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COMPREHENSIVE ANNUAL FINANCIAL REPORT JULY 1, 2014 – JUNE 30, 2015

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT | COMMONWEALTH OF KENTUCKY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT LOUISVILLE, KENTUCKY



Fiscal Year Ended June 30, 2015

**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, 2015**

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**OFFICE OF THE MAYOR
LOUISVILLE, KENTUCKY**

GREG FISCHER
MAYOR

December 23, 2015

To the citizens of Louisville,

I am pleased to present the Comprehensive Annual Financial Report of the Louisville/Jefferson County Metro Government (“Metro Government”) for the fiscal year ended June 30, 2015. This financial report details how Metro Government has managed the resources entrusted to us by our fellow citizens.

As with each year, we began with strategic initiatives, which provide the foundation and inspiration to identify the common thread that weaves throughout our city and connects us all. Metro Government has implemented several key strategic initiatives to assure continued sound fiscal policy:

- Eliminated budgetary structural imbalances;
- Identified inefficiencies and improved revenues;
- Worked with labor representatives to control the cost of collective bargaining agreements;
- Derived continued savings and efficiencies through the LouieStat Program;
- Effectively utilized increased revenues due to a rebounding economy.

As we enter into the sixth year of my administration, we continue to build on improvements and accomplished goals based in prudent and fiscally sound investments for the future of Louisville.

This year saw the announcement of the downtown Omni hotel/apartment project, the addition of 18,000 jobs in the Metro Statistical Area (MSA) and a growing economy fueled by expansion at UPS and Ford’s Kentucky Truck Plant. Major capital projects in Louisville include two new Ohio River bridges, Paristowne Pointe Redevelopment, completion of one new regional library and the start of another, and continued reinvestment in existing infrastructure.

With compassion as a pillar of our administration, investment in programs like Cradle to Career, Degrees at Work and 21st Century Workforce are designed to assure a vibrant future for all citizens. Compassion includes building upon healthy neighborhood lifestyles, which we are doing by adding all electric buses, improving the tree canopy, offering numerous family friendly

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events such as Hike, Bike and Paddle, as well as developing and expanding programs focused on youth at risk for violent behavior.

We continue to balance a sound budget process with programs that support mayoral goals and initiatives. The LouieStat process has helped us realize operational efficiencies throughout Metro while improving delivery of city services to our citizens. We strive to be the best in class. We've continued work to reduce overtime and find cost savings through better use of resources.

Sound fiscal practices, good stewardship of resources and responsible accounting are the foundation of long-term fiscal health. As a result of prudent fiscal management, our General Fund revenues exceeded our expenditures, and our largest revenue source, occupational taxes, have grown 6.0% and 8.9% respectively over the prior year, demonstrating a continued growth in our local economy. At the close of fiscal year 2015, the undesignated General Fund balance increased by 5.7% to \$66.1 million, which represents 11.6% of total general fund expenditures. This accomplished one of our strategic goals of structurally balancing the budget and restoring the General Fund balance above the FY2011 level.

As a result of 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 fifth 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, while finding innovative ways to reduce expenses -- ensuring our city remains a strong and vibrant community committed to excellence and compassion.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Fischer". The signature is fluid and cursive, with the first name "Greg" being more prominent than the last name "Fischer".

Greg Fischer
Mayor



OFFICE OF MANAGEMENT AND BUDGET
LOUISVILLE, KENTUCKY

GREG FISCHER
MAYOR

DANIEL FROCKT
CHIEF FINANCIAL OFFICER

December 23, 2015

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, 2015.

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 an annual review and update to the city's debt capacity model, along with an annual survey of departments for capital needs, both in the upcoming budgetary year and for the short-term time horizon of five years. The annual survey of capital needs is directly linked to the city's strategic plan and prioritizes funding based on the strategic plan and factors such as legal mandates, financial leverage, operating impact, and useful life of the asset. The capital budget is then funded with a combination of pay-go capital and debt.

The 2015 CAFR reflects a government that continues to be financially strong. Both sound management and an improving economy afforded Metro the ability to increase fund balance and make recommended provisions for early retirement of short-term debt and improve the balance of internal service funds by \$2.5 million in the coming fiscal year. Metro Government's unassigned fund balance is \$66.1 million at June 30, 2015.

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 2015.

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 2014 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 2015 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,



Daniel Frockt
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

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

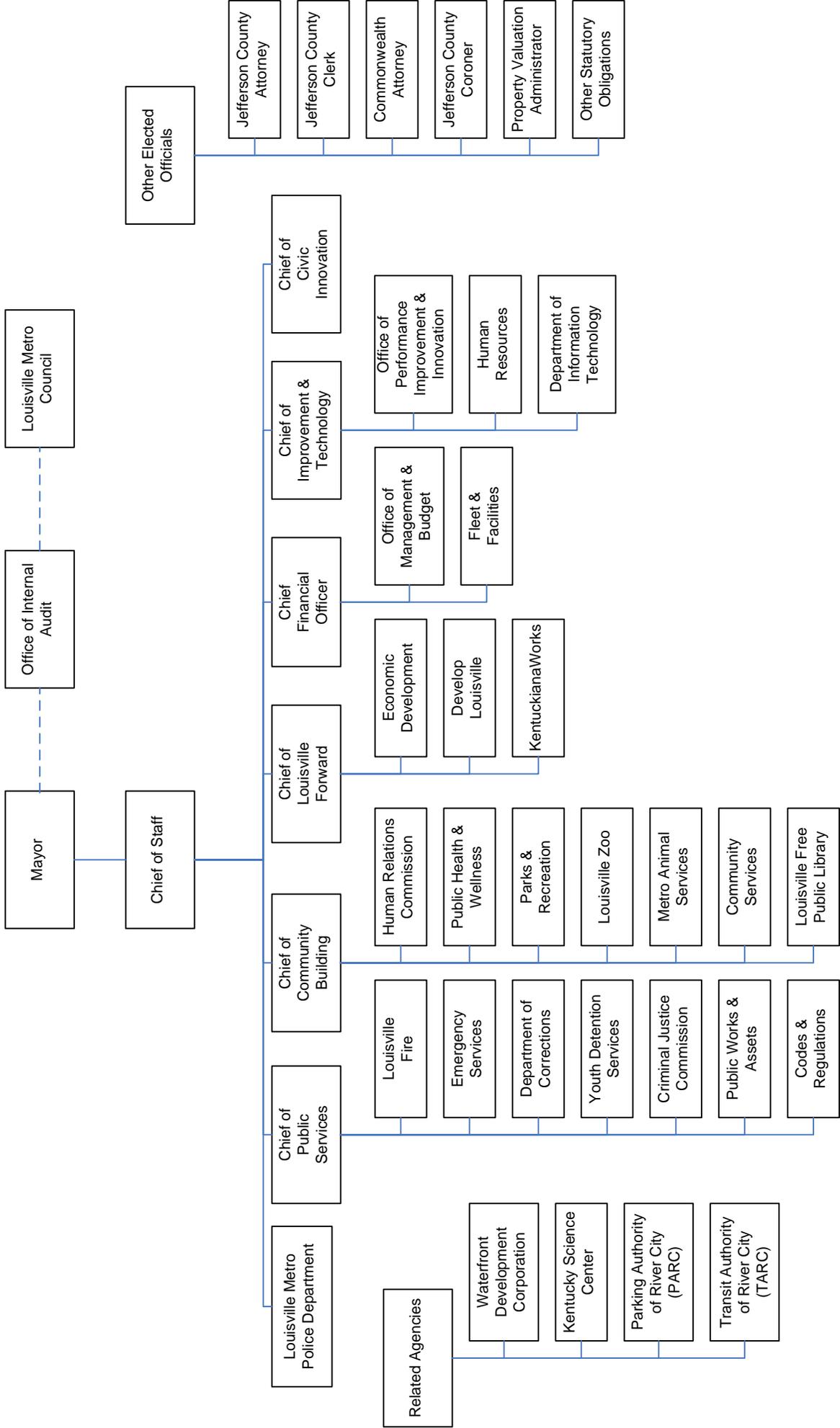
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



Louisville Metro Government



LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT



Fiscal Year Ended June 30, 2015

HONORABLE GREG FISCHER MAYOR

METRO COUNCIL MEMBERS

JESSICA GREEN	DISTRICT 1
BARBARA SHANKLIN	DISTRICT 2
MARY C. WOOLRIDGE	DISTRICT 3
DAVID TANDY	DISTRICT 4
CHERI BRYANT HAMILTON	DISTRICT 5
DAVID JAMES	DISTRICT 6
ANGELA LEET	DISTRICT 7
TOM OWEN	DISTRICT 8
BILL HOLLANDER	DISTRICT 9
STEVE MAGRE	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
JULIE DENTON	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

DANIEL FROCKT	CHIEF FINANCIAL OFFICER
MONICA L. HARMON	DIRECTOR OF FINANCE

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, 2015, and the related notes to the financial statements, which collectively comprise the Metro Government's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Waterfront Development Corporation, the Kentucky Science Center, Inc., and KentuckianaWorks, which represent approximately 1.6% of total component unit assets, 1% of total component unit net position and 3% of total component unit program revenues. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Metro Government, as of June 30, 2015 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 1 and Note 17 of the financial statements, Metro Government has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions* and Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Metro Government's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

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

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

Crowe Horwath LLP

Crowe Horwath LLP

Louisville, Kentucky
December 23, 2015





**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
For the Year Ended June 30, 2015**

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, 2015. 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 \$876.7 million at the close of fiscal year 2015. This amount includes a surplus of approximately \$154.8 million in unrestricted net position.
- Metro Government’s net position includes an equity interest in Louisville Water Company of \$886.5 million.
- Total net position decreased by \$491.1 million.
- At the end of fiscal year 2015, Metro Government’s governmental funds reported a combined ending fund balance of approximately \$203.3 million. This was an increase of approximately \$16.3 million for the year ending June 30, 2015.
- At the end of fiscal year 2015, unassigned general fund balance was \$66.1 million or approximately 11.38% of total general fund expenditures.
- In 2015, Metro Government adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*.

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: government-wide financial statements, fund financial statements, and 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. These two statements report the Metro Government’s net position as of June 30, 2015 and the changes in net position during fiscal year 2015.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
For the Year Ended June 30, 2015**

Metro Government's net position, the difference between assets (what the citizen's own), deferred outflows of resources, liabilities (what the citizen's 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 2015.

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 Kentuckiana Works, 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, 2015**

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 that 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 106. Metro Government presents combining financial statements for the non-major, internal service, and agency funds as other supplementary information beginning on page 110.

Additional changes in Metro Government's Statement of Net Position this year include adoption of Governmental Accounting Standards Board ("GASB") Statement No. 68 "*Accounting and Financial Reporting for Pensions*" and Statement No. 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date*". Metro Government is required to report a net pension liability on the Statement of Net Position as a retroactive prior period adjustment for the beginning net pension liability and related deferred outflows of resources related to its cost-sharing defined benefit plan with County Employee Retirement System ("CERS) and two single employer defined benefit plans for police and firemen. The liability as of June 30, 2015 and 2014 was \$523.7 million and \$561.3 million, respectively. The net pension liability for the single employer plans for police plan and firemen's plan was \$25.3 million and \$27.0 million, respectively.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
For the Year Ended June 30, 2015**

Statement of Net Position	July 1, 2014	Changes	July 1, 2014 as Restated
Deferred Outflow - CERS and single employer contribution	\$ -	\$ 53,729,633	\$ 53,729,633
Total deferred outflow of resources	\$ 4,025,704	\$ 53,729,633	\$ 57,755,337
Net Pension Liability	\$ -	\$ 588,323,760	\$ 588,323,760
Total Liabilities	\$ 582,543,074	\$ 588,323,760	\$ 1,170,866,834
Unrestricted Net Position	\$ 673,254,749	\$ (534,594,127)	\$ 138,660,622
Total Net Position	\$ 1,367,838,649	\$ (534,594,127)	\$ 833,244,522

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 \$876.7 million at June 30, 2015. Metro Government's net position includes the equity interest in the Louisville Water Company of approximately \$886.5 million.

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

	Governmental Activities		Total Percentage Change
	2015	2014	2014-2015
Current and other assets	\$ 322,436	\$ 296,339	8.8%
Equity interest in component unit	886,548	855,621	3.6%
Capital assets	832,591	809,780	2.8%
Total assets	2,041,575	1,961,740	4.1%
Deferred Outflows of Resources	55,107	53,108	3.8%
Long-term liabilities	517,690	502,327	3.1%
Other liabilities	634,501	569,388	11.4%
Total liabilities	1,152,191	1,143,910	0.7%
Deferred Inflows of Resources	67,820	15,384	340.8%
Net invested in capital assets	613,704	592,137	3.6%
Restricted	108,157	102,447	5.6%
Unrestricted	154,811	673,256	-77.0%
Total net position	\$ 876,672	\$ 1,367,840	-35.9%

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
For the Year Ended June 30, 2015**

Current assets increased by 8.8% from fiscal year 2014 to fiscal year 2015. Cash and investments increased by 8.3%, the 16.7 million change was due in part to higher than anticipated revenues and delayed spend on bond proceeds. Receivables remained relatively unchanged as loans receivable collections improved due to minimal bad debt. Metro Government's equity interest in the LWC increased by approximately \$30.9 million and directly correlates to the LWC's change in net position. Net capital assets increased by \$22.8 million due to the addition of the Southwest Regional Library and the addition of HVAC and lighting improvements across numerous facilities arising from the Johnson Control, Inc. ("JCI") capital lease. These were offset by the retirement of a larger than normal quantity of aging equipment and fleet.

A change in short-term liabilities including accounts payable, accrued payroll, accrued interest, and amounts due to other governmental agencies increased \$5.2 million to \$84.8 million which arises primarily to increased payroll liabilities. Metro entered into a capital lease for HVAC and lighting improvements in multiple facilities which is offset by participation with PARC. The lease has an anticipated utility savings to offset the lease payment along with shared participation with PARC to meet the annual obligation. Long-term liabilities increased \$564.4 million or 112.4%, primarily due to the implementation of GASB Statement Nos. 68 and 71.

Metro Government's net investment reports the amount invested in capital assets (e.g. land, buildings, and infrastructure) less any related debt outstanding used to acquire those assets. Metro Government uses these capital assets to provide services to its citizens. These assets are not available for future spending and cannot be liquidated to repay the related debt.

Metro Government reviews third-party restrictions to determine amounts that will be classified as restricted net position each year. In fiscal year 2015, the capital projects restricted net position decreased \$2.4 million primarily due to the decrease of funds with grant restrictions in place and the spend down of funds restricted for capital purposes. The resources set aside for capital and other projects will provide support to ensure continued economic growth and development in Jefferson County.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
For the Year Ended June 30, 2015**

A summary of the Metro Government's changes in net position is shown below.

**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
	2015	2014	2014-2015	2014-2015
Revenues				
Program revenues:				
Charges for services	\$ 94,162	\$ 84,840	11.0%	\$ 9,322
Operating grants and contributions	65,470	89,354	-26.7%	(23,884)
Capital grants and contributions	40,427	18,033	124.2%	22,394
General revenues:				
Property taxes	145,215	140,252	3.5%	4,963
Other taxes	363,248	342,161	6.2%	21,087
Gain on equity interest in LWC	30,928	27,369	13.0%	3,559
Other	37,207	42,127	-11.7%	(4,920)
Total revenues	776,657	744,136	4.4%	32,521
Expenses				
General Government &				
Administrative Functions	112,940	71,109	58.8%	41,831
Public Safety	185,696	178,458	4.1%	7,238
Police	174,574	166,544	4.8%	8,030
Develop Louisville	17,355	-	100.0%	17,355
Economic Development	21,211	36,586	-42.0%	(15,375)
Codes & Regulations	6,756	12,689	-46.8%	(5,933)
Parks & Recreation	36,768	35,382	3.9%	1,386
Community Services & Revitalization	33,455	33,277	0.5%	178
Public Health & Wellness	25,589	29,052	-11.9%	(3,463)
Public Works & Assets	71,093	97,489	-27.1%	(26,396)
Louisville Free Library	19,796	18,478	7.1%	1,318
Louisville Zoological Gardens	15,420	15,758	-2.1%	(338)
Interest on long-term debt	12,577	14,434	-12.9%	(1,857)
Total expenses	733,230	709,256	3.4%	23,974
Increase (decrease) in net position	43,427	34,880		8,547
Net position—beginning, restated	833,245	1,332,960		(499,715)
Net position—ending	\$ 876,672	\$ 1,367,840		\$ (491,168)

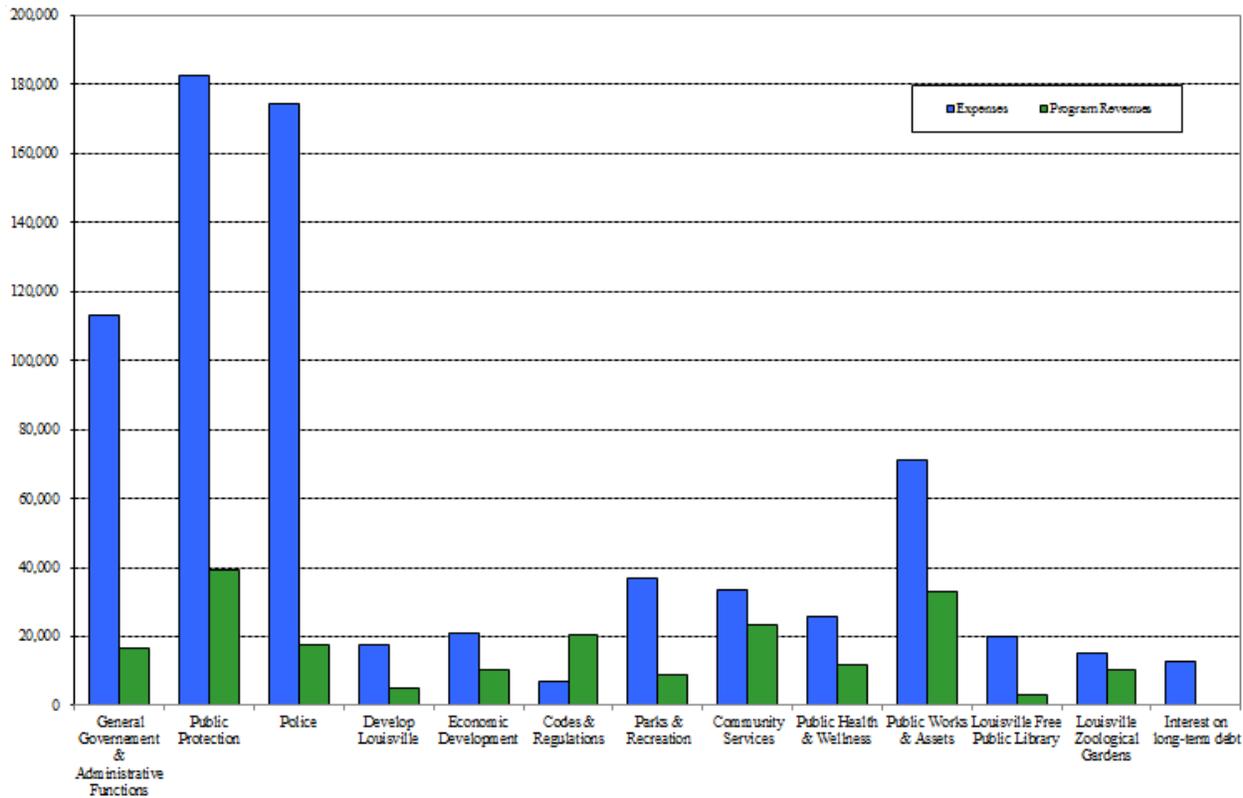
**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
For the Year Ended June 30, 2015**

The change in net position Government-wide was \$43.4 million in fiscal year 2015 as compared to \$34.9 million in 2014. Property tax collections increased nearly \$5.7 million as the settlement of two large property holders tax appeal resulted in deferral of payment from 2014 taxes to fiscal year 2015. Metro Government collected an additional \$21.1 million of occupational license fees over the prior year. Charges for services increased 11.0% or \$9.3 million which is related to increased collection efforts for medical billing and fees and fines. Operating grants and contributions continued to decline, decreasing \$23.9 million in fiscal year 2015 and \$5.6 million in fiscal year 2014. In contrast, Capital Grants and contributions increased \$22.4 million in 2015. Grants and contributions are often inconsistent from one year to another based on available funding and resources available to devote to the share revenues.

Operating expenses were \$23.9 million or 3.4% higher in fiscal year 2015 as compared to fiscal year 2014. The expansion of personnel in Police to be responsive to community policing needs was the primary driver to this increase. Most other variances are attributable to Metro Government reorganizing a number of agencies. One major change included the formation of Louisville Forward. This change created Develop Louisville, which received Planning and Design from Codes and Regulations and Revitalization from Community Services and Revitalization. Develop Louisville works in tandem with Economic Development to focus on business support and future development. In addition, Fleet and Facilities (formerly General Services Administration) merged with the Office of Management and Budget (“OMB”) to focus on internal agency services.

