</u>	<u>59,150,788</u>	<u>11,973,741</u>	<u>204,129,161</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 108,546,222</u>	<u>\$ 65,423,549</u>	<u>\$ 62,552,105</u>	<u>\$ 12,763,164</u>	

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

Capital assets of \$820,903,346 net of accumulated depreciation, reported in the government wide financial statements less \$107,296 of capital assets held by the internal service funds used in governmental activities are not financial resources and therefore are not reported in the funds.	820,796,050
Equity investment in a component unit is reported as an asset in the government wide statements, but is not included in the governmental funds.	828,252,098
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds, including deferred charges, are included in governmental activities in the Statement of Net Position.	(8,773,186)
Certain revenues are earned but not available and therefore are deferred in the fund financial statements but are recognized as revenue in the government-wide statements.	2,248,773
Accrued interest payable on long-term liabilities is reported in the government-wide statements, but is not reported in the funds.	(1,921,455)
Loss on debt refunding has been deferred in the Statement of Net Position (see Note 1(O)(i))	4,823,467
Proceeds from transfer of parking lots and garages has been recognized in fund statements, but is a deferred inflow in the Statement of Net Position (see Note 18)	(11,123,650)
Long-term liabilities of \$437,021,000, including bonds payable, less \$2,000,000 reported in the governmental funds, less \$32,995,710 reported in internal service funds are not due and payable in the current period and therefore are not reported in the funds.	<u>(402,025,290)</u>
Net position of governmental activities	<u>1,436,405,968</u>

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



LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 146,395,352	\$ -	\$ -	\$ -	\$ 146,395,352
Occupational taxes	332,642,106	-	-	-	332,642,106
Licenses and permits	11,310,699	-	-	-	11,310,699
Intergovernmental	25,776,021	102,403,909	127,048	7,508,752	135,815,730
Charges for services	54,562,800	11,649,386	2,240,620	344,308	68,797,114
Fees and fines	4,109,314	50	-	-	4,109,364
Investment income	(88,695)	150,176	226,656	29,579	317,716
Dividends	18,931,347	-	-	-	18,931,347
Donations	1,938,125	737,099	3,745,717	-	6,420,941
Miscellaneous	1,077,692	218,237	641,270	27,313	1,964,512
Total revenues	<u>596,654,761</u>	<u>115,158,857</u>	<u>6,981,311</u>	<u>7,909,952</u>	<u>726,704,881</u>
EXPENDITURES					
Metro Council	5,819,287	-	-	-	5,819,287
Mayor's Office	2,528,037	-	-	-	2,528,037
County Attorney	7,425,727	-	-	-	7,425,727
Other Elected Officials	8,553,070	-	-	-	8,553,070
Fire	50,075,756	1,105,323	-	-	51,181,079
Emergency Medical Services	24,679,094	38,944	-	-	24,718,038
Emergency Management/MetroSafe	14,362,592	7,013,348	-	-	21,375,940
Corrections	50,972,529	49,032	-	-	51,021,561
Youth Detention Services	9,066,698	-	-	-	9,066,698
Metro Animal Services	2,907,631	20,175	-	-	2,927,806
Criminal Justice Commission	292,089	832,989	-	-	1,125,078
Firefighters' Pension Fund	3,641,154	-	-	-	3,641,154
Policemen's Retirement Fund	2,243,834	-	-	-	2,243,834
Police	141,138,066	4,723,808	-	-	145,861,874
Economic Growth & Innovation	10,047,787	19,124,035	-	-	29,171,822
Air Pollution Control	2,869,720	3,266,276	-	-	6,135,996
Codes & Regulations	10,879,368	1,694,325	-	-	12,573,693
Parks & Recreation	23,725,826	1,561,184	-	-	25,287,010
Community Services & Revitalization	8,786,264	27,612,177	-	-	36,398,441
Public Health & Wellness	16,407,975	12,853,358	-	-	29,261,333
Public Works & Assets	62,099,469	18,731,535	-	-	80,831,004
Information Technology	10,682,818	-	-	-	10,682,818
Office of Management & Budget	27,287,353	-	-	2,500	27,289,853
Human Resources	3,836,766	-	-	-	3,836,766
Human Relations Commission	599,842	256,678	-	-	856,520
Louisville Free Public Library	15,875,635	1,054,165	-	-	16,929,800
Louisville Zoological Gardens	13,232,377	2,085	-	-	13,234,462
Internal Audit	608,713	-	-	-	608,713
Debt service principal	1,094,433	-	45,064	39,280,000	40,419,497
Debt service interest and other charges	209,911	-	33,000	14,050,269	14,293,180
Capital outlay	-	-	18,315,164	14,064,275	32,379,439
Total expenditures	<u>531,949,821</u>	<u>99,939,437</u>	<u>18,393,228</u>	<u>67,397,044</u>	<u>717,679,530</u>
Excess (deficiency) of revenues over (under) expenditures	<u>64,704,940</u>	<u>15,219,420</u>	<u>(11,411,917)</u>	<u>(59,487,092)</u>	<u>9,025,351</u>

(Continued)

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (continued)
For the Year Ended June 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	-	11,035,084	4,950,000	15,985,084
Issuance of bonds, par	-	-	10,100,000	-	10,100,000
Issuance of refunding bonds, par	-	-	-	16,835,000	16,835,000
Issuance of refunding bonds, premium	-	-	-	2,804,708	2,804,708
Payment to bond refunding escrow agent	-	-	-	(19,223,684)	(19,223,684)
Transfers in	9,202,289	2,026,248	9,841,325	48,270,832	69,340,694
Transfers out	(73,461,727)	(5,096,094)	(4,818,008)	(7,299,108)	(90,674,937)
Total other financing sources (uses)	<u>(64,259,438)</u>	<u>(3,069,846)</u>	<u>26,158,401</u>	<u>46,337,748</u>	<u>5,166,865</u>
Net change in fund balances	445,502	12,149,574	14,746,484	(13,149,344)	14,192,216
Fund balances--beginning	74,928,472	45,481,084	44,404,304	25,123,085	189,936,945
Fund balances--ending	<u>\$ 75,373,974</u>	<u>\$ 57,630,658</u>	<u>\$ 59,150,788</u>	<u>\$ 11,973,741</u>	<u>\$ 204,129,161</u>

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

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013**

Net change in fund balances--total governmental funds	\$	14,192,216
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which the increase in capital assets of \$40,160,986, less \$75,104 in the internal service funds, was greater than depreciation of \$36,635,649 in the governmental funds, less \$37,523 of depreciation in the internal service funds, for the current period.		3,487,756
In the Statement of Activities, the change in net position from Metro Government's investment in the LWC is included as investment income, while governmental funds only report the dividend income from the investment.		27,767,655
In the Statement of Activities, only the loss on the disposal of assets is reported, while in the governmental funds, the proceeds from the disposal increase financial resources. Thus, the change in net position differs from the change in fund balance by the basis of the assets disposed.		(8,744,389)
Proceeds from the transfer of assets to component unit is a deferred inflow in the government-wide statements		(11,123,650)
Unearned revenues added to net position in the prior year are deducted in the current year.		(6,358,871)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		2,248,773
Bond proceeds of \$10,100,000 from new issues and \$19,639,708 from refunding issues provide current financial resources to governmental funds, but issuing debt increases the long-term liabilities in the Statement of Net Position. Repayment of \$39,280,000 of bond principal, plus payments of \$19,223,684 to bond refunding escrow agents and \$1,163,000 of notes payable and capital lease payments are expenditures in the governmental funds, but these items reduce long-term liabilities in the Statement of Net Position.		29,926,976
The changes in compensated absences and claims and judgments are reported in the Statement of Activities and do not require the use of current financial resources, therefore the changes are not reported as expenditures in governmental funds.		(731,264)
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The change in net position of the internal service funds is reported with governmental activities.		(10,063,758)
Governmental funds report the effect original issue premiums, discounts, and similar items when debt is first issued, whereas these amounts are recorded on the Statement of Net Position and amortized in the Statement of Activities. Accreted interest on deep discount bonds and net changes in accrued interest of \$2,477,408 less amortization and other charges of \$637,882 are also shown as differences for the year.		(1,839,526)
Accrued expense payable due to other governmental agencies was reported in the government-wide statements in the prior year and in the fund statements in the current year		7,000,000
Change in net position of governmental activities	<u>\$</u>	<u>45,761,918</u>

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
June 30, 2013

	Governmental Activities
	Internal Service Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 81,074,307
Investments	15,118,562
Accounts receivable	627,817
Deposits with paying agents	75,000
Total current assets	96,895,686
Capital assets:	
Furniture and equipment, net	107,296
Total capital assets	107,296
Total assets	97,002,982
LIABILITIES	
Current liabilities:	
Accounts payable	11,524,147
Refunds payable	6,175,560
Claims and judgments	15,979,401
Due to other funds	52,285,772
Total current liabilities	85,964,880
Noncurrent liabilities:	
Claims and judgments	17,016,309
Total noncurrent liabilities	17,016,309
Total liabilities	102,981,189
DEFERRED INFLOWS OF RESOURCES	
Deferred tax credit receipts	2,794,979
Total deferred inflows of resources	2,794,979
NET POSITION	
Net investment in capital assets	107,296
Restricted	(2,173,450)
Unrestricted	(6,707,032)
Total net position	\$ (8,773,186)

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

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2013**

	Governmental Activities Internal Service Fund
OPERATING REVENUES:	
Collection, investment and other fees	\$ 5,125,991
Insurance income	56,989,930
Total operating revenues	62,115,921
OPERATING EXPENSES:	
Professional services	4,680,150
Contractual services	281,944
Repairs and maintenance	2,254
Other supplies and expenses	411,330
Insurance claims, settlements and losses	82,605,799
Insurance premiums	5,597,254
Depreciation	37,523
Total operating expenses	93,616,254
Operating loss	(31,500,333)
NONOPERATING REVENUES:	
Investment income	102,332
Total nonoperating revenues	102,332
Net loss before transfers	(31,398,001)
Transfers in	21,579,243
Transfers out	(245,000)
Change in net assets	(10,063,758)
Total net position--beginning	1,290,572
Total net position--ending	\$ (8,773,186)

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2013

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from collection, investment, and other fees	\$ 5,125,991
Insurance income	56,362,112
Payments to employees	(3,486,928)
Payments to suppliers	(1,808,655)
Contractual services	8,519,333
Claims paid	(81,673,255)
Insurance premiums paid	(5,597,254)
Increase in cash collected for others	6,560,499
Other payments	(8,068)
Net cash used by operating activities	(16,006,225)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers from other funds	21,334,244
Net cash provided by noncapital financing activities	21,334,244
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(75,104)
Net cash used in capital activities	(75,104)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Change in investment pool participation	(2,244,674)
Investment income	102,332
Net cash used by investing activities	(2,142,342)
Net increase in cash and cash equivalents	3,110,573
Cash and cash equivalents, beginning of the year	77,963,734
Cash and cash equivalents, end of the year	\$ 81,074,307
Reconciliation of Operating Loss to Net Cash Used By Operating Activities	
Operating loss	\$ (31,500,333)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	37,523
Increase (decrease) in cash due to changes in assets and liabilities:	
Accounts receivable	(627,817)
Accounts and other payables	7,926,288
Liability for incurred claims	2,265,233
Due to other funds and governmental agencies	6,524,292
Deferred inflows of resources	(631,411)
Net cash provided/(used) by operating activities	\$ (16,006,225)

During fiscal year 2013, there was no non-cash change to the fair value of investments.

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2013

	<u>Pension & Benefit Trust</u>	<u>Private- purpose Trust</u>	<u>Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,124,691	\$ 438,051	\$ 15,865,677
Investments		375,416	100,000
Equity securities	9,801,285	-	-
Bond mutual funds	1,891,042	-	-
US Agency notes	204,851		
US Agency obligations	200,294	-	-
Other investments	10,489	-	-
Accounts receivable and accrued interest	291,640	16,465	44
Due from other funds	-	-	19,999,586
Due from other governmental agencies	-	-	1,520,442
Total assets	<u>13,524,292</u>	<u>829,932</u>	<u>\$ 37,485,749</u>
LIABILITIES			
Accounts payable	149,219	20,365	\$ 561
Notes payable	-	-	1,500,000
Health insurance reimbursement and accrued liabilities	276,858	-	-
Due to other governmental agencies	-	-	29,937,568
Refundable deposits	-	-	6,047,620
Total liabilities	<u>426,077</u>	<u>20,365</u>	<u>\$ 37,485,749</u>
NET POSITION			
Held in trust for pension benefits	13,098,215	-	
Held in trust for private purpose	-	809,567	
Total net position	<u>\$ 13,098,215</u>	<u>\$ 809,567</u>	

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

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

For the Year Ended June 30, 2013

	Pension & Benefit Trust	Private- purpose Trust
ADDITIONS		
Contributions:		
Employer	\$ 4,060,356	\$ -
Member	4,236	451,099
Total contributions	4,064,592	451,099
Investment earnings:		
Increase in fair value of investments	912,256	-
Realized gains	615,217	-
Interest and dividends	134,198	-
Total investment earnings	1,661,671	-
Investment expense	(99,029)	-
Net investment earnings	1,562,642	-
Other income	1,811,992	-
Total additions	7,439,226	451,099
DEDUCTIONS		
Benefit payments	5,323,381	-
Administrative expense	510,837	381,035
Health insurance reimbursement	1,058,179	-
Total deductions	6,892,397	381,035
Net increase/(decrease)	546,829	70,064
Net position--beginning of the year	12,551,386	739,503
Net position--end of the year	\$ 13,098,215	\$ 809,567

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2013

	Louisville Water Company*	Parking Authority of River City, Inc.	Transit Authority of River City	Louisville and Jefferson County Riverport Authority	Metropolitan Sewer District	Kentucky Science Center, Inc.**	Waterfront Development Corporation	Total
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 34,126,108	\$ 500	\$ 1,463,678	\$ 176,262	\$ 66,376,000	\$ 160,096	\$ 849,761	\$ 103,152,405
Investments	-	-	-	5,996,239	100,000	-	2,138,000	8,234,239
Accounts receivable	18,390,386	774,189	11,460,902	122,180	18,465,000	120,169	37,049	49,369,875
Accrued interest receivable	445,641	-	-	3,499	1,226,000	-	-	1,675,140
Contract and assessments receivable, current portion	549,301	-	-	-	-	-	-	549,301
Notes receivable, current portion	455,300	-	-	-	-	-	-	455,300
Pledges receivable, net	-	-	-	-	-	793,835	-	793,835
Due from other governmental agencies	-	-	-	-	-	-	17,500	17,500
Inventories	6,783,281	-	1,163,797	7,393,787	3,579,000	24,324	-	18,944,189
Reserves, current portion	2,657,400	-	-	-	-	-	-	2,657,400
Prepaid expenses	1,654,193	31,223	512,888	71,429	884,000	54,975	-	3,208,708
Restricted cash and cash equivalents	-	9,479,283	-	-	62,249,000	-	-	71,728,283
Restricted investments	-	11,400,000	-	-	90,574,000	-	-	101,974,000
Total current assets	<u>65,061,610</u>	<u>21,685,195</u>	<u>14,601,265</u>	<u>13,763,396</u>	<u>243,453,000</u>	<u>1,153,399</u>	<u>3,042,310</u>	<u>362,760,175</u>
Noncurrent assets:								
Restricted cash and cash equivalents	-	-	-	-	-	295,955	-	295,955
Restricted investments	-	-	31,590	-	-	577,287	-	608,877
Pledges receivable, net	-	-	-	-	-	4,638	-	4,638
Reserves, less current portion	72,160,976	-	-	-	-	-	-	72,160,976
Note receivable	9,281,900	369,594	-	-	-	-	-	9,651,494
Contract and assessments receivable, less current portion	1,606,207	-	-	-	17,549,000	-	-	19,155,207
Regulatory assets and costs	3,897,352	-	-	-	18,713,000	-	-	22,610,352
Non-utility property	3,053,397	-	-	-	-	-	-	3,053,397
Other assets	-	157,000	-	3,925	-	-	157,278	318,203
Capital assets:								
Land	11,617,714	11,461,424	3,177,782	8,101,986	-	-	-	34,358,906
Buildings and improvements	172,021,922	153,998,636	35,969,069	29,771,477	1,070,432,000	6,069,648	8,388,289	1,476,651,041
Machinery and equipment	57,415,582	5,774,747	94,210,047	175,271	83,882,000	1,131,247	432,735	243,021,629
Museum exhibits	-	-	-	-	-	18,575,771	-	18,575,771
Infrastructure	1,091,491,506	-	-	-	1,548,134,000	-	-	2,639,625,506
Construction in progress	39,127,614	246,000	-	-	371,816,000	272,087	-	411,461,701
Less accumulated depreciation	<u>(393,352,316)</u>	<u>(53,456,044)</u>	<u>(83,400,017)</u>	<u>(19,151,414)</u>	<u>(884,199,000)</u>	<u>(21,094,645)</u>	<u>(243,884)</u>	<u>(1,454,897,320)</u>
Capital assets, net of accumulated depreciation	<u>978,322,022</u>	<u>118,024,763</u>	<u>49,956,881</u>	<u>18,897,320</u>	<u>2,190,065,000</u>	<u>4,954,108</u>	<u>8,577,140</u>	<u>3,368,797,234</u>
Total noncurrent assets	<u>1,068,321,854</u>	<u>118,551,357</u>	<u>49,988,471</u>	<u>18,901,245</u>	<u>2,226,327,000</u>	<u>5,831,988</u>	<u>8,734,418</u>	<u>3,496,656,333</u>
Total assets	<u>1,133,383,464</u>	<u>140,236,552</u>	<u>64,589,736</u>	<u>32,664,641</u>	<u>2,469,780,000</u>	<u>6,985,387</u>	<u>11,776,728</u>	<u>3,859,416,508</u>
DEFERRED OUTFLOWS OF RESOURCES								
Unamortized amount on transfer of assets and future revenues	-	11,123,650	-	-	-	-	-	11,123,650
Unamortized loss on refunding	-	1,123,235	-	-	13,511,000	-	-	14,634,235
Total deferred outflows of resources	<u>-</u>	<u>12,246,885</u>	<u>-</u>	<u>-</u>	<u>13,511,000</u>	<u>-</u>	<u>-</u>	<u>25,757,885</u>

(continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF NET POSITION (continued)
COMPONENT UNITS
June 30, 2013

	Louisville Water Company*	Parking Authority of River City, Inc.	Transit Authority of River City	Louisville and Jefferson County Riverport Authority	Metropolitan Sewer District	Kentucky Science Center, Inc.**	Waterfront Development Corporation	Total
LIABILITIES								
Current liabilities:								
Accounts payable	11,294,341	341,060	5,529,798	178,848	28,861,000	197,074	44,377	46,446,498
Accrued payroll and withholdings	408,739	-	-	-	-	199,726	-	608,465
Compensated absences payable	1,808,442	-	3,328,213	-	-	-	118,321	5,254,976
Capital lease obligation, current portion	-	-	153,500	-	-	-	-	153,500
Due to other governmental agencies	13,359,455	-	1,520,442	-	-	-	130,584	15,010,481
Customer advances and deposits payable	4,076,222	491,156	-	-	1,137,000	-	55,790	5,760,168
Accrued interest payable	1,538,375	399,569	-	-	12,458,000	-	-	14,395,944
Notes payable, current portion	80,432	149,940	-	-	-	16,162	-	246,534
Bonds payable, current portion	16,620,000	5,020,000	-	-	27,035,000	-	-	48,675,000
Bond anticipation note	-	-	-	-	228,691,000	-	-	228,691,000
Lines of credit	-	-	-	-	-	75,000	-	75,000
Other payables from restricted assets	2,679,220	1,764,991	-	-	-	-	-	4,444,211
Claims and judgments payable	-	-	3,771,527	-	-	-	-	3,771,527
Unearned revenue	-	-	482,875	97,678	-	235,569	153,528	969,650
Dividend payable	123,150	-	-	-	-	-	-	123,150
Total current liabilities	<u>51,988,376</u>	<u>8,166,716</u>	<u>14,786,355</u>	<u>276,526</u>	<u>298,182,000</u>	<u>723,531</u>	<u>502,600</u>	<u>374,626,104</u>
Noncurrent liabilities:								
Capital lease, less current portion	-	-	531,959	-	-	-	-	531,959
Unearned revenue	1,017,142	-	-	-	-	-	-	1,017,142
Unamortized debt premiums and discounts	8,557,449	1,250,394	-	-	56,764,000	-	-	66,571,843
Notes payable, less current portion	1,758,399	599,760	-	-	-	28,605	-	2,386,764
Bonds payable, less current portion	241,810,000	87,360,000	-	-	1,478,225,000	-	-	1,807,395,000
Other long term liabilities	-	-	-	-	973,000	-	-	973,000
Total noncurrent liabilities	<u>253,142,990</u>	<u>89,210,154</u>	<u>531,959</u>	<u>-</u>	<u>1,535,962,000</u>	<u>28,605</u>	<u>-</u>	<u>1,878,875,708</u>
Total liabilities	<u>305,131,366</u>	<u>97,376,870</u>	<u>15,318,314</u>	<u>276,526</u>	<u>1,834,144,000</u>	<u>752,136</u>	<u>502,600</u>	<u>2,253,501,812</u>
DEFERRED INFLOWS OF RESOURCES								
Interest rate swaps	-	-	-	-	72,418,000	-	-	72,418,000
Other deferred inflows-swaps	-	-	-	-	9,815,000	-	-	9,815,000
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,233,000</u>	<u>-</u>	<u>-</u>	<u>82,233,000</u>
NET POSITION								
Net investment in capital assets	718,053,191	37,475,280	49,271,422	18,897,320	365,225,000	-	8,577,140	1,197,499,353
Restricted for capital projects	74,818,376	973,733	-	-	-	1,613,962	-	77,406,071
Restricted for debt service	-	12,318,199	-	-	136,939,000	-	-	149,257,199
Unrestricted	35,380,531	4,339,355	-	13,490,795	64,750,000	4,619,289	2,696,988	125,276,958
Total net position	<u>\$ 828,252,098</u>	<u>\$ 55,106,567</u>	<u>\$ 49,271,422</u>	<u>\$ 32,388,115</u>	<u>\$ 566,914,000</u>	<u>\$ 6,233,251</u>	<u>\$ 11,274,128</u>	<u>\$ 1,549,439,581</u>

*Amounts for the Louisville Water Company are for December 31, 2012.