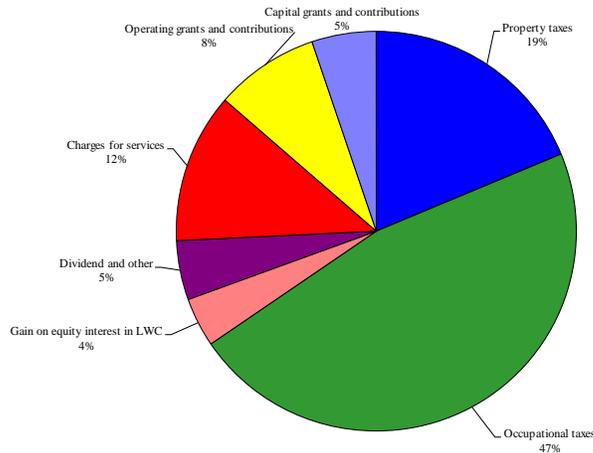
The following charts provide more information on Metro Government’s operating results.

Expenses and Program Revenue – Governmental Activities – For the Year Ended June 30, 2015:



**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
For the Year Ended June 30, 2015**

Revenues by Source – Governmental Activities – For the Year Ended June 30, 2015:



Financial Analysis of Governmental Funds

At the close of fiscal year 2015, Metro Government's governmental funds reported a combined ending fund balance of approximately \$202.7 million. This is an increase of \$16.9 million from fiscal year 2014. 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 \$66.1 million of unassigned fund balance available in the General Fund at June 30, 2015. Unassigned fund balance of the General Fund (Metro Government's main operating fund) represents approximately 8.8% of total General Fund expenditures for fiscal year 2015.

The General Fund's fund balance increased \$13.5 million during fiscal year 2015 as compared to an increase of \$3.1 million in fiscal year 2014. Overall, the General Fund benefitted from the same operating factors and higher occupational tax revenues (\$21.1 million) we noted for the government as a whole. Fiscal year 2015 expenses were \$13.0 million, or 2.3%, higher than 2014. This increase is primarily due to employee salary increases as well as increased in Police overtime.

The Special Revenue Fund's fund balance decreased \$1.8 million during fiscal year 2015 as compared to a decrease of \$8.2 million in fiscal year 2014. Grant programs are the primary activity in Special Revenue Fund and grant awards can vary significantly from one year to the next. Revenues from intergovernmental sources were once again significantly lower than fiscal year 2014 as a result of the operating factors noted for the government as a whole. The Capital Projects Fund's fund balance increased \$4.7 million during fiscal year 2015 as compared to an \$11.2 million decrease in fiscal year 2014. The 67.7% decrease in fund balance was attributed to significant decrease in donations and elimination of charges for services relating to loan collections. Capital expenditures saw another material increase of \$7.2 million over fiscal year 2014 due to infrastructure improvements and the construction of the new Southwest Regional Library.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
For the Year Ended June 30, 2015**

General Fund Budgetary Highlights

The Budgetary Comparison schedule presented on page 107 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 \$27.1 million while total expenditures were \$25.4 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 budgeted departmental expenditures but are not reflected in the actual totals presented in the financial statements. Transfers out include amounts required for debt service and grant matches in the other governmental funds.

Capital Asset And Debt Administration

Metro Government held \$832.6 million of capital assets, net of accumulated depreciation, at June 30, 2015. Depreciation charges for fiscal year 2015 totaled \$33.6 million.

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

	<u>2015</u>	<u>2014</u>	Total Percentage Change 2014-2015
Land	\$ 311,618,975	\$ 311,648,044	0.0%
Land improvements	51,037,011	56,074,033	-9.0%
Buildings	265,168,960	247,073,649	7.3%
Machinery and equipment	32,119,786	31,923,651	0.6%
Vehicles	17,670,853	24,507,389	-27.9%
Collections and works of art	931,435	1,042,799	-10.7%
Infrastructure	82,674,095	81,881,207	1.0%
Construction in progress	71,370,113	55,629,738	28.3%
Total	<u>\$ 832,591,228</u>	<u>\$ 809,780,510</u>	2.8%

Metro Government purchased approximately \$20.0 million of various heavy machinery and vehicles for Public Works and Assets, Fleet and Facilities, Louisville Metro EMS, and Louisville Metro Police. The majority of these purchases were financed through notes payable issued during the year totaling \$19.7 million. Additional detail on the notes can be found in Note 4.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
For the Year Ended June 30, 2015**

As of June 30, 2015, Metro Government had several major construction projects in the works. In addition to the completion of the Southwest Regional Library construction and expanded media collection, the planning for the South Central Regional Library began in fiscal year 2015. The Louisville Zoo completed additions for the Train and improvements to Glacier Run. Metro Government also saw improvements to the infrastructure with additional funds dedicated to various street paving projects as well as the continued addition of bike lanes to many major thoroughfares.

Debt Administration

At fiscal 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>2015</u>	<u>2014</u>	Total Percentage Change 2014-2015
General obligation debt	\$ 268,358	\$ 269,260	-0.3%
Revenue bonds	62,480	70,561	-11.5%
Capital Lease Obligations	27,742	1,783	1455.9%
Note	7,705	8,618	-10.6%
Total	<u>\$ 366,285</u>	<u>\$ 350,222</u>	4.6%

During the fiscal year, total debt of Metro Government decreased by \$9.9 million. New debt totaling \$29.5 million was issued to fund the purchase of vehicles and heavy equipment and various deferred maintenance and budgeted capital projects. In addition, general obligation bonds of \$19.6 million were issued for an advanced refunding of bonds issued in 2006A.

This refunding achieved a savings in interest costs of \$1,230,983 over the life of the bonds or 6.1% of the refunded bonds. With the annual debt service payments, Metro Government reduced the outstanding bonds and notes payable by \$45.6 million in addition to the refunded bonds during fiscal year 2015. Additional information on Metro Government's long-term debt activity can be found in Note 8.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
For the Year Ended June 30, 2015**

Future Economic Factors

The most recent unemployment rate for Metro Louisville (September 2015) was 4.0% compared to the national unemployment rate of 5.1% for the same period. The Louisville Metropolitan Statistical Area ("MSA") includes eight surrounding counties in Kentucky and 4 additional counties in southern Indiana. In September 2015, the MSA had a civilian labor force of 619,100 compared to 626,201 in September 2014. Metro Government's fiscal year 2016 budget projects a modest growth rate of only 1.3% of overall revenue with a higher increase of 1.6% growth in General Fund revenues.

Employment and wage growth is anticipated to continue on a positive trend and employee withholdings are estimated to grow by 3.4% in fiscal year 2016, which would be the seventh straight year of wage growth. Local corporate profits and insurance premium fees are expected to grow 5.0% and 2.0%, respectively, in fiscal year 2016. Growth is also anticipated for real and personal property taxes based on initial property assessments and the assumption of flat tax rates adopted in fiscal year 2015 at 4.2%

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, 2015

	Primary Government	
	Governmental Activities	Component Units
ASSETS		
Cash and cash equivalents	\$ 160,116,763	\$ 139,460,007
Investments	57,979,161	7,330,061
Receivables, net of allowance for uncollectible amounts	66,332,719	64,588,948
Capital sublease receivable	5,210,241	-
Accrued interest receivable	55,553	-
Inventories	397,580	20,947,136
Prepaid items	382,555	41,317,939
Assets restricted by bond indentures and other legal provisions	31,961,364	193,537,912
Non-utility property	-	2,701,563
Equity interest in LWC	886,548,400	-
Capital assets:		
Land and improvements	421,976,013	43,264,620
Construction in progress	71,370,113	692,283,596
Works of art	2,792,544	-
Infrastructure	972,806,707	2,863,475,895
Other capital assets	620,968,407	1,685,613,131
Less accumulated depreciation	(1,257,322,556)	(1,641,095,530)
Capital assets, net	832,591,228	3,643,541,712
Total assets	<u>2,041,575,564</u>	<u>4,113,425,278</u>
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized loss on refundings	4,679,605	23,117,355
Unamortized amount on sale of future revenues	-	10,059,610
Other deferred outflows-swaps	-	780,012
Pension contributions	50,427,007	8,691,489
Total deferred outflows of resources	<u>55,106,612</u>	<u>42,648,466</u>
LIABILITIES		
Accounts payable and accrued payroll	64,306,823	63,203,737
Accrued interest payable	1,772,109	14,605,466
Due to other government agencies	18,733,929	22,369,196
Notes payable	-	2,678,888
Unearned revenue	-	1,079,125
Other liabilities	733,677	14,004,461
Bond anticipation note	-	228,508,000
Long-term liabilities:		
Due within one year	70,026,332	58,832,740
Due in more than one year	447,663,668	1,951,403,342
Net pension liability	548,954,213	97,276,902
Total liabilities	<u>1,152,190,751</u>	<u>2,453,961,857</u>
DEFERRED INFLOWS OF RESOURCES		
Unamortized amount on sale of future revenues	10,059,611	-
Deferred tax credit receipts	3,549,717	-
Deferred inflows on swap agreements	-	86,611,034
Pension - Differences between projected and actual investment earnings	54,210,566	10,487,612
Total deferred inflows of resources	<u>67,819,894</u>	<u>97,098,646</u>
NET POSITION		
Net investment in capital assets	613,703,722	1,409,390,720
Restricted for:		
Grant programs	47,576,661	-
Capital projects	31,228,065	23,785,161
Debt service	2,264,092	164,084,846
Other purposes	27,088,014	-
Unrestricted	154,810,977	7,752,514
Total net position	<u>\$ 876,671,531</u>	<u>\$ 1,605,013,241</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, 2015

<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:					
General Government:					
Metro Council	\$ 6,026,142	\$ -	\$ 26,760	\$ -	\$ (5,999,382)
Mayor's Office	2,426,683	-	-	-	(2,426,683)
County Attorney	7,927,019	100,000	32,724	-	(7,794,295)
Other Elected Officials	11,287,580	282,814	454,872	-	(10,549,894)
Louisville Fire	55,496,227	659,397	1,896,372	(15,512)	(52,955,970)
Emergency Medical Services	27,624,807	17,397,699	3,000	10,000	(10,214,108)
Emergency Management/MetroSafe	23,835,263	2,553,340	2,239,172	608,889	(18,433,862)
Department of Corrections	54,200,680	2,058,759	9,076,583	59,316	(43,006,022)
Youth Detention Services	10,011,653	1,020	86,826	14,007	(9,909,800)
Metro Animal Services	3,839,445	1,914,635	27,209	4,927	(1,892,674)
Criminal Justice Commission	988,692	-	500,258	117,577	(370,857)
Firefighters' Pension Fund	6,121,456	-	-	-	(6,121,456)
Policemen's Retirement Fund	3,577,694	-	-	-	(3,577,694)
Police Department	174,573,333	5,464,517	8,649,498	3,435,310	(157,024,008)
Economic Development	16,122,298	2,425,472	68,995	2,933,544	(10,694,287)
Develop Louisville	17,355,055	260,371	1,549,561	3,350,317	(12,194,806)
Air Pollution Control	5,088,586	3,746,407	173,856	898,784	(269,539)
Codes & Regulations	6,755,777	19,817,678	689,305	-	13,751,206
Parks & Recreation	36,768,286	4,862,944	3,619,447	618,275	(27,667,620)
Community Services	33,455,039	247,451	20,791,795	2,345,348	(10,070,445)
Public Health & Wellness	25,589,495	1,381,318	9,368,145	888,950	(13,951,082)
Public Works & Assets	71,092,808	5,556,162	3,754,124	23,507,237	(38,275,285)
Metro Technology Services	12,671,624	1,470,818	-	-	(11,200,806)
Office of Management & Budget	66,090,396	13,374,463	165,438	312,532	(52,237,963)
Office of Performance Improvement	1,086,780	-	-	-	(1,086,780)
Human Resources	3,826,529	98	-	-	(3,826,431)
Related Agencies:					
Human Relations Commission	997,101	1,500	-	334,033	(661,568)
Louisville Free Public Library	19,795,814	536,252	1,578,588	1,176,028	(16,504,946)
Louisville Zoological Gardens	15,420,283	10,048,797	717,078	(172,143)	(4,826,551)
Internal Audit	599,439	-	-	-	(599,439)
Interest expense	12,577,236	-	-	-	(12,577,236)
Total governmental activities	<u>\$ 733,229,220</u>	<u>\$ 94,161,912</u>	<u>\$ 65,469,606</u>	<u>\$ 40,427,419</u>	<u>\$ (533,170,283)</u>
Component units:					
Louisville Water Company	\$ 144,947,391	\$ 165,895,514	\$ -	\$ 9,162,059	\$ 30,110,182
Parking Authority of River City, Inc.	15,779,903	19,023,380	299,280	-	3,542,757
Transit Authority of River City	85,017,010	13,324,196	49,926,180	32,379,917	10,613,283
Louisville and Jefferson County Riverport Authority	1,853,564	1,488,898	-	-	(364,666)
Metropolitan Sewer District	216,013,000	229,869,000	10,096,000	4,605,000	28,557,000
Kentucky Science Center, Inc.	4,841,409	3,008,267	2,018,642	-	185,500
Waterfront Development Corporation	3,660,499	830,123	1,261,704	-	(1,568,672)
KentuckianaWorks	9,310,115	-	9,302,217	-	(7,898)
Total component units	<u>\$ 481,422,891</u>	<u>\$ 433,439,378</u>	<u>\$ 72,904,023</u>	<u>\$ 46,146,976</u>	<u>\$ 71,067,486</u>

(Continued)

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2015

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Component Units</u>
Net (expense) revenue (from preceding page)	\$ (533,170,283)	\$ 71,067,486
General revenues:		
Taxes:		
Property taxes, levied for general purposes	145,215,158	-
Occupational taxes	363,247,789	-
Investment income	446,799	8,602,955
Gain on equity interest in LWC	30,927,799	-
Dividends	20,768,549	-
Amortization of sale of future revenue	532,019	-
Other intergovernmental revenue	13,694,877	-
Gain on sale of assets	11,001	-
Other taxes	355,117	-
Miscellaneous	1,398,184	-
Total general revenues	<u>576,597,292</u>	<u>8,602,955</u>
Change in net position	43,427,009	79,670,441
Net position--beginning, as restated	833,244,522	1,525,342,800
Net position--ending	<u>\$ 876,671,531</u>	<u>\$ 1,605,013,241</u>

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

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015**

	General Fund	Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 45,652,897	\$ 7,546,940	\$ 14,809,483	\$ 5,282,069	73,291,389
Investments	29,095,260	4,899,451	9,614,271	3,429,101	47,038,083
Receivables, net of allowance for uncollectible amounts:					
Taxes receivable	1,773,930	-	-	-	1,773,930
Accounts receivable and accrued interest	15,200,991	2,070,593	48,140	-	17,319,724
Loans receivable	894,787	33,675,949	1,511,059	-	36,081,795
Notes receivable	-	-	-	-	-
Due from federal government	-	8,727,322	-	-	8,727,322
Due from state government	-	1,874,786	-	-	1,874,786
Due from other funds	37,496,559	-	-	140,761	37,637,320
Due from other agencies	2,860,228	1,154,720	-	-	4,014,948
Inventories	397,580	-	-	-	397,580
Prepaid items	90,700	216,855	-	-	307,555
Restricted assets:					
Cash and cash equivalents	-	-	29,694,105	2,267,259	31,961,364
Total assets	<u>\$ 133,462,932</u>	<u>\$ 60,166,616</u>	<u>\$ 55,677,058</u>	<u>\$ 11,119,190</u>	<u>\$ 260,425,796</u>
LIABILITIES					
Accounts payable	\$ 18,213,872	\$ 11,740,496	\$ 3,020,968	\$ 472,367	\$ 33,447,703
Accrued payroll and withholdings	20,856,507	808,419	-	-	21,664,926
Due to other governments	-	22,929	-	-	22,929
Matured bonds and interest payable	-	-	-	140,761	140,761
Other liabilities	733,677	-	-	-	733,677
Total liabilities	<u>39,804,056</u>	<u>12,571,844</u>	<u>3,020,968</u>	<u>613,128</u>	<u>56,009,996</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	1,662,025	18,111	-	-	1,680,136
Total deferred inflows of resources	<u>1,662,025</u>	<u>18,111</u>	<u>-</u>	<u>-</u>	<u>1,680,136</u>
FUND BALANCES					
Nonspendable	1,383,067	33,892,804	1,511,059	-	36,786,930
Restricted for:					
Debt service reserve	-	-	-	2,264,092	2,264,092
Other capital projects	-	-	29,694,105	-	29,694,105
Committed	7,208,401	13,683,857	-	2,506	20,894,764
Assigned to:					
Capital projects	-	-	21,450,926	8,239,464	29,690,390
Grant programs	-	-	-	-	-
Other purposes	17,324,373	-	-	-	17,324,373
Unassigned	66,081,010	-	-	-	66,081,010
Total fund balances	<u>91,996,851</u>	<u>47,576,661</u>	<u>52,656,090</u>	<u>10,506,062</u>	<u>202,735,664</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 133,462,932</u>	<u>\$ 60,166,616</u>	<u>\$ 55,677,058</u>	<u>\$ 11,119,190</u>	

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

Capital assets of \$832,591,228 net of accumulated depreciation, reported in the government wide financial statements less \$201,417 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.	832,389,811
Equity investment in a component unit is reported as an asset in the government wide statements, but is not included in the governmental funds.	886,548,399
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.	(6,969,895)
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.	1,680,135
Accrued interest payable on long-term liabilities is reported in the government-wide statements, but is not reported in the funds.	(1,772,109)
Loss on debt refunding has been deferred in the Statement of Net Position (see Note I(O)(i)).	4,679,605
Proceeds sale of future revenues on parking lots and garages has been recognized in fund statements, but is a deferred inflow in the Statement of Net Position (see Note 18).	(10,059,611)
Capital sublease receivable and accrued interest receivable.	5,265,794
Long-term liabilities of \$491,026,000, including bonds payable, less \$34,901,509 reported in internal service funds are not due and payable in the current period and therefore are not reported in the funds.	(482,788,490)
Pension related liabilities are reported in the government-wide statements but is not reported in the fund financial statements.	(551,254,213)
Deferred Inflows and Outflows of resources related to pension liability.	<u>(3,783,559)</u>
Net position of governmental activities.	<u><u>876,671,531</u></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, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 145,930,479				\$ 145,930,479
Occupational taxes	363,247,789				363,247,789
Licenses and permits	17,414,628	\$ 87,126			17,501,754
Intergovernmental	28,049,380	79,376,293	\$ 395,932	\$ 8,400,990	116,222,595
Charges for services	65,189,764	5,759,089	-	36,434	70,985,287
Fees and fines	4,933,388	67	-	-	4,933,455
Investment income	100,392	125,465	209,464	11,478	446,799
Dividends	20,768,549	-	-	-	20,768,549
Donations	2,662,724	185,239	1,617,872	-	4,465,835
Miscellaneous	416,838	210,295	201,337	-	828,470
Total revenues	648,713,931	85,743,574	2,424,605	8,448,902	745,331,012
EXPENDITURES					
Current operating:					
General Government:					
Metro Council	5,796,737	-	-	-	5,796,737
Mayor's Office	2,335,477	-	-	-	2,335,477
County Attorney	7,630,085	-	-	-	7,630,085
Other Elected Officials	10,730,164	131,200	-	-	10,861,364
Fire	51,979,379	213,597	-	-	52,192,976
Emergency Medical Services	24,826,063	108,749	-	-	24,934,812
Emergency Management/MetroSafe	14,451,608	5,469,232	-	-	19,920,840
Corrections	51,887,592	143,784	-	-	52,031,376
Youth Detention Services	9,580,228	14,007	-	-	9,594,235
Metro Animal Services	3,568,264	70,661	-	-	3,638,925
Criminal Justice Commission	313,286	617,819	-	-	931,105
Firefighters' Pension Fund	4,059,750	-	-	-	4,059,750
Policemen's Retirement Fund	2,548,386	-	-	-	2,548,386
Louisville Metro Police Department	164,752,517	2,163,611	-	-	166,916,128
Develop Louisville	9,455,983	7,248,977	-	-	16,704,960
Economic Growth & Innovation	10,014,607	3,576,555	-	-	13,591,162
Air Pollution Control	2,829,462	1,967,567	-	-	4,797,029
Codes & Regulations	5,015,237	1,487,479	-	-	6,502,716
Parks & Recreation	26,023,184	3,767,735	-	-	29,790,919
Community Services & Revitalization	8,562,578	23,627,890	-	-	32,190,468
Public Health & Wellness	14,237,364	10,232,280	-	-	24,469,644
Public Works & Assets	26,904,435	26,706,912	-	-	53,611,347
Information Technology	11,601,162	-	-	-	11,601,162
Office of Management & Budget	63,365,944	87,398	-	2,500	63,455,842
Office of Performance Improvement	1,046,071	-	-	-	1,046,071
Human Resources	3,683,193	-	-	-	3,683,193
Related Agencies:					
Human Relations Commission	677,843	281,908	-	-	959,751
Louisville Free Public Library	17,061,090	619,653	-	-	17,680,743
Louisville Zoological Gardens	13,608,793	-	-	-	13,608,793
Internal Audit	591,408	-	-	-	591,408
Debt service principal	1,617,735	-	-	42,578,906	44,196,641
Debt service interest and other charges	153,230	-	-	12,691,014	12,844,244
Capital outlay			35,430,247	2,048,061	37,478,308
Total expenditures	570,908,855	88,537,014	35,430,247	57,320,481	752,196,597
Excess (deficiency) of revenues over (under) expenditures	77,805,076	(2,793,440)	(33,005,642)	(48,871,579)	(6,865,585)

(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, 2015

	<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	-	-	11,001	-	11,001
Issuance of refunding bonds, par	-	-	32,568,362	19,650,000	52,218,362
Issuance of refunding bonds, premium	-	-	-	2,085,609	2,085,609
Payment to bond refunding escrow agent	-	-	-	(21,517,816)	(21,517,816)
Note revenue			-	149,940	149,940
Transfers in	2,557,520	2,851,558	5,691,126	49,889,418	60,989,622
Transfers out	(66,878,193)	(1,899,391)	(556,080)	(810,940)	(70,144,604)
Total other financing sources (uses)	<u>(64,320,673)</u>	<u>952,167</u>	<u>37,714,409</u>	<u>49,446,211</u>	<u>23,792,114</u>
Net change in fund balances	13,484,403	(1,841,273)	4,708,767	574,632	16,926,529
Fund balances--beginning	78,512,448	49,417,934	47,947,323	9,931,430	185,809,135
Fund balances--ending	<u>\$ 91,996,851</u>	<u>\$ 47,576,661</u>	<u>\$ 52,656,090</u>	<u>\$ 10,506,062</u>	<u>\$ 202,735,664</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, 2015**

Net change in fund balances--total governmental funds	\$	16,926,529
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 \$59,451,143, less \$11,161 in the internal service funds, was greater than depreciation of \$33,623,188 in the governmental funds, less \$45,120 of depreciation in the internal service funds, for the current period.		25,861,914
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.		30,927,799
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.		(3,017,237)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		2,212,155
Bond proceeds of \$49,115,000 from new issues and \$5,188,971 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 \$42,578,906 of bond principal and \$1,617,635 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.		(10,107,065)
The changes in compensated absences, other commitments, and claims and judgments are reported in the Statement of Activities and do not require the use of current financial resources, therefore the changes are not reported as expenditures in governmental funds.		(4,320,143)
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.		958,606
Governmental funds report the effect of original issue premiums, discounts, and similar items when debt is first issued, whereas these amounts are recorded on the Statement of Net Position and amortized in the Statement of Activities. Accreted interest on deep discount bonds and net changes in accrued interest of \$1,302,020 less amortization and other revenues of \$1,284,991 are also shown as differences for the year.		(17,029)
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.		(536,368)
Capital sublease receivable of \$5,210,241 and accrued interest of \$55,553 was reported in the government-wide statements and not in the fund financial statements.		5,265,794
Accrued interest payable was reported in the government-wide statements .		(284,302)
Pension related expenses.		(20,443,645)
		43,427,009
Change in net position of governmental activities	\$	43,427,009

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, 2015

	Governmental Activities
	Internal Service Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 86,825,374
Investments	10,941,078
Accounts receivable	555,162
Deposits with paying agents	75,000
Total current assets	98,396,614
Capital assets:	
Furniture and equipment, net	201,417
Total capital assets	201,417
Total assets	98,598,031
LIABILITIES	
Current liabilities:	
Accounts payable	2,172,482
Refunds payable	4,114,821
Claims and judgments	17,801,332
Accounts payable to related parties, Louisville Metro Government	466,129
Due to other funds	60,363,268
Total current liabilities	84,918,032
Noncurrent liabilities:	
Claims and judgments	17,100,177
Total noncurrent liabilities	17,100,177
Total liabilities	102,018,209
DEFERRED INFLOWS OF RESOURCES	
Deferred tax credit receipts	3,549,717
Total deferred inflows of resources	3,549,717
NET POSITION	
Net investment in capital assets	201,417
Restricted	1,169,667
Unrestricted	(8,340,979)
Total net position	\$ (6,969,895)

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, 2015**

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES:	
Charges for services	
Collection, investment and other fees	\$ 60,194,540
Insurance income	7,122,518
	67,317,058
OPERATING EXPENSES:	
Professional services	5,091,086
Contractual services	359,871
Repairs and maintenance	42,788
Other supplies and expenses	452,825
Insurance claims, settlements and losses	67,272,539
Insurance premiums	2,330,687
Depreciation	45,120
	75,594,916
Total operating expenses	75,594,916
Operating loss	(8,277,858)
NONOPERATING REVENUES:	
Investment income	81,695
Total nonoperating revenues	81,695
Net loss before transfers	(8,196,163)
Transfers in	9,154,769
	958,606
Change in net position	958,606
Total net position--beginning	(7,928,501)
Total net position--ending	\$ (6,969,895)

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, 2015

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from collection, investment, and other fees	\$ 5,639,766
Insurance income	61,655,582
Payments to employees	(3,803,936)
Payments to suppliers	(2,069,018)
Contractual services	3,468
Claims paid	(64,640,615)
Insurance premiums paid	(2,330,687)
Increase in cash collected for others	4,447,562
Other payments	(6,769)
Net cash used by operating activities	(1,104,647)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers from other funds	9,154,769
Net cash provided by noncapital financing activities	9,154,769
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(11,161)
Net cash used in capital activities	(11,161)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Change in investment pool participation	1,071,533
Investment income	81,695
Net cash provided by investing activities	1,153,228
Net increase in cash and cash equivalents	9,192,189
Cash and cash equivalents, beginning of the year	77,633,184
Cash and cash equivalents, end of the year	\$ 86,825,373
Reconciliation of Operating Loss to Net Cash Used By Operating Activities	
Operating loss	\$ (8,277,858)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	45,120
Increase (decrease) in cash due to changes in assets and liabilities:	
Accounts receivable	(21,710)
Prepaid expenses	1,778,396
Accounts and other payables	(4,273,659)
Liability for incurred claims	2,380,517
Due to other funds and governmental agencies	8,506,824
Deferred inflows of resources	(1,242,277)
Net cash used by operating activities	\$ (1,104,647)

During fiscal year 2015, 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, 2015

	<u>Pension & Benefit Trust (1)</u>	<u>Private-purpose Trust</u>	<u>Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ 988,631	\$ 630,868	\$ 10,205,353
Investments	-	409,558	100,004
Equity mutual funds	10,427,458	-	-
Bond mutual funds	1,288,799	-	-
Other investments	9,218	-	-
Accounts receivable and accrued interest	2,748,189	74,075	28
Due from other funds	-	-	23,271,517
Due from other governmental agencies	-	-	3,685,865
Total assets	<u>15,462,295</u>	<u>1,114,501</u>	<u>37,262,767</u>
LIABILITIES			
Accounts payable	17,610	21,091	64
Due to other governmental agencies	-	-	28,548,918
Refundable deposits	-	-	8,713,785
Total liabilities	<u>496,423</u>	<u>21,091</u>	<u>\$ 37,262,767</u>
NET POSITION			
Held in trust for pension benefits	14,965,872	-	
Held in trust for private purpose	-	1,093,410	
Total net position	<u>\$ 14,965,872</u>	<u>\$ 1,093,410</u>	

(1) Amounts reported for the Pension & Benefit Trust Fund are as of December 31, 2014 (see Note 1),

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

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

For the Year Ended June 30, 2015

	Pension & Benefit Trust (1)	Private-purpose Trust
ADDITIONS		
Contributions:		
Employer	\$ 4,790,575	\$ -
Member	4,259	859,266
Total contributions	<u>4,794,834</u>	<u>859,266</u>
Investment earnings:		
Increase/(decrease) in fair value of investments	(598,694)	-
Realized gains	1,567,599	-
Interest and dividends	117,928	-
Total investment earnings	<u>1,086,833</u>	<u>-</u>
Investment expense	(97,992)	-
Net investment earnings	<u>988,841</u>	<u>-</u>
Other income	1,439,068	-
Total additions	<u>7,222,743</u>	<u>859,266</u>
DEDUCTIONS		
Benefit payments	5,122,352	-
Administrative expense	517,801	775,037
Health insurance reimbursement	987,768	-
Total deductions	<u>6,627,921</u>	<u>775,037</u>
Net increase/(decrease)	594,822	84,229
Net position--beginning of the year	14,371,050	1,009,181
Net position--end of the year	<u>\$ 14,965,872</u>	<u>\$ 1,093,410</u>

(1) Amounts reported for the Pension & Benefit Trust Fund are as of December 31, 2014 (see Note 1),

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

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

June 30, 2015

	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	Kentuckiana Works	Total
ASSETS									
Current assets:									
Cash and cash equivalents	\$ 57,149,901	\$ 5,758,477	\$ 11,696,228	\$ 1,127,960	\$ 63,013,000	\$ 231,272	\$ 473,560	\$ 9,609	\$ 139,460,007
Investments	-	-	-	4,777,380	100,000	-	2,452,681	-	7,330,061
Accounts receivable	21,757,873	724,162	2,212,504	195,804	23,787,000	104,255	5,321	2,664,041	51,450,960
Accrued interest receivable	340,360	-	-	7,787	1,193,000	-	-	-	1,541,147
Contract and assessments receivable, current portion	586,534	-	-	-	-	-	-	-	586,534
Notes receivable, current portion	912,500	-	-	-	-	-	-	-	912,500
Pledges receivable, net	-	-	-	-	-	298,301	-	-	298,301
Due from other governmental agencies	-	-	-	-	-	-	-	20,945	20,945
Inventories	8,303,457	-	1,226,806	7,406,942	3,981,000	28,931	-	-	20,947,136
Reserves, current portion	2,710,800	-	-	-	-	-	-	-	2,710,800
Prepaid expenses	1,678,247	26,798	581,516	70,019	1,687,000	30,012	-	-	4,073,592
Restricted cash and cash equivalents	-	5,538,062	-	-	34,958,000	-	-	-	40,496,062
Restricted investments	-	9,468,000	-	-	120,164,000	-	-	-	129,632,000
Total current assets	<u>93,439,672</u>	<u>21,515,499</u>	<u>15,717,054</u>	<u>13,585,892</u>	<u>248,883,000</u>	<u>692,771</u>	<u>2,931,562</u>	<u>2,694,595</u>	<u>399,460,045</u>
Noncurrent assets:									
Restricted cash and cash equivalents	-	-	-	-	-	32,889	-	-	32,889
Restricted investments	-	-	31,000	-	-	549,613	-	-	580,613
Pledges receivable, net	-	-	-	-	-	574,753	-	-	574,753
Reserves, less current portion	20,085,548	-	-	-	-	-	-	-	20,085,548
Note receivable	7,704,900	326,557	-	-	-	-	-	-	8,031,457
Issuance costs	1,638,310	-	-	-	-	-	-	-	1,638,310
Contract and assessments receivable, less current portion	1,172,351	-	-	-	-	-	-	-	1,172,351
Regulatory assets and costs	4,411,455	-	-	-	-	-	-	-	4,411,455
Non-utility property	2,701,563	-	-	-	-	-	-	-	2,701,563
Other assets	315,940	-	-	3,925	30,807,000	-	67,717	-	31,194,582
Capital assets:									
Land	11,942,755	11,461,424	3,177,782	8,101,986	-	-	8,580,673	-	43,264,620
Buildings and improvements	188,727,466	157,107,725	37,035,738	29,771,477	995,524,000	6,365,950	-	-	1,414,532,356
Machinery and equipment	62,771,066	7,323,727	121,047,259	175,271	58,335,000	1,221,410	459,868	-	251,333,601
Museum exhibits	-	-	-	-	-	19,747,174	-	-	19,747,174
Infrastructure	1,139,546,895	-	-	-	1,723,929,000	-	-	-	2,863,475,895
Construction in progress	69,089,084	13,512	-	-	623,181,000	-	-	-	692,283,596
Less accumulated depreciation	(442,320,505)	(58,763,018)	(89,032,933)	(20,123,613)	(1,008,503,000)	(22,034,416)	(318,045)	-	(1,641,095,530)
Capital assets, net of accumulated depreciation	<u>1,029,756,761</u>	<u>117,143,370</u>	<u>72,227,846</u>	<u>17,925,121</u>	<u>2,392,466,000</u>	<u>5,300,118</u>	<u>8,722,496</u>	<u>-</u>	<u>3,643,541,712</u>
Total noncurrent assets	<u>1,067,786,828</u>	<u>117,469,927</u>	<u>72,258,846</u>	<u>17,929,046</u>	<u>2,423,273,000</u>	<u>6,457,373</u>	<u>8,790,213</u>	<u>-</u>	<u>3,713,965,233</u>
Total assets	<u>1,161,226,500</u>	<u>138,985,426</u>	<u>87,975,900</u>	<u>31,514,938</u>	<u>2,672,156,000</u>	<u>7,150,144</u>	<u>11,721,775</u>	<u>2,694,595</u>	<u>4,113,425,278</u>
DEFERRED OUTFLOWS OF RESOURCES									
Unamortized amount on sale of future revenues	-	10,059,610	-	-	-	-	-	-	10,059,610
Unamortized loss on refunding	7,286,355	-	-	-	15,831,000	-	-	-	23,117,355
Other deferred outflows-swaps	-	780,012	-	-	-	-	-	-	780,012
Pension Contributions	-	154,167	3,914,959	46,363	4,576,000	-	-	-	8,691,489
Total deferred outflows of resources	<u>7,286,355</u>	<u>10,993,789</u>	<u>3,914,959</u>	<u>46,363</u>	<u>20,407,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,648,466</u>

(continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF NET POSITION (continued)
COMPONENT UNITS
June 30, 2015

	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	Kentuckiana Works	Total
LIABILITIES									
Current liabilities:									
Accounts payable	9,760,395	755,203	4,786,157	154,280	45,543,000	340,405	86,251	987,662	62,413,353
Accrued payroll and withholdings	554,153	-	-	-	-	236,231	-	-	790,384
Compensated absences payable	1,816,776	-	2,950,000	-	-	-	122,474	7,898	4,897,148
Capital lease obligation, current portion	-	169,740	150,852	-	-	-	-	-	320,592
Due to other governmental agencies	16,523,183	-	3,685,865	-	-	-	453,215	1,706,933	22,369,196
Customer advances and deposits payable	6,441,501	72,604	-	-	1,639,000	-	172,029	-	8,325,134
Accrued interest payable	1,264,591	304,875	-	-	13,036,000	-	-	-	14,605,466
Notes payable, current portion	83,697	149,940	-	-	-	129,983	-	-	363,620
Bonds payable, current portion	17,795,000	4,005,000	-	-	29,415,000	-	-	-	51,215,000
Bond anticipation note	-	-	-	-	228,508,000	-	-	-	228,508,000
Other payables from restricted assets	2,435,546	537,151	-	-	-	-	-	-	2,972,697
Claims and judgments payable	-	-	2,400,000	-	-	-	-	-	2,400,000
Unearned revenue	-	-	112,340	163,233	-	203,925	-	-	479,498
Total current liabilities	56,674,842	5,994,513	14,085,214	317,513	318,141,000	910,544	833,969	2,702,493	399,660,088
Noncurrent liabilities:									
Capital lease, less current portion	-	5,040,501	205,379	-	-	-	-	-	5,245,880
Unearned revenue	599,627	-	-	-	-	-	-	-	599,627
Unamortized debt premiums and discounts	15,072,334	2,663,128	-	-	60,797,000	-	-	-	78,532,462
Notes payable, less current portion	1,592,653	299,880	-	-	-	422,735	-	-	2,315,268
Bonds payable, less current portion	208,025,000	76,210,000	-	-	1,583,390,000	-	-	-	1,867,625,000
Net pension liability	-	1,623,505	43,148,397	517,000	51,988,000	-	-	-	97,276,902
Other long term liabilities	-	-	1,762,630	-	944,000	-	-	-	2,706,630
Total noncurrent liabilities	225,289,614	85,837,014	45,116,406	517,000	1,697,119,000	422,735	-	-	2,054,301,769
Total liabilities	281,964,456	91,831,527	59,201,620	834,513	2,015,260,000	1,333,279	833,969	2,702,493	2,453,961,857
DEFERRED INFLOWS OF RESOURCES									
Interest rate swaps	-	-	-	-	78,880,000	-	-	-	78,880,000
Other deferred inflows-swaps	-	181,034	-	-	7,550,000	-	-	-	7,731,034
Pension - Differences in actual and expected pension experience	-	-	4,626,612	58,000	5,803,000	-	-	-	10,487,612
Total deferred inflows of resources	-	181,034	4,626,612	58,000	92,233,000	-	-	-	97,098,646
NET POSITION									
Net investment in capital assets	786,474,725	44,069,363	71,871,615	17,925,121	475,580,000	4,747,400	8,722,496	-	1,409,390,720
Restricted for capital projects	22,796,348	19,875	-	-	-	968,938	-	-	23,785,161
Restricted for debt service	-	8,963,846	-	-	155,121,000	-	-	-	164,084,846
Unrestricted	77,277,326	4,913,570	(43,808,988)	12,743,667	(45,631,000)	100,527	2,165,310	(7,898)	7,752,514
Total net position	\$ 886,548,399	\$ 57,966,654	\$ 28,062,627	\$ 30,668,788	\$ 585,070,000	\$ 5,816,865	\$ 10,887,806	\$ (7,898)	\$ 1,605,013,241

*Amounts for the Louisville Water Company are for December 31, 2014.

**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, 2015

Function/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Position								Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Louisville Water Company*	Parking Authority of River City, Inc.	Transit Authority of River City	Louisville and Jefferson County Riverport Authority	Metropolitan Sewer District	Kentucky Science Center, Inc.**	Waterfront Development Corporation	Kentuckiana Works	
Component Units:													
Louisville Water Company*	\$ 144,947,391	\$ 165,895,514		\$ 9,162,059	\$ 30,110,182								\$ 30,110,182
Parking Authority of River City, Inc.	15,779,903	19,023,380	\$ 299,280	-	-	\$ 3,542,757							3,542,757
Transit Authority of River City	85,017,010	13,324,196	49,926,180	32,379,917	-	-	\$ 10,613,283						10,613,283
Louisville and Jefferson County Riverport Authority	1,853,564	1,488,898	-	-	-	-	-	\$ (364,666)					(364,666)
Metropolitan Sewer District	216,013,000	229,869,000	10,096,000	4,605,000	-	-	-	\$ 28,557,000					28,557,000
Kentucky Science Center, Inc.**	4,841,409	3,008,267	2,018,642	-	-	-	-	-	\$ 185,500				185,500
Waterfront Development Corporation	3,660,499	830,123	1,261,704	-	-	-	-	-	-	\$ (1,568,672)			(1,568,672)
KentuckianaWorks	9,310,115	-	9,302,217	-	-	-	-	-	-	-		\$ (7,898)	(7,898)
	<u>481,422,891</u>	<u>433,439,378</u>	<u>72,904,023</u>	<u>46,146,976</u>	<u>30,110,182</u>	<u>3,542,757</u>	<u>10,613,283</u>	<u>(364,666)</u>	<u>28,557,000</u>	<u>185,500</u>	<u>(1,568,672)</u>	<u>(7,898)</u>	<u>71,067,486</u>
General Revenues and special items					817,617	68,605	1,052	25,471	7,527,000	20,179	143,031	-	8,602,955
Change in net position					30,927,799	3,611,362	10,614,335	(339,195)	36,084,000	205,679	(1,425,641)	(7,898)	79,670,441
Net position, beginning balance, as restated					855,620,600	54,355,292	17,448,292	31,007,983	548,986,000	5,611,186	12,313,447	-	1,525,342,800
Net position, ending					<u>\$ 886,548,399</u>	<u>\$ 57,966,654</u>	<u>\$ 28,062,627</u>	<u>\$ 30,668,788</u>	<u>\$ 585,070,000</u>	<u>\$ 5,816,865</u>	<u>\$ 10,887,806</u>	<u>\$ (7,898)</u>	<u>\$ 1,605,013,241</u>

*Amounts for the Louisville Water Company are for the year ended December 31, 2014.

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

***Based on prior period adjustments for GASB Statement No. 68 and 71 as applicable

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, 2015

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, and 1) there is a financial benefit or burden relationship between the Metro Government and the Component Unit, or 2) management of the primary government has operational responsibility for the Component Unit, 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.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

1. Summary of Significant Accounting Policies, continued

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 providing services to benefit Metro Government. Amounts held on behalf of other local governmental entities are reflected within a fiduciary fund.

- 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 and providing services to directly benefit Metro Government. 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. Water

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

1. Summary of Significant Accounting Policies, continued

services valued at \$15.9 million were provided to Metro Government in lieu of taxes during the year ended December 31, 2014. LWC remitted \$20,768,549 in dividends to Metro Government during Metro Government's fiscal year ended June 30, 2015. Complete financial statements of the LWC can be requested from the Louisville Water Company, 550 South Third Street, Louisville, KY 40202.