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

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

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

For the Year Ended June 30, 2013

Function/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Assets							Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Louisville Water Company*	Parking Authority of River City, Inc.	Transit Authority of River City	Louisville and Jefferson County Riverport Authority	Metropolitan Sewer District	Kentucky Science Center, Inc.**	Waterfront Development Corporation ***	
Component Units:												
Louisville Water Company*	\$ 138,448,443	\$ 158,046,893	\$ -	\$ 5,381,939	\$ 24,980,389							\$ 24,980,389
Parking Authority of River City, Inc.	16,546,547	16,441,861	308,802	-	-	\$ 204,116						204,116
Transit Authority of River City	79,039,571	13,126,359	68,540,419	-	-	-	\$ 2,627,207					2,627,207
Louisville and Jefferson County Riverport Authority	1,591,611	1,129,337	-	-	-	-	-	\$ (462,274)				(462,274)
Metropolitan Sewer District	173,532,000	210,045,000	10,986,000	7,134,000	-	-	-	-	\$ 54,633,000			54,633,000
Kentucky Science Center, Inc.**	5,277,913	3,073,438	1,867,657	-	-	-	-	-	-	\$ (336,818)		(336,818)
Waterfront Development Corporation	2,659,423	765,339	1,685,650	-	-	-	-	-	-	-	\$ (208,434)	(208,434)
	<u>417,095,508</u>	<u>402,628,227</u>	<u>83,388,528</u>	<u>12,515,939</u>	<u>24,980,389</u>	<u>204,116</u>	<u>2,627,207</u>	<u>(462,274)</u>	<u>54,633,000</u>	<u>(336,818)</u>	<u>(208,434)</u>	<u>81,437,186</u>
General Revenues												
Investment income					2,787,266	55,290	1,035	10,060	3,650,000	42,941	-	6,546,592
Gain on sale/disposal of assets					-	-	-	-	45,000	-	359,831	404,831
Miscellaneous					-	-	-	-	-	-	139,200	139,200
Total general revenues and special items					<u>2,787,266</u>	<u>55,290</u>	<u>1,035</u>	<u>10,060</u>	<u>3,695,000</u>	<u>42,941</u>	<u>499,031</u>	<u>7,090,623</u>
Change in net position					27,767,655	259,406	2,628,242	(452,214)	58,328,000	(293,877)	290,597	88,527,809
Net position, beginning balance ***					800,484,443	54,847,161	46,643,180	32,840,329	508,586,000	6,527,128	10,983,531	1,460,911,772
Net position, ending					<u>\$ 828,252,098</u>	<u>\$ 55,106,567</u>	<u>\$ 49,271,422</u>	<u>\$ 32,388,115</u>	<u>\$ 566,914,000</u>	<u>\$ 6,233,251</u>	<u>\$ 11,274,128</u>	<u>\$ 1,549,439,581</u>

*Amounts for the Louisville Water Company are for the year ended December 31, 2012.

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

*** Net position beginning balance, as restated for Waterfront Development Corporation and the Parking Authority of River City, Inc.

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



NOTES TO THE FINANCIAL STATEMENTS

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

1. Summary of Significant Accounting Policies

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

The following is a summary of the significant accounting policies:

A. Basis of Presentation

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

B. Reporting Entity

In accordance with GASB Statements No. 14, *The Financial Reporting Entity*, No. 39, *Determining Whether Certain Organizations Are Component Units*, and No. 61, *The Financial Reporting Entity: Omnibus*, as amended, Metro Government has included in its financial statements the departments, agencies, boards, commissions, authorities, and corporations that comprise the primary government along with its discretely presented Component Units. These standards require governments to include entities for which there is a financial benefit or burden between the primary government and the component unit or the primary government can impose its will on significant elements of the component unit’s operations.

i. Blended Component Units

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

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

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

1. Summary of Significant Accounting Policies, continued

- The Public Properties Corporation (“PPC”) - The PPC is a non-profit municipal corporation that was incorporated by the City of Louisville, succeeded by Metro Government, which is used to account for certain property acquisitions and improvements financed by proceeds from the sale of various First Mortgage Revenue Bonds. PPC is reported as part of the primary government because its purpose is to issue bonds solely on behalf of Metro Government. There are currently no First Mortgage Revenue Bonds outstanding.
- Capital Projects Corporation (“CPC”) - The CPC, a non-profit municipal corporation, was incorporated by the Jefferson County Fiscal Court, succeeded by Metro Government, as its agency and instrumentality in the financing of public improvements and projects of a capital nature. The business of CPC is conducted by a four member Board of Directors consisting of the Mayor of Metro Government, the Deputy Mayor for Development of Metro Government, the President of the Metro Council, and the Chief Financial Officer of Metro Government. The CPC undertakes projects and issues bonds at the direction of and pursuant to ordinances adopted by the Metro Council. All debt obligations of the CPC are serviced with rental payments made by Metro Government as consideration from annually renewable leases of the financed properties by Metro Government.

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

ii. Discretely Presented Component Units

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

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

- Louisville Water Company (“LWC”) – The LWC is a legally separate entity that provides water utility services to the residents of the Louisville metropolitan area and charges fees for those services. It is shown as a discretely presented component unit because the Metro Government is the sole shareholder of LWC stock, receives a quarterly dividend, and the Mayor appoints the LWC’s Board of Directors. See Note 19 for discussion of the treatment of Metro Government’s ownership of the LWC stock. Water services valued at \$15,282,810 were provided to Metro Government in lieu of taxes during the year ended December 31, 2012. LWC remitted \$18,931,347 in dividends to Metro Government during Metro Government’s fiscal year ended June 30, 2013. Complete financial statements of the

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

1. Summary of Significant Accounting Policies, continued

LWC can be requested from the Louisville Water Company, 550 South Third Street, Louisville, KY 40202.

- Parking Authority of River City, Inc. (“PARC”) - PARC is a non-profit corporation, which was established by the City of Louisville, succeeded by Metro Government, to serve Metro Government’s existing parking facility needs and to develop strategies for the redevelopment of the downtown riverfront area. PARC serves as an agency and instrumentality of Metro Government in financing the acquisition of on-street and off-street parking facilities. PARC is shown as a discretely presented component unit because the Mayor appoints a voting majority of its Board of Directors and Metro Government has the ability to approve or overrule decisions of PARC in financing of new facilities and equipment. During fiscal year 2013, PARC purchased two parking lots from Metro Government and two parking garages from CPC. See Note 18 for details on these asset sales. Complete financial statements of PARC can be requested from the Parking Authority of River City, 211 W. Muhammad Ali Boulevard, Louisville, KY 40202.
- Transit Authority of River City (“TARC”) - TARC is a legally separate entity which was established by the former City of Louisville and Jefferson County Fiscal Court, succeeded by Metro Government, which operates the mass transit system in the Louisville metropolitan area. TARC is shown as a discretely presented component unit because the Mayor appoints a voting majority of its Board of Directors and Metro Government has the ability to approve, disapprove, revise, amend, or otherwise alter TARC’s annual budget. Metro Government does not provide any funding to TARC, but it does administer the Mass Transit Trust Fund (“MTTF”), which receives occupational tax revenues and remits those amounts to TARC. Payments to TARC from the MTTF for the fiscal year ended June 30, 2013, totaled \$46,719,590. Audited financial statements of MTTF can be requested from Metro Government’s Office of Management and Budget, 611 West Jefferson Street, Louisville, Kentucky, 40202. Complete financial statements of TARC can be requested from the Transit Authority of River City, 1000 West Broadway, Louisville, KY 40203.
- Louisville and Jefferson County Riverport Authority (“Riverport”) - Riverport is a legally separate entity that acquires, develops, and markets land for operation of a riverport industrial complex. Riverport is shown as a discretely presented component unit because the Mayor appoints a voting majority of its Board of Directors and Metro Government has the ability to impose its will on Riverport’s decisions. Complete financial statements of Riverport can be requested from the Louisville and Jefferson County Riverport Authority, 6900 Riverport Drive, Louisville, KY 40258.
- Louisville and Jefferson County Metropolitan Sewer District (“MSD”) - The MSD is a legally separate entity that provides sewer services to the residents of the metropolitan area and charges fees for those services. MSD is shown as a discretely presented component unit because the Mayor appoints a voting majority of its Board of Directors and Metro Government has the ability to veto, overrule, or

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

1. Summary of Significant Accounting Policies, continued

modify decisions of MSD regarding expansion of infrastructure and sewage facilities. Metro Government does not provide any funding to MSD. The amount of free services provided to Metro Government in fiscal year ended June 30, 2013, was approximately \$6,600,000. Complete financial statements of MSD can be requested from Louisville and Jefferson County Metropolitan Sewer District, 700 West Liberty Street, Louisville, KY 40203.

- Kentucky Science Center, Inc. (“KSC”) - The KSC is a legally separate, not-for-profit entity that provides museum exhibits and scientific programs to the public. Financial support is received from admissions, merchandise sales, memberships, parking fees, donations, and an appropriation from Metro Government. It is shown as a discretely presented component unit because the Mayor appoints a voting majority of its Board of Directors. During the year ended June 30, 2013, Metro Government paid \$812,500 as an appropriation to the KSC. Complete financial statements of KSC can be requested from Kentucky Science Center, 727 West Main Street, Louisville, KY 40202.
- Waterfront Development Corporation (“WDC”) – WDC is a legally separate entity that provides planning, construction services, maintenance and event production and coordination for public parks along the Ohio River waterfront in the Metro Louisville area. WDC is shown as a discretely presented component unit because the Mayor appoints a voting majority of its Board of Directors and Metro Government has the ability to impose its will on WDC’s decisions. The Waterfront Park Foundation, Inc., which provides supplemental support for WDC, is not included in the component unit financial statements. During the year ended June 30, 2013, Metro Government paid \$954,500 as an appropriation to WDC. Complete financial statements of WDC can be requested from the Waterfront Development Corporation, 129 East River Road, Louisville, KY 40202.

iii. Related Organizations

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

- Metro Housing Authority (“Housing Authority”) - The Housing Authority is a legally separate entity that plans for the construction, operation and management of low cost housing projects within the metropolitan area. The Board consists of the Mayor and eight other members appointed by the Mayor and approved by the Metro Council. Financial support is received from the federal government and from fees. The Housing Authority serves as its own fiscal agent and Metro Government is not financially accountable for the activities of the entity. Metro Government did not provide any funding to the Housing Authority for the year ended June 30, 2013.
- Louisville Regional Airport Authority (“RAA”) - The RAA was created by state statute and is responsible for the operation of Louisville International Airport and Bowman Field, both located in Louisville. The Board of the RAA consists of eleven

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

1. Summary of Significant Accounting Policies, continued

members, the Mayor, seven members appointed by the Mayor and three members appointed by the Governor of the Commonwealth of Kentucky Metro Government does not provide any funding to the RAA.

- The Louisville and Jefferson County Convention and Visitors Bureau (the "Convention Bureau") - The Convention Bureau is a legally separate entity created by state statute and operates to promote convention and tourism activity in Louisville and Jefferson County. The Board consists of nine members, six of whom are appointed by Metro Government and three by the Commonwealth of Kentucky. Metro Government does not provide any funding to the Convention Bureau, but the Convention Bureau received \$12,932,477 in transient room taxes collected by the Revenue Commission during the 2013 fiscal year.

C. Government-Wide and Fund Financial Statements

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

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

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

Metro Government has reported its equity interest in LWC in the same net position categories as the component unit as it more accurately reflects the financial position and relationship between the two entities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or programs are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

1. Summary of Significant Accounting Policies, continued

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

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

D. Measurement Focus and Basis of Accounting

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

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

Modified Accrual Basis of Accounting: Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Each fund is a separate accounting entity with a self-balancing set of accounts. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible during the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Metro Government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual are property taxes, intergovernmental, interest revenue and charges for services. Occupational taxes, fees and fines, licenses, and permits are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Grant Advances: Metro Government reports grant advances in the government-wide statement of net position and the governmental funds balance sheet. Grant advances reported in these statements results from resources that Metro Government has received for grant projects prior to incurring eligible expenditures. These amounts are recorded as liabilities until Metro Government meets the eligibility requirements because the proceeds could be required to be returned to the grantor if the grant requirements are not

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

1. Summary of Significant Accounting Policies, continued

satisfied. In a subsequent fiscal period, when the revenue is earned (requirements are satisfied), the liability is removed and revenue is recognized.

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

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

Allocation of Restricted and Unrestricted Resources: When both restricted and unrestricted resources are available for use, it is Metro Government's policy to use restricted resources first, then unrestricted resources as they are needed. Likewise, fund balances that are committed or assigned would be used first for their approved purposes and unassigned fund balances would be used as needed.

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

Metro Government reports the following major governmental funds:

- The General Fund, Metro Government's primary operating fund, which accounts for all of the activities of the general government not required to be accounted for in another fund.
- The Special Revenue Fund, which accounts for the resources of specific revenues that are restricted or committed to spend for specified purposes other than debt service or capital projects. Metro Government reports federal and state grant money in the Special Revenue Fund.
- The Capital Projects Fund, which accounts for the acquisition or construction of general capital assets.

Non-major Funds are comprised of the Special Purpose Capital Fund, Debt Service Funds, and Capital Projects Funds of certain blended component units. The Special Purpose Capital Fund accounts for the acquisition of assets, such as vehicles and data processing equipment, which are funded by specific revenue sources. The Debt Service

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

1. Summary of Significant Accounting Policies, continued

Fund accounts for resources set aside to meet current and future debt service requirements on general long-term debt. The Capital Projects Fund accounts for the acquisition or construction of general capital assets.

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

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

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

E. Budgets

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

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

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

All budget adjustments at the department level must be approved by the Chief Financial Officer consistent with the approved budget.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

1. Summary of Significant Accounting Policies, continued

commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriations, is utilized in the governmental funds. Encumbrances are not treated as expenditures or liabilities because the commitments will be honored during the subsequent year. Outstanding encumbrances for the governmental funds at June 30, 2013, were as follows:

General Fund	\$	7,960,778
Special Revenue Fund		6,757,688
Major Capital Projects		4,777,120
Special Purpose		4,991,629
Total Governmental Funds	\$	24,487,215

F. Cash Deposits and Investments

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

State statutes authorize Metro Government to invest in instruments guaranteed by the U.S. Government or its agencies and in repurchase agreements with banks that conduct business in the state. The Firefighters' Pension Fund and the Policemen's Retirement Fund have no restrictions on the type of investments that they enter into as long as due diligence is exercised. See Note 2 for additional information.

In accordance with GASB reporting standards, investments are reported at fair value based on quoted market values.

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

G. Taxes Receivable

Net taxes receivable not expected to be collected within sixty days after the close of the fiscal year, thus not available to pay current liabilities at June 30, 2013, have been recorded in the balance sheet of the General Fund as deferred inflows of resources. In the government-wide financial statements, these amounts are recognized as revenues in the fiscal year for which the taxes are levied.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

1. Summary of Significant Accounting Policies, continued

Metro Government's property tax calendar is as follows:

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

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

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

H. Interfund Receivables/Payables

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

I. Land Held for Development

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

J. Inventories and Prepaid Items

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

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

Payments made to vendors for goods and services that will benefit periods beyond June 30, 2013, are recorded in assets as prepaid items, under the consumption method.

K. Capital Assets and Depreciation

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Metro Government defines capital assets as

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

1. Summary of Significant Accounting Policies, continued

assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year.

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

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

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

L. Compensated Absences

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

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for sick pay benefits in Metro Government's fund financial statements or the government-wide financial statements. Sick leave, which has no maximum accumulation, is charged to expense when paid. Accrued sick leave balances are not paid when employees terminate or retire. However, qualified participants in the County Employees' Retirement System ("CERS"), under certain circumstances, are eligible to convert accrued sick pay benefits into additional credit for years of service. This conversion requires no payment from Metro Government.

M. Long-term Debt and Obligations

In the government-wide financial statements, proprietary fund types in the fund financial statements and component unit financial statements, long-term debt and other long-term

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

1. Summary of Significant Accounting Policies, continued

obligations are reported as liabilities. Bond premiums and discounts are recorded in the Statement of Net Position and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as expenses and amortized over the term of the related debt. Metro Government has implemented the provisions of GASB Statement No. 65, *Amounts Previously Reported as Assets and Liabilities*, for the year ended June 30, 2013. Issuance costs related to previous bond issues have been retroactively expensed pursuant to the transition provisions of the standard. The beginning balances of net position have been restated, where appropriate, to reflect these retroactive adjustments.

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

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

N. Claims and Judgments Payable

Claims and judgments payable represents estimates for medical, automobile liability, workers' compensation, and other claims incurred as of June 30, 2013. This liability includes both reported and unreported events. This amount was determined by Metro Government's management and also includes actuarially determined amounts by Metro Government's independent insurance administrators.

O. Deferred Inflows of Resources and Deferred Outflows of Resources

With the implementation of GASB Statement 65, as discussed in Note 19, Statements of Net Position for Metro Government entities will include deferred inflows (or outflows) of resources when appropriate. Deferred outflows of resources represent a consumption of net position that applies to a future period(s). Deferred inflows of resources represent an acquisition of net position that applies to a future period(s). These amounts will not be recognized until as expense or revenue until the applicable period.

i. Metro Government

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

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

1. Summary of Significant Accounting Policies, continued

P. Fund Balances

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at June 30, 2013, by the Metro Government are nonspendable in form. Metro Government has not reported any amounts that are legally or contractually required to be maintained intact.
- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is classified, rescinded or modified pursuant to ordinances passed by the Metro Council, Metro Government’s highest level of decision making authority.

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

Committed for:	General Fund	Special Revenue Fund	Non Major Funds	Total
General Government	\$ 7,485,766	\$ -	\$ 749,700	\$ 8,235,466
Neighborhood Development Funds	1,800,250	-	-	1,800,250
Fire	48,750	19,881	-	68,631
Corrections	3,131	79,333	-	82,464
Emergency Medical Services	-	96,611	-	96,611
Emergency Management Agency/MetroSafe	-	69,131	-	69,131
Metro Animal Services	16,759	61,595	-	78,354
Criminal Justice Commission	-	394,496	-	394,496
Police	45,212	793,808	-	839,020
Economic Growth & Innovation	1,293,881	7,703,045	-	8,996,926
Air Pollution Control	462,355	2,542,481	-	3,004,836
Codes & Regulations	70,343	-	-	70,343
Parks & Recreation	578,156	94,365	-	672,521
Community Services & Revitization	35,605	2,535,988	-	2,571,593
Public Health & Wellness	-	952,033	-	952,033
Public Works & Assets	243,214	2,094,124	-	2,337,338
Human Relations Commission	-	212,903	-	212,903
Louisville Free Public Library	22,371	307,019	-	329,390
Louisville Zoological Gardens	40,175	5,842	-	46,017
Committed Fund Balance	<u>\$ 12,145,968</u>	<u>\$ 17,962,655</u>	<u>\$ 749,700</u>	<u>\$ 30,858,323</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

1. Summary of Significant Accounting Policies, continued

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

Metro Government developed and adopted an Unrestricted General Fund Balance (“Financial Stabilization Fund”) Policy on November 14, 2003. The stabilization fund is represented by unassigned fund balance. The unassigned fund balance is \$61.0 million at June 30, 2013. It is Metro Government’s policy to:

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

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

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

Q. Interfund Transactions

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

R. Use of Estimates

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

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

1. Summary of Significant Accounting Policies, continued

S. Louisville Water Company Dividends

The LWC has a quarterly dividend policy. Because the reporting period of the LWC covers the year ended December 31, 2012, a timing difference arises and causes a difference in the dividends paid and received as illustrated by the following schedule:

<u>Date paid</u>	<u>LWC Dividends Paid</u>	<u>Revenue Commission Dividends Received</u>
March 31, 2012	\$ 4,804,892	\$ -
June 30, 2012	4,804,893	-
September 30, 2012	4,804,892	4,545,841
December 31, 2012	4,804,893	4,545,842
March 31, 2013	-	4,919,832
June 30, 2013	-	4,919,832
	<u>\$ 19,219,570</u>	<u>\$ 18,931,347</u>

2. Cash Deposits and Investments

A. Pooled Portfolio Investments

Metro Government's pooled portfolio includes investments from all funds with the exception of Fiduciary Funds, funds held by the Revenue Commission and debt related investments restricted in the non-pooled portfolio. The following schedule presents the investments in Metro Government's pooled portfolio as of June 30, 2013, at fair value, with maturities (using the weighted average method that is rated for credit risk and interest rate risk), and credit risk ratings (from Moody's Investors Service):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Years</u>	<u>Credit Rating</u>
U.S. Government Money Market Mutual Funds	\$ 852	0.14	Aaa
Municipal Bonds	16,329,489	2.28	Aa1-Aa3
U.S. Agency Obligations	33,249,238	2.29	Aaa
Total	<u>\$ 49,579,579</u>		
Portfolio weighted average maturity		2.29	

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

2. Cash Deposits and Investments, continued

B. Non-Pooled Portfolio Investments

Non-pooled portfolio investments of the primary government include all restricted assets of the Capital Projects Funds, Internal Service Fund and Debt Service Funds. These investments are subject to the same Metro Government investment policies as the pooled portfolio investments. Non-pooled portfolio investments as of June 30, 2013 rated for credit risk and interest rate risk are summarized below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Years</u>	<u>Credit Rating</u>
U.S. Government Money Market Mutual Funds	\$ 1,926,760	0.15	Aaa

C. Custodial Credit Risk

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

Metro Government was fully collateralized and all investments were held in the Metro Government's name as of June 30, 2013.

D. Interest Rate Risk

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

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

E. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments are made under the "prudent investor" standard outlined in Metro Government's investment policy to ensure that (a) due diligence is exercised in accordance with state law, (b) any negative deviations are reported timely and (c) reasonable action is taken to control any adverse developments. Metro Government's

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

2. Cash Deposits and Investments, continued

investment policy dictates that investments in commercial paper have a credit of rating of no less than 'A1' (or its equivalent) at the time of purchase.

F. Concentration of Credit Risk

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

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

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

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

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

G. Revenue Commission

The bank balances at June 30, 2013, including cash with paying agents, were \$64,330,452. Of this amount, \$250,000 was covered by the Federal Deposit Insurance Corporation ("FDIC"). The remainder was collateralized by the bank holding the deposits in the Revenue Commission's name.

The investment balance at June 30, 2013, was \$5,016, which consisted of money market mutual funds with JP Morgan Securities. Investments at JP Morgan had an average weighted maturity of approximately two months and a credit rating of Aaa as supplied by Moody's Investors Service.

Custodial Credit Risk – Custodial credit risk for deposits and investments is the risk that, in the event of failure by a financial institution, the Revenue Commission may not be able to recover the value of its assets held by such financial institution. Except as follows, the

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

2. Cash Deposits and Investments, continued

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

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

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

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

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

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

2. Cash Deposits and Investments, continued

H. Fiduciary Funds

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

The Firefighters’ Pension Fund had deposits of \$292,907 at June 30, 2013. Of this amount, \$22,980 was covered by the FDIC. The remaining \$269,927 was collateralized by securities held by the pledging financial institution’s trust department or agent, but not in the Firefighters’ Pension Fund’s name. The Policemen’s Retirement Fund had deposits of \$282,101 at June 30, 2013, which were fully insured by the FDIC.

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

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

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

2. Cash Deposits and Investments, continued

Metro Government's fiduciary fund investments rated for credit risk and interest rate risk are summarized in the table below as of June 30, 2013:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Years</u>	<u>Credit Rating</u>
MTTF (included in cash and cash equivalents)			
U.S. Government Money Market Mutual Funds	<u>\$ 7,875,189</u>	0.15	Aaa
Escrow and Deposit Fund (included in cash and cash equivalents)			
U.S. Government Money Market Mutual Funds	<u>\$ 1,500,561</u>	0.15	Aaa
Firefighters' Pension Fund			
U.S. Agency Obligations	\$ 4,917	3.50	Aaa
Bond Mutual Funds	1,891,042	8.34	Not Rated
Equity Securities	4,515,996		
Total	<u>\$ 6,411,955</u>		
Portfolio weighted average maturity		8.33	
Policemen's Retirement Fund			
Money Market Funds (included in cash and cash equivalents)	\$ 563,963	0.14	Aaa
U.S. Agency Discount Notes	199,934	0.04	Aa
U.S. Agency Obligations	200,294	0.14	Aaa
Equity Securities	5,285,289		
Other Investments	10,489		
Total	<u>\$ 6,259,969</u>		
Portfolio weighted average maturity		0.12	

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

2. Cash Deposits and Investments, continued

I. Component Units

For complete information on custodial credit risk, interest rate risk, credit risk, and concentration of credit risk, refer to the individual reports of each component unit. As of December 31, 2012, the LWC had \$90,897,635 in deposits that were uninsured and collateralized with securities held by the pledging financial institution.