- Parking Authority of River City, Inc. ("PARC") - PARC is a non-profit corporation, which was established by the City of Louisville, succeeded by Metro Government, to serve Metro Government's existing parking facility needs and to develop strategies for the redevelopment of the downtown riverfront area. PARC serves as an agency and instrumentality of Metro Government in financing the acquisition of on-street and off-street parking facilities. PARC is shown as a discretely presented component unit because the Mayor appoints a voting majority of its Board of Directors and Metro Government has the ability to approve or overrule decisions of PARC in financing of new facilities and equipment. Complete financial statements of PARC can be requested from the Parking Authority of River City, 211 W. Muhammad Ali Boulevard, Louisville, KY 40202.
- Transit Authority of River City ("TARC") - TARC is a legally separate entity, which was established by the former City of Louisville and Jefferson County Fiscal Court, succeeded by Metro Government. TARC 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, 2015, totaled \$54,147,293. 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. It 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 can be requested from the Louisville and Jefferson County Riverport Authority, 6900 Riverport Drive, Louisville, KY 40258.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

1. Summary of Significant Accounting Policies, continued

- Louisville and Jefferson County Metropolitan Sewer District (“MSD”) - The MSD is a legally separate entity that provides sewer services to the residents of the metropolitan area and charges fees for those services. MSD is shown as a discretely presented component unit because the Mayor appoints a voting majority of its Board of Directors and Metro Government has the ability to veto, overrule, or modify decisions of MSD regarding expansion of infrastructure and sewage facilities and must approve any rate increases over 7%. Metro Government does not provide any funding to MSD. The amount of free services provided to Metro Government in fiscal year ended June 30, 2015, was approximately \$5,800,000. 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, 2015, Metro Government paid \$937,500 as an appropriation to the KSC. Complete financial statements of KSC can be requested from Kentucky Science Center, 727 West Main Street, Louisville, KY 40202.
- Waterfront Development Corporation (“WDC”) – WDC is a legally separate entity operating as a governmental activity 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, 2015, Metro Government paid \$987,000 as an appropriation to WDC. Complete financial statements of WDC can be requested from the Waterfront Development Corporation, 129 East River Road, Louisville, KY 40202.
- KentuckianaWorks (“KW”) – KW is a legally separate entity operating as a governmental activity that oversees Kentucky career centers for the Greater Louisville region consisting of Jefferson, Bullitt, Henry, Oldham, Spencer, Shelby and Trimble counties. KentuckianaWorks is the legal assumed name of the Greater Louisville Workforce Investment Board, Inc. KW 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 KW decisions. The KentuckianaWorks Foundation, Inc, which provides supplemental support for KW, is not included in the component unit financial statements.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

1. Summary of Significant Accounting Policies, continued

During the year ended June 30, 2015, Metro Government paid \$631,600 as an appropriation to KW. Complete financial statements can be requested from KentuckianaWorks, 410 West Chestnut Suite 200, 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 accountability, financial benefit, or burden relationship between these organizations and Metro Government. In addition, Metro Government does not impose its will on these organizations.

- Louisville Metro Housing Authority (“Housing Authority”) - The Housing Authority is a legally separate entity that plans for the construction, operation and management of low cost housing projects within the metropolitan area. The Board consists of the Mayor and eight other members appointed by the Mayor and approved by the Metro Council. Financial support is received from the federal government and from fees. The Housing Authority serves as its own fiscal agent and Metro Government is not financially accountable for the activities of the entity. Metro Government provided \$2,724,440.81 in funding to the Housing Authority for the year ended June 30, 2015.
- 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 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 \$15,021,766 in transient room taxes collected by the Revenue Commission during the 2015 fiscal year.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

1. Summary of Significant Accounting Policies, continued

C. Government-Wide and Fund Financial Statements

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

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, operating grants and contributions, and 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.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

1. Summary of Significant Accounting Policies, continued

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 measurable and have reasonable certainty to be collected. 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 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. Recognition of revenue for non-exchange transactions is not delayed pending completion of routine administrative tasks provided all other eligibility requirements have been met. Revenue recognition is deferred to the subsequent fiscal period when it is received for other

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

1. Summary of Significant Accounting Policies, continued

revenues received in non-exchange transactions when time requirements have not been met.

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

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

1. Summary of Significant Accounting Policies, continued

programs, and the cost of administering and collecting the Metro Government's occupational tax.

Metro Government reports for the following internal service funds:

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

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

- The Private Purpose Trust Fund is used to account for a discount loan program and funds held for the inmate commissary program.
- The Pension & Benefit Trust Fund is used to account for the Firefighters' Pension Fund and the Policemen's Retirement Fund. These funds are reported on a calendar year basis as of December 31, 2014, which reflects the reporting period adopted by the respective pension Boards during the year. Previously, the funds were reported on a fiscal-year basis.
- Agency Funds are used to account for assets that Metro Government holds on behalf of others as their agent, including TARC, the Police Property Room, and others.

E. Budgets

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

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

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

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

1. Summary of Significant Accounting Policies, continued

affirmative vote of the majority of the Metro Council is also required to amend the budget once it has been approved or to approve any supplemental appropriations.

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

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriations, is utilized in the governmental funds. Encumbrances are not treated as expenditures or liabilities because the commitments will be honored during the subsequent year. Outstanding encumbrances for the governmental funds at June 30, 2015, were as follows:

General Fund	\$ 3,423,041
Special Revenue Fund	12,992,042
Major Capital Projects	8,995,761
Special Purpose	<u>534,658</u>
Total Governmental Funds	<u><u>\$ 25,945,502</u></u>

F. Cash Deposits and Investments

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

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

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

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

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

1. Summary of Significant Accounting Policies, continued

G. Taxes Receivable

Net taxes receivable not expected to be collected within 60 days after the close of the fiscal year, thus not available to pay current liabilities at June 30, 2015, have been recorded in the balance sheet of the General Fund as deferred inflows of resources. In the government-wide financial statements, these amounts are recognized as revenues in the fiscal year for which the taxes are levied.

Metro Government's property tax calendar is as follows:

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

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

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

H. Interfund Transactions

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

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

I. Land Held for Development

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

1. Summary of Significant Accounting Policies, continued

J. Inventories and Prepaid Items

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

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

Payments made to vendors for goods and services that will benefit periods beyond June 30, 2015, are recorded in assets as prepaid items, under the consumption method.

K. Capital Assets and Depreciation

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Metro Government defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year.

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

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

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

L. Compensated Absences

Vested and accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported in the fund’s financial statements as expenditures and a fund liability of the governmental fund that will pay it only when the liability has matured. In the government-wide Statement of Net Position, the total amount of vested or accumulated vacation leave is reported within the liabilities. Vested and accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

1. Summary of Significant Accounting Policies, continued

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

M. Long-term Debt and Obligations

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

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

Metro Government implemented the provisions of GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for the year ended June 30, 2014 to reflect a liability for an estimate of the present value of the amount of the guarantee related to the Louisville Arena Authority.

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.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

1. Summary of Significant Accounting Policies, continued

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, 2015. 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

Net Pension Liability: Metro Government has recorded a net pension liability reflecting the difference between the total pension liabilities and the fiduciary net positions of the single employer defined benefit plans and the County Employees Retirement System (CERS) plan. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the single employer defined benefit plans and the CERS plan and additions to/deductions from the single employer defined benefit plan and the CERS plan fiduciary net position have been determined on the same basis as they are reported by the single employer defined benefit plan and the CERS plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

With the implementation of GASB Statement No. 65, Statements of Net Position for Metro Government entities and the governmental Balance Sheet includes deferred inflows (or outflows) of resources when appropriate. Deferred outflows of resources represent a consumption of net position that applies to a future period(s). Deferred inflows of resources represent an acquisition of net position that applies to a future period(s). These amounts will not be recognized as expense or revenue until the applicable period.

Metro Government's governmental activities have deferred outflows of resources reported in the government-wide financial statements, which include the unamortized loss on refundings and employer pension contributions. Metro Government's deferred inflows reported in the government wide financial statements, include unamortized amounts for the sale of future revenues to a component unit (see Note 18), and deferred tax credit receipts, and differences between projected and actual investment earnings on pension investments.

Component units have deferred outflows of resources for loss on refundings, swap agreements, pension contributions, and sale of future revenues. Deferred inflows of resources are reported for swap agreements and differences between projected and actual investment earnings on pensions.

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.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

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, 2015, 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, Special Revenue Fund, and the Nonmajor Funds are further classified as follows:

<u>Committed for:</u>	General Fund	Special Revenue Fund	Nonmajor Funds	Total
General Government	\$ 1,100,000		\$ 2,506	\$ 1,102,506
Neighborhood Development Funds	2,632,173		-	2,632,173
Other Statutory	-	\$ 68,799	-	68,799
Fire	49,313	-	-	49,313
Department of Corrections	-	51,160	-	51,160
Emergency Medical Services	-	103,450	-	103,450
Emergency Management Agency/MetroSafe	-	51,822	-	51,822
Metro Animal Services	-	7,841	-	7,841
Police	-	481,982	-	481,982
Economic Development	587,595	3,194,650	-	3,782,245
Develop Louisville	873,236	283,268	-	1,156,504
Air Pollution Control	248,032	3,668,242	-	3,916,274
Parks & Recreation	118,499	47,899	-	166,398
Community Services	378,396	3,207,429	-	3,585,825
Public Health & Wellness	-	528,423	-	528,423
Public Works & Assets	496,079	1,373,846	-	1,869,925
Human Relations Commission	-	302,743	-	302,743
Louisville Free Public Library	68,978	312,303	-	381,281
Metro Technology Services	656,100	-	-	656,100
Committed Fund Balance	<u>\$ 7,208,401</u>	<u>\$ 13,683,857</u>	<u>\$ 2,506</u>	<u>\$ 20,894,764</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

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. Amounts classified as assigned have gone before Metro Council subsequent to June 30, 2015 for approval through Ordinance.

Assigned for:	General Fund	Capital Projects Fund	Non Major Funds	Total
LWC note repayment	\$ 6,070,300	\$ -	\$ -	\$ 6,070,300
Internal Service Fund transfer	2,500,000	-	-	2,500,000
Agency and Fund Transfers	3,622,641	-	-	3,622,641
Economic incentives and pending litigation	3,396,241	-	-	3,396,241
General Government - General Fund	<u>\$ 15,589,182</u>	<u>\$ 21,450,926</u>	<u>\$ 8,239,464</u>	<u>\$ 45,279,572</u>
Develop Louisville	294,293	-	-	294,293
Economic Development	<u>1,440,898</u>	<u>-</u>	<u>-</u>	<u>1,440,898</u>
Assigned Fund Balance	<u>\$ 17,324,373</u>	<u>\$ 21,450,926</u>	<u>\$ 8,239,464</u>	<u>\$ 47,014,763</u>

- 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 \$66.1 million at June 30, 2015. 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.
- 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, 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.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

1. Summary of Significant Accounting Policies, continued

Q. Use of Estimates

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

R. Louisville Water Company Dividends

The LWC has a quarterly dividend policy. Because the reporting period of the LWC covers the year ended December 31, 2014, a timing difference arises and causes a difference in the dividends paid and received as illustrated by the following schedule:

Date paid	LWC Dividends Paid	Revenue Commission Dividends Received
March 31, 2014	\$ 5,061,231	\$ -
June 30, 2014	5,061,231	-
September 30, 2014	5,061,231	5,061,231
December 31, 2014	5,443,047	5,061,231
March 31, 2015	-	5,323,043
June 30, 2015	-	5,323,044
	\$ 20,626,741	\$ 20,768,549

S. Change in Accounting Principal

Effective July 1, 2014, Metro Government adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. These statements require governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability to more comprehensively and comparably measure the annual cost of pension benefits. Metro Government participates in both a cost-sharing defined benefit plan and single-employer plans, which are required to report a net pension liability, pension expense, and pension-related deferred inflows and outflows of resources based on the employer's proportionate share of the collective amount for all employers in the plan.

Metro Government's beginning net position for fiscal year 2014 has been restated to reflect the inclusion of the net pension liability required by GASB Statement No. 68 and 71.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

1. Summary of Significant Accounting Policies, continued

The July 1, 2014 Statement of Net Position has been restated as follows:

<u>Statement of Net Position</u>	<u>July 1, 2014</u>	<u>Changes</u>	<u>July 1, 2014 as Restated</u>
Deferred Outflow - CERS and single employer contribution	\$ -	\$ 53,729,633	\$ 53,729,633
Total deferred outflow of resources	\$ 4,025,704	\$ 53,729,633	\$ 57,755,337
Net Pension Liability	\$ -	\$ 588,323,760	\$ 588,323,760
Total Liabilities	\$ 582,543,074	\$ 588,323,760	\$ 1,170,866,834
Unrestricted Net Position	\$ 673,254,749	\$ (534,594,127)	\$ 138,660,622
Total Net Position	\$ 1,367,838,649	\$ (534,594,127)	\$ 833,244,522

2. Cash Deposits and Investments

A. Pooled Portfolio Investment

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, 2015, 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	0.13	Aaa-mf
Municipal Bonds	10,784,837	2.68	Aaa-Aa3
U.S. Treasury Notes	394,235	3.00	Aaa
U.S. Agency Obligations	43,328,562	1.79	Aaa
Total	<u>\$ 54,508,486</u>		
Portfolio weighted average maturity		1.79	

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

2. Cash Deposits and Investments, continued

B. Non-Pooled Portfolio Investments

Non-pooled portfolio investments of the primary government include all restricted assets of the Capital Projects Funds, the Insurance & Risk Management Fund, and Debt Service Funds. These investments are subject to the same Metro Government investment policies as the pooled portfolio investments. Non-pooled portfolio investments as of June 30, 2015 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	<u>\$ 2,266,589</u>	0.14	Aaa-mf

C. Custodial Credit Risk

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

Metro Government was fully collateralized and all investments were held in the Metro Government's name as of June 30, 2015. Only cash and cash equivalents that are not fully collateralized and are not held in Metro Government's name are included in this disclosure.

D. Interest Rate Risk

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

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

2. Cash Deposits and Investments, continued

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 due diligence is exercised in accordance with state law, any negative deviations are reported timely and reasonable action is taken to control any adverse developments. Metro Government’s investment policy dictates that investments in commercial paper have a credit rating of no less than ‘A1’ (or its equivalent) at the time of purchase.

F. Concentration of Credit Risk

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

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

* The combined amount of these investments shall not exceed 20% 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%

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

2. Cash Deposits and Investments, continued

G. Revenue Commission

The bank balances of the Revenue Commission, an Internal Service Fund, at June 30, 2015, including cash with paying agents, were \$71,475,831, while the book balance was \$69,972,124. The difference between the bank balances and the cash book balances as reported on the Statements of Net Position are due to deposits in transit and outstanding checks. Of this bank 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, 2015, 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 – The Revenue Commission’s investment policy states that all cash maintained in any financial institution must be collateralized by certain types of investments. With the express approval of the Commissioners, the Revenue Commission may invest up to 10% of its investment portfolio in uninsured certificates of deposit at authorized financial institutions.

Interest Rate Risk – While the Revenue Commission’s investment policy does not specifically address interest rate risk, 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 – 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:

- 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.
- Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States government.
- Obligations of any corporation of the United States government.
- 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.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

2. Cash Deposits and Investments, continued

- Bankers' acceptances for banks rated in one of the three highest categories by a nationally recognized rating agency.
- Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and instrumentalities.
- Securities issued by a state or local government or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency.

H. Fiduciary Funds

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

The Firefighters' Pension Fund had a bank balance of \$327,860, and book balance of \$318,788, the difference representing outstanding checks and deposits at December 31, 2014. Of this amount, \$250,000 was covered by the FDIC. Of the remaining deposits, \$77,133 was collateralized by securities held by the pledging financial institution's trust department or agent, but not in the Firefighters' Pension Fund's name and \$727 was uncollateralized. The Policemen's Retirement Fund had a bank balance of \$225,301, and book balance of \$669,843, the difference representing outstanding checks and deposits at December 31, 2014. The bank balance was insured by the FDIC and none was uncollateralized.

The Firefighters' Pension Fund and Policemen's Retirement Fund are each governed by a Board of Trustees, which is ultimately responsible for the appropriateness of its investment policies and the execution of those policies to meet the funds' investment objectives. The Boards' work in conjunction with investment managers and financial advisors to determine the appropriate asset mix within each investment type pursuant to asset allocation parameters set by the Boards. Investments are to be made with "care, skill, and prudence" under the market circumstances prevailing at the time with the primary objectives of preserving principal, producing a combination of income and liquidity sufficient to meet monthly pension payment requirements, and 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: liquid reserves, fixed income securities, and 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, 2015

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, 2015:

<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>\$ 1,995,021</u>	0.14	Aaa-mf
Escrow and Deposit Fund (included in cash and cash equivalents)			
U.S. Government Money Market Mutual Funds	<u>\$ 3</u>	0.07	Aaa-mf
Firefighters' Pension Fund			
U.S. Agency Obligations	\$ 1,807	2.00	Aaa
Bond Mutual Funds	1,286,992	6.38	Not Rated
Equity Mutual Funds	<u>5,064,600</u>		
Total	<u>\$ 6,353,399</u>		
Portfolio weighted average maturity		9.39	
Policemen's Retirement Fund			
Money Market Funds (included in cash and cash equivalents)	\$ 444,462	0.15	Aaa
Equity Mutual Funds	5,362,858		
Other Investments	<u>9,218</u>		
Total	<u>\$ 5,816,538</u>		
Portfolio weighted average maturity		0.15	

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, 2014, the LWC had \$66,960,673 in deposits that were uninsured and collateralized with securities held by the pledging financial institution. As of June 30, 2015, the KSC had \$1,105,101 in deposits that were uninsured and uncollateralized.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

2. Cash Deposits and Investments, continued

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	\$ 4,977,276	0.13	Aaa
Repurchase Agreements	10,729,318	9.86	Aaa
Total	<u>\$ 15,706,594</u>		
Portfolio weighted average maturity		6.78	
PARC			
U.S. Government Money Market Funds	<u>\$ 10,970,028</u>	0.11	Aaa
TARC			
U.S. Government Money Market Funds	<u>\$ 1,489,941</u>	0.11	Aaa-mf
MSD			
Certificates of Deposit	\$ 100,000		
Tax Exempt Municipal Bonds	92,201,774	23.42	Aa
Commercial Paper	19,996,451	0.10	A
Money Market Funds	69,937,531	0.11	Aaa
U.S. Agency Obligations	27,962,179	0.61	Aaa
Total	<u>\$ 210,197,935</u>		
Portfolio weighted average maturity		10.43	
KSC			
Bond Mutual Funds	\$ 97,440	4.55	NR
Money Market Funds	49,583	0.09	Aaa-mf
Equity Mutual Funds	402,590		NR
Total	<u>\$ 549,613</u>		
Portfolio weighted average maturity		3.04	

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

3. Disaggregation of Accounts Receivable and Accounts Payable

Accounts receivable are amounts owed to Metro Government as of June 30, 2015. Those amounts to be received within one year are considered current. All others are considered non-current.

Receivables at June 30, 2015, for Metro Government's individual major funds, non-major funds, internal service funds, and fiduciary funds in the aggregate, including allowance for uncollectible amounts, are as follows:

Fund:	Receivables:							
	Taxes	Accounts	Loans	Notes	Other Governments	Gross Receivables	Allowance for Uncollectibles	Net Receivables
General	\$ 4,794,405	\$ 15,200,991	\$ 894,787	\$ -	\$ -	\$ 20,890,183	\$ (3,020,475)	\$ 17,869,708
Special Revenue	-	2,070,593	49,403,945	-	10,602,108	62,076,646	(15,727,996)	46,348,650
Capital Projects	-	48,140	4,055,662	-	-	4,103,802	(2,544,603)	1,559,199
Nonmajor	-	-	-	-	-	-	-	-
Internal Service	-	555,162	-	-	-	555,162	-	555,162
Fiduciary	-	2,822,292	-	-	-	2,822,292	-	2,822,292
Total	<u>\$ 4,794,405</u>	<u>\$ 20,697,178</u>	<u>\$ 54,354,394</u>	<u>\$ -</u>	<u>\$ 10,602,108</u>	<u>\$ 90,448,085</u>	<u>\$ (21,293,074)</u>	<u>\$ 69,155,011</u>
Component Units		<u>\$ 55,725,168</u>		<u>\$ 10,485,104</u>	<u>20,945</u>	<u>\$ 66,231,217</u>	<u>\$ (1,642,269)</u>	<u>\$ 64,588,948</u>

Accounts payable are amounts owed by Metro Government as of June 30, 2015. Those liabilities to be paid within one year are considered current. All others are considered non-current.

Payables at June 30, 2015, 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	\$ 18,213,872	\$ -	\$ 733,677	\$ 18,947,549
Special Revenue	11,740,496	-	-	11,740,496
Capital Projects	3,020,968	-	-	3,020,968
Nonmajor	472,367	-	-	472,367
Internal Service	2,172,482	-	-	2,172,482
Fiduciary	38,765	-	-	38,765
Total	<u>\$ 35,658,950</u>	<u>\$ -</u>	<u>\$ 733,677</u>	<u>\$ 36,392,627</u>
Component Units	<u>\$ 62,413,353</u>	<u>\$ 2,678,888</u>		<u>\$ 65,092,241</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

4. Capital Assets

A. Metro Government

Capital asset activity for the year ended June 30, 2015, was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 311,648,044	\$ 420,931	\$ (450,000)	\$ 311,618,975
Land improvements	8,561,306	-	-	8,561,306
Construction in progress	55,629,738	21,415,230	(5,674,855)	71,370,113
Works of art	255,000	-	-	255,000
Total capital assets not being depreciated	<u>376,094,088</u>	<u>21,836,161</u>	<u>(6,124,855)</u>	<u>391,805,394</u>
Other capital assets:				
Land improvements	102,503,896	109,604	(817,768)	101,795,732
Buildings	414,881,839	25,885,052	(3,211,264)	437,555,627
Machinery and equipment	88,553,921	7,653,924	(3,965,501)	92,242,344
Vehicles	95,537,230	1,189,081	(5,555,875)	91,170,436
Collections and works of art	2,538,513	-	(969)	2,537,544
Infrastructure	964,365,904	8,452,176	(11,373)	972,806,707
Total other capital assets	<u>1,668,381,303</u>	<u>43,289,837</u>	<u>(13,562,750)</u>	<u>1,698,108,390</u>
Less accumulated depreciation for:				
Land improvements	(54,991,169)	(4,686,971)	358,113	(59,320,027)
Buildings	(167,808,190)	(8,891,097)	4,312,620	(172,386,667)
Machinery and equipment	(56,630,270)	(6,359,701)	2,867,413	(60,122,558)
Vehicles	(71,029,841)	(5,926,077)	3,456,335	(73,499,583)
Collections and works of art	(1,750,714)	(111,364)	969	(1,861,109)
Infrastructure	(882,484,697)	(7,647,978)	63	(890,132,612)
Total accumulated depreciation	<u>(1,234,694,881)</u>	<u>(33,623,188)</u>	<u>10,995,513</u>	<u>(1,257,322,556)</u>
Other capital assets, net	<u>433,686,422</u>	<u>9,666,649</u>	<u>(2,567,237)</u>	<u>440,785,834</u>
Governmental activities capital assets, net	<u>\$ 809,780,510</u>	<u>\$ 31,502,810</u>	<u>\$ (8,692,092)</u>	<u>\$ 832,591,228</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

4. Capital Assets, continued

Depreciation expense was charged to governmental activities as follows:

General Government:	
Metro Council	\$ 3,674
Mayor's Office	306
Other Elected Officials	3,400
Fire	1,224,445
Emergency Medical Services	1,655,211
Emergency Management	3,021,589
Corrections	139,026
Youth Detention Services	42,396
Metro Animal Services	56,700
Criminal Justice Commission	20,552
Police	1,103,357
Economic Growth & Innovation	1,927,219
Air Pollution Control	100,946
Parks & Recreation	5,600,081
Community Services & Revitalization	11,395
Public Health & Wellness	161,306
Public Works	14,818,430
Information Technology	595,802
Office of Management & Budget	158,906
Louisville Free Public Library	1,373,549
Louisville Zoological Gardens	1,604,898
Total depreciation expense	<u>\$ 33,623,188</u>

B. Louisville Water Company

Capital asset activity for the LWC for the year ended December 31, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 11,934,153	\$ 495,051	\$ (486,449)	\$ 11,942,755
Construction in progress	47,044,268	63,762,541	(41,717,725)	69,089,084
Total capital assets not being depreciated	<u>58,978,421</u>	<u>64,257,592</u>	<u>(42,204,174)</u>	<u>81,031,839</u>
Other capital assets:				
Buildings	182,285,953	7,018,530	(577,017)	188,727,466
Machinery and equipment	60,511,748	5,441,693	(3,182,375)	62,771,066
Infrastructure	1,115,413,336	31,609,936	(7,476,377)	1,139,546,895
Total other capital assets	<u>1,358,211,037</u>	<u>44,070,159</u>	<u>(11,235,769)</u>	<u>1,391,045,427</u>
Less accumulated depreciation for:				
Buildings	(48,477,207)	(5,928,155)	165,076	(54,240,286)
Machinery and equipment	(46,819,540)	(3,496,212)	1,035,241	(49,280,511)
Infrastructure	(322,139,428)	(22,529,450)	5,869,170	(338,799,708)
Total accumulated depreciation	<u>(417,436,175)</u>	<u>(31,953,817)</u>	<u>7,069,487</u>	<u>(442,320,505)</u>
Other capital assets, net	<u>940,774,862</u>	<u>12,116,342</u>	<u>(4,166,282)</u>	<u>948,724,922</u>
Capital assets, net	<u>\$ 999,753,283</u>	<u>\$ 76,373,934</u>	<u>\$ (46,370,456)</u>	<u>\$ 1,029,756,761</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

4. Capital Assets, continued

C. Parking Authority of River City, Inc.

Capital asset activity for PARC for the year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 11,461,424	\$ -	\$ -	\$ 11,461,424
Construction in progress	76,557	1,076,978	(1,140,023)	13,512
Total capital assets not being depreciated	<u>11,537,981</u>	<u>1,076,978</u>	<u>(1,140,023)</u>	<u>11,474,936</u>
Other capital assets:				
Buildings and Improvements	151,513,610	5,594,115		157,107,725
Machinery and equipment	6,689,861	633,866		7,323,727
Total other capital assets	<u>158,203,471</u>	<u>6,227,981</u>		<u>164,431,452</u>
Less accumulated depreciation	<u>(54,925,889)</u>	<u>(3,837,129)</u>		<u>(58,763,018)</u>
Other capital assets, net	<u>103,277,582</u>	<u>2,390,852</u>	<u>-</u>	<u>105,668,434</u>
Capital assets, net	<u>\$ 114,815,563</u>	<u>\$ 3,467,830</u>	<u>\$ (1,140,023)</u>	<u>\$ 117,143,370</u>

D. Transit Authority of River City

Capital asset activity for TARC for the year ended June 30, 2015, 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	36,451,188	584,550	-	37,035,738
Vehicles	87,653,642	15,714,737	(5,050,165)	98,318,214
Office and computer equipment	6,649,929	174,079	(325,248)	6,498,760
Machinery and equipment	14,564,402	2,027,397	(361,514)	16,230,285
Total other capital assets	<u>145,319,161</u>	<u>18,500,763</u>	<u>(5,736,927)</u>	<u>158,082,997</u>
Less accumulated depreciation	<u>(85,944,915)</u>	<u>(8,824,945)</u>	<u>5,736,927</u>	<u>(89,032,933)</u>
Other capital assets, net	<u>59,374,246</u>	<u>9,675,818</u>	<u>-</u>	<u>69,050,064</u>
Capital assets, net	<u>\$ 62,552,028</u>	<u>\$ 9,675,818</u>	<u>\$ -</u>	<u>\$ 72,227,846</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

4. Capital Assets, continued

E. Louisville and Jefferson County Riverport Authority

Capital asset activity for Riverport for the year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land and improvements	\$ 8,101,986	\$ -	\$ -	\$ 8,101,986
Other capital assets:				
Buildings	29,771,477	-	-	29,771,477
Other	175,271	-	-	175,271
Total other capital assets	29,946,748	-	-	29,946,748
Less accumulated depreciation for:				
Buildings	(19,479,156)	(476,031)	-	(19,955,187)
Other	(158,357)	(10,069)	-	(168,426)
Total accumulated depreciation	(19,637,513)	(486,100)	-	(20,123,613)
Other capital assets, net	10,309,235	(486,100)	-	9,823,135
Capital assets, net	<u>\$ 18,411,221</u>	<u>\$ (486,100)</u>	<u>\$ -</u>	<u>\$ 17,925,121</u>

F. Metropolitan Sewer District

Capital asset activity for MSD for the year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 463,167,000	\$ 159,960,000	\$ 54,000	\$ 623,181,000
Other capital assets:				
Buildings	995,567,000	4,000	(47,000)	995,524,000
Machinery and equipment	58,335,000	-	-	58,335,000
Infrastructure	1,699,859,000	24,077,000	(7,000)	1,723,929,000
Total other capital assets	2,753,761,000	24,081,000	(54,000)	2,777,788,000
Less accumulated depreciation	(946,426,000)	(62,077,000)	-	(1,008,503,000)
Other capital assets, net	1,807,335,000	(37,996,000)	(54,000)	1,769,285,000
Capital assets, net	<u>\$ 2,270,502,000</u>	<u>\$ 121,964,000</u>	<u>\$ -</u>	<u>\$ 2,392,466,000</u>

G. Kentucky Science Center

Capital asset activity for the KSC for the year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Exhibits in progress	\$ 114,724		\$ (114,724)	\$ -
Equipment not installed	42,884		(42,884)	-
Other capital assets:				
Leasehold improvements	6,100,515	\$ 265,435	-	6,365,950
Machinery and equipment	1,141,080	80,330	-	1,221,410
Museum exhibits	17,712,866	2,034,308	-	19,747,174
Total other capital assets	24,954,461	2,380,073	-	27,334,534
Less accumulated depreciation	(21,056,279)	(978,137)	-	(22,034,416)
Other capital assets, net	3,898,182	1,401,936	-	5,300,118
Capital assets, net	<u>\$ 4,055,790</u>	<u>\$ 1,401,936</u>	<u>\$ (157,608)</u>	<u>\$ 5,300,118</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

4. Capital Assets, continued

H. Waterfront Development Corporation

Capital asset activity for the WDC for the year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 8,580,673			\$ 8,580,673
Other capital assets:				
Office equipment	14,923	-	\$ -	14,923
Park maintenance equipment	454,945	-	(10,000)	444,945
Total other capital assets	469,868	-	(10,000)	459,868
Less accumulated depreciation	(286,355)	(39,923)	8,233	(318,045)
Other capital assets, net	183,513	(39,923)	(1,767)	141,823
Capital assets, net	<u>\$ 8,764,186</u>	<u>\$ (39,923)</u>	<u>\$ (1,767)</u>	<u>\$ 8,722,496</u>

5. Land Held for Development

Land held for development in the amount of \$7,406,942 is all held by Riverport at June 30, 2015. Land held for development is stated at cost, which does not exceed its net realizable value. These costs include land acquisition, improvements, and other capitalized costs associated with the development along the Ohio River.

6. Risk Management

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

- Automobile Liability: Self-insured up to \$500,000 per occurrence. Excess coverage is purchased through the Louisville Area Governmental Self-Insurance Trust (“LAGIT”).
- Workers’ Compensation (covering all employees): Self-insured up to \$2,000,000 per occurrence. Excess coverage is purchased above this retained level.
- Unemployment Compensation: Completely self-insured.
- Group Health Coverage: Eligible Metro Government employees participated in group health coverage through three Preferred Provider Organization (“PPO”) plans offered through Metro Government’s health self-insurance fund, which are administered by Humana, Inc. In addition to the plans offered to all eligible Metro Government employees, eligible members of the Fraternal Order of Police may participate in two additional PPO plans offered through Metro Government’s health self-insurance fund, which is also administered by Humana, Inc.

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

6. Risk Management, continued

- General Liability: Various general liability exposures (including public official liability, law enforcement liability, medical professional liability, employer's liability, and employment practices liability) are self-insured up to a \$500,000 deductible per occurrence. Employer's liability has a \$1,500,000 per occurrence deductible (\$1,000,000 limit of liability above a \$500,000 self-insured retention is provided by an underlying commercial excess insurance policy). Excess coverage is purchased through LAGIT.
- Automobile Physical Damage: Excess coverage is purchased for catastrophic losses through Louisville Area Governmental General Insurance Trust ("LAGGIT") above a \$100,000 self-insured retention per occurrence.
- Real and Business Personal Property: Metro Government's property exposures are self-insured up to \$250,000 per occurrence, except for flood coverage which carries a deductible of \$250,000 in addition to the amount of insurance available under the National Flood Insurance Program, whether purchased or not. Excess coverage is purchased on a blanket limit basis under LAGGIT for up to \$250 million, subject to certain sub-limits for specific exposures.

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

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

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

The claims liability of \$34,901,509 reported in the Fund at June 30, 2015, 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.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

6. Risk Management, continued

Changes in the Fund's claims liability amount in fiscal years 2013, 2014, and 2015 were as follows:

Year ending June 30	Beginning Balance	Claims and Changes in Estimates	Claim Payments	Ending Balance
2013	30,730,477	82,605,799	80,340,566	32,995,710
2014	32,995,710	63,608,103	64,082,821	32,520,992
2015	32,520,992	67,272,539	64,892,022	34,901,509

The liability associated with the health self-insurance fund as of June 30, 2015, is \$3,026,000 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 \$48,272 and \$40,683, 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 \$71,880 and \$30,330 for services provided to LAGIT and LAGGIT, respectively.

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

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

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

7. Short-Term Debt

A. Primary Government

On September 12, 2013, the Escrow and Deposit Fund re-issued the Amended and Restated General Obligation Bond Anticipation Note, Series 2013A for \$1,500,000 at an interest rate of 2.12%. The note is held in the Escrow and Deposit Fund as the nature of the note is fiduciary. This note was issued for public improvements related to projects originally authorized by the Series 2001A Bonds, and is renewable annually. The note was issued to cover any potential liabilities associated with the development projects authorized by the Series 2001A Bonds. The original note was issued by Metro Government in the principal amount of \$3,500,000 and the date of original issuance was January 30, 2004. The current note, which matured on June 30, 2014, was extended and

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

7. Short-Term Debt, continued

renewed on July 31, 2014 for \$1,500,000. All current and additional interest due on the note upon renewal was paid in full during fiscal year 2015.

The following table outlines activity on short-term notes during fiscal year 2015:

Year ending June 30	Beginning Balance	Additions	Reductions	Ending Balance
2015	\$ 1,500,000	\$ -	\$(1,500,000)	\$ -

B. Discretely Presented Component Unit--Metropolitan Sewer District

On November 4, 2014 MSD issued \$226,340 of Sewer and Drainage System Subordinated Bond Anticipation Notes, Series 2014A Notes with an interest rate of 2.00%. The proceeds of the notes were used to refinance the 2013A Notes. The 2014A Notes matured on November 24, 2015 and refinanced with 2015A Notes.

On November 6, 2013, MSD issued \$226,340 of Sewer and Drainage System Subordinated Bond Anticipation Notes, Series 2013A Notes with an interest rate of 2.00%. The proceeds of the notes were used to refinance the 2012A Notes. The 2013A Notes matured on November 24, 2014.

The following table outlines activity on short-term notes during fiscal year 2015 (in thousands):

Year ending June 30	Beginning Balance	Additions	Reductions	Ending Balance
2015	\$ 228,601	\$ 226,340	\$ (226,433)	\$ 228,508

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 \$268,358,000 of General Obligation Bonds and Notes outstanding at June 30, 2015. The primary collateral for the General Obligation Bonds and Notes are the occupational license tax and net profits license tax collected by the Revenue Commission. The Revenue Commission is the fiscal agent for general obligation bonded debt issued by the City of Louisville before January 6, 2003, and by Metro Government thereafter. Metro Government is the fiscal agent for general obligation bonded debt

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

8. Long-Term Debt, continued

issued before January 6, 2003 by Jefferson County Fiscal Court. Metro Government's general fund is contingently liable as guarantor of the general obligation bonded debt.

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

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

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

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

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

8. Long-Term Debt, continued

i. General Obligation Bonds

General Obligation Bonds and Notes outstanding, including accreted interest, at June 30, 2015, are as follows (in thousands):

Description of Issue	Original Issue Amount	Interest Rate	Maturity During Year Ended June 30	Debt Outstanding June 30
<i>Louisville/Jefferson Co. Metro</i>				
<i>Government General Obligation</i>				
<i>Bonds:</i>				
Series 2004A (Foundation for our Future)	23,840	5.00	2015	-
Series 2004B (PARC Improvements)	5,655	5.00	2015	-
Series 2006A (Blueprint for our Future)	33,255	4.00	2017	3,090
Series 2009A (Refunding)	8,150	3.00 to 4.00	2023	5,455
Series 2009B (Refunding)	33,285	2.75 to 3.00	2019	14,280
Series 2009C (Refunding)	14,740	3.50 to 4.00	2019	6,480
Series 2009D (Refunding)	7,700	5.00	2016	1,255
Series 2009E (Refunding)	41,275	4.00 to 5.00	2020	22,400
Series 2009F (BAB's & RZEDB's)	63,250	4.40 to 5.65	2030	63,250
Series 2010 (Firefighter's settlement)	33,105	4.00	2020	19,715
Series 2010B (Energy equipment)	1,985	2.00	2016	415
Series 2010C (QECB's)	7,400	4.70	2028	7,400
Series 2010D (Refunding)	34,805	3.00 to 4.00	2024	28,210
Series 2010E (Refunding)	6,495	2.25 to 4.00	2024	5,225
Series 2013A (Library construction)	10,250	2.00 to 3.50	2033	9,420
Series 2013B (Refunding)	16,685	1.50 to 5.00	2025	16,640
Series 2013C (Refunding)	710	0.85	2016	250
Series 2013D (Refunding)	8,670	4.00 to 5.00	2020	3,225
Series 2014D (Improvements)	9,910	2.00 to 5.00	2035	9,815
Series 2014F (Refunding)	19,650	2.00 to 4.00	2027	19,650
Total General Obligation Bonds				236,175
Net of premiums and discounts				9,572
Total Net General Obligation Bonds				\$ 245,747
<i>Louisville/Jefferson Co. Metro</i>				
<i>Government General Obligation</i>				
<i>Notes:</i>				
Series 2014A Note	\$ 2,000	1.27	2019	\$ 1,408
Series 2014B Note	4,962	1.30	2019	3,488
Series 2014E Note	19,555	2.00 to 5.00	2020	17,715
Total General Obligation Notes				22,611
Total Net General Obligation Bonds and Notes				\$ 268,358

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

8. Long-Term Debt, continued

Debt service requirements to maturity for General Obligation Bonds, without premiums, are as follows (in thousands):

Year ending	<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 27,182	\$ 10,134	\$ 37,316	
2017	27,144	9,183	\$ 36,327	
2018	28,257	8,218	\$ 36,475	
2019	28,573	7,162	\$ 35,735	
2020	20,895	6,197	\$ 27,092	
2021-2025	70,755	21,195	\$ 91,950	
2026-2030	51,125	7,226	\$ 58,351	
2031-2035	4,855	360	\$ 5,215	
Totals	<u>\$ 258,786</u>	<u>\$ 69,675</u>	<u>\$ 328,461</u>	

ii. Lease Revenue Bonds

There are \$62,480,000 of Lease Revenue Bonds outstanding at June 30, 2015. 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. Metro Government has pledged revenues approximately \$11.34 million for debt service coverage in 2015. Lease Revenue Bonds outstanding, including accreted interest, at June 30, 2015, 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	\$ 19,563
2007A Current Interest Bonds	58,855	4.00 to 4.375	2028	<u>42,845</u>
Total Lease Revenue Bonds				62,408
Net of premiums and discounts				<u>72</u>
Total Net Lease Revenue Bonds				<u>\$ 62,480</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

8. Long-Term Debt, continued

Debt service requirements to maturity for Lease Revenue Bonds, excluding accreted interest of \$15,382 (included in the table presented on page 70), are as follows (in thousands):

Year ending				
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2016	\$ 4,156	\$ 7,317	\$ 11,473	
2017	4,165	7,320	11,485	
2018	4,204	7,391	11,595	
2019	2,850	1,474	4,324	
2020	2,965	1,360	4,325	
2021-2025	16,775	4,842	21,617	
2026-2028	11,910	1,057	12,967	
Totals	<u>\$ 47,025</u>	<u>\$ 30,761</u>	<u>\$ 77,786</u>	

iii. Notes Payable

Notes payable outstanding at June 30, 2015, is as follows:

<u>Description of Issue</u>	<u>Interest Rate</u>	<u>Maturity During Year Ended</u>	<u>Debt Outstanding June 30</u>
Louisville Water Co. Promissory Note	2.00%	2016	\$ 7,705,000

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>
2016	7,705,000	138,700	7,843,700
Totals	<u>\$ 7,705,000</u>	<u>\$ 138,700</u>	<u>\$ 7,843,700</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

8. Long-Term Debt, continued

iv. Financial Guarantee to Louisville Arena Authority

On September 3, 2008 the Kentucky Economic Development Authority issued \$349,218,518 Louisville Arena Project Revenue Bonds, Series 2008. The outstanding balance as of December 31, 2014 (the Louisville Arena Authority's last reporting date) is \$345,921,233. The proceeds from these bonds were used to fund the acquisition, development, construction, and financing of the Arena Project in downtown Louisville, a public project intended for multiple uses as a public recreational, cultural, and sports facility. Pursuant to Metro Government Ordinance 143, Series 2007 ("Arena Ordinance"), Metro Government has agreed to pay up to \$309,000,000 to or on behalf of the Louisville Arena Authority ("the Authority") for debt service over 30 years beginning in fiscal year 2011. As of June 30, 2015, Metro Government has paid \$42,466,599 to the Louisville Arena Authority, reducing the remaining maximum to \$266,533,401. Metro Government made payments of \$9,800,000 during the year ended June 30, 2015.

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>
2016-2019	\$ 6,533,333	\$ 9,800,000
2020-2029	7,200,000	10,800,000
2030-2039	6,866,667	10,300,000

Metro Government has recorded a liability of \$96,499,471 in the Statement of Net Position for this guarantee. The amount of the liability recognized is the best estimate of the discounted present value of the future outflows expected to be incurred as a result of the guarantee. Metro Government calculated the present value of these future outflows using a rate of 6.217%, which is the Authority effective interest rate for the related debt.

The change in the liability recognized for nonexchange financial guarantees by Metro Government at June 30, 2015, is as follows:

	<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>
2015	\$ 100,077,644	\$ 6,221,827	\$ (9,800,000)	\$ 96,499,471

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

8. Long-Term Debt, continued

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

Year ending <u>June 30</u>	Future Estimated <u>Payment</u>	Present Value <u>of Payments</u>
2016	9,800,000	9,226,276
2017	9,800,000	8,686,203
2018	9,800,000	8,177,437
2019	9,800,000	7,699,434
2020	7,200,000	5,325,666
2021-2025	36,000,000	22,302,304
2026-2030	35,666,667	16,359,937
2031-2035	34,333,335	11,636,168
2036-2039	27,466,668	7,086,043
Total	<u>\$ 179,866,670</u>	<u>\$ 96,499,468</u>

On or prior to October 1 each fiscal year through 2039, the Authority will determine whether there are sufficient gross revenues, as defined by the Arena Ordinance, to pay in full all debt service due on the bonds on the next two scheduled semi-annual 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, 2015.

v. Arbitrage

Pursuant to the Internal Revenue Code of 1986, as amended, Metro Government computes rebatable arbitrage on each of its outstanding bonds a minimum of every five years and at maturity. Metro Government has covenanted to rebate excess earnings on invested bond proceeds to the United States Treasury for each five-year computation period in accordance with the law. There was no arbitrage rebate liability for Metro Government at June 30, 2015.

vi. Refunded Bonds and Notes

The aggregate principal amount outstanding on any refunded bonds and notes that are still be being paid from escrow funds at June 30, 2015, relates to the 2006A Series General Obligation Bonds that were refunded by the 2014F Series Bonds. The total principal being paid from escrow at June 30, 2015 is \$23,090,000.