Summarized information for the investments that are rated for credit risk and interest rate risk held by Metro Government's discretely presented component units is included in the table below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Years</u>	<u>Credit Rating</u>
LWC			
Money Market Mutual Funds	\$ 2,657,400	0.14	Aaa
U.S. Treasury Obligations	4,700,000	0.87	AA+
Repurchase Agreements	10,729,319	11.86	Aaa
Total	<u>\$ 18,086,719</u>		
Portfolio weighted average maturity		7.28	
PARC			
U.S. Government Money Market Funds	<u>\$ 7,219,578</u>	0.15	Aaa
TARC			
U.S. Government Money Market Funds	<u>\$ 100,428</u>	0.14	Aaa
Riverport			
U.S. Treasury Bills	<u>\$ 3,738,340</u>	0.50	Aaa
MSD			
Certificates of Deposit	\$ 100,000		
FNMA Pool	22,638,978	0.32	Aaa
Tax Exempt Municipal Bonds	90,574,465	26.20	Aa
Commercial Paper	29,992,366	0.11	P-1
Money Market Funds	53,161,586	0.13	Aaa
Repurchase Agreements	22,830,739		
Total	<u>\$ 219,298,134</u>		
Portfolio weighted average maturity		12.17	
KSC			
Bond Mutual Funds	\$ 77,111	5.62	NR
Money Market Funds	169,864	0.14	Aaa
Equity Mutual Funds	330,312		NR
Total	<u>\$ 577,287</u>		
Portfolio weighted average maturity		1.85	

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

3. Disaggregation of Accounts Receivable and Accounts Payable

Accounts receivable are amounts owed to Metro Government as of June 30, 2013. Those amounts to be received within one year are considered current. All others are considered non-current.

Receivables at June 30, 2013, for Metro Government's individual major funds, internal service funds, and fiduciary funds in the aggregate, including allowance for uncollectible amounts, are as follows:

Fund:	Receivables:							
	Taxes	Accounts	Loans	Notes	Other Governments	Gross Receivables	Allowance for Uncollectibles	Net Receivables
General	\$ 6,110,372	\$ 11,465,642	\$ 999,051	\$ -	\$ 2,744,993	\$ 21,320,058	\$ (4,032,846)	\$ 17,287,212
Special Revenue	-	2,698,340	53,917,764	-	13,074,869	69,690,973	(14,422,260)	55,268,713
Capital Projects	-	40,350	5,047,588	2,208,333	-	7,296,271	(2,721,409)	4,574,862
Nonmajor	-	-	200,000	749,700	-	949,700	-	949,700
Internal Service	-	627,817	-	-	-	627,817	-	627,817
Fiduciary	-	308,149	-	-	-	308,149	-	308,149
Total Governmental Funds	\$ 6,110,372	\$ 15,140,298	\$ 60,164,403	\$ 2,958,033	\$ 15,819,862	\$ 100,192,968	\$ (21,176,515)	\$ 79,016,453
Component Units		<u>\$ 71,731,393</u>		<u>\$ 11,781,934</u>	<u>\$ 17,500</u>	<u>\$ 83,530,827</u>	<u>\$ (1,858,537)</u>	<u>\$ 81,672,290</u>

Accounts payable are amounts owed by Metro Government as of June 30, 2013. Those liabilities to be paid within one year are considered current. All others are considered non-current.

Payables at June 30, 2013, for Metro Government's individual major funds, non-major funds, internal service funds, and fiduciary funds in the aggregate, are as follows:

Fund:	Payables:			
	Vendors	Notes	Other	Total
General	\$ 12,354,330	\$ -	\$ 909,663	\$ 13,263,993
Special Revenue	7,232,777	-	-	7,232,777
Capital Projects	1,401,317	2,000,000	-	3,401,317
Nonmajor	442,332	-	197,500	639,832
Internal Service	11,524,147	-	-	11,524,147
Fiduciary	170,145	1,500,000	-	1,670,145
Total Governmental Funds	\$ 33,125,048	\$ 3,500,000	\$ 1,107,163	\$ 37,732,211
Component Units	<u>\$ 46,446,498</u>	<u>\$ 2,633,298</u>		<u>\$ 49,079,796</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

4. Capital Assets

A. Metro Government

Capital asset activity for the year ended June 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 310,015,348	\$ 3,972,121	\$ (2,031,490)	\$ 311,955,979
Land improvements	9,379,074	-	-	9,379,074
Construction in progress	75,489,478	23,821,959	(49,713,818)	49,597,619
Works of art	255,000	-	-	255,000
Total capital assets not being depreciated	395,138,900	27,794,080	(51,745,308)	371,187,672
Other capital assets:				
Land improvements	94,394,210	6,437,137	(512,875)	100,318,472
Buildings	392,191,666	26,113,741	(3,811,741)	414,493,666
Machinery and equipment	88,660,042	5,315,799	(7,111,167)	86,864,674
Vehicles	82,273,720	9,394,261	(640,659)	91,027,322
Collections and works of art	2,541,366	22,500	(26,591)	2,537,275
Infrastructure	942,587,345	14,797,286	(383,403)	957,001,228
Total other capital assets	1,602,648,349	62,080,724	(12,486,436)	1,652,242,637
Less accumulated depreciation for:				
Land improvements	(47,107,436)	(3,917,615)	301,144	(50,723,907)
Buildings	(153,406,739)	(6,728,900)	658,361	(159,477,278)
Machinery and equipment	(52,348,447)	(3,211,427)	4,188,799	(51,371,075)
Vehicles	(57,719,626)	(7,017,075)	608,626	(64,128,075)
Collections and works of art	(1,503,873)	(143,782)	14,800	(1,632,855)
Infrastructure	(859,578,730)	(15,616,850)	1,807	(875,193,773)
Total accumulated depreciation	(1,171,664,851)	(36,635,649)	5,773,537	(1,202,526,963)
Other capital assets, net	430,983,498	25,445,075	(6,712,899)	449,715,674
Governmental activities capital assets, net	\$ 826,122,398	\$ 53,239,155	\$ (58,458,207)	\$ 820,903,346

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

4. Capital Assets, continued

Depreciation expense was charged to governmental activities as follows:

General Government:	
Metro Council	\$ 1,752
Mayor's Office	334
Other Elected Officials	3,710
Fire	1,612,624
Emergency Medical Services	733,154
Emergency Management	2,380,586
Corrections	104,870
Youth Detention Services	92,032
Metro Animal Services	31,371
Criminal Justice Commission	21,579
Police	1,146,913
Economic Growth & Innovation	1,698,214
Air Pollution Control	131,205
Parks & Recreation	5,140,783
Community Services & Revitalization	15,603
Public Health & Wellness	164,829
Public Works	20,857,138
Information Technology	840,688
Office of Management & Budget	87,249
Louisville Free Public Library	330,444
Louisville Zoological Gardens	1,240,571
Total depreciation expense	<u>\$ 36,635,649</u>

B. Louisville Water Company

Capital asset activity for the LWC for the year ended December 31, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 9,829,549	\$ 1,788,165	\$ -	\$ 11,617,714
Construction in progress	61,473,282	56,439,891	(78,785,559)	39,127,614
Total capital assets not being depreciated	<u>71,302,831</u>	<u>58,228,056</u>	<u>(78,785,559)</u>	<u>50,745,328</u>
Other capital assets:				
Buildings	137,132,935	35,864,102	(975,115)	172,021,922
Machinery and equipment	56,861,479	3,500,813	(2,946,710)	57,415,582
Infrastructure	1,060,800,044	35,562,837	(4,871,375)	1,091,491,506
Total other capital assets	<u>1,254,794,458</u>	<u>74,927,752</u>	<u>(8,793,200)</u>	<u>1,320,929,010</u>
Less accumulated depreciation for:				
Buildings	(42,200,259)	(4,395,229)	548,273	(46,047,215)
Machinery and equipment	(43,080,898)	(3,820,468)	2,934,133	(43,967,233)
Infrastructure	(284,770,668)	(21,368,180)	2,800,980	(303,337,868)
Total accumulated depreciation	<u>(370,051,825)</u>	<u>(29,583,877)</u>	<u>6,283,386</u>	<u>(393,352,316)</u>
Other capital assets, net	<u>884,742,633</u>	<u>45,343,875</u>	<u>(2,509,814)</u>	<u>927,576,694</u>
Capital assets, net	<u>\$ 956,045,464</u>	<u>\$ 103,571,931</u>	<u>\$ (81,295,373)</u>	<u>\$ 978,322,022</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

4. Capital Assets, continued

C. Parking Authority of River City, Inc.

Capital asset activity for PARC for the year ended June 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 9,964,905	\$ 1,496,519	\$ -	\$ 11,461,424
Construction in progress	65,406	4,959,617	(4,779,023)	246,000
Total capital assets not being depreciated	10,030,311	6,456,136	(4,779,023)	11,707,424
Other capital assets:				
Buildings and Improvements	150,632,704	3,365,932	-	153,998,636
Machinery and equipment	5,095,833	797,028	(118,114)	5,774,747
Total other capital assets	155,728,537	4,162,960	(118,114)	159,773,383
Less accumulated depreciation	(49,344,398)	(4,153,970)	42,324	(53,456,044)
Other capital assets, net	106,384,139	8,990	(75,790)	106,317,339
Capital assets, net	<u>\$ 116,414,450</u>	<u>\$ 6,465,126</u>	<u>\$ (4,854,813)</u>	<u>\$ 118,024,763</u>

D. Transit Authority of River City

Capital asset activity for TARC for the year ended June 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 3,177,782	\$ -	\$ -	3,177,782
Other capital assets:				
Buildings	33,960,662	2,008,407	-	35,969,069
Vehicles	71,419,682	7,565,442	(4,568,056)	74,417,068
Office and computer equipment	5,775,308	153,945	(140,694)	5,788,559
Machinery and equipment	13,742,034	455,572	(193,186)	14,004,420
Total other capital assets	124,897,686	10,183,366	(4,901,936)	130,179,116
Less accumulated depreciation	(81,432,288)	(6,869,665)	4,901,936	(83,400,017)
Other capital assets, net	43,465,398	3,313,701	-	46,779,099
Capital assets, net	<u>\$ 46,643,180</u>	<u>\$ 3,313,701</u>	<u>\$ -</u>	<u>\$ 49,956,881</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

4. Capital Assets, continued

E. Louisville and Jefferson County Riverport Authority

Capital asset activity for Riverport for the year ended June 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land and improvements	\$ 8,101,986	\$ -	\$ -	\$ 8,101,986
Other capital assets:				
Buildings	29,771,477	-	-	29,771,477
Other	168,027	7,244	-	175,271
Total other capital assets	29,939,504	7,244	-	29,946,748
Less accumulated depreciation for:				
Buildings	(18,482,374)	(520,748)	-	(19,003,122)
Other	(138,228)	(10,064)	-	(148,292)
Total accumulated depreciation	(18,620,602)	(530,812)	-	(19,151,414)
Other capital assets, net	11,318,902	(523,568)	-	10,795,334
Capital assets, net	<u>\$ 19,420,888</u>	<u>\$ (523,568)</u>	<u>\$ -</u>	<u>\$ 18,897,320</u>

F. Metropolitan Sewer District

Capital asset activity for MSD for the year ended June 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 370,350,000	\$ 103,218,000	\$ (101,752,000)	\$ 371,816,000
Other capital assets:				
Buildings	1,043,493,000	26,939,000	-	1,070,432,000
Machinery and equipment	77,068,000	6,814,000	-	83,882,000
Infrastructure	1,439,842,000	108,292,000	-	1,548,134,000
Total other capital assets	2,560,403,000	142,045,000	-	2,702,448,000
Less accumulated depreciation	(825,205,000)	(58,994,000)	-	(884,199,000)
Other capital assets, net	1,735,198,000	83,051,000	-	1,818,249,000
Capital assets, net	<u>\$ 2,105,548,000</u>	<u>\$ 186,269,000</u>	<u>\$ (101,752,000)</u>	<u>\$ 2,190,065,000</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

4. Capital Assets, continued

G. Kentucky Science Center

Capital asset activity for the KSC for the year ended June 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Exhibits in progress	\$ 202,173	\$ 229,203	\$ (202,173)	\$ 229,203
Equipment not installed		42,884		42,884
Other capital assets:				
Leasehold improvements	6,049,575	20,073	-	6,069,648
Machinery and equipment	1,075,360	55,887	-	1,131,247
Museum exhibits	18,401,499	174,272	-	18,575,771
Total other capital assets	25,526,434	250,232	-	25,776,666
Less accumulated depreciation	(20,147,329)	(947,316)	-	(21,094,645)
Other capital assets, net	5,379,105	(697,084)	-	4,682,021
Capital assets, net	<u>\$ 5,581,278</u>	<u>\$ (424,997)</u>	<u>\$ (202,173)</u>	<u>\$ 4,954,108</u>

H. Waterfront Development Corporation

Capital asset activity for the WDC for the year ended June 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 8,493,289	\$ -	\$ (105,000)	\$ 8,388,289
Other capital assets:				
Office Equipment	14,923	-	-	14,923
Park Maintenance Equipment	387,734	63,713	(33,635)	417,812
Total other capital assets	402,657	63,713	(33,635)	432,735
Less accumulated depreciation	(226,657)	(37,192)	19,965	(243,884)
Other capital assets, net	176,000	26,521	(13,670)	188,851
Capital assets, net	<u>\$ 8,669,289</u>	<u>\$ 26,521</u>	<u>\$ (118,670)</u>	<u>\$ 8,577,140</u>

5. Land Held for Development

Land held for development in the amount of \$7,393,787 is all held by the Riverport Authority at June 30, 2013. Land held for development is stated at cost, which does not exceed its net realizable value. These costs include land acquisition, improvements, and other capitalized costs associated with the development along the Ohio River.

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

6. Risk Management

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

- **Automobile Liability:** Self-insured up to \$500,000 per occurrence. Excess coverage is purchased through the Louisville Area Governmental Self-Insurance Trust (“LAGIT”).
- **Workers’ Compensation (covering all employees):** Self-insured up to \$2,000,000 per occurrence. Excess coverage is purchased above this retained level.
- **Unemployment Compensation:** Completely self-insured.
- **Group Health Coverage:** Eligible Metro Government employees participated in group health coverage through three Preferred Provider Organization (“PPO”) plans offered through Metro Government’s health self-insurance fund, which are administered by Humana, Inc. In addition to the plans offered to all eligible Metro Government employees, eligible members of the Fraternal Order of Police may participate in two additional PPO plans offered through Metro Government’s health self-insurance fund, which is also administered by Humana, Inc.
- **General Liability:** Various general liability exposures (including public official liability, law enforcement liability, medical professional liability, employer’s liability, and employment practices liability), are self-insured up to a \$500,000 deductible per occurrence. Employer’s liability has a \$1,500,000 per occurrence deductible (\$1,000,000 limit of liability above a \$500,000 self-insured retention is provided by an underlying commercial excess insurance policy). Excess coverage is purchased through LAGIT.
- **Automobile Physical Damage:** Excess coverage is purchased for catastrophic losses through Louisville Area Governmental General Insurance Trust (“LAGGIT”) above a \$100,000 self-insured retention per occurrence.
- **Real and Business Personal Property:** Metro Government’s property exposures are self-insured up to \$250,000 per occurrence, except for flood coverage which carries a deductible of \$250,000 in addition to the amount of insurance available under the National Flood Insurance Program, whether purchased or not. Excess coverage is purchased on a blanket limit basis under LAGGIT for up to \$250 million, subject to certain sub-limits for specific exposures.

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

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

6. Risk Management, continued

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

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

The claims liability of \$32,995,710 reported in the Fund at June 30, 2013, is based on the requirements of GASB Statement No. 30, *Risk Financing Omnibus*. Claims liabilities are estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience. Claims liabilities include specific incremental claim adjustment expenses; allocated loss adjustments; and are reduced for estimated recoveries on unsettled claims.

Changes in the Fund's claims liability amount in fiscal years 2012 and 2013 were as follows:

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

The liability associated with the health self-insurance fund as of June 30, 2013, is \$3,195,000 and is included as a liability in the Fund.

Metro Government is also a member of LAGIT (for general liability exposures) and LAGGIT (for property exposures) which are separate risk-sharing mechanisms formed for public entities located in Jefferson County, Kentucky. The administrative responsibility for actual operations of LAGIT and LAGGIT is through Risk and Insurance Solutions, LLC. Independently audited financial statements for each trust are available by contacting LAGIT or LAGGIT's Executive Director.

Metro Government's annual accounting and investment service fees for LAGIT and LAGGIT were approximately \$39,103 and \$36,786, respectively. Metro Government has delegated certain administrative functions for LAGIT and LAGGIT to Risk and Insurance Solutions, LLC. Risk and Insurance Solutions, LLC was paid approximately \$73,030 and \$29,130 for services provided to LAGIT and LAGGIT, respectively.

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

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

6. Risk Management, continued

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

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

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

7. Short-Term Debt

A. Primary Government

On September 17, 2012, the Escrow and Deposit Fund re-issued the Amended and Restated General Obligation Bond Anticipation Note, Series 2012A for \$1,500,000 at an interest rate of 2.08%. The note is held in the Escrow and Deposit Fund as the nature of the note is fiduciary. This note was issued for public improvements related to projects originally authorized by the Series 2001A Bonds, and is renewable annually. The note was issued to cover any potential liabilities associated with the development projects authorized by the Series 2001A Bonds. The original note was issued by Metro Government in the principal amount of \$3,500,000 and the date of original issuance was January 30, 2004. The current note, which matured on June 30, 2013, was extended and renewed on September 12, 2013 for \$1,500,000. All current and additional interest due on the note upon renewal was paid in full.

The following table outlines activity on short-term notes during fiscal year 2013:

Year ending June 30	Beginning Balance	Additions	Reductions	Ending Balance
2013	\$ 1,500,000	\$ 1,500,000	\$ (1,500,000)	\$ 1,500,000

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

7. Short-Term Debt, continued

B. Discretely Presented Component Unit--Metropolitan Sewer District

On December 7, 2011, MSD issued \$226,340,000 of Sewer and Drainage System Subordinated Bond Anticipation Notes, Series 2011B with an interest rate of 2.50%. The proceeds of the notes were used to refinance the 2011A Notes. The 2011B Notes matured on December 12, 2012.

On November 15, 2012, MSD issued \$226,340,000 of Sewer and Drainage System Subordinated Bond Anticipation Notes, Series 2012A with an interest rate of 2.00%. The proceeds of the notes were used to refinance the 2011B Notes. The 2012A Notes mature on December 4, 2013, and 2013A Notes were issued for a like amount and term.

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

The following table outlines activity on short-term notes during fiscal year 2013 (in thousands):

Year ending June 30	Beginning Balance	Additions	Reductions	Ending Balance
2013	\$ 226,340	\$ 228,735	\$ (226,384)	\$ 228,691

8. Long-Term Debt

A. Metro Government

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

There are \$292,735,000 of General Obligation Bonds outstanding at June 30, 2013. The primary collateral for the General Obligation Bonds are the occupational license tax and net profits license tax collected by the Revenue Commission. The Revenue Commission is the fiscal agent for general obligation bonded debt issued by the City of Louisville before January 6, 2003, and by Metro Government thereafter. Metro Government is the fiscal agent for general obligation bonded debt issued before January 6, 2003 by Jefferson County Fiscal Court. Metro Government's general fund is contingently liable as guarantor of the general obligation bonded debt.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

8. Long-Term Debt, continued

In November 2004, Metro Government issued \$5,655,000 of General Obligations Bonds, Series 2004B for the purpose of financing capital improvements of designated parking facilities for PARC. PARC has entered into an operating sublease agreement with Metro Government to provide payment in amounts equal to the annual debt service on the series 2004B bonds. The sublease is renewable annually through fiscal year 2015 at the option of PARC.

On June 13, 2013, Metro Government issued \$10,250,000 of General Obligation Bonds, Series 2013A. The proceeds of the Series 2013A bonds are being used to finance the acquisition, construction and equipping of a new library branch at 9725 Dixie Highway in the southwestern part of Metro Louisville and public improvements to the Fourth Street Live area. The new library branch will be a single story structure containing approximately 40,000 square feet. The Series 2013A bonds, issued at a premium, are payable in principal installments ranging from \$415,000 to \$665,000 beginning December 1, 2013 at interest rates ranging from 2.00% to 3.50% over 20 years.

On June 13, 2013, Metro Government also issued \$16,685,000 of General Obligation Refunding Bonds, Series 2013B. The Series 2013B bonds were issued to advance refund, at par, a portion of the Louisville/Jefferson County Metro Government General Obligation Bonds, Series 2004A and 2004B maturing November 1, 2015 through and including November 1, 2024. The Series 2013B bonds, issued at a premium, are payable in principal installments ranging from \$20,000 to \$2,170,000 beginning November 1, 2013 at interest rates ranging from 1.50% to 5.00% over 11.5 years. The refunding provided for a cumulative savings of \$2,202,895 over the life of the bonds resulting in a net present value savings of \$2,076,215 or 11.54% of the refunded bonds.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

8. Long-Term Debt, continued

i. General Obligation Bonds

General Obligation Bonds outstanding, including accreted interest, at June 30, 2013, are as follows (in thousands):

Description of Issue	Original Issue Amount	Interest Rate	Maturity During Year Ended June 30	Debt Outstanding June 30
Jefferson Co. General Obligation				
Bonds:				
2000A Term & Coupon Bonds	2,595	7.70	2016	685
2000B Capital Appreciation Bonds	50,096	5.95 to 6.00	2015	10,279
2002A Serial Coupon	32,995	4.20 to 4.75	2020	9,195
Louisville/Jefferson Co. Metro				
Government General Obligation				
Bonds:				
Series 2004A (Foundation for our Future)	23,840	5.00	2015	2,165
Series 2004B (PARC Improvements)	5,655	5.00	2015	515
Series 2006A (Blueprint for our Future)	33,255	4.00 to 4.50	2027	25,945
Series 2009A (Refunding)	8,150	2.00 to 4.00	2023	6,620
Series 2009B (Refunding)	33,285	2.25 to 3.00	2019	20,865
Series 2009C (Refunding)	14,740	3.50 to 4.00	2019	9,405
Series 2009D (Refunding)	7,700	5.00	2016	3,590
Series 2009E (Refunding)	41,275	4.00 to 5.00	2020	30,370
Series 2009F (BAB's & RZEDB's)	63,250	4.40 to 5.65	2030	63,250
Series 2010 (Firefighter's settlement)	33,105	3.00 to 4.00	2020	26,575
Series 2010B (Energy equipment)	1,985	2.00	2016	1,225
Series 2010C (QECCB's)	7,400	4.70	2028	7,400
Series 2010D (Refunding)	34,805	3.00 to 4.00	2024	33,950
Series 2010E (Refunding)	6,495	2.00 to 4.00	2024	6,220
Series 2013A (Library construction)	10,250	2.00 to 3.50	2033	10,250
Series 2013B (Refunding)	16,685	1.50 to 5.00	2025	16,685
Total General Obligation Bonds				285,189
Net of premiums and discounts				7,546
Total Net General Obligation Bonds				\$ 292,735

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

8. Long-Term Debt, continued

Debt service requirements to maturity for General Obligation Bonds, excluding accreted interest of \$5,606 (which is included in the table presented on page 67), are as follows (in thousands):

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 26,143	\$ 14,586	\$ 40,729
2015	26,750	13,972	40,722
2016	21,760	9,134	30,894
2017	21,590	8,313	29,903
2018	22,460	7,544	30,004
2019-2023	85,400	26,339	111,739
2024-2028	58,470	11,527	69,997
2029-2033	17,010	1,061	18,071
Totals	<u>\$ 279,583</u>	<u>\$ 92,476</u>	<u>\$ 372,059</u>

ii. Lease Revenue Bonds

There are \$78,146,000 of Lease Revenue Bonds outstanding at June 30, 2013. They are collateralized by mortgages on improvements to facilities acquired or constructed with debt proceeds. Annual debt service requirements are provided from the General Fund in amounts pursuant to contracts and lease arrangements.