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

8. Long-Term Debt, continued

B. Discretely Presented Component Units

i. Louisville Water Company

Bonds payable at December 31, 2014 consist of the following (in thousands):

<u>Description of Issue</u>	<u>Original Issue Amount</u>	<u>Interest Rate</u>	<u>Maturity During Year Ended December 31</u>	<u>Debt Outstanding December 31</u>
Water System Revenue Bonds				
Series 2006	\$ 83,845	4.0 to 5.0%	2031	\$ 5,630
Series 2009A	116,220	2.25 to 5.0	2025	70,875
Series 2009B	86,710	3.75 to 5.5	2029	86,710
Series 2014	63,195	2.5 to 5.0	2031	<u>62,605</u>
Total Water System Revenue Bonds				225,820
Net of premiums and discounts				<u>15,072</u>
Total Net Water System Revenue Bonds				<u>\$ 240,892</u>

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

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	17,879	10,127	28,006
2016	17,610	9,236	26,846
2017	17,457	8,358	25,815
2018	16,899	7,618	24,517
2019	16,341	6,871	23,212
2020-2024	72,981	23,795	96,776
2025-2029	58,101	9,134	67,235
2030-2031	10,228	558	10,786
Totals	<u>\$ 227,496</u>	<u>\$ 75,697</u>	<u>\$ 303,193</u>

LWC issued \$63,195,000 in tax-exempt bonds on September 3, 2014. The Series 2014A Bonds are being issued for the purposes of: the advance refunding, payment and discharge of a portion of the outstanding Water System Revenue Bonds, Series 2006 and making provisions for the costs of issuance of the Series 2014A Bonds and other related costs.

The Series 2014A Bonds advance refunded \$61,305,000 of the outstanding Series 2006 Bonds with interest rates from 4.4% to 5.0%. LWC used the proceeds to purchase U.S. Government Securities. These securities were deposited in an irrevocable refunding escrow to provide for all future debt service on the refunded portion of the Series 2006 Bonds.

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

8. Long-Term Debt, continued

As a result, that portion of the Series 2006 Bonds is considered defeased and LWC has removed the amount advance refunded from its accounts. The advance refunding resulted in a cash flow savings of \$7,002,008 and a net present value savings of \$6,888,803.

LWC's notes payable at December 31, 2014 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	\$ 1,676,350

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

Year ending December 31	Principal	Interest	Total
2015	\$ 83,695	\$ 33,111	\$ 116,806
2016	85,380	31,428	116,808
2017	87,096	29,712	116,808
2018	88,847	27,962	116,809
2019	90,632	26,176	116,808
2020-2024	481,230	102,810	584,040
2025-2029	531,580	52,462	584,042
2030-2031	227,890	5,726	233,616
Totals	<u>\$ 1,676,350</u>	<u>\$ 309,387</u>	<u>\$ 1,985,737</u>

ii. Parking Authority of River City, Inc.

PARC's First Mortgage Revenue Bonds payable at June 30, 2015, consist of the following (in thousands):

Description of Issue	Original Issue Amount	Interest Rate	Maturity During Year Ended June 30	Debt Outstanding June 30
First Mortgage Revenue Bonds				
Series 2009A	\$ 39,265	3.5 to 5.75%	2040	\$ 35,700
Series 2009B	16,110	3.25 to 4.125	2021	4,420
Series 2010A	1,590	2.2	2016	410
Series 2010B	16,220	3.9 to 6.375	2041	16,220
Series 2013A	10,095	3.0 to 5.0	2033	9,350
Series 2013B	17,080	3.0 to 5.0	2032	14,115
Total First Mortgage Revenue Bonds				80,215
Net of premiums and discounts				2,663
Total Net First Mortgage Revenue Bonds				<u>\$ 82,878</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

8. Long-Term Debt, continued

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

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 4,005	\$ 3,820	\$ 7,825
2017	2,765	3,707	6,472
2018	2,870	3,604	6,474
2019	2,955	3,497	6,452
2020	3,055	3,385	6,440
2021-2025	14,490	15,204	29,694
2026-2030	17,115	11,684	28,799
2031-2035	16,370	6,932	23,302
2036-2040	15,595	2,604	18,199
2041	995	32	1,027
Totals	<u>\$ 80,215</u>	<u>\$ 54,469</u>	<u>\$ 134,684</u>

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

<u>Description of Issue</u>	<u>Interest Rate</u>	<u>Maturity During Year Ended</u>	<u>Debt Outstanding June 30</u>
Louisville Metro Government Promissory Note	1.84%	2018	\$ 449,820

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

Year ending <u>June 30</u>	
2016	\$ 149,940
2017	149,940
2018	<u>149,940</u>
Total	<u>\$ 449,820</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

8. Long-Term Debt, continued

iii. Metropolitan Sewer District

On November 4, 2014, MSD issued \$80,000,000 of Sewer and Drainage System Revenue Bonds, Series 2014A. Proceeds of the 2014A bonds, net of issuance cost were used to pay the cost of improvements to MSD's sewer and drainage system. MSD's various bonds outstanding at June 30, 2015, 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	\$ -
Series 2006A	100,000	4.00 to 5.00	2038	87,290
Series 2007A	61,125	4.00 to 5.00	2025	45,815
Series 2008A	105,000	4.00 to 5.00	2038	99,850
Series 2009A	76,275	5.00	2022	47,280
Series 2009B	225,770	2.00 to 5.00	2023	150,900
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	256,490
Series 2013A	115,790	4.00	2036	115,790
Series 2013B	119,515	4.00 to 5.00	2038	119,515
Series 2013C	100,000	3.00 to 5.00	2044	99,875
Series 2014A	100,000	4.00 to 5.00	2045	80,000
Total Sewer and Drainage System Revenue Bonds				1,612,805
Net of premiums and discounts				60,797
Total Net Sewer and Drainage System Revenue Bonds				<u>\$ 1,673,602</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
2016	\$ 29,415	\$ 82,749	\$ 112,164
2017	31,050	81,302	112,352
2018	32,790	79,772	112,562
2019	34,640	78,135	112,775
2020	36,590	76,406	112,996
2021-2025	202,970	352,848	555,818
2026-2030	223,230	298,824	522,054
2031-2035	200,795	255,638	456,433
2036-2040	458,020	180,920	638,940
2041-2045	363,305	47,656	410,961
Totals	<u>\$ 1,612,805</u>	<u>\$ 1,534,250</u>	<u>\$ 3,147,055</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.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

8. Long-Term Debt, continued

MSD originally entered into interest rate swaps as a hedging derivative instrument. The interest rate swaps were found to be ineffective as of June 30, 2010, based on evaluation and consideration of consistent critical terms and quantitative methods. The total of investment derivatives are reported as interest rate swaps on the Statement of Net Position. All changes in fair value of the derivatives are recorded as a separate component of non-operating revenue (expense). MSD's outstanding swaps consist of two Floating-to-Fixed swaps described as follows:

Floating-to-Fixed Swaps are structured so that the notional amount of the swap decreases over time corresponding to the maturity and sinking fund schedule of the actual or expected bond issue being hedged. The Floating-to-Fixed swaps have been done on a forward basis with the swap payments starting at a future date when MSD anticipates refunding outstanding debt, which can be issued as variable rate bonds or short-term notes. In 2001, MSD entered into two swaps (A and B) for a synthetic advance refunding of its Series 1999A Bonds. In 2002, MSD entered into two swaps (C and D) for a synthetic advance refunding of its Series 1993 Bonds, and subsequently issued variable-rate Series 2003 Bonds to complete the refunding.

On June 30, 2015, MSD had the following derivative instruments outstanding (in thousands):

Counter Party	Initial Notional Amount	Current Notional Amount	Effective Date	Termination Date	Payment Terms	Receipt Terms	Fair Value	Change in Fair Value
Wells Fargo	\$ 180,716	\$ 180,716	11/15/2009	5/15/2033	4.4215%	67% of 30-day LIBOR	\$ (63,086)	\$ (4,189)
Bank of America	56,433	45,284	11/15/2009	5/15/2033	4.4215%	67% of 30-day LIBOR	(15,794)	(1,051)
	<u>\$ 237,149</u>	<u>\$ 226,000</u>					<u>\$ (78,880)</u>	<u>\$ (5,240)</u>

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

MSD has implemented steps to safeguard it against the risks associated with the aforementioned swap transactions. If the counter-party does not maintain A1/A+ ratings from Moody's and Standard and Poor's, the swaps contain provisions that require them to be marked to market weekly with monthly statements sent to MSD and the value will be collateralized with U.S. Treasury and Agency securities with the securities held by a tri-party custodian approved by MSD.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

8. Long-Term Debt, continued

C. Summary of Long-Term Liability Transactions

Long-term liability activity for the year ended June 30, 2015, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Additions and Accreted Interest</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
GOVERNMENTAL ACTIVITIES:					
Bonds and notes payable:					
General obligation debt	\$ 262,781	\$ 29,154	\$ (33,149)	\$ 258,786	\$ 27,181
Revenue bonds	70,479	1,358	(9,429)	62,408	4,156
Notes payable	8,618	-	(913)	7,705	7,705
Bonds and notes payable	<u>341,878</u>	<u>30,512</u>	<u>(43,491)</u>	<u>328,899</u>	<u>39,042</u>
Net of bond premiums and discounts	6,561	5,189	(2,107)	9,643	-
Total bonds and notes payable	<u>348,439</u>	<u>35,701</u>	<u>(45,598)</u>	<u>338,542</u>	<u>39,042</u>
Other liabilities:					
Capital lease	1,783	26,664	(705)	27,742	1,585
Commitments	100,078	6,222	(9,800)	96,499	9,800
Claims and judgments	32,520	67,273	(64,892)	34,901	17,801
Compensated absences	19,507	22,782	(22,283)	20,006	1,798
Total other liabilities	<u>153,888</u>	<u>122,941</u>	<u>(97,680)</u>	<u>179,148</u>	<u>30,984</u>
Governmental activities long-term liabilities	<u>\$ 502,327</u>	<u>\$ 158,642</u>	<u>\$ (143,278)</u>	<u>\$ 517,690</u>	<u>\$ 70,026</u>
COMPONENT UNITS:					
Bonds and notes payable:					
LWC	\$ 242,159	\$ 63,195	\$ (77,857)	\$ 227,497	\$ 17,879
PARC	85,895	-	(5,080)	80,815	4,005
KSC	225	386	(58)	553	130
MSD	1,578,225	80,000	(45,420)	1,612,805	29,415
Bonds and notes payable	<u>1,906,504</u>	<u>143,581</u>	<u>(128,415)</u>	<u>1,921,670</u>	<u>51,429</u>
Net of bond premiums and discounts	73,207	5,217	(2,721)	75,703	-
Total bonds and notes payable	<u>1,979,711</u>	<u>148,798</u>	<u>(131,136)</u>	<u>1,997,373</u>	<u>51,429</u>
Other liabilities:					
Capital lease	504	5,213	(151)	5,566	170
Claims and judgments	5,303	1,063	(3,966)	2,400	2,400
Compensated absences	5,477	-	(580)	4,897	440
Total other liabilities	<u>11,284</u>	<u>6,276</u>	<u>(4,697)</u>	<u>12,863</u>	<u>3,010</u>
Component units long-term liabilities	<u>\$ 1,990,995</u>	<u>\$ 155,074</u>	<u>\$ (135,833)</u>	<u>\$ 2,010,236</u>	<u>\$ 54,439</u>

For the Governmental Activities, compensated absences are generally liquidated by the General Fund.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

9. Capital Lease Obligations

A. Metro Government

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

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>
2016	\$ 715,843	\$ 12,235	\$ 728,078
2017	<u>361,988</u>	<u>2,051</u>	<u>364,039</u>
Totals	<u>\$ 1,077,831</u>	<u>\$ 14,286</u>	<u>\$ 1,092,117</u>

- ii. Metro Government has an agreement with Johnson Controls, Inc. (JCI) to implement and finance capital improvements to enhance energy efficiency and decrease related utility expense. It is intended that the improvements will generate energy cost savings sufficient to make the lease payments or from guaranteed payments from JCI to the extent that energy costs savings are not achieved based on an annual energy savings calculation. Metro Government's internal reporting units are utilizing 80.46% of the project improvements and PARC's properties are utilizing 19.54% of the overall project improvements.

The Energy Savings Performance Contract called for the project to be financed through a separate lease purchase agreement with payments made annually through August 2038. Payments for the Energy Savings Project are to be made from energy cost savings achieved through the capital improvements or from guaranteed payments from JCI should the desired energy costs savings not be achieved.

At June 30, 2015, Metro Government has recorded a capital lease liability for the full amount of the capital lease commitment and a capital sublease receivable for \$5,210,241, reflecting payments that will come from PARC's share of the project.

At June 30, 2015, capital assets with net book value of \$21,454,246, and recorded on the statement of net position, reflecting Metro's share of project.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

9. Capital Lease Obligations, continued

Future minimum lease payments are shown below for total payments on the lease, as well as the net financial commitment of Metro Government and from PARC sublease:

<u>Fiscal year</u>	<u>Total</u>	<u>Metro Government</u>	<u>PARC</u>
2016	\$ 1,295,130	\$ 1,042,062	\$ 253,068
2017	1,800,905	1,449,008	351,897
2018	1,748,360	1,406,730	341,629
2019	1,821,670	1,465,716	355,954
2020	1,900,119	1,528,836	371,283
2021-2025	10,136,632	8,155,934	1,980,698
2026-2030	11,231,909	9,037,194	2,194,715
2031-2035	12,907,451	10,385,335	2,522,116
2035-2039	13,595,107	10,938,623	2,656,484
Total	<u>56,437,283</u>	<u>45,409,438</u>	<u>11,027,845</u>
Less amounts representing interest	<u>(29,772,796)</u>	<u>(23,955,192)</u>	<u>(5,817,604)</u>
Present value of net minimum lease payments	26,664,487	21,454,246	5,210,241
Less current portion	<u>(868,678)</u>	<u>(698,938)</u>	<u>(169,740)</u>
	<u>\$ 25,795,809</u>	<u>\$ 20,755,308</u>	<u>\$ 5,040,501</u>

B. Transit Authority of River City

TARC entered into an agreement with Fifth Third Bank to lease twenty paratransit 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 depreciation expense. Total assets under capital lease were \$746,890, net of accumulated amortization of \$398,335 at June 30, 2015. The following is a schedule by years of future minimum payments required under the lease together with their present value as of June 30, 2015:

Year ending June 30	
2016	\$155,995
2017	155,995
2018	<u>51,998</u>
Total Minimum Lease Payments	363,988
Less amount representing interest	<u>(7,757)</u>
Present Value of Lease Payments	356,231
Current Portion of Long-term Capital Lease Obligation	<u>150,852</u>
Long-term Capital Lease Obligation, Less Current Portion	<u>\$205,379</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

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 \$2,691,155,139 of Industrial Revenue Bonds through June 30, 2015. During the year ended June 30, 2015, the Metro Council authorized approximately \$42,500,000 of Industrial Revenue Bonds. The aggregate principal amount outstanding at June 30, 2015, could not be determined.

11. Interfund Receivables, Payables, and Transfers

Interfund receivable and payable balances at June 30, 2015, are as follows:

Fund	Interfund Receivable	Interfund Payable
General	\$ 37,496,492	\$ -
Nonmajor Governmental Agency:	140,761	-
Revenue Commission	17,791,042	-
Mass Transit	4,934,973	-
Internal Service:		
Revenue Commission	-	60,363,268
Totals	<u>\$ 60,363,268</u>	<u>\$ 60,363,268</u>

These balances resulted from a timing difference between when taxes were collected by the Revenue Commission for June 2015 and were distributed to the appropriate funds.

Interfund transfers during the fiscal year ended June 30, 2015, were as follows:

		<u>Interfund Transfers</u>				
<u>Transfers out:</u>		<u>Transfers in:</u>				
	General Fund	Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Proprietary Fund (Internal Service Fund)	Total
General Fund		\$ 2,851,558	\$ 5,468,537	\$ 42,607,583	\$ 9,154,769	\$ 60,082,447
Special Revenue Fund	1,311,580	-	222,589	211,356		1,745,525
Capital Projects Fund	435,000	-	-	121,080	-	556,080
Nonmajor Governmental Fund:	810,940	-	-	6,949,612	-	7,760,552
Total	<u>\$ 2,557,520</u>	<u>\$ 2,851,558</u>	<u>\$ 5,691,126</u>	<u>\$ 49,889,631</u>	<u>\$ 9,154,769</u>	<u>\$ 70,144,604</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

11. Interfund Receivables, Payables, and Transfers, continued

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 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 \$9,162,059 and is shown on the component unit's statement of activities as a capital contribution.

13. Contingencies and Commitments

A. Litigation

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

B. Federal and State Grants

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

13. Contingencies and Commitments, continued

C. Construction Commitments

The Metro Government has active construction projects including improvements to major roadways, government buildings, parks, and other various ongoing projects. The remaining committed budget for these projects is approximately \$32.3 million as of June 30, 2015.

14. Landfill Closure and Post-Closure Care Costs

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

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

Because all landfills were closed in prior years, 100% of landfill closure and post-closure care costs, estimated at \$1,747,462, were originally recorded as a liability in the general long-term debt account group of the former City of Louisville at June 30, 1995. The beginning balance of the liability for fiscal year 2015 was \$61,646. No payments were made during fiscal year 2015 and changes in estimates this year reflect a no liability exists at June 30, 2015. Future costs may vary from that amount because of inflation, changes in technology, or changes in regulations.

15. Deferred Compensation

Metro Government, 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, LWC, and MSD, therefore, do not show these assets and liabilities on their respective Statements of Net Position.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

16. Post-Employment Health Care Benefits

All eligible 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 KRS in conjunction with their pension 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. KRS, as described in Note 17(A)(i), issues separate stand-alone financial statements for the statewide multiple employer cost-sharing plan that provides other post-employment benefits for local government employees participating in CERS.

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 administered 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 employer rates allocable to the health insurance benefits was 4.92% and 5.15% in 2015 and 2014 for nonhazardous employees and 13.58% and 13.93% for hazardous employees in 2015 and 2014. The contribution rates are created by statute and were 100% funded during 2015, 2014, and 2013. Contributions for the fiscal year ended June 30, 2015 and 2014 were estimated at \$24,500,000 and \$26,500,000.

At the time of completion of this CAFR, the KRS has not yet released their CAFR for the fiscal year ended June 30, 2015. The following information was extracted from the KRS CAFR for the fiscal year ended June 30, 2014:

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, 2014, insurance premiums withheld from benefit payments for members of the CERS non-hazardous and hazardous plans were \$24,206,307 and \$1,936,349, respectively. For the fiscal year ended June 30, 2013, insurance premiums withheld from benefit payments for members of the CERS non-hazardous and hazardous plans were \$27,804,392 and \$2,068,890, respectively. 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.

As of June 30, 2014, the KRS Insurance Fund had 104,635 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.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

16. Post-Employment Health Care Benefits, continued

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows.

Years of Service	Portion Paid by KRS Insurance Fund
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 \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees earn \$15 per month with the same participation dates. In addition, a hazardous employee's spouse receives \$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 20 years. The following table presents the schedule of funding progress for the KRS Insurance Fund as a whole:

System	Actuarial Value of Assets	AAL Entry Age Normal	Funded	Covered Payroll	Unfunded as a % of Covered Payroll
KERS Non-Haz	\$ 621,236,646	\$ 2,226,759,925	27.9%	\$ 1,577,496,447	101.8%
KERS Haz	419,395,867	396,986,820	105.6%	129,076,038	-17.4%
CERS Non-Haz	1,831,199,465	2,616,914,600	70.0%	2,272,270,287	34.6%
CERS Haz	997,733,237	1,493,864,379	66.8%	479,164,016	103.5%
SPRS	155,594,760	234,271,127	66.4%	44,615,885	176.3%
Total Insurance Funds	\$ 4,025,159,975	\$ 6,968,796,851	57.8%	\$ 4,502,622,673	65.4%

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

16. Post-Employment Health Care Benefits, continued

B. Policemen and Firefighters Participating in Metro Plan

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

The annual reimbursements required for health insurance premiums for retired policemen and firefighters participating in the Metro Government retirement plans that were closed in 1986 and 1989 (see Note 17(B)), respectively, are outlined in the table below. These other post-employment benefit commitments are funded on a pay-as-you-go funding approach.

Management has determined that an actuarial analysis to determine the Annual Required Contribution is not necessary because these annual payments are immaterial to the financial position and results of operations for Metro Government as a whole. Further, since these funds are closed and the number of retirees and beneficiaries decreases each year, the annual reimbursement amounts also decline.

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

<u>Fiscal Year Ended</u>	<u>Policemen's Retirement Fund</u>	<u>Firefighters' Pension Fund</u>	<u>Total</u>
06/30/12	\$ 470,706	\$ 641,098	\$ 1,111,804
06/30/13	451,216	622,025	1,073,241
06/30/14	437,677	587,285	1,024,962
06/30/15	397,293	564,897	962,190

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

17. Defined Benefit Pension Plans

Metro Government's aggregate information on pension liabilities is as follows:

	<u>CERS</u> <u>Cost-Sharing</u>	<u>Firefighter's</u> <u>Pension Fund</u>	<u>Policemen's</u> <u>Pension Fund</u>	<u>Total</u>
Net Pension Liability	\$ 523,687,000	\$ 14,629,984	\$ 10,637,229	\$ 548,954,213
Deferred Inflows of Resource:	54,042,000	55,000	113,566	54,210,566
Deferred Outflows of Resourc	48,095,460	1,519,688	811,859	50,427,007
Pension Expense	41,069,000	1,863,115	1,618,441	44,550,556

Information about the cost-sharing and single employer defined benefit plans follows:

A. County Employees' Retirement System

i. Plan Description

Metro Government, LWC, TARC, MSD, Riverport, Revenue Commission, PARC, KW and WDC contribute to CERS, which is a cost-sharing multiple-employer defined benefit pension plan administered by KRS, an agency of the Commonwealth of Kentucky. KRS was created by state statute under Kentucky Revised State Section 61.645. LWC, TARC, MSD and Riverport have separate accounts with CERS. Revenue Commission, PARC, KW and WDC participate as a part of Metro Government's contribution. These entities under Metro Government's CERS plan, except for PARC, operate as governmental type activities and governmental funds, and Metro Government is responsible for their pension liabilities. PARC is a business-type activity operating as a proprietary fund (enterprise). PARC is not a direct participant in CERS, but is allocated its fair share of Metro Government net pension liabilities and related deferrals and pension expense based on PARC's percentage of employer contributions relative to Metro Government as a whole.

The CERS issues a publicly available financial report that includes financial statements and required supplementary information for the CERS. The report may be obtained by writing to Kentucky Retirement System, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or it may be found at the KRS website at www.kyret.ky.gov.

ii. Benefits Provided

The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Kentucky Revised Statute Section 61.645 establishes the benefit terms and can be amended only by the Kentucky General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 65 with four years of service credit or after 27 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

17. Defined Benefit Pension Plans, continued

of service credit. Reduced benefits for early retirement are available at age 55 and vested or 25 years of service credit. Members vest with five years of service credit. Service related disability benefits are provided after five years of service.

Prior to July 1, 2001, cost-of-living adjustments (“COLA”) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. Effective July 1, 2009, and on July 1 or each year thereafter, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA.

If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce cost-of-living adjustments if, in its judgment, the welfare of the Commonwealth so demands.

iii. Funding Policy

Plan members are required to contribute 5% for participants in the Non-Hazardous Duty Plan and 8% for participants in the Hazardous Duty Plan of creditable compensation if hired before September 1, 2008. Plan members hired on or after that date are required to contribute 6% for participants in the Non-Hazardous Duty Plan and (9% for participants in the Hazardous Duty Plan) of creditable compensation. Employers are required to contribute at an actuarially determined rate. The rate for the fiscal year ended June 30, 2015, is 17.67% (34.31% under the Hazardous Duty Plan) of participating employees’ creditable compensation.

The contribution requirements of employers and plan members are established and may be amended by the CERS Board of Trustees. Metro Government was required to contribute at an actuarially determined rate determined by Statute. Per Kentucky Revised Statute Section 78.545(33) normal contribution and past service contribution rates shall be determined by the KRS Board on the basis of an annual valuation last preceding July 1 of a new biennium. The KRS Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KRS Board.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

17. Defined Benefit Pension Plans, continued

Metro Government has met its funding requirement for the fiscal years ended June 30, 2015 and June 30, 2014. Metro Government's contribution (which includes Revenue Commission, PARC, KW and WDC) to the CERS for the years ending June 30, 2015 and 2014 are outlined in the table below.

<u>Fiscal Year</u> <u>Ended</u>	<u>Total</u> <u>Contributions</u>	<u>Hazardous</u> <u>Contribution</u> <u>Rate</u>	<u>Non-Hazardous</u> <u>Contribution</u> <u>Rate</u>
06/30/15	\$ 48,095,460	34.31%	17.67%
06/30/14	49,081,364	35.70%	18.89%

PARC's portion of the employer contributions was \$154,167 and \$157,572 for the years ended June 30, 2015 and 2014.

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

- LWC's contribution to the CERS for years ending December 31 2014, 2013, and 2012 were \$5,378,219, \$5,524,649, and \$5,549,950, respectively.
- TARC's contribution to the CERS for the years ended June 30, 2015, 2014, and 2013 were \$5,397,222, \$5,789,165, and \$5,710,481, respectively.
- Riverport's contribution to the CERS for the years ended June 30, 2015, 2014, and 2013 were \$64,462, \$63,538, and \$75,502, respectively.
- MSD's contribution to the CERS for the years ended June 30, 2015, 2014, and 2013 were \$6,341,000, \$7,122,000, and \$7,219,000, respectively.

iv. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, Metro Government reported a net pension liability of \$523,687,000 (\$332,493,000 hazardous and \$191,194,000 non-hazardous) for its proportionate share of the CERS net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Metro Government's proportion of the net pension liability was based on Metro Government's contributions to the pension plan relative to the contributions of all participants. At June 30, 2014, Metro Government's proportion share of CERS was 5.893% for non-hazardous employees and 27.665% for hazardous employees, and there are no expected changes in proportion for the current year.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

17. Defined Benefit Pension Plans, continued

For the year ended June 30, 2015, Metro Government recognized pension expense of \$15,303,000 for non-hazardous employees and \$25,766,000 for hazardous employees. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	-	\$ 54,042,000
Metro Government contributions subsequent to the measurement date	\$ 48,095,460	-
Total	\$ 48,095,460	\$ 54,042,000

The Schedule of Deferred Inflows and Outflows, and Pension Expense include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience and contributions made subsequent to the measurement date. The net pension liability as of June 30, 2015, is based on the June 30, 2014 actuarial valuation for the first year of implementation. As a result, there are no differences between expected and actual experience, or changes in assumptions subject to amortization. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period.

The amount of \$48,095,460 reported as deferred outflows of resources related to pensions resulting from Metro Government's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year-ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 13,510,500
2017	13,510,500
2018	13,510,500
2019	13,510,500
	\$ 54,042,000

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

17. Defined Benefit Pension Plans, continued

v. Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2014
Experience Study	July 1, 2005 – June 30, 2008
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	30 years
Asset Valuation Method	5-year smoothed marked
Inflation	3.5%
Salary Increase	4.5%, average, including inflation
Investment Rate of Return	7.75%, net of pension plan investment expense, including inflation

The rates of mortality for the period after service retirement are according to the 1983 Group Annuity Mortality Table for retired members and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Mortality Table for all other members. The Group Annuity Mortality Table set forward five years is used for the period after disability retirement.

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for KRS. The most recent analysis, performed for the period covering fiscal years 2005 through 2008, is outlined in a report dated August 25, 2009. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense, and inflation) were developed by the investment consultant for each major asset class (See chart below). These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

17. Defined Benefit Pension Plans, continued

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	30.00%	8.45%
International equity	22.00%	8.85%
Emerging market equity	5.00%	10.50%
Private equity	7.00%	11.25%
Real estate	5.00%	7.00%
Core US fixed income	10.00%	5.25%
High yield US fixed income	5.00%	7.25%
Non US fixed income	5.00%	5.50%
Commodities	5.00%	7.75%
TIPS	5.00%	5.00%
Cash	1.00%	3.25%
	100.00%	

The long-term expected rate of return on pension plan investments was established by the KRS Board of Trustees as 7.75% based on a blending of the factors described above.

vi. Discount rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 7.75%. The long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

vii. Sensitivity of Metro Government's proportionate share of the net pension liability to changes in the discount rate.

The following presents Metro Government's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what Metro Government's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.75 percent) or 1% higher (8.75 percent) than the current rate:

Metro Government's Proportionate Share of the Net Pension Liability	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Non-Hazardous	\$ 251,599,000	\$ 191,194,000	\$ 137,825,000
Hazardous	\$ 434,954,000	\$ 332,493,000	\$ 245,496,000

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

17. Defined Benefit Pension Plans, continued

viii. Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued KRS financial report.

B. Fire and Police Pension Trust Funds

i. Plan Descriptions and Benefits

Most of the former City of Louisville's firemen and policemen transferred to CERS in 1989 and 1986, respectively. For those who did not transfer, Metro Government contributes to the Firefighters' Pension Fund and the Policemen's Retirement Fund (collectively the "Funds"). Both Funds are single-employer defined benefit pension plans. The plans report on a calendar-year basis. These plans do not issue reports on a stand-alone basis. Membership of each plan consisted of the following at June 30, 2015:

	Firefighters' Pension Fund	Policemen's Retirement Fund
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	173	145
Vested active plan participants	0	1

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). Employee accounts vest after 10 years of service. 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. The fund provides up to a maximum of 75% of the three-year average salary as the length of service increases. Upon termination, employees having completed 10 years of service but not considered eligible for normal retirement, shall receive a refund of contributions without interest under the Firefighters' Pension Fund.
- **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 and 5 years of services. 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. The fund provides up to a maximum of 75% of the three-year average

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

17. Defined Benefit Pension Plans, continued

salary as the length of service increases. Under the Policemen's Retirement Fund, an employee who completes 5 years of service but is not yet eligible for normal retirement shall receive 75% of his or her 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 as follows:

- **Firefighters' Pension Fund** - Death benefits may reach 75% of base pay (at time of death) plus overtime and supplemental pay for firefighters. Disability payments may reach 75% of base pay (at time of disability) plus overtime and supplemental pay for firefighters. A 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.
- **Policemen's Retirement Fund** - Death benefits may reach 75% of base pay (at time of death) for policemen. Disability payments may reach 75% of base pay (at time of disability). A 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.

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

Based on the actuarial valuations performed by consulting actuaries at January 1, 2014, 2013, and 2012, Metro Government made the required annual contributions in fiscal years ended June 30, 2015, 2014, and 2013 of \$1,896,693, \$1,625,938, and \$1,461,418, respectively, to the Policemen's Retirement Fund and \$3,143,954, \$2,989,564, and \$2,598,938, 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, 2015, Metro Government will be required to make contributions to the Policemen's Retirement Fund of \$1,976,165 and to the Firefighters' Pension Fund of \$2,906,318 for the fiscal year beginning July 1, 2015.

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

17. Defined Benefit Pension Plans, continued

due and payable in accordance with the terms of the plan. The cost of administering the plans is financed by Metro Government and is based on budgets submitted by the administrators on an annual basis. The plans reporting period is the calendar year.

Investments - Investments are stated at fair value. Securities traded on a national exchange are valued at the last reported sales price. Gains or losses on the sale of fixed income securities are recognized using the completed transaction method.

There are no significant investments (other than U.S. Government and U.S. Government Agencies) in any one organization that represents 5% or more of net position available for benefits. There are no investments or other assets legally reserved for purposes other than the payment of member benefits for either Fund. The historical asset allocation is similar to the target allocation of investments.

The annual money-weighted rate of return, net of investment expense was 7.825% for the Firefighter's plan and 9.30% for the Policemen's plan at December 31, 2014.

Total Pension Liability and Net Pension Liability - The net pension liability of the Funds was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

	Firefighter's Pension Fund	Policemen's Pension Fund
Total Pension Liability	\$ 24,135,093	\$ 18,299,029
Plan Fiduciary Net Position	9,505,109	7,661,800
Net Pension Liability	\$ 14,629,984	\$ 10,637,229
Plan fiduciary net position as a percentage of the total pension liability	39.38%	41.87%

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

17. Defined Benefit Pension Plans, continued

The changes in the total pension liability, plan fiduciary net position and net pension liability follow for each Fund:

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
CHANGES IN TOTAL PENSION LIABILITY, PLAN FIDUCIARY NET POSITION & NET PENSION LIABILITY
FIREFIGHTER'S PENSION FUND
For the Year Ended December 31, 2014

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances - Beginning of year	\$ 24,630,219	\$ 8,688,396	\$ 15,941,823
Changes for the year:			
Interest	1,731,650	-	1,731,650
Differences between expected and actual experience	(166,665)	-	(166,665)
Contributions—employer	-	3,143,954	(3,143,954)
Net investment income	-	518,709	(518,709)
Benefit payments, including refunds of employee contributions	(2,845,950)	(2,845,950)	-
Assumption changes	785,839	-	785,839
Net changes	(495,126)	816,713	(1,311,839)
Balances - End of year	\$ 24,135,093	\$ 9,505,109	\$ 14,629,984

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
CHANGES IN TOTAL PENSION LIABILITY, PLAN FIDUCIARY NET POSITION & NET PENSION LIABILITY
POLICEMEN'S PENSION FUND
For the Year Ended December 31, 2014

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances - Beginning of year	\$ 18,472,218	\$ 7,457,171	\$ 11,015,047
Changes for the year:			
Interest	1,293,881	-	1,293,881
Differences between expected and actual experience	(43,156)	-	(43,156)
Contributions—employer	-	1,896,693	(1,896,693)
Contributions—employee	-	-	-
Net investment income	-	561,918	(561,918)
Benefit payments, including refunds of employee contributions	(2,253,179)	(2,253,179)	-
Assumption changes	829,265	-	829,265
Administrative expense	-	(803)	803
Net changes	(173,189)	204,629	(377,818)
Balances - End of year	\$ 18,299,029	\$ 7,661,800	\$ 10,637,229

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

17. Defined Benefit Pension Plans, continued

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

<u>Assumption</u>	<u>Firefighters' Pension Fund</u>	<u>Policemen's Retirement Fund</u>
Valuation Date	December 31, 2014	December 31, 2014
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent, Closed	Level Percent, Closed
Remaining Amortization Period	15 years	15 years
Asset Valuation Method	Market Value	Market Value
Inflation	2%	2%
Salary Increase	No Longer Applicable	No Longer Applicable
Investment Rate of Return	7.00%	7.00%

Mortality rates for the Firefighters' Pension Fund were based on the RP-2000 Mortality Table for Healthy Annuitants for Males or Females, as appropriate. For the Policemen's Retirement Fund, mortality rates were Pre-retirement Mortality – RP-2000 Mortality Table for Healthy Annuitants (static table), Pre-retirement Mortality Type – 25% in line of duty and 75% not in line of duty, and Post-retirement Mortality Table for Healthy Annuitants (static table) for Males or Females, as appropriate.

The underlying method for selecting the long-term expected rate of return is based on the asset allocation of the Plans which target an 80% equity and 20% fixed income portfolio. The long-term expected rate of return for each Fund is 7.00% established by Metro Government based on a blending of the factors described above.

For both Funds, the target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity portfolio	80.00%	8.00%
Fixed income portfolio	<u>20.00%</u>	3.00%
	<u>100.00%</u>	

Discount Rate – Information about the discount rate follow:

- **Firefighters:** The discount rate used to measure the total pension liability was 7.00% for 43 years and 3.80% thereafter. The resulting uniform discount rate is 6.99% for the plans after considering the projected solvency.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

17. Defined Benefit Pension Plans, continued

- **Policemen:** The discount rate used to measure the total pension liability was 7.00% for 23 years and 3.80% thereafter. The resulting uniform discount rate is 6.74% for the plans after considering the projected solvency.

The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made on the basis of the current funding policy. Based on those assumptions, the Funds' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through December 31, 2057 for the Firefighters' Pension Fund and through December 31, 2037 for the Policemen's Retirement Fund.

For both Funds, the long-term expected rate of return on pension plan investments was applied to the periods of projected benefit payments through this date, and a 20 year municipal bond rate was used for the period thereafter to determine the total pension liability. The source of the municipal bond rate at the valuation date was from www.bondsonline.com/Corporate_Bond_Yield_Index.

Sensitivity of the Net Pension Liability - The following represents the net pension liability calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	<u>1% Decrease (5.99%)</u>	<u>Current Rate (6.99%)</u>	<u>1% Increase (7.99%)</u>
Net Pension Liability			
Louisville Firefighters Pension Fund	\$ 16,324,618	\$ 14,629,984	\$ 13,133,655
	<u>1% Decrease (5.74%)</u>	<u>Current Rate (6.74%)</u>	<u>1% Increase (7.74%)</u>
Policeman's Retirement Fund of the City of Louisville	\$ 11,849,619	\$ 10,637,229	\$ 9,560,921

iii. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the recognized pension expense will be \$1,863,115 for the Firefighters' Pension Fund and \$1,618,441 for the Policeman's Retirement Fund.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

17. Defined Benefit Pension Plans, continued

At June 30, 2015, the Funds reported deferred outflows of resources and deferred inflows of resources in relation to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Remaining Amort. Period</u>
Firefighter's Pension Fund			
Contributions subsequent to measurement date	\$ 1,519,688	\$ -	N/A
Net difference between projected and actual earnings on investments	<u>-</u>	<u>55,000</u>	4 years
Total	<u><u>\$ 1,519,688</u></u>	<u><u>\$ 55,000</u></u>	
Policeman's Retirement Fund			
Contributions subsequent to measurement date	\$ 811,859	\$ -	N/A
Net difference between projected and actual earnings on investments	<u>-</u>	<u>113,566</u>	4 years
Total	<u><u>\$ 811,859</u></u>	<u><u>\$ 113,566</u></u>	

Actual investment earnings above (or below) projected earnings are amortized over 5 years. Changes due to assumptions and experience losses (gains) are amortized over the average remaining service period of actives and inactive (0 years of future service is assumed for inactive for this calculation).

The amounts of \$1,519,688 and \$811,859 reported as deferred outflows of resources related to pensions resulting from Metro Government contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year-ended June 30, 2016.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

17. Defined Benefit Pension Plans, continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Louisville Firefighters' Pension Fund	Policeman's Retirement Fund of the City of Louisville
Year ended June 30:		
2017	\$ 13,750	\$ 28,392
2018	13,750	28,392
2019	13,750	28,392
2020	13,750	28,392
	<u>55,000</u>	<u>113,568</u>

Pension & Benefit Trust Funds activity follows:

PENSION & BENEFIT TRUST FUNDS
For the Year Ended December 31, 2014

	Firefighters' Pension Trust	Policemen's Retirement Fund	Total Pension & Benefit Trust
ASSETS			
Cash and cash equivalents	\$ 318,788	\$ 669,843	\$ 988,631
Investments:			
Equity mutual funds	5,064,600	5,362,858	10,427,458
Bond mutual funds	1,288,799	-	1,288,799
Other investments	-	9,218	9,218
Accounts receivable and accrued interest	1,712,382	1,035,807	2,748,189
Total assets	<u>8,384,569</u>	<u>7,077,726</u>	<u>15,462,295</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to the measurement date			-
LIABILITIES			
Accounts payable and accrued liabilities	9,575	8,035	17,610
Health insurance reimbursement and accrued liabilities	374,881	103,932	478,813
Net pension liability			-
Total liabilities	<u>384,456</u>	<u>111,967</u>	<u>496,423</u>
DEFERRED INFLOWS OF RESOURCES			
Difference between expected and actual investment earnings on plan investments			-
NET POSITION			
Held in trust for pension benefits	<u>\$ 8,000,113</u>	<u>\$ 6,965,759</u>	<u>\$ 14,965,872</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

17. Defined Benefit Pension Plans, continued

PENSION & BENEFIT TRUST FUNDS
For the Year Ended December 31, 2014

	<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	\$ 3,066,759	\$ 1,723,816	\$ 4,790,575
Member	-	4,259	4,259
Total contributions	<u>3,066,759</u>	<u>1,728,075</u>	<u>4,794,834</u>
Investment earnings:			
Increase (decrease) in fair value of investments	(702,380)	103,686	(598,694)
Realized gains and losses	1,223,540	344,059	1,567,599
Interest and dividends	2,800	115,128	117,928
Total investment earnings	<u>523,960</u>	<u>562,873</u>	<u>1,086,833</u>
Investment expense	<u>(36,687)</u>	<u>(61,305)</u>	<u>(97,992)</u>
Net investment earnings	487,273	501,568	988,841
Other income	<u>698,902</u>	<u>740,166</u>	<u>1,439,068</u>
Total additions	<u>4,252,934</u>	<u>2,969,809</u>	<u>7,222,743</u>
DEDUCTIONS			
Benefit payments	2,869,171	2,253,181	5,122,352
Administration expense	267,636	250,165	517,801
Health insurance reimbursement	<u>577,002</u>	<u>410,766</u>	<u>987,768</u>
Total deductions	<u>3,713,809</u>	<u>2,914,112</u>	<u>6,627,921</u>
Net decrease in net position	539,125	55,697	594,822
Net position--beginning of the year	<u>7,460,988</u>	<u>6,910,062</u>	<u>14,371,050</u>
Net position--end of the year	<u>\$ 8,000,113</u>	<u>\$ 6,965,759</u>	<u>\$ 14,965,872</u>

18. Sale of Future Revenues

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 at a net book value of \$1,280,400.

During fiscal year 2013, 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 PARC. The garages were recorded on Metro Government's books at a net book value of approximately \$3,261,400.

In addition to the transfers of assets, there was intra-entity sale of revenues. The valuation of the sale of future revenues was based on the premise that Metro Government was a primary user of the parking facilities and Metro was committing to continued usage of the parking facilities over the remaining useful life of the assets. The value of the future revenues was estimated at \$11,148,200 with \$9,459,600 allocated to the parking lots and \$1,688,600 allocated the garages, which are reported as a deferred charge to be amortized over the duration of the transfer agreement. GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets*

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

18. Sale of Future Revenues, continued

and Future Revenues allows for a deferred inflow of resources for Metro Government and the deferred outflow for PARC that will be amortized over the life of the agreement. The remaining unamortized balance is \$10,059,611 at June 30, 2015.