Lease Revenue Bonds outstanding, including accreted interest, at June 30, 2013, are as follows (in thousands):

<u>Description of Issue</u>	<u>Original Issue Amount</u>	<u>Interest Rate</u>	<u>Maturity During Year Ended June 30</u>	<u>Debt Outstanding June 30</u>
Jefferson County Capital Projects				
Corporation Lease Revenue Bonds:				
1992A Municipal Multiplier				
Term Bonds	\$ 16,764	6.95 to 7.00%	2018	\$ 30,169
2007A Current Interest Bonds	58,855	4.00 to 4.375	2028	47,885
Total Lease Revenue Bonds				<u>78,054</u>
Net of premiums and discounts				92
Total Net Lease Revenue Bonds				<u>\$ 78,146</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

8. Long-Term Debt, continued

Debt service requirements to maturity for Lease Revenue Bonds, excluding accreted interest of \$22,739 (which is included in the table presented on page 68), are as follows (in thousands):

Year ending	<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2014	\$	4,146	\$	7,158	\$ 11,304
2015		4,143		7,197	11,340
2016		4,156		7,317	11,473
2017		4,166		7,320	11,486
2018		4,204		7,391	11,595
2019-2023		15,455		6,163	21,618
2024-2028		19,045		2,571	21,616
Totals	\$	<u>55,315</u>	\$	<u>45,117</u>	<u>\$ 100,432</u>

iii. Notes Payable

Notes payable outstanding at June 30, 2013, is as follows:

Description of Issue	Interest Rate	Maturity During Year Ended	Debt Outstanding June 30
New Market Tax Credit Promissory Note	4.00%	2014	\$ 2,000,000
Louisville Water Co. Promissory Note	2.00	2016	9,281,900
Total notes payable			<u>\$ 11,281,900</u>

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

Year ending	<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2014	\$	2,664,400	\$	266,711	\$ 2,931,111
2015		912,500		172,400	1,084,900
2016		7,705,000		138,700	7,843,700
Totals	\$	<u>11,281,900</u>	\$	<u>577,811</u>	<u>\$ 11,859,711</u>

iv. Arbitrage

Pursuant to the Internal Revenue Code of 1986, as amended, Metro Government computes rebatable arbitrage on each of its outstanding bonds a minimum of every five years and at maturity. Metro Government has covenanted to rebate excess earnings on invested bond proceeds to the United States Treasury for each five-year computation period in accordance with the law. There was no arbitrage rebate liability for Metro Government at June 30, 2013.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

8. Long-Term Debt, continued

B. Discretely Presented Component Units

i. Louisville Water Company

Bonds payable at December 31, 2012 consist of the following (in thousands):

Description of Issue	Original Issue Amount	Interest Rate	Maturity During Year Ended December 31	Debt Outstanding December 31
Water System Revenue Bonds				
Series 2001	60,300	4.0 to 4.7%	2014	\$ 2,755
Series 2006	83,845	4.0 to 5.0	2031	72,145
Series 2009A	116,220	2.25 to 5.0	2025	96,820
Series 2009B	86,710	3.75 to 5.5	2029	86,710
Total Water System Revenue Bonds				258,430
Net of premiums, discounts, costs of issuance and deferred loss				8,557
Total Net Water System Revenue Bonds				<u>\$ 266,987</u>

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

Year ending December 31	Principal	Interest	Total
2013	\$ 16,620	\$ 12,282	\$ 28,902
2014	17,290	11,611	28,901
2015	17,695	10,844	28,539
2016	17,425	9,892	27,317
2017	17,150	9,021	26,171
2018-2022	77,080	34,286	111,366
2023-2027	63,215	17,507	80,722
2028-2031	31,955	3,496	35,451
Totals	<u>\$ 258,430</u>	<u>\$ 108,939</u>	<u>\$ 367,369</u>

During 2010, LWC received \$4.2 million from the U.S Government's American Recovery and Reinvestment Act ("ARRA") which provided funding for installation of 5.4 miles of 36-inch steel transmission pipeline along Interstate 64, and construction of a two million gallon elevated storage tank and additional booster pump station. A portion of this funding consisted of a loan of \$1.8 million at 2% interest which is reflected in LWC's notes payable at December 31, 2012.

LWC's notes payable at December 31, 2012 consist of the following:

Description of Issue	Interest Rate	Maturity During Year Ended	Debt Outstanding December 31
Kentucky Infrastructure Authority, Drinking Water State Revolving Fund Loan Program	2.00%	2031	\$ 1,838,831

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

8. Long-Term Debt, continued

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

Year ending <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 80,432	\$ 36,376	\$ 116,808
2014	82,048	34,760	116,808
2015	83,697	33,111	116,808
2016	85,380	31,428	116,808
2017	87,096	29,712	116,808
2018-2022	462,453	121,588	584,041
2023-2027	510,837	73,205	584,042
2028-2031	446,888	20,343	467,231
Totals	<u>\$ 1,838,831</u>	<u>\$ 380,523</u>	<u>\$ 2,219,354</u>

ii. Parking Authority of River City, Inc.

PARC's First Mortgage Revenue Bonds payable at June 30, 2013, consist of the following (in thousands):

Description of Issue	Original Issue Amount	Interest Rate	Maturity During Year Ended June 30	Debt Outstanding June 30
First Mortgage Revenue Bonds				
Series 2001	\$ 12,960	4.50 to 4.625%	2016	\$ 2,845
Series 2002	19,460	4.0 to 5.0	2032	16,325
Series 2009A	39,265	3.0 to 5.75	2040	37,190
Series 2009B	16,110	3.25 to 4.0	2021	8,500
Series 2010A	1,590	2.0 to 2.2	2016	1,205
Series 2010B	16,220	3.9 to 6.375	2041	16,220
Series 2013A	10,095	3.0 to 5.0	2033	10,095
Total First Mortgage Revenue Bonds				92,380
Net of premiums and discounts				1,250
Total Net First Mortgage Revenue Bonds				<u>\$ 93,630</u>

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

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 5,020	\$ 4,358	\$ 9,378
2015	5,185	4,186	9,371
2016	4,080	4,010	8,090
2017	2,795	3,884	6,679
2018	2,910	3,773	6,683
2019-2023	15,000	17,029	32,029
2024-2028	16,385	13,586	29,971
2029-2033	19,200	9,013	28,213
2034-2038	14,110	4,288	18,398
2039-2041	7,695	542	8,237
Totals	<u>\$ 92,380</u>	<u>\$ 64,669</u>	<u>\$ 157,049</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

8. Long-Term Debt, continued

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

iii. Metropolitan Sewer District

On April 23, 2013, MSD issued \$115,790,000 of Sewer and Drainage System Revenue Bonds, Series 2013A. The proceeds of the Series 2013A bonds, net of issuance costs and together with funds released from the Reserve Account, were used to currently refund \$131,670,000 of MSD's outstanding Sewer and Drainage System Revenue Bonds, Series 2001A.

On April 23, 2013, MSD issued \$119,515,000 of Sewer and Drainage System Revenue Bonds, Series 2013B. The proceeds of the Series 2013B bonds, net of issuance costs and together with funds released from the Reserve Account, were deposited into an Escrow Fund with the Paying Agent to advance refund \$100,000,000 of MSD's outstanding Sewer and Drainage System Revenue Bonds, Series 2004A and to advance refund \$34,345,000 of the Series 2005A bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from MSD's Statement of Net Position.

Both refundings were undertaken to reduce debt service payments over the next 26 years by \$111,513,000 and resulted in a net present value savings of \$43,779,000.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

8. Long-Term Debt, continued

MSD's various bonds outstanding at June 30, 2013, are listed in the following table (in thousands):

Description of Issue	Original Issue Amount	Interest Rate	Maturity During Year Ended June 30	Debt Outstanding June 30
Sewer and Drainage System				
Revenue Bonds:				
Series 2005A	64,740	3.00 to 5.00	2026	20,770
Series 2006A	100,000	4.00 to 5.00	2038	91,280
Series 2007A	61,125	4.00 to 5.00	2025	50,240
Series 2008A	105,000	4.00 to 5.00	2038	101,810
Series 2009A	76,275	5.00	2022	57,945
Series 2009B	225,770	2.00 to 5.00	2023	177,785
Series 2009C	180,000	5.98	2040	180,000
Series 2010A	330,000	6.25	2043	330,000
Series 2011A	263,360	3.00 to 5.00	2034	260,125
Series 2013A	115,790	4.00	2036	115,790
Series 2013B	119,515	4.00 to 5.00	2038	119,515
Total Sewer and Drainage System Revenue Bonds				1,505,260
Net of premiums and discounts				56,764
Total Net Sewer and Drainage System Revenue Bonds				<u>\$ 1,562,024</u>

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

Year ending June 30	Principal	Interest	Total
2014	\$ 27,035	\$ 78,076	\$ 105,111
2015	28,525	76,985	105,510
2016	29,975	75,574	105,549
2017	31,650	74,096	105,746
2018	33,425	72,533	105,958
2019-2023	197,695	335,661	533,356
2024-2028	210,635	285,080	495,715
2029-2033	104,890	235,392	340,282
2034-2038	366,430	193,474	559,904
2039-2043	475,000	90,529	565,529
Totals	<u>\$ 1,505,260</u>	<u>\$ 1,517,400</u>	<u>\$ 3,022,660</u>

MSD enters into swaps and other derivative contracts to lock in long term rates in advance of issuing long term debt, to create and manage variable rate exposure in its debt portfolio, and to take advantage of market opportunities that hedge embedded interest rate and tax regulation risk that exists on its statement of net position. MSD's interest rate swaps were found to be ineffective as of June 30, 2010, based on its evaluation. The fair value of the liability reported on MSD's statement of net position at June 30, 2013 was approximately \$72.4 million. A corresponding charge for the change in fair value was made to MSD's non-operating expenses during fiscal year 2013. The fair values of the interest rate swaps were estimated using the zero-coupon method.

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

8. Long-Term Debt, continued

In May and June 2013, MSD terminated two Floating to Fixed Interest Rate swap agreements, two Basis swap agreements and three Reversal swap agreements. Additionally, MSD partially terminated two Floating to Fixed Interest Rate swap agreements. The termination of all swap agreements resulted in a net payment by MSD of \$152,000. This action will result in a savings of \$13.5 million over the next ten years.

On June 30, 2013, MSD had the following derivative instruments outstanding (in thousands):

<u>Counter Party</u>	<u>Initial Notional Amount</u>	<u>Current Notional Amount</u>	<u>Effective Date</u>	<u>Termination Date</u>	<u>Payment Terms</u>	<u>Receipt Terms</u>	<u>Fair Value</u>	<u>Change in Fair Value</u>
Wells Fargo	\$ 225,732	\$ 180,716	11/15/2009	5/15/2033	4.4215%	67% of 30-day LIBOR	\$ (57,923)	\$ 32,221
Bank of America	56,433	45,284	11/15/2009	5/15/2033	4.4215%	67% of 30-day LIBOR	(14,495)	8,041
Wells Fargo	50,376	-	11/15/2009	6/12/2013	SIFMA	2.9235%	-	(4,974)
Bank of America	64,869	-	5/15/2003	6/12/2013	4.0750%	SIFMA	-	7,465
Deutsche Bank	103,673	-	5/15/2003	6/12/2013	4.0750%	SIFMA	-	14,490
Deutsche Bank	149,465	-	8/15/2009	6/12/2013	SIFMA	2.7800%	-	(12,099)
Deutsche Bank	12,594	-	11/15/2009	6/12/2013	SIFMA	2.9240%	-	(1,244)
Deutsche Bank	281,745	-	11/15/2011	5/29/2013	SIFMA	100.30% of 3- month LIBOR	-	(7,966)
Morgan Stanley	190,790	-	5/15/2003	6/12/2013	SIFMA	78.78% of 3- month LIBOR	-	352
	<u>\$ 1,135,677</u>	<u>\$ 226,000</u>					<u>\$ (72,418)</u>	<u>\$ 36,286</u>

LIBOR = London Interbank Offering Rate

SIFMA = Securities Industry and Financial Markets Association

With respect to credit risk associated with the above swap transactions, MSD's agreements call for the swap values to be collateralized if the counter parties do not maintain A1/A+ credit ratings from Moody's and Standard and Poor's, respectively. The counter parties' had the following June 30, 2013, credit ratings from Moody's and Standard and Poor's, respectively: Wells Fargo, Aa3 and AA- and Bank of America, Baa2 and A.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

8. Long-Term Debt, continued

C. Summary of Debt Transactions:

Long-term liability activity for the year ended June 30, 2013, was as follows (in thousands):

	Beginning Balance	Additions and Accreted Interest	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES:					
Bonds and notes payable:					
General obligation debt	\$ 302,438	\$ 27,561	\$ (44,810)	\$ 285,189	\$ 26,143
Revenue bonds	88,425	2,084	(12,455)	78,054	4,146
Notes payable	11,737	-	(455)	11,282	2,664
Bonds and notes payable	<u>402,600</u>	<u>29,645</u>	<u>(57,720)</u>	<u>374,525</u>	<u>32,953</u>
Net of bond premiums and discounts	6,798	2,805	(1,965)	7,638	-
Total bonds and notes payable	<u>409,398</u>	<u>32,450</u>	<u>(59,685)</u>	<u>382,163</u>	<u>32,953</u>
Other liabilities:					
Capital lease	3,186	-	(708)	2,478	695
Claims and judgments	30,730	82,606	(80,341)	32,995	15,979
Compensated absences	18,654	22,063	(21,332)	19,385	1,472
Total other liabilities	<u>52,570</u>	<u>104,669</u>	<u>(102,381)</u>	<u>54,858</u>	<u>18,146</u>
Governmental activities long-term liabilities	<u>\$ 461,968</u>	<u>\$ 137,119</u>	<u>\$ (162,066)</u>	<u>\$ 437,021</u>	<u>\$ 51,099</u>
COMPONENT UNITS:					
Bonds and notes payable:					
LWC	\$ 276,551	\$ 104	\$ (16,386)	\$ 260,269	\$ 16,700
PARC	86,770	10,845	(4,485)	93,130	5,170
KSC	-	45	-	45	16
MSD	1,562,510	235,305	(292,555)	1,505,260	27,035
Bonds and notes payable	<u>1,925,831</u>	<u>246,299</u>	<u>(313,426)</u>	<u>1,858,704</u>	<u>48,921</u>
Net of bond premiums and discounts	55,322	15,240	(3,990)	66,572	-
Total bonds and notes payable	<u>1,981,153</u>	<u>261,539</u>	<u>(317,416)</u>	<u>1,925,276</u>	<u>48,921</u>
Other liabilities:					
Capital lease	-	776	(91)	685	154
Claims and judgments	5,195	1,788	(1,380)	5,603	3,772
Compensated absences	4,776	479	-	5,255	399
Total other liabilities	<u>9,971</u>	<u>3,043</u>	<u>(1,471)</u>	<u>11,543</u>	<u>4,325</u>
Component units long-term liabilities	<u>\$ 1,991,124</u>	<u>\$ 264,582</u>	<u>\$ (318,887)</u>	<u>\$ 1,936,819</u>	<u>\$ 53,246</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

9. Capital Lease Obligations

A. Metro Government

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

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

Year ending				
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2014	\$ 694,587	\$ 33,490	\$ 728,077	
2015	705,135	22,942	728,077	
2016	715,843	12,235	728,078	
2017	361,987	2,051	364,038	
Totals	<u>\$ 2,477,552</u>	<u>\$ 70,718</u>	<u>\$ 2,548,270</u>	

B. Transit Authority of River City

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

The following is a schedule of TARC's future minimum payments required under the capital lease together with the present value of the lease at June 30, 2013.

Year ending	<u>Minimum</u>
<u>June 30</u>	<u>Payments</u>
2014	\$ 164,515
2015	164,515
2016	164,515
2017	164,515
2018	54,838
Total minimum lease payments	712,898
Less: Amounts representing interest	(27,439)
Present value of Lease Payments	<u>\$ 685,459</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

10. Conduit Debt Obligations

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

Since the merger which formed Metro Government in January 2003, the Metro Council has authorized approximately \$2,359,515,139 of Industrial Revenue Bonds through June 30, 2013. During the year ended June 30, 2013, the Metro Council authorized approximately \$42,135,000 of Industrial Revenue Bonds. The aggregate principal amount outstanding at June 30, 2013, could not be determined.

11. Interfund Receivables, Payables, and Transfers

Interfund receivable and payable balances at June 30, 2013, are as follows:

Fund	Interfund Receivable	Interfund Payable
General	\$ 32,145,426	\$ -
Nonmajor Governmental	140,760	-
Agency:		
Revenue Commission	15,705,368	-
Mass Transit	4,294,218	-
Internal Service:		
Revenue Commission	-	52,285,772
Totals	<u>\$ 52,285,772</u>	<u>\$ 52,285,772</u>

These balances resulted from a timing difference between when taxes were collected by the Revenue Commission for June 2013 and were distributed to the appropriate funds.

Interfund transfers during the fiscal year ended June 30, 2013, were as follows:

Transfers out:	Transfers in:					
General Fund	Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Proprietary Fund		Total
General Fund	\$ -	\$ 2,026,248	\$ 4,993,697	\$ 46,337,472	\$ 20,104,310	\$ 73,461,727
Special Revenue Fund	3,697,789	-	454,820	768,552	174,933	5,096,094
Capital Projects Fund	3,653,200	-	-	1,164,808	-	4,818,008
Nonmajor Governmental Fund:	1,851,300	-	4,147,808	-	1,300,000	7,299,108
Fiduciary Fund	-	-	245,000	-	-	245,000
Total	<u>\$ 9,202,289</u>	<u>\$ 2,026,248</u>	<u>\$ 9,841,325</u>	<u>\$ 48,270,832</u>	<u>\$ 21,579,243</u>	<u>\$ 90,919,937</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

11. Interfund Receivables, Payables, and Transfers, continued

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

12. Customer Contributions for Water Pipeline Construction

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

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

The net increase in contributions in aid of construction during the year totaled \$5,381,939 and is shown on the component unit's statement of activities as a capital contribution.

13. Contingencies and Commitments

A. Litigation

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

B. Federal and State Grants

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

C. Construction Commitments

The Metro Government has active construction projects including improvements to major roadways, government buildings, parks, and other various ongoing projects. The remaining committed budget for these projects is approximately \$47.0 million as of June 30, 2013.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

13. Contingencies and Commitments, continued

D. Other Commitments

On September 3, 2008 the Kentucky Economic Development Authority issued \$349,218,518 Louisville Arena Project Revenue Bonds, Series 2008. The proceeds from these bonds were used to fund the acquisition, development, construction, and financing of the Arena Project in downtown Louisville, a public project intended for multiple uses as a public recreational, cultural, and sports facility. Pursuant to Metro Government Ordinance 143, Series 2007 (“Arena Ordinance”), Metro Government has agreed to pay up to \$309,000,000 to or on behalf of the Louisville Arena Authority (“the Authority”) for debt service over 30 years beginning in fiscal year 2011. Metro Government made payments of \$9,799,933 during the year ended June 30, 2013.

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

<u>Years</u>	<u>Minimum Annual Guaranteed Payments</u>	<u>Maximum Annual Guaranteed Payments</u>
2014-2019	\$ 6,533,333	\$ 9,800,000
2020-2029	7,200,000	10,800,000
2030-2039	6,866,667	10,300,000

On or prior to October 1 each fiscal year through 2039, the Authority will determine whether there are sufficient gross revenues, as defined by the Arena Ordinance, to pay in full all debt service due on the bonds on the next two scheduled semiannual payments. In the event of a shortfall of revenues, Metro Government is required to appropriate additional funds to cover such shortfalls up to the Maximum Annual Guaranteed Payment. Beginning on March 31, 2011, and each March 31 thereafter, the Authority shall determine whether there is any “Excess Net Cash Flow”, as defined by the Arena Ordinance, during the past fiscal year. In the event there is any “Excess Net Cash Flow” from the Authority’s gross revenues, after meeting Debt Service Reserve and Renovation Fund requirements, Metro Government will receive 45% of such excess, not to exceed Metro Government’s Guaranteed Payment for that fiscal year. There were no payments of “Excess Net Cash Flow” to Metro Government during the year ended June 30, 2013.

14. Deferred Compensation

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

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

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

15. Post-Employment Health Care Benefits

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

A. Employees Participating in CERS

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

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

At the time of completion of this CAFR, the KRS has not yet released their CAFR for the fiscal year ended June 30, 2013. The following information was extracted from the KRS CAFR for the fiscal year ended June 30, 2012.

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

The KRS Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. For the fiscal year ended June 30, 2012, insurance premiums withheld from benefit payments for members of the CERS non-hazardous and hazardous plans were \$27,541,099 and \$1,982,303, respectively. For the fiscal year ended June 30, 2011, insurance premiums withheld from benefit payments for members of the CERS non-hazardous and hazardous plans were \$29,219,273 and \$2,017,208, respectively. The KRS Insurance Fund pays the same proportion of hospital and medical insurance premiums for the spouse and dependents of retired hazardous members killed in the line of duty.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

15. Post-Employment Health Care Benefits, continued

As of June 30, 2012, the KRS Insurance Fund had 96,742 retirees and beneficiaries, across all plans, for whom benefits were available. The amount of contribution paid by the funds is based on years of service. For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows.

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

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

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

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

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

15. Post-Employment Health Care Benefits, continued

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

<u>System</u>	<u>Actuarial Value of Assets</u>	<u>AALEntry Age Normal</u>	<u>Funded</u>	<u>Covered Payroll</u>	<u>Unfunded as a % of Covered Payroll</u>
KERS Non-Haz	\$ 446,080,511	\$ 3,125,330,157	14.3%	\$ 1,644,896,681	162.9%
KERS Haz	345,573,948	384,592,406	89.9%	131,976,754	29.6%
CERS Non-Haz	1,512,853,851	2,370,771,288	63.8%	2,236,546,345	38.4%
CERS Haz	829,040,842	1,364,843,057	60.7%	464,228,923	115.4%
SPRS	124,372,072	333,903,782	37.2%	48,372,506	433.2%
Total Pension Funds	\$ 3,257,921,224	\$ 7,579,440,690	43.0%	\$ 4,526,021,209	95.5%

B. Policemen and Firefighters Participating in Metro Plan

Retired policemen's and firefighters' benefits (as outlined in their respective union contracts) covered under the Pension Trust Funds may purchase health care and life insurance through Metro Government or through a separately purchased plan. These retirees pay the full cost of the plans and are eligible to receive reimbursement from Metro Government up to the maximum Metro Government contribution to the cost of single coverage health insurance premiums offered for Metro Government employees, but no less than the rate in effect as of January 2012.

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

<u>Fiscal Year Ended</u>	<u>Policemen's Retirement Fund</u>	<u>Firefighters' Pension Fund</u>	<u>Total</u>
06/30/11	\$ 667,278	\$ 501,306	\$ 1,168,584
06/30/12	641,098	470,706	1,111,804
06/30/13	622,025	451,216	1,073,241

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

16. Landfill Closure and Post-Closure Care Costs

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

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

Because all landfills were closed in prior years, 100% of landfill closure and post-closure care costs, estimated at \$1,747,462, were originally recorded as a liability in the general long-term debt account group of the former City of Louisville at June 30, 1995. The beginning balance of the liability for fiscal year 2013 was \$6,306. Payments totaling \$1,014 were made during fiscal year 2013 and changes in estimates have increased this liability from the prior year to \$14,190, the remaining balance, at June 30, 2013. This liability is reflected in the government-wide statement of net position. Future costs may vary from that amount because of inflation, changes in technology, or changes in regulations.

17. Pension Plans

A. County Employees' Retirement System

i. Plan Description

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

ii. Funding Policy

Plan members are required to contribute 5% (8% for participants in the Hazardous Duty Plan) of creditable compensation if hired before September 1, 2008. Plan members hired on or after that date are required to contribute 6% (9% for participants in the Hazardous Duty Plan) of creditable compensation. Employers are required to contribute at an actuarially determined rate. The rate for the fiscal year ended June 30, 2013, is 19.55% (37.60% under the Hazardous Duty Plan) of participating employees' compensation. The contribution requirements of employers and plan members are established and may be amended by the CERS Board of Trustees. Metro Government has met its funding requirement for the fiscal year ended June 30, 2013.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

17. Pension Plans, continued

Metro Government's contribution to the CERS for the years ending June 30, 2013, 2012 and 2011 are outlined in the table below.

Fiscal Year Ended	Total Contributions	Hazardous Contribution Rate	Non-Hazardous Contribution Rate
06/30/13	\$ 77,070,727	37.60%	19.55%
06/30/12	73,629,314	35.76%	18.96%
06/30/11	72,516,915	33.25%	16.93%

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

- LWC's contribution to the CERS for years ending December 31, 2012, 2011 and 2010 were \$5,549,950, \$5,080,620, and \$4,641,238 respectively.
- TARC's contribution to the CERS for the years ended June 30, 2013, 2012, and 2011 were \$5,710,481, \$5,255,971, and \$4,594,907, respectively.
- Riverport's contribution to the CERS for the years ended June 30, 2013, 2012, and 2011 were \$75,502, \$61,807, and \$60,336 respectively.
- MSD's contribution to the CERS for the years ended June 30, 2013, 2012, and 2011 were \$7,219,000, \$7,156,000, and \$6,394,000 respectively.

B. Fire and Police Pension Trust Funds

i. Plan Descriptions

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

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

Employees who retire with 20 years of service are eligible to receive 50% of their three-year average salary (25 years of service are eligible to receive 56% of their three-year average salary, if hired after July 1, 1984) under the Firefighters' Pension Fund. The three-year average salary is the sum of the three highest fiscal years of annual base salary plus overtime and supplemental pay. Under the Policemen's Retirement Fund, employees who retire at or after age 62 with 5 or more years of service are entitled to receive payments for the remainder of their lives equal to 2% of their three-year average base salary times the number of years of service. Both Funds provide up to a

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

17. Pension Plans, continued

maximum of 75% of the three-year average salary as the length of service increases. Upon termination, employees having completed 10 years of service but not considered eligible for normal retirement, shall receive a refund of contributions without interest under the Firefighters' Pension Fund. Under the Policemen's Retirement Fund, an employee who completes 5 years of service but is not yet eligible for normal retirement shall receive three-fourths of his contributions to the Fund without interest, upon termination.

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

Membership of each plan consisted of the following at June 30, 2013:

	Firefighters' Pension <u>Fund</u>	Policemen's Retirement <u>Fund</u>
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	191	161
Vested active plan participants	0	1

ii. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting - The preparation of the financial statements of the Funds generally conform to the provisions of the GASB on financial reporting for pension plans. The financial statements of the Funds are prepared on the accrual basis. Plan member contributions are recognized in the period in which the contributions are due. Metro Government's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The cost of administering the plans is financed by Metro Government and is based on budgets submitted by the administrators on an annual basis.

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

17. Pension Plans, continued

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

For the fiscal years ended June 30, 2013, 2012, and 2011 the unfunded pension obligation for the Policemen's Retirement Fund was \$10,558,637, \$11,079,886, and \$11,277,174 respectively, and for the Firefighters' Pension Fund was \$15,266,478, \$16,510,288, and \$17,599,185 respectively.

Based on the actuarial valuations performed by consulting actuaries at January 1, 2012, 2011, and 2010, Metro Government made the required annual contributions in fiscal years ended June 30, 2013, 2012 and 2011 of \$1,461,418, \$1,439,974, and \$1,486,182 respectively, to the Policemen's Retirement Fund and \$2,598,938, \$2,385,051, and \$1,827,317 respectively, to the Firefighters' Pension Fund. These payments were equal to 100% of the required contribution in each fiscal year reported.

Based on the actuarial valuations performed by consulting actuaries at January 1, 2013, Metro Government will be required to make contributions to the Policemen's Retirement Fund of \$1,625,938 and to the Firefighters' Pension Fund of \$2,989,564 for the fiscal year beginning July 1, 2013.

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

<u>Fund</u>	<u>Firefighters' Pension Fund</u>	<u>Policemen's Retirement Fund</u>
Valuation date	January 1, 2013	January 1, 2013
Actuarial cost method	Entry age	Entry age
Amortization method	Level percent, closed	Level percent, closed
Remaining amortization period	15 years	15 years
Asset valuation method	Market	Market
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	N/A	7.5%
Projected inflation rate	N/A	N/A

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

17. Pension Plans, continued

Included below is the actuarial information for the current year:

SCHEDULES OF FUNDING PROGRESS						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll (b-a)/(c)
<u>Firefighters' Pension Fund:</u>						
1/1/2013	\$ 7,328,380	\$ 22,594,858	\$ 15,266,478	32.4%	\$ -	0%
<u>Policemen's Retirement Fund:</u>						
1/1/2013	\$ 6,990,186	\$ 17,548,823	\$ 10,558,637	39.8%	\$ 60,159	17,551.22%

SCHEDULES OF EMPLOYER CONTRIBUTIONS				
Year Ended June 30	Firefighters' Pension Fund		Policemen's Retirement Fund	
	Annual Contribution	Percentage Contributed	Annual Contribution	Percentage Contributed
2011	\$ 1,827,317	100%	\$ 1,486,182	100%
2012	2,385,051	100%	1,439,974	100%
2013	2,598,938	100%	1,461,418	100%

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION & BENEFIT TRUST FUNDS
June 30, 2013

	Firefighters' Pension Trust	Policemen's Retirement Fund	Total Pension & Benefit Trust
ASSETS			
Cash and cash equivalents	\$ 279,751	\$ 844,940	\$ 1,124,691
Investments:			
Equity securities	4,515,996	5,285,289	9,801,285
Bond Mutual Funds	1,891,042	-	1,891,042
US Agency notes	4,917	199,934	204,851
US Agency obligations	-	200,294	200,294
Other investments	-	10,489	10,489
Accounts receivable and accrued interest	150,586	141,054	291,640
Total assets	6,842,292	6,682,000	13,524,292
LIABILITIES			
Accounts payable	16,656	132,563	149,219
Health insurance reimbursement and accrued liabilities	151,087	125,771	276,858
Total liabilities	167,743	258,334	426,077
NET POSITION			
Held in trust for pension benefits	\$ 6,674,549	\$ 6,423,666	\$ 13,098,215

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

17. Pension Plans, continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION & BENEFIT TRUST FUNDS
For the Year Ended June 30, 2013

	<u>Firefighters'</u> <u>Pension Trust</u>	<u>Policemen's</u> <u>Retirement Fund</u>	<u>Total Pension &</u> <u>Benefit Trust</u>
ADDITIONS			
Contributions:			
Employer	\$ 2,598,938	\$ 1,461,418	\$ 4,060,356
Member	-	4,236	4,236
Total contributions	<u>2,598,938</u>	<u>1,465,654</u>	<u>4,064,592</u>
Investment earnings:			
Decrease in fair value of investments	315,894	596,362	912,256
Realized gains	437,902	177,315	615,217
Interest and dividends	3,963	130,235	134,198
Total investment earnings	<u>757,759</u>	<u>903,912</u>	<u>1,661,671</u>
Investment expense	<u>(41,512)</u>	<u>(57,517)</u>	<u>(99,029)</u>
Net investment earnings	<u>716,247</u>	<u>846,395</u>	<u>1,562,642</u>
Other income	<u>1,032,899</u>	<u>779,093</u>	<u>1,811,992</u>
Total additions	<u>4,348,084</u>	<u>3,091,142</u>	<u>7,439,226</u>
DEDUCTIONS			
Benefit payments	2,953,259	2,370,122	5,323,381
Administration expense	261,243	249,594	510,837
Health insurance reimbursement	611,159	447,020	1,058,179
Total deductions	<u>3,825,661</u>	<u>3,066,736</u>	<u>6,892,397</u>
Net decrease in net position	522,423	24,406	546,829
Net position--beginning of the year	<u>6,152,126</u>	<u>6,399,260</u>	<u>12,551,386</u>
Net position--end of the year	<u>\$ 6,674,549</u>	<u>\$ 6,423,666</u>	<u>\$ 13,098,215</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

18. Asset Transfers to Component Units

a. Metro Government

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

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

b. Capital Projects Corporation

On September 28, 2012, the Board of Directors of the Capital Projects Corporation approved a resolution to transfer the parking garages located at 415 South 6th Street (the “Louisville Gardens Garage”) and 536 West Market Street (the “Market Street Garage”) to the Parking Authority of River City, Inc. (“PARC”). The Louisville Gardens Garage was transferred for \$1,951,540, with \$1,576,540 due at the time of the transfer and \$75,000 due annually for fiscal years 2014 through 2018. The Market Street Garage was transferred for \$2,998,460 with \$2,623,760 due at the time of the transfer and \$74,940 due annually for fiscal years 2014 through 2018. Pursuant to the resolution authorizing the transfer, all proceeds are to be transferred to the Metro Government within ten days of receipt. The garages were recorded on Metro Government’s books at a net book value of approximately \$3,261,400.

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

18. Asset Transfers to Component Units, continued

c. Parking Authority of River City

On June 20, 2012, the Board of Directors of PARC approved a resolution to obtain the parking lot located on the south side of Jefferson Street between 7th and 8th Streets (the “Mud Lot”) and the parking lot located behind City Hall on the south side of Market Street between 6th and 7th Streets (the “City Hall Lot”) from the Louisville/Jefferson County Metro Government (“Metro Government”). The transfer of the parking lots was approved by the Metro Council in the fiscal 2013 budget ordinance. The lots were transferred to PARC in exchange for \$10,740,000 which was funded by the issuance of bonds. On September 28, 2012, the Board of Directors of PARC approved a resolution to obtain the parking garages located at 415 South 6th Street (the “Louisville Gardens Garage”) and 536 West Market Street (the “Market Street Garage”) from Jefferson County, Kentucky, Capital Projects Corporation (“CPC”). The Louisville Gardens Garage was transferred in exchange for \$1,951,540 and the Market Street Garage was transferred in exchange for \$2,998,460 which was funded by cash reserves of \$4,200,300 and promissory notes payable of \$749,700.

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

19. Implementation of GASB Pronouncements

A. Accounting Pronouncements Adopted during the fiscal year ended June 30, 2013:

i. GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*

This Statement is designed to improve financial reporting for governmental entities by amending the requirements of Statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, to better meet user needs and address reporting issues that have come to light since those Statements were issued in 1991 and 1999, respectively. The requirements of this Statement impacted Metro Government’s Statement of Net Position as Metro Government owns 100% of the stock of the LWC. This equity interest had previously not been reported as an asset in the government wide statements in accordance with GASB No. 14. GASB No. 61 requires that this investment be shown as an asset in the government-wide statement. The beginning net position of Metro Government has increased by \$800,484,443, which is the net position of the LWC as of December 31, 2011. The change in net position of LWC for the fiscal year ended December 31, 2012 has been recorded as a gain on equity interest in the government-wide statements.

ii. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

This Statement provides guidance on the reporting of deferred outflows and inflows of resources in the statement of financial position. In addition, this standard also changes the terminology for *net assets* to *net position* and revises the definitions for each of the components of net position to address how deferred elements affect each component. These revisions are primarily focused on the format of the statement of

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

19. Implementation of GASB Pronouncements, continued

financial position and do not significantly affect the financial position of Metro Government.

iii. GASB Statements No. 65, *Amounts Previously Reported as Assets and Liabilities*

Metro Government has elected to early implement the provisions of GASB Statement No. 65. This Statement outlines specific provisions for reporting deferred outflows of resources and deferred inflows of resources which were not previously included in prior GASB standards. For Metro Government, this implementation resulted in the recognition of expenses in prior periods for the bond issuance costs for Metro Government. Beginning net position has been decreased by \$3,065,086 to reflect this recognition required by this Statement.

The overall impact of GASB Statement Nos. 61 and 65 on the beginning net position of governmental activities was as follows:

Net position -- beginning of year	\$ 593,224,693
Effect of GASB 61 implementation	800,484,443
Effect of GASB 65 implementation	<u>(3,065,086)</u>
Net position -- as restated	<u>\$ 1,390,644,050</u>

B. Future Implementation of GASB Pronouncements

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

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

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

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

The provisions of this Statement are effective for fiscal years beginning after June 15, 2013 and will affect the single-employer plans for the Firefighters' Pension Fund and the Policemen's Retirement Fund. The revised guidance affects the calculation of the actuarial valuation of plan assets and provides additional guidance on reporting certain assets and liabilities. Metro Government is currently evaluating the impact of implementing this standard.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

19. Implementation of GASB Pronouncements, continued

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

The provisions of this Statement are effective for periods beginning after June 15, 2014. This standard will affect Metro Government's reporting of pension obligations for both the CERS and the single-employer plans for the Firefighters' Pension Fund and the Policemen's Retirement Fund. The Kentucky Retirement Systems will be assisting with the determination of actuarial amounts to determine Metro Government's proportionate share of relevant balances and amounts related to CERS. Metro Government will use actuarial information for the single-employer plans to determine those amounts.

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

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

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

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

20. Subsequent Events

A. Metro Government

On July 2, 2013, Metro Government issued \$710,000 of General Obligation Refunding Bonds, Series 2013C (Taxable) to refund at par, on a current basis, all outstanding County of Jefferson, Kentucky, General Obligation Refunding Bonds, Series 2000A (Taxable). The Series 2013C bonds, issued at par, are payable in principal installments ranging from \$195,000 to \$265,000 beginning May 15, 2014 at interest rates ranging from .45% to .85% over 3 years. The refunding provided for a cumulative savings of \$71,949 over the life of the bonds resulting in a net present value savings of \$72,799 or 10.63% of the refunded bonds.

On July 2, 2013, Metro Government also issued \$8,670,000 of General Obligation Refunding Bonds, Series 2013D to refund at par, on a current basis, all outstanding County of Jefferson, Kentucky, General Obligation Refunding Bonds, Series 2002A. The Series 2013D bonds, issued at a premium, are payable in principal installments ranging from \$590,000 to \$3,055,000 beginning April 1, 2014 at interest rates ranging from 2.00% to 5.00% over 7 years. The refunding provided for a cumulative savings of

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

20. Subsequent Events, continued

\$722,023 over the life of the bonds resulting in a net present value savings of \$718,020 or 7.81% of the refunded bonds.

In December 2013, Metro Government requested approval from the Metro Council to issue General Obligation Notes not to exceed \$7,000,000 for the purchase of ambulances, police vehicles, and general use vehicles.

B. Component Units

i. Louisville and Jefferson County Metropolitan Sewer District

On August 1, 2013, MSD's rates for wastewater and storm water charges increased by 5.8%.

MSD issued \$100,000,000 of 2013C Revenue Bonds in November 2013 to fund capital projects and 2013A Bond Anticipation Notes for \$226,340,000.

ii. Louisville Water Company

On November 19, 2013, the LWC Board approved a 2014 dividend to Louisville Metro of \$20.2 million (an increase of 2.9% from the 2013 dividend). The Board also approved a rate increase of 79 cents per month for the average residential customer using 5,000 gallons a month. The monthly bill for that average usage will increase to \$22.19 per month.

Continued

REQUIRED SUPPLEMENTARY INFORMATION

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BASIS OF BUDGETING
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts - GAAP Basis	Reconciliation of Basis Difference	Actual Amounts - Budgetary Basis	Variance with Final Budget - Over (Under)
REVENUES						
Property taxes	\$ 141,530,000	\$ 141,530,000	\$ 146,395,352	\$ 208,078	\$ 146,603,430	\$ 5,073,430
Occupational taxes	295,324,500	295,324,500	332,642,106	(3,550,163)	329,091,943	33,767,443
Licenses and permits	11,124,500	11,124,500	11,310,699	17,760	11,328,459	203,959
Intergovernmental	25,476,700	25,391,702	25,776,021	4,113,169	29,889,190	4,497,488
Charges for services	88,586,200	88,735,226	54,562,800	444,384	55,007,184	(33,728,042)
Fees and fines	3,641,500	3,641,500	4,109,314	(5,457)	4,103,857	462,357
Investment income	320,000	320,000	(88,695)	-	(88,695)	(408,695)
Dividends	18,930,000	18,930,000	18,931,347	-	18,931,347	1,347
Donations	4,845,700	4,992,437	1,938,125	(84,877)	1,853,248	(3,139,189)
Miscellaneous	6,620,400	3,413,031	1,077,692	4,517	1,082,209	(2,330,822)
Total revenues	<u>596,399,500</u>	<u>593,402,896</u>	<u>596,654,761</u>	<u>1,147,411</u>	<u>597,802,172</u>	<u>4,399,276</u>
EXPENDITURES						
Current operating:						
General Government:						
Metro Council	7,701,700	6,224,992	5,819,287	(5,767)	5,813,520	(411,472)
Mayor's Office	2,829,400	2,829,400	2,528,037	3,624	2,531,661	(297,739)
County Attorney	7,325,800	7,325,800	7,425,727	(3,895)	7,421,832	96,032
Other Elected Officials	8,854,900	8,509,700	8,553,070	29,538	8,582,608	72,908
Fire	50,167,800	50,167,895	50,075,756	43,183	50,118,939	(48,956)
Emergency Medical Services	25,856,600	26,348,720	24,679,094	234,348	24,913,442	(1,435,278)
Emergency Management/MetroSafe	15,487,700	15,310,200	14,362,592	13,292	14,375,884	(934,316)
Corrections	51,966,900	51,914,300	50,972,529	220,893	51,193,422	(720,878)
Youth Detention Services	9,401,200	9,376,000	9,066,698	8,842	9,075,540	(300,460)
Metro Animal Services	3,543,300	3,363,155	2,907,631	406	2,908,037	(455,118)
Criminal Justice Commission	337,900	337,900	292,089	(11,155)	280,934	(56,966)
Firefighters' Pension Fund	3,661,100	3,661,100	3,641,154	-	3,641,154	(19,946)
Policemen's Retirement Fund	2,282,700	2,282,700	2,243,834	-	2,243,834	(38,866)
Police	156,749,700	156,755,153	141,138,066	200,702	141,338,768	(15,416,385)
Economic Growth & Innovation	10,691,000	9,056,426	10,047,787	(387,685)	9,660,102	603,676
Air Pollution Control	4,105,800	3,290,300	2,869,720	14,436	2,884,156	(406,144)
Codes & Regulations	12,066,500	12,027,047	10,879,368	(1,756)	10,877,612	(1,149,435)
Parks & Recreation	25,499,400	26,109,148	23,725,826	(207,928)	23,517,898	(2,591,250)
Community Services & Revitalization	9,073,000	9,111,935	8,786,264	2,526	8,788,790	(323,145)
Public Health & Wellness	16,697,400	17,784,875	16,407,975	(100,984)	16,306,991	(1,477,884)
Public Works & Assets	69,999,700	70,074,839	62,099,469	440,180	62,539,649	(7,535,190)
Information Technology	13,627,900	13,627,900	10,682,818	90,491	10,773,309	(2,854,591)
Office of Management & Budget	30,783,300	31,066,265	27,287,353	(331,642)	26,955,711	(4,110,554)
Human Resources	4,266,900	4,266,900	3,836,766	(36,279)	3,800,487	(466,413)
Human Relations Commission	643,300	643,300	599,842	973	600,815	(42,485)
Louisville Free Public Library	16,871,200	16,077,343	15,875,635	(137,156)	15,738,479	(338,864)
Louisville Zoological Gardens	13,961,000	13,913,203	13,232,377	152,601	13,384,978	(528,225)
Internal Audit	642,200	642,200	608,713	(4,600)	604,113	(38,087)
Debt service principal	9,399,600	9,399,600	1,094,433	-	1,094,433	(8,305,167)
Debt service interest and other charges	11,904,600	11,904,600	209,911	-	209,911	(11,694,689)
Total expenditures	<u>596,399,500</u>	<u>593,402,896</u>	<u>531,949,821</u>	<u>227,188</u>	<u>532,177,009</u>	<u>(61,225,887)</u>
Excess (deficiency) of revenues over expenditures	-	-	64,704,940	920,223	65,625,163	65,625,163
OTHER FINANCING SOURCES (USES)						
Transfers in			9,202,289		9,202,289	
Transfers out			(73,461,727)		(73,461,727)	
Total other financing sources and uses			<u>(64,259,438)</u>		<u>(64,259,438)</u>	
Net change in fund balances			445,502		1,365,725	
Fund balances--beginning			74,928,472		74,928,472	
Fund balances--ending			<u>\$ 75,373,974</u>		<u>\$ 76,294,197</u>	

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

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
June 30, 2013**

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

SCHEDULES OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll (b-a)/(c)
<u>Firefighters' Pension Fund:</u>						
1/1/2011	\$ 7,363,311	\$ 24,962,496	\$ 17,599,185	29.5%	\$ -	0%
1/1/2012	7,149,348	23,659,636	16,510,288	30.2%	-	0%
1/1/2013	7,328,380	22,594,858	15,266,478	32.4%	-	0%
<u>Policemen's Retirement Fund:</u>						
1/1/2011	\$ 7,958,817	\$ 19,235,991	\$ 11,277,174	41.4%	\$ 60,609	18,606.4%
1/1/2012	7,156,776	18,236,662	11,079,886	39.2%	60,750	18,238.5%
1/1/2013	6,990,186	17,548,823	10,558,637	39.8%	60,159	17,551.2%

SCHEDULES OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Firefighters' Pension Fund		Policemen's Retirement Fund	
	Annual Contribution	Percentage of ARC Contributed	Annual Contribution	Percentage Contributed
2011	\$ 1,827,317	100.0%	\$ 1,486,182	100.0%
2012	2,385,051	100.0%	1,439,974	100.0%
2013	2,598,938	100.0%	1,461,418	100.0%

**OTHER SUPPLEMENTARY INFORMATION -
COMBINING FINANCIAL STATEMENTS**

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013

	<u>Debt Service Funds</u>		<u>Capital Projects Funds</u>			Total Nonmajor Governmental Funds
	General Obligation	Capital Projects Corporation	Special Purpose Fund	Public Properties Corporation	Capital Projects Corporation	
ASSETS						
Cash and cash equivalents	\$ -	\$ 2,500	\$ 4,200,720	\$ 1,130,710	\$ 25,661	\$ 5,359,591
Investments	-	-	3,600,073	969,033	-	4,569,106
Loans receivable	-	-	200,000	-	-	200,000
Notes receivable	-	-	-	-	749,700	749,700
Due from other funds	140,760	-	-	-	-	140,760
Restricted assets:						
Cash and cash equivalents	1,744,007	-	-	-	-	1,744,007
Total assets	<u>\$ 1,884,767</u>	<u>\$ 2,500</u>	<u>\$ 8,000,793</u>	<u>\$ 2,099,743</u>	<u>\$ 775,361</u>	<u>\$ 12,763,164</u>
LIABILITIES						
Accounts payable	-	-	442,332	-	-	442,332
Accrued payroll	-	-	8,831	-	-	8,831
Bond deposits	197,500	-	-	-	-	197,500
Matured bonds payable	140,760	-	-	-	-	140,760
Total liabilities	<u>338,260</u>	<u>-</u>	<u>451,163</u>	<u>-</u>	<u>-</u>	<u>789,423</u>
FUND BALANCES						
Nonspendable	-	-	200,000	-	-	200,000
Restricted for:						
Debt service	1,546,507	2,500	-	-	-	1,549,007
Committed for:						
Capital projects	-	-	-	-	749,700	749,700
Assigned to:						
Capital projects	-	-	7,349,630	2,099,743	25,661	9,475,034
Total fund balances	<u>1,546,507</u>	<u>2,500</u>	<u>7,549,630</u>	<u>2,099,743</u>	<u>775,361</u>	<u>11,973,741</u>
Total liabilities and fund balances	<u>\$ 1,884,767</u>	<u>\$ 2,500</u>	<u>\$ 8,000,793</u>	<u>\$ 2,099,743</u>	<u>\$ 775,361</u>	<u>\$ 12,763,164</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

	<u>Debt Service Funds</u>		<u>Capital Projects Funds</u>			
	<u>General Obligation</u>	<u>Capital Projects Corporation</u>	<u>Special Purpose Fund</u>	<u>Public Properties Corporation</u>	<u>Capital Projects Corporation</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES						
Intergovernmental	\$ 1,897,906	\$ 4,392,291	\$ 1,218,555	\$ -	\$ -	\$ 7,508,752
Charges for services	-	-	344,308	-	-	344,308
Investment income	1,383	-	28,196	-	-	29,579
Miscellaneous	-	-	27,313	-	-	27,313
Total revenues	<u>1,899,289</u>	<u>4,392,291</u>	<u>1,618,372</u>	<u>-</u>	<u>-</u>	<u>7,909,952</u>
EXPENDITURES						
Current:						
Miscellaneous	-	2,500	-	-	-	2,500
Debt service:						
Principal	26,825,000	12,455,000	-	-	-	39,280,000
Interest and other charges	11,945,890	2,104,379	-	-	-	14,050,269
Capital outlay	-	-	14,054,821	9,454	-	14,064,275
Total expenditures	<u>38,770,890</u>	<u>14,561,879</u>	<u>14,054,821</u>	<u>9,454</u>	<u>-</u>	<u>67,397,044</u>
Deficiency of revenues under expenditures	<u>(36,871,601)</u>	<u>(10,169,588)</u>	<u>(12,436,449)</u>	<u>(9,454)</u>	<u>-</u>	<u>(59,487,092)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets					4,950,000	4,950,000
Issuance of refunding bonds, par	16,835,000					16,835,000
Issuance of refunding bonds, premium	2,804,708					2,804,708
Payments to bond refunding escrow agents	(19,223,684)					(19,223,684)
Transfers in	36,816,140	10,169,588	1,285,104	-	-	48,270,832
Transfers out	-	-	(3,098,808)	-	(4,200,300)	(7,299,108)
Total other financing sources (uses)	<u>37,232,164</u>	<u>10,169,588</u>	<u>(1,813,704)</u>	<u>-</u>	<u>749,700</u>	<u>46,337,748</u>
Net change in fund balances	360,563	-	(14,250,153)	(9,454)	749,700	(13,149,344)
Fund balances--beginning	<u>1,185,944</u>	<u>2,500</u>	<u>21,799,783</u>	<u>2,109,197</u>	<u>25,661</u>	<u>25,123,085</u>
Fund balances--ending	<u>\$ 1,546,507</u>	<u>\$ 2,500</u>	<u>\$ 7,549,630</u>	<u>\$ 2,099,743</u>	<u>\$ 775,361</u>	<u>\$ 11,973,741</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2013

	Insurance and Risk Management Fund	Louisville Jefferson Co. Metro Revenue Commission	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 17,640,990	\$ 63,433,317	\$ 81,074,307
Investments	15,118,562	-	15,118,562
Accounts receivable	627,817	-	627,817
Deposits with paying agents	75,000	-	75,000
Total current assets	<u>33,462,369</u>	<u>63,433,317</u>	<u>96,895,686</u>
Capital assets:			
Furniture and equipment, net	-	107,296	107,296
Total capital assets	<u>-</u>	<u>107,296</u>	<u>107,296</u>
Total assets	<u>33,462,369</u>	<u>63,540,613</u>	<u>97,002,982</u>
LIABILITIES			
Current liabilities:			
Accounts payable	9,224,236	2,299,911	11,524,147
Refunds payable	-	6,175,560	6,175,560
Claims and judgments	15,979,401	-	15,979,401
Due to other funds	-	52,285,772	52,285,772
Total current liabilities	<u>25,203,637</u>	<u>60,761,243</u>	<u>85,964,880</u>
Noncurrent liabilities:			
Claims and judgments	17,016,309	-	17,016,309
Total noncurrent liabilities	<u>17,016,309</u>	<u>-</u>	<u>17,016,309</u>
Total liabilities	<u>42,219,946</u>	<u>60,761,243</u>	<u>102,981,189</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred tax credit receipts	-	2,794,979	2,794,979
Total deferred inflows of resources	<u>-</u>	<u>2,794,979</u>	<u>2,794,979</u>
NET POSITION			
Net investment in capital assets	-	107,296	107,296
Restricted	(2,173,450)	-	(2,173,450)
Unrestricted	(6,584,127)	(122,905)	(6,707,032)
Total net position	<u>\$ (8,757,577)</u>	<u>\$ (15,609)</u>	<u>\$ (8,773,186)</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2013

	Insurance and Risk Management Fund	Louisville Jefferson Co. Metro Revenue Commission	Total
OPERATING REVENUES:			
Collection, investment and other fees	\$ -	\$ 5,125,991	\$ 5,125,991
Insurance income	56,989,930	-	56,989,930
Total operating revenues	56,989,930	5,125,991	62,115,921
OPERATING EXPENSES:			
Professional services	240,771	4,439,379	4,680,150
Contractual services	72,028	209,916	281,944
Repairs and maintenance	-	2,254	2,254
Other supplies and expenses	8,068	403,262	411,330
Insurance claims, settlements and losses	82,605,799	-	82,605,799
Insurance premiums	5,597,254	-	5,597,254
Depreciation	-	37,523	37,523
Total operating expenses	88,523,920	5,092,334	93,616,254
Operating loss	(31,533,990)	33,657	(31,500,333)
NONOPERATING REVENUES:			
Investment income	102,332	-	102,332
Total nonoperating revenues	102,332	-	102,332
Net loss before transfers	(31,431,658)	33,657	(31,398,001)
Transfers in	21,579,243	-	21,579,243
Transfers out	(245,000)	-	(245,000)
Change in net assets	(10,097,415)	33,657	(10,063,758)
Total net position--beginning	1,339,838	(49,266)	1,290,572
Total net position--ending	\$ (8,757,577)	\$ (15,609)	\$ (8,773,186)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2013

	Insurance and Risk Management Fund	Louisville Jefferson Co. Metro Revenue Commission	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from collection, investment, and other fees	\$ -	\$ 5,125,991	\$ 5,125,991
Insurance income	56,362,112	-	56,362,112
Payments to employees	(240,771)	(3,246,157)	(3,486,928)
Payments to suppliers	-	(1,808,655)	(1,808,655)
Contractual services	8,519,333	-	8,519,333
Claims paid	(81,673,255)	-	(81,673,255)
Insurance premiums paid	(5,597,254)	-	(5,597,254)
Increase in cash collected for others	-	6,560,499	6,560,499
Other payments	(8,068)	-	(8,068)
Net cash provided/(used) by operating activities	<u>(22,637,903)</u>	<u>6,631,678</u>	<u>(16,006,225)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers from other funds	21,334,244	-	21,334,244
Net cash provided by noncapital financing activities	<u>21,334,244</u>	<u>-</u>	<u>21,334,244</u>
CASH FLOWS FROM CAPITAL ACTIVITIES:			
Acquisition and construction of capital assets	-	(75,104)	(75,104)
Net cash used in capital activities	<u>-</u>	<u>(75,104)</u>	<u>(75,104)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Change in investment pool participation	(2,244,674)	-	(2,244,674)
Investment income	102,332	-	102,332
Net cash provided by investing activities	<u>(2,142,342)</u>	<u>-</u>	<u>(2,142,342)</u>
Net increase (decrease) in cash and cash equivalents	(3,446,001)	6,556,574	3,110,573
Cash and cash equivalents, beginning of the year	21,086,991	56,876,743	77,963,734
Cash and cash equivalents, end of the year	<u>\$ 17,640,990</u>	<u>\$ 63,433,317</u>	<u>\$ 81,074,307</u>
Reconciliation of Operating Loss to Net Cash Provided/(Used) By Operating Activities			
Operating loss	\$ (31,533,990)	\$ 33,657	\$ (31,500,333)
Adjustments to reconcile operating loss to net cash provided/(used) by operating activities:			
Depreciation expense	-	37,523	37,523
Increase (decrease) in cash due to changes in assets and liabilities:			
Accounts receivable	(627,817)	-	(627,817)
Accounts and other payables	7,258,671	667,617	7,926,288
Liability for incurred claims	2,265,233	-	2,265,233
Due to other funds and governmental agencies	-	6,524,292	6,524,292
Deferred inflows of resources	-	(631,411)	(631,411)
Net cash provided/(used) by operating activities	<u>\$ (22,637,903)</u>	<u>\$ 6,631,678</u>	<u>\$ (16,006,225)</u>

During fiscal year 2013, there was no non-cash change to the fair value of investments.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2013

	<u>Mass Transit</u>	<u>Escrow and Deposit</u>	<u>Revenue Commission</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 7,875,189	\$ 7,990,488	\$ -	\$ 15,865,677
Investments	100,000	-	-	100,000
Interest receivable	44	-	-	44
Due from other funds	4,294,218	-	15,705,368	19,999,586
Due from other governmental agencies	1,520,442	-	-	1,520,442
Total assets	<u>\$ 13,789,893</u>	<u>\$ 7,990,488</u>	<u>\$ 15,705,368</u>	<u>\$ 37,485,749</u>
LIABILITIES				
Notes payable	\$ -	\$ 1,500,000	\$ -	\$ 1,500,000
Accounts payable	-	561	-	561
Due to other governmental agencies	13,789,893	442,307	15,705,368	29,937,568
Refundable deposits	-	6,047,620	-	6,047,620
Total liabilities	<u>\$ 13,789,893</u>	<u>\$ 7,990,488</u>	<u>\$ 15,705,368</u>	<u>\$ 37,485,749</u>

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

For the fiscal year ended June 30, 2013

Mass Transit

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
ASSETS				
Cash and cash equivalents	\$ 7,323,345	\$ 46,583,491	\$ 46,031,647	\$ 7,875,189
Investments	100,000	-	-	100,000
Interest receivable	47	44	47	44
Due from other funds	3,627,594	4,294,227	3,627,603	4,294,218
Due from other governmental agencies	2,759,366	1,520,442	2,759,366	1,520,442
Total assets	<u>\$ 13,810,352</u>	<u>\$ 52,398,204</u>	<u>\$ 52,418,663</u>	<u>\$ 13,789,893</u>
LIABILITIES				
Due to other governmental agencies	\$ 13,810,352	\$ 46,699,131	\$ 46,719,590	\$ 13,789,893
Total liabilities	<u>\$ 13,810,352</u>	<u>\$ 46,699,131</u>	<u>\$ 46,719,590</u>	<u>\$ 13,789,893</u>

Escrow and Deposit

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
ASSETS				
Cash and cash equivalents	\$ 7,184,477	\$ 8,122,509	\$ 7,316,498	\$ 7,990,488
Due from other funds	201,885	421,892	623,777	-
Total assets	<u>\$ 7,386,362</u>	<u>\$ 8,544,401</u>	<u>\$ 7,940,275</u>	<u>\$ 7,990,488</u>
LIABILITIES				
Notes payable	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000
Accounts payable	201,885	561	201,885	561
Due to other governmental agencies	41,989	400,318	-	442,307
Refundable deposits	5,642,488	3,050,291	2,645,159	6,047,620
Total liabilities	<u>\$ 7,386,362</u>	<u>\$ 3,451,170</u>	<u>\$ 2,847,044</u>	<u>\$ 7,990,488</u>

Revenue Commission

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
ASSETS				
Due from other funds	\$ 13,631,912	\$ 153,063,371	\$ 150,989,915	\$ 15,705,368
Total assets	<u>\$ 13,631,912</u>	<u>\$ 153,063,371</u>	<u>\$ 150,989,915</u>	<u>\$ 15,705,368</u>
LIABILITIES				
Due to other governmental agencies	\$ 13,631,912	\$ 153,063,371	\$ 150,989,915	\$ 15,705,368
Total liabilities	<u>\$ 13,631,912</u>	<u>\$ 153,063,371</u>	<u>\$ 150,989,915</u>	<u>\$ 15,705,368</u>

Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends	106-110
These schedules contain trend information to help the reader understand how Metro Government’s financial performance and well-being have changed over time.	
Revenue Capacity.....	111-117
These schedules contain information to help the reader assess Metro Government’s most significant local revenue sources: Occupational and Property taxes.	
Debt Capacity	118-122
These schedules present information to help the reader assess the affordability of Metro Government’s current levels of outstanding debt and Metro Government’s ability to issue additional debt in the future.	
Demographic and Economic Information	123-124
These schedules offer demographic and economic indicators to help the reader understand the environment within which Metro Government’s financial activities take place.	
Operating Information	125-128
These schedules contain service and infrastructure data to help the reader understand how the information in Metro Government’s financial report relates to the services Metro Government provides and the activities it performs.	

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
SUMMARY OF NET POSITION AND CHANGES IN NET POSITION

	2004	2005	2006	Last Ten Fiscal Years		2009	2010	2011	2012	2013
				2007	2008					
Primary Government/Governmental Activities:										
Net investment in capital assets	\$ 627,946,197	\$ 595,436,164	\$ 583,508,245	\$ 574,279,092	\$ 556,217,633	\$ 752,726,047	\$ 562,313,226	\$ 564,365,332	\$ 561,495,114	\$ 1,323,667,832
Restricted	59,949,221	40,503,493	40,159,453	48,854,645	62,193,363	63,000,419	110,554,680	117,847,207	105,432,176	189,353,347
Unrestricted	(7,054,177)	1,059,088	(8,134,837)	(1,167,710)	(13,411,709)	(219,649,735)	(77,056,948)	(68,207,245)	(73,702,597)	(76,615,211)
Total Primary Government/Governmental Activities Net Position	\$ 680,841,241	\$ 636,998,745	\$ 615,532,861	\$ 621,966,027	\$ 604,999,287	\$ 596,076,731	\$ 595,810,958	\$ 614,005,294	\$ 593,224,693	\$ 1,436,405,968
Primary Government/Governmental Activities:										
Expenses (1)										
General Government	\$ 22,464,479	\$ 24,571,680	\$ 25,623,205	\$ 27,142,783	\$ 27,463,380	\$ 25,757,030	\$ 26,038,922	\$ 24,642,512	\$ 24,356,217	\$ 25,551,288
Public Protection	112,937,135	130,194,826	152,742,063	156,867,814	168,125,697	166,736,527	179,177,567	165,249,244	180,560,832	173,165,530
Police	120,446,100	138,751,554	132,793,664	135,962,267	140,438,253	147,980,259	154,758,199	146,109,848	149,203,869	154,390,579
Economic Growth & Innovation	21,638,429	28,451,908	26,276,189	30,710,291	25,275,680	39,617,092	41,026,189	46,807,358	40,714,536	39,022,221
Codes & Regulations	10,622,190	8,185,714	8,847,046	8,640,257	11,289,044	12,220,294	11,363,294	10,260,304	10,162,793	13,203,773
Parks & Recreation	21,653,602	24,943,797	25,479,670	25,515,919	25,131,824	24,615,331	31,235,451	27,335,066	34,427,841	32,020,000
Community Services & Revitalization	30,087,195	31,841,096	33,146,828	30,304,444	28,844,976	29,871,809	40,596,137	48,008,957	37,987,193	38,238,996
Public Health & Wellness	33,813,783	36,407,344	38,607,238	38,132,320	26,795,986	25,066,813	27,846,578	26,097,549	37,286,740	30,902,897
Neighborhoods (2)	5,072,738	6,628,578	7,202,084	7,068,336	8,194,903	6,878,355	-	-	-	-
Public Works & Assets	113,837,465	129,373,570	128,850,571	127,157,541	130,173,516	117,838,351	121,630,180	115,037,984	121,557,241	107,057,482
Information Technology	6,046,175	9,205,957	9,543,827	10,111,462	11,858,166	12,428,088	11,113,289	10,284,427	11,410,236	12,111,989
Office of Management & Budget	14,169,550	14,471,294	13,048,462	13,789,994	24,813,303	23,929,387	25,184,029	30,926,357	25,968,370	28,750,138
Human Resources	3,947,479	4,299,291	4,452,275	4,176,072	4,521,110	4,492,419	4,238,428	3,643,413	3,683,658	4,029,030
Related Agencies	45,157,161	48,140,137	48,141,028	48,736,693	53,572,010	41,302,782	41,933,564	38,706,100	35,595,222	34,884,831
Interest expense	16,072,154	17,077,617	16,302,423	17,214,454	14,425,027	19,424,674	19,405,824	19,397,158	17,886,190	16,133,319
Total Expenses	577,965,635	652,544,363	671,056,573	681,530,647	700,922,875	698,159,211	735,547,651	712,506,277	730,800,938	709,462,073
Program Revenues:										
Charges for Services:										
Emergency Medical Services	8,972,481	8,831,242	9,610,942	12,087,525	11,621,333	13,431,725	14,188,669	14,857,817	15,827,599	14,875,428
Codes & Regulation	23,917	12,409,334	12,963,317	13,954,629	14,215,180	13,126,794	11,366,206	11,476,715	12,240,045	13,714,006
Louisville Zoological Gardens	7,737,208	7,887,283	7,503,751	8,224,299	8,667,497	8,519,092	8,696,270	9,337,769	10,527,526	9,674,461
Economic Growth & Innovation	517,056	8,219,029	7,893,128	9,007,348	10,082,408	8,080,332	20,095,174	12,377,407	11,837,685	5,766,022
Other	30,936,383	34,837,445	31,781,000	40,182,710	33,471,796	32,930,586	39,842,923	65,108,525	34,959,342	39,137,833
Total Charges for Services	48,187,045	72,184,333	69,752,138	83,456,511	78,058,214	76,088,529	94,189,242	113,158,233	85,392,197	83,167,750
Operating Grants and Contributions	63,481,947	75,099,069	72,212,271	73,451,393	82,810,321	99,301,526	101,747,787	92,108,638	99,653,680	94,956,266
Capital grants and Contributions	33,251,324	29,167,632	56,127,486	42,118,743	31,815,335	37,242,327	55,753,672	47,352,771	30,007,843	30,619,786
Total Primary Government Program Revenues	144,920,316	176,451,034	198,091,895	199,026,647	192,683,870	212,632,382	251,690,701	252,619,642	215,053,720	208,743,802
Net (Expense) Revenue	(433,045,319)	(476,093,329)	(472,964,678)	(482,504,000)	(508,239,005)	(485,526,829)	(483,856,950)	(459,886,635)	(515,747,218)	(500,718,271)
General Revenues:										
Taxes										
Property taxes, levied for general purposes	118,655,718	120,575,832	120,750,897	126,741,678	133,966,466	134,091,146	144,034,671	135,553,293	134,925,775	146,224,312
Occupational taxes	260,797,870	275,767,186	285,559,281	307,856,301	309,491,515	301,344,426	292,400,027	304,470,948	311,921,717	332,642,106
Investment income	937,567	3,965,089	5,251,143	9,189,326	8,413,117	3,950,500	1,812,116	1,185,714	803,261	317,716
Gain on equity interest in LWC	-	-	-	-	-	-	-	-	-	27,767,655
Dividends	12,687,780	13,935,078	17,715,564	14,625,718	18,531,912	17,288,555	18,148,381	18,232,699	18,873,435	18,931,347
Other intergovernmental revenue	1,963,651	4,672,662	12,764,992	13,591,805	11,419,069	11,291,887	5,141,872	13,499,503	14,409,201	13,466,456
Fees and fines	1,058,179	2,211,315	2,676,570	-	-	-	-	-	-	-
Gain on sale of assets	349,995	1,156,848	650,000	1,047,399	2,626,001	1,622,208	32,174	323,156	34,705	4,861,434
Other taxes	-	319,838	319,388	271,059	209,376	269,634	7,679,701	3,480,660	984,143	309,135
Rental receipts (3)	1,111,567	4,764,521	395,634	1,256,226	1,832,428	1,950,901	5,284,108	-	-	-
Miscellaneous	4,008,837	5,972,358	4,464,605	3,982,753	4,782,381	4,795,016	8,995,989	4,635,565	9,194,189	1,960,028
Total General Revenues	401,571,164	432,833,879	451,054,922	478,562,265	491,272,265	476,604,273	483,529,039	481,381,538	491,146,426	546,480,189
Change in Net Position	(31,474,155)	(43,259,450)	(21,909,756)	(3,941,735)	(16,966,740)	(8,922,556)	(327,911)	21,494,903	(24,600,792)	45,761,918
Net Position - beginning, restated	712,315,396	680,258,195	636,998,745	615,532,861	621,966,027	604,999,287	596,076,731	595,810,958	614,005,294	1,390,644,050
Increase due to acquired agency	-	-	443,872	-	-	-	-	-	-	-
Prior period adjustment	-	-	-	10,374,901	-	-	62,138	(3,300,567)	-	-
Net Position - ending	\$ 680,841,241	\$ 636,998,745	\$ 615,532,861	\$ 621,966,027	\$ 604,999,287	\$ 596,076,731	\$ 595,810,958	\$ 614,005,294	\$ 589,404,502	\$ 1,436,405,968

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009 (2)</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund										
Reserved	\$ 3,388,723	\$ 4,155,586	\$ 5,493,394	\$ 6,931,347	\$ 3,469,429					
Unreserved	83,658,675	92,669,401	95,386,671	97,232,552	84,397,148					
Nonspendable						\$ 3,787,983	\$ 2,429,896	\$ 2,152,746	\$ 2,201,362	\$ 2,234,245
Committed						6,499,730	7,006,904	8,398,077	5,516,769	12,145,968
Assigned						5,390,322	4,776,333	3,237,648	4,782,910	-
Unassigned						65,407,107	65,413,735	61,481,800	62,427,431	60,993,761
Total General Fund	<u>\$ 87,047,398</u>	<u>\$ 96,824,987</u>	<u>\$ 100,880,065</u>	<u>\$ 104,163,899</u>	<u>\$ 87,866,577</u>	<u>\$ 81,085,142</u>	<u>\$ 79,626,868</u>	<u>\$ 75,270,271</u>	<u>\$ 74,928,472</u>	<u>\$ 75,373,974</u>
All Other Governmental Funds										
Reserved	\$ 20,630,432	\$ 18,591,392	\$ 32,587,646	\$ 37,478,627	\$ 53,123,245					
Unreserved, reported in:										
Special Revenue Fund	15,153,840	18,242,052	3,498,142		(5,723,981)					
Capital Projects Fund	37,377,818	50,884,092	48,926,550	55,858,957	40,137,381					
Other Nonmajor Governmental Funds	28,183,295	23,069,260	18,559,011	23,093,360	23,957,871					
Nonspendable						\$ 12,649,445	\$ 21,915,616	\$ 30,601,612	\$ 31,876,842	\$ 42,194,182
Restricted										
Debt service reserve						24,645	640,728	702,588	1,188,444	1,549,007
Other capital projects						7,720,089	44,510,631	33,149,813	22,193,090	16,471,248
Committed							19,358,238	13,420,935	14,477,155	18,712,355
Assigned										
Capital projects						63,806,231	55,475,794	56,415,646	43,955,089	49,828,395
Grant programs						6,269,161		1,695,405	1,317,853	-
Unassigned							(9,326,830)			
Total all other Governmental Funds	<u>\$ 101,345,385</u>	<u>\$ 110,786,796</u>	<u>\$ 103,571,349</u>	<u>\$ 116,430,944</u>	<u>\$ 111,494,516</u>	<u>\$ 90,469,571</u>	<u>\$ 132,574,177</u>	<u>\$ 135,985,999</u>	<u>\$ 115,008,473</u>	<u>\$ 128,755,187</u>

(1) Metro Government elected to implement GASB Statement No. 54, *Fund Balance Reporting and the Governmental Fund Type Definitions*, in fiscal year 2009. This statement allows the entity to apply prospectively in the statistical section. Therefore, Metro Government has not reclassified prior information.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES										
Property taxes	\$ 113,164,349	\$ 120,912,806	\$ 121,338,886	\$ 127,919,524	\$ 134,259,325	\$ 133,501,705	\$ 141,716,498	\$ 138,778,419	\$ 135,292,983	\$ 146,395,352
Occupational taxes	260,797,870	275,767,186	285,559,281	307,856,301	309,491,515	301,344,426	292,400,027	304,470,948	311,921,717	332,642,106
Licenses and permits	10,544,820	11,521,182	11,457,731	11,811,402	11,600,220	10,521,865	11,057,738	11,368,388	11,605,120	11,310,699
Intergovernmental	131,510,281	113,503,540	133,762,762	122,899,040	123,701,933	140,964,634	164,305,785	155,184,610	143,345,773	135,815,730
Charges for services	33,941,527	60,026,636	54,494,156	68,620,013	65,046,880	65,033,024	75,707,838	87,881,294	75,011,225	68,797,114
Fees and fines	1,016,230	722,187	2,438,607	3,395,450	1,491,118	2,473,251	2,216,160	3,198,045	3,343,794	4,109,364
Investment income	937,567	3,965,089	5,251,143	9,189,326	8,413,117	3,950,500	1,812,116	1,185,714	803,261	317,716
Dividends	12,687,780	13,935,078	17,715,564	14,625,718	18,531,912	17,288,555	18,148,381	18,232,699	18,873,435	18,931,347
Donations	5,162,538	2,748,194	11,728,614	7,736,520	4,755,423	6,029,542	10,462,409	10,092,130	5,149,786	6,420,941
Miscellaneous	4,024,131	3,361,493	4,831,279	3,667,409	4,332,278	4,443,665	9,825,235	4,398,396	9,232,820	1,964,512
Total revenues	573,787,093	606,463,391	648,578,023	677,720,703	681,623,721	685,551,167	727,652,187	734,790,643	714,579,914	726,704,881
EXPENDITURES (1)										
General Government	21,652,466	22,265,724	22,981,366	24,679,207	25,525,729	23,478,816	23,437,183	24,666,853	24,090,917	24,326,121
Public Protection	105,409,514	116,010,331	137,404,977	142,118,284	155,794,072	153,421,244	158,587,753	161,712,743	164,487,923	167,301,188
Police	116,490,491	126,343,610	120,413,360	125,522,471	131,670,127	137,290,564	138,444,511	145,142,734	146,384,294	145,861,874
Economic Growth & Innovation	19,299,326	23,949,370	22,091,209	26,620,960	21,911,769	34,880,087	34,809,826	45,274,868	38,142,444	35,307,818
Codes & Regulations	10,327,482	7,491,076	8,058,948	7,998,515	10,615,953	10,192,927	10,212,326	10,260,927	10,055,407	12,573,693
Parks & Recreation	20,489,287	21,922,934	22,405,732	22,641,942	22,558,585	21,751,602	24,680,213	24,637,647	28,386,403	25,287,010
Community Services & Revitalization	29,276,331	29,154,534	30,228,338	28,133,973	27,177,609	27,848,133	31,076,886	46,153,340	37,568,161	36,398,441
Public Health & Wellness	32,662,513	33,031,631	35,020,251	35,181,838	25,011,628	23,148,305	24,863,141	25,963,966	36,693,912	29,261,333
Neighborhoods (2)	4,936,210	6,066,781	6,565,329	6,559,384	7,717,628	6,409,530	-	-	-	-
Public Works & Assets	64,510,252	67,457,003	70,884,688	71,262,503	73,676,326	82,986,482	81,172,938	87,164,736	87,164,396	80,831,004
Information Technology	5,605,906	6,960,196	7,248,081	7,813,687	9,589,440	9,975,852	9,236,175	9,337,569	10,309,590	10,682,818
Office of Management & Budget	13,784,775	13,247,952	11,898,662	12,802,901	23,281,270	22,246,348	22,552,036	30,855,010	25,583,709	27,289,853
Human Resources	3,841,236	3,936,674	4,060,640	3,877,455	4,259,117	4,187,516	3,817,202	3,647,513	3,643,159	3,836,766
Related Agencies	38,684,963	38,518,437	38,562,734	39,521,940	44,246,849	32,429,223	33,778,047	34,632,946	31,446,405	31,629,495
Debt service principal	19,177,195	25,595,000	24,252,500	24,252,500	25,960,000	28,820,000	29,820,000	36,100,000	38,306,051	40,419,497
Debt service interest and other payments	16,072,154	16,033,918	15,210,706	17,892,454	14,425,027	15,227,787	16,682,756	16,426,350	15,014,147	14,293,180
Capital outlay	59,315,442	62,653,450	93,268,102	89,555,809	83,759,227	124,587,884	92,816,423	39,852,354	36,228,306	32,379,439
Total expenditures	581,535,543	617,656,973	671,898,123	686,435,823	707,180,356	758,882,300	735,987,416	741,829,556	733,505,224	717,679,530
Other Financing Sources (Uses)										
Proceeds from sale of capital assets	349,995	650,000	1,156,848	1,047,399	2,626,001	1,622,208	32,174	323,156	34,705	15,985,084
Issuance of bonds, par	-	29,495,000	-	33,255,000	-	44,000,000	96,355,000	9,385,000	-	10,100,000
Issuance of bonds, premium/(discount)	-	1,267,582	-	(60,278)	-	448,800	2,743,343	58,702	-	-
Issuance of refunding bonds, par	-	-	-	58,855,000	-	63,875,000	41,275,000	41,300,000	-	16,835,000
Issuance of refunding bonds, premium/(discount)	-	-	-	(137,152)	-	874,372	3,976,585	1,341,521	-	2,804,708
Issuance of debt, capital lease	-	-	-	-	-	-	-	-	3,500,000	-
Bond issuance costs paid	-	-	-	-	-	-	-	-	-	-
Refunded bond principal, interest, and premium	-	-	-	-	-	(65,295,627)	(44,000,000)	-	-	-
Proceeds from long term note	-	-	-	-	-	-	-	10,000,000	-	-
Payment to bond refunding escrow agent	-	-	-	(58,220,426)	-	-	-	(42,030,940)	-	(19,223,684)
Transfers in	42,774,751	46,270,744	45,960,731	65,293,175	72,426,546	85,953,962	67,870,287	61,262,097	62,640,229	69,340,694
Transfers out	(42,774,751)	(47,270,744)	(45,960,731)	(65,293,175)	(72,426,546)	(85,953,962)	(110,511,156)	(75,545,398)	(68,568,949)	(90,674,937)
Total other financing sources (uses)	349,995	30,412,582	1,156,848	34,739,543	2,626,001	45,524,753	57,741,233	6,094,138	(2,394,015)	5,166,865
Net change in fund balance	\$ (7,398,455)	\$ 19,219,000	\$ (22,163,252)	\$ 26,024,423	\$ (22,930,634)	\$ (27,806,380)	\$ 49,406,004	\$ (944,775)	\$ (21,319,325)	\$ 14,192,216
Ratio of total debt service expenditures to noncapital expenditures	6.54%	6.55%	6.60%	6.74%	6.24%	6.90%	7.30%	7.55%	8.55%	8.07%

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)

Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses and Permits	Inter-governmental	Charges for Services	Fines and Forfeitures	Investment Income	Donations and Miscellaneous Revenue	Total Revenues
2004	\$ 373,962,219	\$ 10,544,820	\$ 128,437,170	\$ 33,532,382	\$ 1,016,230	\$ 90,583	\$ 6,824,682	\$ 554,408,086
2005	396,679,992	11,480,682	112,396,801	57,928,605	718,975	2,932,989	4,655,833	586,793,877
2006	406,898,167	11,262,911	131,246,233	53,722,470	2,438,472	3,533,830	6,632,627	615,734,710
2007	435,775,825	11,811,402	116,583,482	65,952,416	3,326,004	6,391,247	7,059,292	646,899,668
2008	443,750,840	11,600,220	122,314,139	63,750,509	1,491,118	6,017,749	7,075,098	655,999,673
2009	434,846,131	10,521,865	140,138,472	64,239,245	2,447,186	2,658,807	6,261,891	661,113,597
2010	434,116,525	11,057,738	163,208,703	73,983,795	2,171,987	1,064,124	4,475,069	690,077,941
2011	443,249,367	11,168,192	153,497,428	85,845,830	3,198,045	567,731	7,058,190	704,584,783
2012	447,214,700	11,605,120	141,088,592	73,142,640	3,311,544	519,963	12,113,961	688,996,520
2013	479,037,458	11,310,699	134,470,127	66,212,186	4,109,364	62,864	3,971,153	699,173,851

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

GENERAL FUND TAX REVENUES BY SOURCE

Last Ten Fiscal Years

Fiscal Year	Total Taxes	General Property Taxes	Bank and Life Insurance Shares	Public Service Corporations	Occupational Taxes	Other (1)	Interest, Penalties and Other Fees
2004	\$ 373,962,220	\$ 93,016,802	\$ 4,803,193	\$ 7,402,223	\$ 260,797,870	\$ 7,411,472	\$ 530,660
2005	396,679,991	96,472,771	4,699,922	8,794,533	275,767,186	9,576,926	1,368,653
2006	406,898,167	101,294,625	4,536,598	6,684,538	285,559,281	8,290,703	532,422
2007	435,775,825	106,223,290	5,131,435	7,819,890	307,856,301	8,152,922	591,987
2008	443,750,840	112,610,250	5,001,374	7,883,195	309,491,515	8,336,658	427,848
2009	434,846,131	116,505,210	4,560,570	7,681,607	301,344,426	4,483,331	270,987
2010	434,116,525	117,949,837	9,147,243	7,428,378	292,400,027	6,647,248	543,792
2011	443,249,367	117,583,514	4,790,507	6,595,542	304,470,948	8,389,009	1,419,847
2012	447,214,700	117,758,838	4,769,261	6,156,154	311,921,717	5,894,287	714,443
2013	479,037,458	119,461,158	4,976,240	12,049,982	332,642,106	9,184,756	723,216

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

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

Last Ten Fiscal Years

Fiscal Year	Employment (2)	Unemployment Rate (2)	Per Capita Income (1) (2) (3)	Percent Income Growth	Occupational Tax Revenue	Percent Revenue Growth
2004	329,537	6.2%	\$ 34,646	3.53%	\$ 260,797,870	10.55%
2005	330,575	5.5%	36,443	5.19%	275,767,186	5.74%
2006	332,856	6.2%	37,121	1.86%	285,559,281	3.55%
2007	339,832	5.6%	39,877	7.42%	307,856,301	7.81%
2008	340,011	5.3%	41,626	4.39%	309,491,515	0.53%
2009	335,398	6.4%	41,517	-0.26%	301,344,426	-2.63%
2010	326,820	10.3%	41,345	-0.41%	292,400,027	-2.97%
2011	326,802	10.6%	39,407	-4.69%	304,470,948	4.13%
2012	327,926	10.0%	41,828	6.14%	311,921,717	2.45%
2013	334,034	8.6%	42,845	2.43%	332,642,106	6.64%

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

Workforce Kentucky website: www.workforcekentucky.ky.gov

- (1) Per capita income for 2013 is an estimate based on the average annual percentage increase over the last ten years. Per capita income for 2012, which had been an estimate, has been changed to reflect published figures as of April 2013.
- (2) Employment, unemployment and per capita figures represent the annual average for the full calendar year previous to fiscal year end. The sources referenced above have continually updated these figures subsequent to the publishing of prior years reports. For consistency, Metro Government has elected to not revise prior year information and is presenting our previously published data.
- (3) Total personal income is shown as part of the Schedule for Ratios of Outstanding Debt by Type on page 107.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

PRINCIPAL WITHHOLDING TAXPAYERS

Fiscal Year Ended June 30, 2013

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

Information obtained from the Louisville/Jefferson County Revenue Commission.

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

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed Value to Total Estimated Actual Value	Direct Rates		Homestead Exemption (3)
	Assessed Value (2)	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		Real	Personal	
2004	\$ 38,475,339,519	\$ 40,031,861,895	\$ 7,186,365,561	\$ 7,186,365,561	\$ 45,661,705,080	\$ 47,218,227,456	96.70 %	0.128	0.166	28,000
2005	40,219,592,446	41,809,690,762	7,212,529,909	7,212,529,909	47,432,122,355	49,022,220,671	96.76 %	0.128	0.166	28,000
2006	42,639,738,345	44,493,302,621	7,102,342,868	7,102,342,868	49,742,081,213	51,595,645,489	96.41 %	0.128	0.166	29,400
2007	46,126,935,404	47,939,471,070	7,441,909,167	7,441,909,167	53,568,844,571	55,381,380,237	96.73 %	0.126	0.166	29,400
2008	48,967,327,639	50,959,448,935	7,011,526,622	7,011,526,622	55,978,854,261	57,970,975,557	96.56 %	0.126	0.166	31,400
2009	51,297,796,731	53,315,888,167	7,421,973,416	7,421,973,416	58,719,770,147	60,737,861,583	96.68 %	0.126	0.166	31,400
2010	52,178,491,299	54,382,542,195	7,236,386,047	7,236,386,047	59,414,877,346	61,618,928,242	96.42 %	0.126	0.166	33,700
2011	51,996,671,540	54,559,993,610	7,039,488,986	7,039,488,986	59,036,160,526	61,599,482,596	95.84 %	0.126	0.166	33,700
2012	51,480,204,902	54,041,866,872	8,018,563,988	8,018,563,988	59,498,768,890	62,060,430,860	95.87 %	0.126	0.166	34,000
2013	52,680,900,802	55,287,731,992	9,641,449,953	9,641,449,953	62,322,350,755	64,929,181,945	95.99 %	0.126	0.166	34,000

- (1) Pursuant to the Constitution of Kentucky and applicable statutes, real property is to be revalued annually at 100 percent of its fair cash value.
- (2) Metro Government tax is levied on properties within the entire Metropolitan area. Urban Services District ("USD") tax is an additional tax levied on properties with the USD. All properties within the Metropolitan area are taxed at the Metro Government general rate. Only those properties within the USD are taxed at the additional USD tax rates.
- (3) Under the provisions of the Homestead Amendment to the Kentucky Constitution, persons 65 years or older are granted exemptions of these amounts on the assessed value of their bona fide residence.

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

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed Value to Total Estimated Actual Value	Direct Rates		Homestead Exemption (3)
	Assessed Value (2)	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		Real	Personal	
2004	\$ 10,348,442,073	\$ 10,908,103,163	\$ 1,590,892,073	\$ 1,590,892,073	\$ 11,939,334,146	\$ 12,498,995,236	95.52 %	0.374	0.566	\$ 28,000
2005	10,662,215,252	11,219,585,052	1,606,917,756	1,606,917,756	12,269,133,008	12,826,502,808	95.65 %	0.374	0.566	28,000
2006	11,244,224,618	11,815,011,598	1,492,242,540	1,492,242,540	12,736,467,158	13,307,254,138	95.71 %	0.373	0.566	29,400
2007	11,971,085,907	12,513,155,067	1,575,229,335	1,575,229,335	13,546,315,242	14,088,384,402	96.15 %	0.372	0.566	29,400
2008	12,683,955,249	13,269,920,329	1,347,895,696	1,347,895,696	14,031,850,945	14,617,816,025	95.99 %	0.368	0.566	31,400
2009	13,378,169,974	13,949,476,154	1,531,404,667	1,531,404,667	14,909,574,641	15,480,880,821	96.31 %	0.367	0.566	31,400
2010	13,326,407,151	13,933,743,911	1,657,693,699	1,657,693,699	14,984,100,850	15,591,437,610	96.10 %	0.367	0.566	33,700
2011	13,221,353,224	13,819,232,754	1,392,226,642	1,392,226,642	14,613,579,866	15,211,459,396	96.07 %	0.367	0.566	33,700
2012	13,105,246,418	13,688,841,348	1,687,391,277	1,687,391,277	14,792,637,695	15,376,232,625	96.20 %	0.367	0.566	34,000
2013	13,540,026,278	14,127,735,908	2,434,463,209	2,434,463,209	15,974,489,487	16,562,199,117	96.45 %	0.367	0.566	34,000

(1) Pursuant to the Constitution of Kentucky and applicable statutes, real property is to be revalued annually at 100 percent of its fair cash value.

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

(3) Under the provisions of the Homestead Amendment to the Kentucky Constitution, persons 65 years or older are granted exemptions of these amounts on the assessed value of their bona fide residence.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

PROPERTY TAX RATES

DIRECT AND OVERLAPPING GOVERNMENTS

TAX RATES (PER \$100 OF ASSESSED VALUATION)

Last Ten Fiscal Years

Fiscal Year	Metro Government Direct Rates (1) (2)					Overlapping Rates			Total Direct & Overlapping			
	Metro Government		Urban Services District		Total Direct	Consolidated School District			Real	Inventory	Personal	Total
	Real	Personal	Real	Personal		Real	Inventory	Personal				
2004	0.128	0.166	0.374	0.566	1.234	0.576	0.576	0.576	1.078	0.576	1.308	2.962
2005	0.128	0.166	0.374	0.566	1.234	0.592	0.592	0.592	1.094	0.592	1.324	3.010
2006	0.128	0.166	0.373	0.566	1.233	0.625	0.625	0.625	1.126	0.625	1.357	3.108
2007	0.126	0.166	0.372	0.566	1.230	0.615	0.625	0.625	1.113	0.625	1.357	3.095
2008	0.126	0.166	0.368	0.566	1.226	0.615	0.627	0.627	1.109	0.627	1.359	3.095
2009	0.126	0.166	0.367	0.566	1.225	0.625	0.631	0.631	1.118	0.631	1.363	3.112
2010	0.126	0.166	0.367	0.566	1.225	0.646	0.646	0.646	1.139	0.646	1.378	3.163
2011	0.126	0.166	0.367	0.566	1.225	0.676	0.676	0.676	1.169	0.676	1.408	3.253
2012	0.126	0.166	0.367	0.566	1.225	0.677	0.677	0.677	1.170	0.677	1.409	3.256
2013	0.126	0.166	0.367	0.566	1.225	0.700	0.700	0.700	1.193	0.700	1.432	3.325

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

- (1) Beginning in fiscal year 2004, property tax rates were set for the Urban Services District, which includes the prior boundaries of the City of Louisville, and for Metro Government as a whole which encompasses the entire area within Jefferson County.
- (2) All taxpayers within Jefferson County are subject to the Metro Government rates. The Total Direct Rate applies to taxpayers residing within the Urban Services District.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	Type of Business	June 30, 2013			June 30, 2004		
		Assessed Valuation	Rank	Percent of Total Assessed Valuation of \$ 78,296,840,242	Assessed Valuation	Rank	Percent of Total Assessed Valuation of \$ 57,601,039,226
Louisville Gas & Electric Co.	Energy Utility	\$ 2,982,730,767	1	3.8%	\$ 897,618,575	1	1.6%
AT&T Communications	Telecommunications	1,219,558,466	2	1.6%	396,036,750	3	0.7%
United Parcel Service, Inc.	Air Express and Distribution	600,795,922	3	0.8%			
Insight Midwest LP	Cable Media	340,970,819	4	0.4%	310,939,333	4	0.5%
Humana, Inc.	Healthcare	263,768,687	5	0.3%	225,891,393	5	0.4%
KBSII National City Tower LLC	Commercial Real Estate	216,000,000	6	0.3%			
Louisville Trophy LLC	Miscellaneous Services	188,690,628	7	0.2%			
BT Properties LLC	Property Management	174,899,415	8	0.2%			
Thomas W. Bullitt	Retail	156,935,269	9	0.2%			
Optima 500 LLC	Commercial Real Estate	154,100,117	10	0.2%			
BellSouth Telecommunications	Telecommunications				586,620,276	2	1.0%
The Kentucky Trust Co	Banking/Financial Services				133,425,030	6	0.2%
200 Block CHC LTD PTN	Commercial Real Estate				130,000,000	7	0.2%
PNC Bank, Kentucky	Banking/Financial Services				120,544,727	8	0.2%
Information Systems Corporation	Information Services				117,267,657	9	0.2%
National City Bank, Kentucky	Banking/Financial Services				103,838,182	10	0.2%
	TOTAL	<u>\$ 6,298,450,090</u>		<u>8.0%</u>	<u>\$ 3,022,181,923</u>		<u>5.2%</u>

Source: Jefferson County Sheriff's Office

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year	Amount of Levy	Amount Collected in Year of Levy	Percentage Collected in Year of Levy	Collections in Subsequent Years	Total Tax Collections to Date	Percentage of Levy Collected	Total Outstanding Delinquent Taxes Receivable at June 30, 2013
2004	\$ 107,833,673	\$ 104,493,360	96.9%	\$ 2,608,207	\$ 107,101,567	99.3%	\$ 5,392,784
2005	112,929,657	109,744,607	97.2%	2,302,174	112,046,781	99.2%	9,262,583
2006	115,468,469	114,972,927	99.6%	357,273	115,330,200	99.9%	6,213,399
2007	122,324,736	121,888,305	99.6%	25,349	121,913,654	99.7%	5,679,253
2008	128,569,436	128,045,919	99.6%	234,001	128,279,920	99.8%	5,401,922
2009	133,040,752	129,573,177	97.4%	3,243,383	132,816,560	99.8%	7,225,768
2010	137,034,214	132,148,914	96.4%	4,491,396	136,640,310	99.7%	12,006,630
2011	133,193,647	131,954,594	99.1%	559,499	132,514,093	99.5%	6,614,735
2012	132,050,675	131,350,289	99.5%	135,906	131,486,195	99.6%	6,344,686
2013	142,495,713	141,489,737	99.3%	-	141,489,737	99.3%	6,110,372

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

LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT

LEGAL DEBT MARGIN

Last Ten Fiscal Years

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt Limit - 10% of assessed valuation	\$ 5,760,103,923	\$ 5,970,125,536	\$ 6,247,854,837	\$ 6,711,515,981	\$ 7,001,070,521	\$ 7,362,934,479	\$ 7,439,897,820	\$ 7,364,974,039	\$ 7,429,140,658	\$ 7,829,684,024
Total bonded debt applicable to limit	<u>372,825,790</u>	<u>382,672,355</u>	<u>362,507,086</u>	<u>378,309,052</u>	<u>357,226,453</u>	<u>377,246,329</u>	<u>444,678,003</u>	<u>424,406,850</u>	<u>389,674,245</u>	<u>361,564,765</u>
Legal debt margin	<u>\$ 5,387,278,133</u>	<u>\$ 5,587,453,181</u>	<u>\$ 5,885,347,751</u>	<u>\$ 6,333,206,929</u>	<u>\$ 6,643,844,068</u>	<u>\$ 6,985,688,150</u>	<u>\$ 6,995,219,817</u>	<u>\$ 6,940,567,189</u>	<u>\$ 7,039,466,413</u>	<u>\$ 7,468,119,259</u>
Total net debt applicable to the limit as a percentage of debt limit	6.47%	6.41%	5.80%	5.64%	5.10%	5.12%	5.98%	5.76%	5.25%	4.62%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed Valuation - January 1, 2013	\$78,296,840,242
Debt Limit (10% of assessed value)	7,829,684,024
Debt applicable to limit:	
Bonded debt outstanding	363,242,583
Less: Amount set aside for repayment of bonded debt	<u>(1,677,818)</u>
Total debt margin applicable to limit	<u>361,564,765</u>
Legal debt margin	<u>\$ 7,468,119,259</u>

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

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

June 30, 2013

Governmental Unit	Debt Outstanding	Percentage Applicable to Louisville Metro Taxpayers	Louisville Metro Taxpayers Share of Debt
Direct Debt:			
Revenue bonds	\$ 78,145,945	100.00%	\$ 78,145,945
Notes payable	11,281,900	100.00%	11,281,900
Capital lease	2,477,552	100.00%	2,477,552
General obligation debt	<u>292,734,430</u>	100.00%	<u>292,734,430</u>
Total direct debt	<u>384,639,827</u>		<u>384,639,827</u>
Overlapping debt:			
Jefferson County Public Schools	<u>351,421,460</u>	100.00%	<u>351,421,460</u>
Total direct and overlapping debt	<u><u>\$ 736,061,287</u></u>		<u><u>\$ 736,061,287</u></u>

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

Governmental Activities

Fiscal Year	General Obligation Bonds	First Mortgage Revenue Bonds (2)	Lease Revenue Bonds	Notes Payable	Capital Leases	Total Primary Government	Percentage of Total Personal Income	Total Personal Income (1)	Per Capita
2004	\$ 246,037	\$ 31,900	\$ 95,940	\$ 808	\$ 624	\$ 375,309	1.55%	\$ 24,184,881	538
2005	258,466	30,100	97,212	568	564	386,910	1.52%	25,470,269	554
2006	238,261	28,030	98,600	318	500	365,709	1.41%	25,949,674	523
2007	250,568	26,680	103,705	57	433	381,443	1.41%	27,122,740	544
2008	229,307	25,260	105,096	-	361	360,024	1.22%	29,497,015	508
2009	278,647	-	101,550	2,000	284	382,481	1.28%	29,785,092	536
2010	356,203	-	97,710	2,000	203	456,116	1.53%	29,834,474	632
2011	339,814	-	93,622	12,000	116	445,552	1.52%	29,247,199	601
2012	309,133	-	88,528	11,737	3,186	412,584	1.32%	31,241,331	546
2013	292,734	-	78,146	11,282	2,478	384,640	1.19%	32,228,455	512

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

- (1) Personal Income for 2013 is an estimate based on the average annual percentage increase over the last ten years. Personal Income for 2012, which had been an estimate, has been changed to reflect published figures as of April 2013.
- (2) During fiscal year 2009 all remaining outstanding First Mortgage Revenue Bonds were refunded in full.

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

Fiscal Year	Population	Assessed Value	General Obligation Bonds	Ratio of General Bonded Debt to Assessed Value	General Bonded Debt Per Capita
2004	698,059	\$ 57,601,039,226	\$ 246,037,240	0.43%	\$ 352
2005	698,903	59,701,255,363	258,465,973	0.43%	370
2006	699,827	62,478,548,371	238,261,330	0.38%	340
2007	701,500	67,115,159,813	250,567,506	0.37%	357
2008	709,264	70,010,705,206	229,306,542	0.33%	323
2009	713,877	73,629,344,788	278,647,191	0.38%	390
2010	721,594	74,398,978,196	356,203,171	0.48%	491
2011	741,096	73,649,740,393	339,813,578	0.46%	459
2012	746,906	74,291,406,584	309,133,318	0.42%	414
2013	750,828	78,296,840,242	292,734,430	0.37%	390

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

PLEDGED REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	First Mortgage Revenue Bonds				Lease Revenue Bonds			
	Gross Revenue (1)	Debt Service		Coverage	Gross Revenue (1)	Debt Service		Coverage
		Principal (2)	Interest			Principal (3)	Interest	
2004	\$ 3,570,582	\$ 1,714,500	\$ 1,857,240	1.00	\$ 7,132,819	\$ 3,800,000	\$ 3,332,963	1.00
2005	3,563,081	1,800,000	1,760,475	1.00	4,487,594	1,290,000	3,196,519	1.00
2006	2,934,383	1,286,500	1,645,430	1.00	4,486,909	1,355,000	3,129,439	1.00
2007	2,902,850	1,350,000	1,552,433	1.00	2,810,307	-	1,998,724	1.41
2008	2,898,058	1,420,000	1,479,930	1.00	4,048,781	1,640,000	2,448,179	0.99
2009	2,904,294	1,500,000	1,402,233	1.00	8,865,673	6,505,000	2,448,179	0.99
2010	-	-	-	-	9,046,194	6,690,000	2,368,179	1.00
2011	-	-	-	-	9,103,779	6,820,000	2,283,779	1.00
2012	-	-	-	-	9,845,779	7,650,000	2,195,779	1.00
2013	-	-	-	-	14,559,379	12,455,000	2,104,379	1.00

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

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

**LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT
 DEMOGRAPHIC & ECONOMIC INDICATORS
 POPULATION GROWTH
June 30, 2013**

<u>Area</u>	<u>2000</u>	<u>2010</u>	<u>% Change 2000-2010</u>	<u>Estimated (1)</u>		<u>% Change 2000-2012</u>
				<u>2011</u>	<u>2012</u>	
Louisville/Jefferson County	693,604	741,096	6.8%	746,906	750,828	8.3%
Kentucky	4,041,769	4,339,367	7.4%	4,369,356	4,380,415	8.4%
United States	281,421,906	308,745,538	9.7%	311,591,917	313,914,040	11.5%

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

(1) Estimated population amounts for 2013 were not available from the Census Bureau.

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

Employer	Industry/Product	June 30, 2013			June 30, 2004		
		Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
United Parcel Service, Inc.	Diversified Distribution/Logistics Services	15,517	1	2.67%	20,424	1	3.61%
Jefferson County Public Schools	K-12 Public Education	14,366	2	2.48%	14,329	2	2.53%
Humana, Inc.	Healthcare	11,000	3	1.90%			0.00%
Norton Healthcare, Inc.	Healthcare	9,658	4	1.66%	7,575	4	1.34%
Ford Motor Company	Automotive Manufacturer	8,696	5	1.50%	9,807	3	1.73%
University of Louisville	Higher Education	6,273	6	1.08%	5,133	9	0.91%
KentuckyOne Health, Inc.	Healthcare	5,898	7	1.02%			0.00%
Louisville Metro Government	Government Services	5,689	8	0.98%	5,995	5	1.06%
GE Appliances	Household Appliance Manufacturer	5,000	9	0.86%	5,800	6	1.03%
Kentucky State Government	Government Services	4,232	10	0.73%	5,328	8	0.94%
Jewish Hospital Healthcare Services	Healthcare				5,467	7	0.97%
The Kroger Company	Retail Grocer				5,045	10	0.89%
Total		86,329		14.87%	84,903		15.01%

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

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

LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT
NUMBER OF GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
June 30, 2013

	Full-Time Equivalent Employees as of June 30, (1) (2)									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Metro Council	80	81	85	80	79	82	79	77	78	77
Mayor's Office	33	31	31	29	28	27	28	27	21	21
Policy and Strategic Planning	6	6	7	4	7	6	-	-	-	-
County Attorney	106	104	102	96	94	90	94	91	88	91
Other Elected Officials	69	67	64	64	64	40	37	39	38	37
Fire (3)	646	624	553	547	529	538	498	466	473	457
Emergency Medical Services (3)	131	186	278	253	257	266	247	246	239	248
Emergency Management/MetroSafe (4)	26	26	171	160	169	180	193	192	197	182
Corrections	524	545	569	582	577	563	551	547	561	568
Youth Detention Services	130	128	129	129	130	133	132	128	128	129
Metro Animal Services	37	37	41	48	48	45	49	48	48	49
Criminal Justice Commission	6	5	5	5	5	4	4	4	2	4
Public Protection Cabinet	1	1	1	-	-	-	-	-	-	-
Police (4)	1,547	1,605	1,514	1,480	1,511	1,502	1,485	1,476	1,492	1,479
Economic Growth & Innovation	54	67	66	63	65	76	65	66	70	50
Redevelopment Authority	2	2	1	-	-	-	-	-	-	-
Air Pollution Control	57	57	62	65	63	66	68	67	66	66
Community Development	15	15	12	7	-	-	-	-	-	-
Codes & Regulations	197	203	202	196	177	170	164	168	166	187
Parks & Recreation	612	593	576	566	476	529	542	508	587	489
Community Services & Revitalization	341	338	327	307	250	250	240	226	197	192
Public Health & Wellness	320	320	321	302	288	280	293	285	259	251
Neighborhoods (6)	41	48	44	44	75	46	28	-	-	-
Public Works & Assets	729	698	686	682	653	681	706	684	631	608
Information Technology	49	49	59	66	68	69	62	65	63	67
Office of Management & Budget	124	116	114	113	107	105	115	110	166	173
Human Resources	53	49	49	44	47	43	37	38	35	37
Human Relations Commission	19	18	17	16	15	17	16	14	15	11
Kentuckiana Works (5)	18	14	11	12	14	-	-	-	-	-
Louisville Free Public Library	283	287	289	276	268	237	234	238	231	233
Louisville Zoological Gardens	189	187	180	184	193	235	249	254	248	260
Internal Audit	8	8	8	8	8	5	8	7	6	7
Waterfront Development Corporation (7)	14	14	67	112	66	77	87	79	-	-
Total	<u>6,467</u>	<u>6,529</u>	<u>6,641</u>	<u>6,540</u>	<u>6,331</u>	<u>6,362</u>	<u>6,311</u>	<u>6,150</u>	<u>6,105</u>	<u>5,973</u>

- (1) Numbers represent actual employees for the last pay period of each fiscal year, with full-time employees counted at 100% and part-time and seasonal employees counted at 50%.
- (2) During fiscal year 2008, a reorganization of departments was implemented by the Metro Government. Numbers of employees have been reclassified to conform to the current year presentation.
- (3) In 2006, certain Fire department employees were transferred into Emergency Medical Services.
- (4) In 2006, the communication division of the Police department was transferred to Emergency Management/MetroSafe.
- (5) In 2009, Kentuckiana Works was brought under Economic Growth & Innovation.
- (6) In 2010, Neighborhoods was dissolved and its employees were transferred to Parks & Recreation.
- (7) In 2012, Waterfront Development Corporation became a component unit of the primary government.

LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT
MISCELLANEOUS OPERATING INDICATORS AND CAPITAL ASSET INFORMATION
June 30, 2013

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Public Works & Assets										
Road Operations and Maintenance										
Miles of streets maintained	3,000	3,000	3,000	3,000	3,025	2,540	2,540	2,900	2,578	2,412
Miles of streets paved	125	138	153	231	175	42	37	35	44	19
Number of potholes filled	21,618	29,809	30,000	14,000	18,175	15,098	27,667	34,909	26,827	28,953
Overlay and pavement repairs (sq ft) (1)	-	-	-	203,000	123,274	71,147	150,329	225,062	174,191	154,923
Crack Seals (linear ft) (9)	-	-	-						190,073	114,630
Fleet Services										
Number of vehicles maintained (2)	-	-	-	2,587	2,590	2,578	2,569	2,515	2,450	2,415
Facilities and Project Management										
Number of buildings maintained	67	67	67	67	68	73	68	75	68	89
Solid Waste Management										
Tons recycled	15,844	18,724	19,761	21,149	18,597	10,462	14,472	11,613	12,742	15,160
Tons composted	20,149	20,594	16,570	19,507	13,085	9,582	17,045	27,148	11,639	10,240
Tons landfilled	136,900	146,521	200,455	206,556	206,146	96,754	122,291	124,506	152,979	120,570
Codes & Regulation										
Inspections, Permits and Licenses										
Number of inspections performed	90,961	160,023	162,545	164,467	179,118	183,330	174,540	173,751	153,104	144,071
Number of permits issued (3)	-	48,351	48,351	40,942	49,464	44,845	68,131	41,458	30,446	41,649
Planning and Design Services (4)										
Number of zoning adjustments	-	-	-	-	135	96	98	94	56	137
Number of plans submitted	-	-	-	-	1,179	1,340	1,297	1,464	1,091	1,705
Parks & Recreation										
Community centers	17	17	17	17	17	15	15	12	12	12
Number of parks	123	123	123	123	123	124	124	122	120	120
Park acreage	14,000	14,000	14,000	14,000	14,000	15,000	15,000	12,447	12,447	12,447
Golf courses	9	9	9	9	9	9	9	9	9	9
Swimming pools	12	12	12	11	5	5	5	5	5	4
Tennis courts	172	172	172	172	172	155	155	178	178	160
Number of walking trails/bike paths	40	40	40	40	41	33	33	52	54	54
Louisville Zoological Gardens										
Total acreage	151	151	151	151	151	151	151	151	151	151
Area developed in acres	90	90	90	90	90	88	90	90	90	90
Number of animals	1,300	1,300	1,300	1,300	1,300	1,747	1,761	1,757	1,496	1,515
Number of visitors	783,657	757,517	741,930	810,546	818,129	835,807	792,248	867,417	945,184	843,404

(continued)

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Louisville Free Public Library										
Number of branches	16	16	16	16	16	16	17	17	18	18
Number of library card holders	325,524	343,043	358,927	470,000	457,979	460,247	481,591	339,093	335,669	355,902
Number of computers	402	410	470	455	470	495	483	567	589	608
Number of items in circulation	1,291,907	1,348,846	1,348,747	1,288,941	1,264,123	1,418,570	1,366,625	1,309,345	1,257,787	1,222,480
Number of items borrowed	3,807,578	3,827,835	4,065,233	4,193,574	4,427,416	4,104,396	3,725,258	3,878,587	3,755,067	3,724,722
Fire Protection (Urban Service District)										
Number of stations	22	22	22	22	22	21	22	22	22	21
Number of incidents (calls answered)	11,198	10,960	9,488	11,478	11,654	14,777	11,917	10,097	12,469	12,446
Number of medical runs	11,481	9,090	7,923	9,850	13,063	21,904	20,639	16,452	20,456	20,197
Number of fires extinguished	2,400	1,829	1,995	1,975	1,829	1,856	1,392	1,093	1,364	1,412
Number of home inspections conducted	12,316	12,132	11,053	13,470	13,474	18,245	12,995	958	943	780
Number of building inspections conducted	9,740	11,024	7,708	8,992	8,343	5,833	4,310	5,725	6,912	6,884
Police Protection										
Number of active patrol units	802	802	802	848	859	885	827	852	848	848
Number of incidents (calls answered) (5)				494,140	535,550	512,847	509,072	510,259	548,568	548,409
Number of arrests	29,746	38,919	46,726	52,024	47,315	55,349	58,898	57,831	53,254	53,793
Number of citations (6)	92,997	80,728	86,426	81,780	88,497	106,347	19,097	37,058	38,861	68,111
Corrections										
Number of prisoners	39,046	39,242	35,375	45,000	46,105	45,570	46,263	45,339	42,172	40,739
Number of beds	1,919	1,919	1,919	1,919	1,919	1,961	1,919	1,793	1,793	1,793
Youth Detention Services										
Number of youth monitored	792	780	828	852	964	799	836	918	1,155	986
Number of youth housed	1,682	1,980	2,104	2,045	1,790	1,674	1,879	2,001	1,717	1,547
Public Health & Wellness										
Number of clinics	12	12	12	12	12	12	11	12	12	12
Number of services provided	314,696	445,676	454,022	429,610	422,634	401,690	440,750	351,789	369,100	541,893
Emergency Medical Services										
Number of dispatches	93,195	92,816	111,627	140,086	136,977	129,684	109,938	115,618	115,892	111,243
Number of transports	51,420	52,913	54,073	60,282	64,901	62,200	65,236	69,716	69,228	76,214
Metro Animal Services										
Licensed pets	67,293	63,310	58,510	85,000	72,995	63,136	53,097	53,508	54,612	51,654
Number of animals spayed/neutered	899	1,063	2,058	1,800	3,886	3,776	3,030	3,135	2,462	3,159
Number of pets adopted	899	1,063	1,943	1,200	1,395	2,453	2,244	2,173	2,293	1,933
Economic Growth & Innovation										
Number of downtown market rate housing units	1,726	1,777	1,912	2,004	2,047	2,218	2,218	2,316	2,349	2,406
Community Services & Revitalization										
Number of families assisted	16,562	17,892	18,479	14,849	15,722	20,887	22,418	22,569	20,037	17,738
Number of individuals assisted	40,117	42,760	44,187	33,981	36,500	48,170	51,423	51,059	45,303	40,236

(continued)

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

	<u>June 30, 2013</u>									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Louisville Water Company										
Number of residential customers	235,906	238,893	241,938	244,478	246,145	245,649	247,192	248,451	240,715	242,007
Annual residential consumption (1,000 Gallons)	15,655,594	17,089,874	17,089,874	15,305,832	17,479,922	16,390,030	14,973,777	16,067,929	14,037,669	14,067,469
Number of commercial and industrial customers	22,593	22,708	22,940	23,546	23,825	24,571	24,504	24,711	22,770	22,769
Annual comm. and ind. consumption (1,000 Gallon)	19,660,093	19,501,479	19,968,030	18,823,270	20,303,307	19,327,579	17,785,370	15,084,249	1,649,740	16,373,833
Number of fire hydrants	18,882	19,471	19,931	20,467	20,809	21,120	21,323	21,480	23,734	23,792
Parking Authority of River City, Inc.										
Number of PARC garages	11	12	12	12	12	12	13	16	15	15
Number of PARC surface lots	4	4	4	4	3	3	3	2	3	3
Number of parkers	7,055	7,067	7,345	7,332	8,322	8,777	9,399	9,429	9,008	8,990
Transit Authority of River City										
Total ridership	15,286,298	14,657,752	15,835,796	16,280,662	16,364,856	15,070,578	14,405,530	14,056,838	15,192,500	14,966,139
Total miles driven	11,482,333	11,909,817	12,163,639	12,167,757	12,072,337	12,169,443	11,901,732	11,200,334	11,708,182	11,541,025
Total hours driven	757,968	766,821	784,215	812,549	810,921	781,544	767,926	806,803	842,707	861,242
Buses in service	270	274	265	277	276	249	321	315	314	314
Number of hybrid buses (7)						12	21	21	21	32
Number of routes	55	55	53	52	51	54	49	46	43	40
Metropolitan Sewer District										
Miles of sewers	2,959	3,035	3,099	3,133	3,200	3,197	3,207	3,200	3,332	3,240
Number of treatment plants	25	25	23	21	21	21	21	20	20	19
Number of service connections	216,551	220,599	222,698	224,654	226,430	226,711	228,580	230,240	235,136	239,334
Daily average treatment (mgd)	143.4	145.4	154.8	134.1	152.0	126.6	143.0	142.0	145.0	130.6
Daily treatment capacity (mgd) (mgd - millions of gallons per day)	162.1	161.9	172.5	171.8	174.0	173.5	174.0	173.0	173.0	176.6
Facilities and services not included in the reporting entity:										
Jefferson County Public Schools										
Total enrollment	97,010	97,278	97,518	98,087	97,988	98,999	98,963	99,095	100,420	100,975
Number of elementary schools	87	87	87	87	89	89	89	89	89	89
Number of middle schools	23	22	22	22	22	23	23	23	23	23
Number of high schools	20	19	19	19	19	19	18	18	18	18
Number of instructors (8)			5,267	5,383	5,363	5,468	5,386	5,372	6,287	6,474

- (1) During fiscal year 2007, the Public Works Department changed the method of reporting and tracking pothole repairs. Pothole repairs are now reported for any repair 2' x 2' or smaller and overlay and pavement repairs are anything larger than 2' x 2'.
- (2) Fiscal year 2007 was the first year information related to number of vehicles maintained has been included with Metro Government's financial reports. Due to system limitations, information for fiscal years 2004-2006 was not available and therefore has not been included.
- (3) Fiscal year 2005 was the first year information related to number of permits issued has been included with Metro Government's financial reports. Due to system limitations, information for fiscal years 2004 was not available and therefore has not been included.
- (4) Fiscal year 2008 was the first year information related to Planning and Design Services has been included with Metro Government's financial reports. Due to system limitations, information for fiscal years 2004-2007 was not available and therefore has not been included.
- (5) Fiscal year 2006 was the first year that number of incidents have been included with Metro Government's financial reports. Archived information was not transferred to the new dispatch system and therefore information for fiscal years 2004-2005 was not available.
- (6) Fiscal year 2010 was the first year that the number of paper citations was not available and therefore has not been included.
- (7) Transit Authority of River City added hybrid buses in 2008.
- (8) This information was not archived prior to fiscal year 2006 and therefore is not reported.
- (9) This information was not archived prior to fiscal year 2011 and therefore is not reported.