19. Implementation of GASB Pronouncements

A. Accounting Pronouncements Adopted during the Fiscal Year ended June 30, 2015

The financial statements of Metro Government are prepared in conformity with the accounting principles general accepted in the United States of America as applied to government units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. During the current year, Metro Government adopted the following GASB pronouncements:

- Statement No. 68: *Accounting and Financial Reporting for Pensions*
- Statement No. 69: *Government Combinations and Disposals of Government Operations*
- Statement No. 71: *Pension Transition for Contributions Made Subsequent to the Measurement Date*

The impact of GASB Statement Nos. 68/71 has been disclosed and reported as a retroactive prior period adjustment. GASB Statement No. 69 did not have an impact on financial reporting at this time. 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.

- Statement No. 72: *Fair Value Measurement and Application (FY2016)*
- Statement No. 73: *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 (FY2016)*
- Statement No. 74: *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (FY2017)*
- Statement No. 75: *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (FY2018)*
- Statement No. 76: *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments (FY2016)*
- Statement No. 77: *Tax Abatement Disclosures (FY2017)*
- Statement No. 78: *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans (FY2017)*

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

20. Subsequent Events

A. Metro Government

On December 1, 2015, Metro Government issued \$52,660,000 of General Obligation Bonds, Series 2015A (Tax-Exempt) to finance the acquisition, construction and equipping of various public projects as described in the Metro Government 2015-16 Capital Project Budget. The Series 2015A bonds, issued at a premium, are payable in semi-annual principal installments ranging from \$970,000 to \$6,810,000 beginning June 1, 2016 at interest rates ranging from 3.125% to 5.00% over 20 years.

On December 1, 2015, Metro Government issued \$12,290,000 of General Obligation Bonds, Series 2015B (Taxable) to finance the funding of an affordable housing program for the benefit of residents of Louisville Metro. The Series 2015B bonds, issued at a discount, are payable in semi-annual principal installments ranging from \$170,000 to \$675,000 beginning June 1, 2016 at interest rates ranging from 3.0% to 4.125% over 30 years. On December 17, 2015, Metro Government issued \$86,480,000 of General Obligation Bonds, Series 2015A BAN Omni Hotel (Non-taxable) to finance a grant issued to Omni Louisville, LLC to facilitate the development of the Center City Project, consisting of the construction of a 600-room hotel, 225 rental apartment units, a grocery, retail, and public infrastructure and amenities to be located in the central business district. The Series 2015A BAN bonds, issued at a premium, have a principal payment of \$86,480,000 on December 1, 2016. The remaining payments are payable in semi-annual principal installments ranging from \$20,000 to \$2,470,000 beginning December 1, 2018 at interest rates ranging from 1.4% to 4.35% over 30 years.

On December 17, 2015, Metro Government issued \$22,640,000 of General Obligation Bonds, Series 2015B Omni Hotel (Taxable) to finance a grant issued to Omni Louisville, LLC. The Series 2015B bonds, issued at a discount, are payable in semi-annual principal installments ranging from \$20,000 to \$2,470,000 beginning December 1, 2018 at interest rates ranging from 1.4% to 4.35% over 30 years.

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

B. Component Units

i. Louisville and Jefferson County Metropolitan Sewer District

On July 27, 2015, the Board unanimously approved an employment agreement with Mr. James Parrott to serve as Executive Director of the District effective September 14, 2015 through September 13, 2018. Mr. Parrott replaces Greg Heitzman, who retired effective September 30, 2015. Mr. Chad Collier and Ms. Angela Akridge similarly have employment agreements, each effective through September 30, 2016.

On August 1, 2015, MSD's rates for wastewater and stormwater charges increased by 5.8%.

In October 2015, MSD issued \$175,000,000 of Revenue Bonds (Series 2015A) to fund capital projects and also issue \$81,750,000 of Revenue Refunding Bonds (Series

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

20. Subsequent Events, continued

2015B) with a \$6,600,000 bond premium to refund in advance of maturity the outstanding principal amount of the Series 2006A Bonds maturing on or after May 15, 2017.

In November 2015, MSD issued \$226,340,000 of Bond Anticipation Notes to refinance the 2014A Bond Anticipation Notes.

REQUIRED SUPPLEMENTARY INFORMATION

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (GENERAL FUND)
BUDGET AND ACTUAL ON BASIS OF BUDGETING
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - GAAP Basis</u>	<u>Reconciliation of Basis Difference</u>	<u>Actual Amounts - Budgetary Basis</u>
REVENUES					
Property taxes	\$ 141,710,000	\$ 141,710,000	\$ 145,930,479	\$ (381,928)	\$ 145,548,551
Occupational taxes	328,510,000	328,510,000	363,247,789	(6,516,237)	356,731,552
Licenses and permits	15,445,100	15,445,100	17,414,628	441,831	17,856,459
Intergovernmental	28,158,600	28,223,682	28,049,380	39,272	28,088,652
Charges for services	63,213,700	65,760,658	65,189,764	(3,944,945)	61,244,819
Fees and fines	5,019,700	5,019,700	4,933,388	117,261	5,050,649
Investment income	180,000	180,000	100,392	-	100,392
Dividends	20,390,000	20,390,000	20,768,549	-	20,768,549
Donations	5,164,700	5,242,738	2,662,724	(234,131)	2,428,593
Miscellaneous	897,800	747,800	416,838	68,218	485,056
Total revenues	<u>608,689,600</u>	<u>611,229,678</u>	<u>648,713,931</u>	<u>(10,410,659)</u>	<u>638,303,272</u>
EXPENDITURES					
Current operating:					
General Government:					
Metro Council	7,771,100	6,190,777	5,796,737	35,194	5,831,931
Mayor's Office	2,241,800	2,241,800	2,335,477	8,894	2,344,371
County Attorney	7,705,400	7,705,400	7,630,085	45,635	7,675,720
Other Elected Officials	10,549,000	10,549,000	10,730,164	-	10,730,164
Fire	52,305,300	52,294,500	51,979,379	127,187	52,106,566
Emergency Medical Services	26,186,600	26,186,600	24,826,063	195,638	25,021,701
Emergency Management/MetroSafe	14,608,600	14,608,600	14,451,608	20,847	14,472,455
Corrections	54,076,000	54,076,000	51,887,592	1,053,543	52,941,135
Youth Detention Services	9,500,900	9,500,900	9,580,228	58,567	9,638,795
Metro Animal Services	3,905,900	3,593,450	3,568,264	17,642	3,585,906
Criminal Justice Commission	318,800	318,800	313,286	185	313,471
Firefighters' Pension Fund	4,070,800	4,070,800	4,059,750	-	4,059,750
Policemen's Retirement Fund	2,586,600	2,586,600	2,548,386	-	2,548,386
Police	170,811,200	170,796,028	164,752,517	513,785	165,266,302
Economic Growth & Innovation	12,999,800	11,631,294	10,014,607	338,633	10,353,240
Develop Louisville	10,144,300	9,565,489	9,455,983	-	9,455,983
Air Pollution Control	3,525,600	3,570,600	2,829,462	19,312	2,848,774
Codes & Regulations	5,391,100	5,394,714	5,015,237	9,892	5,025,129
Parks & Recreation	26,467,000	27,360,119	26,023,184	524,109	26,547,293
Community Services & Revitalization	8,498,100	8,836,377	8,562,578	53,729	8,616,307
Public Health & Wellness	14,812,400	14,728,613	14,237,364	479,677	14,717,041
Public Works & Assets	37,845,200	38,394,565	26,904,435	1,677,885	28,582,320
Information Technology	12,181,200	12,185,048	11,601,162	556,384	12,157,546
Office of Management & Budget	55,491,900	56,544,279	63,365,944	1,659,758	65,025,702
Office of Performance Improvement	1,061,300	1,061,300	1,046,071	55,077	1,101,148
Human Resources	3,922,400	3,922,400	3,683,193	-	3,683,193
Human Relations Commission	689,200	689,700	677,843	33,977	711,820
Louisville Free Public Library	17,228,700	16,956,416	17,061,090	240,070	17,301,160
Louisville Zoological Gardens	15,105,500	14,259,800	13,608,793	488,472	14,097,265
Internal Audit	639,000	639,000	591,408	176	591,584
Debt service principal	5,451,000	5,451,000	1,617,735	25,440	1,643,175
Debt service interest and other charges	8,686,800	8,686,800	153,230	-	153,230
Total expenditures	<u>606,778,500</u>	<u>604,596,769</u>	<u>570,908,855</u>	<u>8,239,708</u>	<u>579,148,563</u>
Excess (deficiency) of revenues over expenditures	<u>1,911,100</u>	<u>6,632,909</u>	<u>77,805,076</u>	<u>(18,650,367)</u>	<u>59,154,709</u>
OTHER FINANCING SOURCES (USES)					
Transfers in			2,557,520		2,557,520
Transfers out			(66,878,193)		(66,878,193)
Total other financing sources and uses			<u>(64,320,673)</u>		<u>(64,320,673)</u>
Net change in fund balances			13,484,403		(5,165,964)
Fund balances--beginning			78,512,448		78,512,448
Fund balances--ending			<u>\$ 91,996,851</u>		<u>\$ 73,346,484</u>

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

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 REQUIRED SUPPLEMENTARY INFORMATION - CERS PENSION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 June 30, 2015**

Metro Government's proportionate share of the net pension liability	\$ 523,687,000
Metro Government's proportion of the net pension liability	
Non-Hazardous	5.89%
Hazardous	27.67%
Covered-employee payroll	277,606,379
Metro Government's share of the net pension liability as a percentage of its covered-employee payroll	188.64%
Total Plan fiduciary net position as a percentage of the total pension liability	51.61%

Note 1: This schedule is presented to illustrate the requirement to show information for 10-years. However, until a full 10 year trend is compiled, Metro Government is presenting information for those years for which information is available.

Note 2: The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION - CERS PENSION
SCHEDULE OF CONTRIBUTIONS
June 30, 2015**

Contractually required contribution	\$ 48,095,460
Contributions in relation to the contractually required contribution	<u>(48,095,460)</u>
Contribution deficiency (excess)	<u>-</u>
Covered-employee payroll	279,213,055
Contributions as a percentage of covered-employee payroll	17.23%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, Metro Government is presenting information for those years for which information is available.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION - SINGLE EMPLOYER PENSIONS
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
June 30, 2015**

	Louisville Firefighters' Pension Fund	Policeman's Retirement Fund of the City of Louisville
Total Pension Liability		
Total Pension Liability - January 1, 2014	\$ 24,630,219	\$ 18,472,218
Changes for the year:		
Interest cost	1,731,650	1,293,881
Differences between expected and actual experience	(166,665)	(43,156)
Changes of assumptions	785,839	829,265
Benefit payments	(2,845,950)	(2,253,179)
Total Pension Liability - December 31, 2014	24,135,093	18,299,029
 Plan Fiduciary Net Position		
Plan Fiduciary Net Position - January 1, 2014	8,688,396	7,457,171
Changes for the year:		
Contributions - employer	3,143,954	1,896,693
Net investment income	518,709	561,918
Benefit payments/refunds	(2,845,950)	(2,253,179)
Administrative expenses	-	(1,145)
Other charges	-	342
Plan Fiduciary Net Position - December 31, 2014	9,505,109	7,661,800
Net Pension Liability - December 31, 2014	\$ 14,629,984	\$ 10,637,229

Note 1: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, Metro Government is presenting information for those years for which information is available.

Note 2: The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 REQUIRED SUPPLEMENTARY INFORMATION - SINGLE EMPLOYER PENSIONS
 SCHEDULE OF CONTRIBUTIONS
 June 30, 2015**

Actuarially determined contribution	\$ 3,143,954	\$ 1,896,693
Contribution in relation to the actuarially determined contribtuions	<u>(3,143,954)</u>	<u>(1,896,693)</u>
Contribution deficiency (excess) covered employee payroll	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ -	\$ 60,590
Contributions as a % of employee covered payroll	0%	3130.37%

Note: This schedule is presented to illustrate the requiriement to show information for 10 years. However, until a full 10 year trend is compiled, Metro Government is presenting information for those years for which information is available.

**OTHER SUPPLEMENTARY INFORMATION -
COMBINING FINANCIAL STATEMENTS**

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015**

	<u>Debt Service Funds</u>		<u>Capital Projects Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>General Obligation</u>	<u>Capital Projects Corporation</u>	<u>Special Purpose Fund</u>	<u>Public Properties Corporation</u>	<u>Capital Projects Corporation</u>	
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 4,013,298	\$ 1,268,771	\$ -	\$ 5,282,069
Investments	-	-	2,605,420	823,681	-	3,429,101
Due from other funds	140,761	-	-	-	-	140,761
Restricted assets:						
Cash and cash equivalents	2,264,092	2,506	-	-	661	2,267,259
Total assets	<u>2,404,853</u>	<u>2,506</u>	<u>6,618,718</u>	<u>2,092,452</u>	<u>661</u>	<u>11,119,190</u>
LIABILITIES						
Accounts payable	-	-	472,367	-	-	472,367
Matured bonds payable	140,761	-	-	-	-	140,761
Total liabilities	<u>140,761</u>	<u>-</u>	<u>472,367</u>	<u>-</u>	<u>-</u>	<u>613,128</u>
FUND BALANCES						
Restricted for:						
Debt service	2,264,092	-	-	-	-	2,264,092
Committed for:						
Capital projects	-	2,506	-	-	-	2,506
Assigned to:						
Capital projects	-	-	6,146,351	2,092,452	661	8,239,464
Total fund balances	<u>2,264,092</u>	<u>2,506</u>	<u>6,146,351</u>	<u>2,092,452</u>	<u>661</u>	<u>10,506,062</u>
Total liabilities and fund balances	<u>\$ 2,404,853</u>	<u>\$ 2,506</u>	<u>\$ 6,618,718</u>	<u>\$ 2,092,452</u>	<u>\$ 661</u>	<u>\$ 11,119,190</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, 2015**

	<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	\$ 1,763,262	\$ 4,393,473	\$ 2,244,254	\$ -	\$ -	\$ 8,400,989
Charges for services	-	-	36,434	-	-	36,434
Investment income	269	-	11,209	-	-	11,478
Total revenues	<u>1,763,531</u>	<u>4,393,473</u>	<u>2,291,897</u>	<u>-</u>	<u>-</u>	<u>8,448,901</u>
EXPENDITURES						
Current:						
Miscellaneous	-	2,500	-	-	-	2,500
Debt service:						
Principal	33,148,906	9,430,000	-	-	-	42,578,906
Interest and other charges	10,780,435	1,910,579	-	-	-	12,691,014
Capital outlay	-	-	2,048,061	-	-	2,048,061
Total expenditures	<u>43,929,341</u>	<u>11,343,079</u>	<u>2,048,061</u>	<u>-</u>	<u>-</u>	<u>57,320,481</u>
Deficiency of revenues under expenditures	<u>(42,165,810)</u>	<u>(6,949,606)</u>	<u>243,836</u>	<u>-</u>	<u>-</u>	<u>(48,871,580)</u>
OTHER FINANCING SOURCES (USES)						
Issuance of refunding bonds, par	19,650,000	-	-	-	-	19,650,000
Issuance of refunding bonds, premium	2,085,609	-	-	-	-	2,085,609
Payments to bond refunding escrow agents	(21,517,816)	-	-	-	-	(21,517,816)
Note revenue	-	-	-	-	149,940	149,940
Transfers in	42,340,450	6,949,612	599,356	-	-	49,889,418
Transfers out	-	-	(661,000)	-	(149,940)	(810,940)
Total other financing sources (uses)	<u>42,558,243</u>	<u>6,949,612</u>	<u>(61,644)</u>	<u>-</u>	<u>-</u>	<u>49,446,211</u>
Net change in fund balances	392,433	6	182,192	-	-	574,631
Fund balances--beginning	<u>1,871,659</u>	<u>2,500</u>	<u>5,964,159</u>	<u>2,092,452</u>	<u>661</u>	<u>9,931,431</u>
Fund balances--ending	<u>\$ 2,264,092</u>	<u>\$ 2,506</u>	<u>\$ 6,146,351</u>	<u>\$ 2,092,452</u>	<u>\$ 661</u>	<u>\$ 10,506,062</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2015

	Insurance and Risk Management Fund	Louisville Jefferson Co. Metro Revenue Commission	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 16,853,250	\$ 69,972,124	\$ 86,825,374
Investments	10,941,078	-	10,941,078
Accounts receivable	555,162	-	555,162
Deposits with paying agents	75,000	-	75,000
Total current assets	<u>28,424,490</u>	<u>69,972,124</u>	<u>98,396,614</u>
Capital assets:			
Furniture and equipment, net	-	201,417	201,417
Total capital assets	<u>-</u>	<u>201,417</u>	<u>201,417</u>
Total assets	<u>28,424,490</u>	<u>70,173,541</u>	<u>98,598,031</u>
LIABILITIES			
Current liabilities:			
Accounts payable	564,834	1,607,648	2,172,482
Refunds payable	-	4,114,821	4,114,821
Claims and judgments	17,801,332	-	17,801,332
Accounts payable to related parties, Louisville Metro Government	-	466,129	466,129
Due to other funds	-	60,363,268	60,363,268
Total current liabilities	<u>18,366,166</u>	<u>66,551,866</u>	<u>84,918,032</u>
Noncurrent liabilities:			
Claims and judgments	17,100,177	-	17,100,177
Total noncurrent liabilities	<u>17,100,177</u>	<u>-</u>	<u>17,100,177</u>
Total liabilities	<u>35,466,343</u>	<u>66,551,866</u>	<u>102,018,209</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred tax credit receipts	-	3,549,717	3,549,717
Total deferred inflows of resources	<u>-</u>	<u>3,549,717</u>	<u>3,549,717</u>
NET POSITION			
Net investment in capital assets	-	201,417	201,417
Restricted	1,169,667	-	1,169,667
Unrestricted	(8,211,520)	(129,459)	(8,340,979)
Total net position	<u>\$ (7,041,853)</u>	<u>\$ 71,958</u>	<u>\$ (6,969,895)</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2015

	Insurance and Risk Management Fund	Louisville Jefferson Co. Metro Revenue Commission	Total
OPERATING REVENUES:			
Collection, investment and other fees	\$ 54,554,774	\$ 5,639,766	\$60,194,540
Insurance income	7,122,518	-	7,122,518
Total operating revenues	<u>61,677,292</u>	<u>5,639,766</u>	<u>67,317,058</u>
OPERATING EXPENSES:			
Professional services	251,815	4,839,271	5,091,086
Contractual services	41,560	318,311	359,871
Repairs and maintenance	-	42,788	42,788
Other supplies and expenses	15,270	437,555	452,825
Insurance claims, settlements and losses	67,272,539	-	67,272,539
Insurance premiums	2,330,687	-	2,330,687
Depreciation	-	45,120	45,120
Total operating expenses	<u>69,911,871</u>	<u>5,683,045</u>	<u>75,594,916</u>
Operating loss	<u>(8,234,579)</u>	<u>(43,279)</u>	<u>(8,277,858)</u>
NONOPERATING REVENUES:			
Investment income	81,695	-	81,695
Total nonoperating revenues	<u>81,695</u>	<u>-</u>	<u>81,695</u>
Net loss before transfers	(8,152,884)	(43,279)	(8,196,163)
Transfers in	9,154,769	-	9,154,769
Transfers out	-	-	-
Change in net position	1,001,885	(43,279)	958,606
Total net position--beginning	<u>(8,043,738)</u>	<u>115,237</u>	<u>(7,928,501)</u>
Total net position--ending	<u>\$ (7,041,853)</u>	<u>\$ 71,958</u>	<u>\$ (6,969,895)</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2015

	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	\$ -	\$ 5,639,766	\$ 5,639,766
Insurance income	61,655,582	-	61,655,582
Payments to employees	(251,815)	(3,552,121)	(3,803,936)
Payments to suppliers	(8,501)	(2,060,517)	(2,069,018)
Contractual services	3,468	-	3,468
Claims paid	(64,640,615)	-	(64,640,615)
Insurance premiums paid	(2,330,687)	-	(2,330,687)
Increase in cash collected for others	-	4,447,562	4,447,562
Other payments	(6,769)	-	(6,769)
Net cash provided/(used) by operating activities	<u>(5,579,337)</u>	<u>4,474,690</u>	<u>(1,104,647)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers from other funds	9,154,769	-	9,154,769
Net cash provided by noncapital financing activities	<u>9,154,769</u>	<u>-</u>	<u>9,154,769</u>
CASH FLOWS FROM CAPITAL ACTIVITIES:			
Acquisition and construction of capital assets	-	(11,161)	(11,161)
Net cash used in capital activities	<u>-</u>	<u>(11,161)</u>	<u>(11,161)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Change in investment pool participation	1,071,533	-	1,071,533
Investment income	81,695	-	81,695
Net cash provided by investing activities	<u>1,153,228</u>	<u>-</u>	<u>1,153,228</u>
Net increase (decrease) in cash and cash equivalents	4,728,660	4,463,529	9,192,189
Cash and cash equivalents, beginning of the year	12,124,589	65,508,595	77,633,184
Cash and cash equivalents, end of the year	<u>\$ 16,853,249</u>	<u>\$ 69,972,124</u>	<u>\$ 86,825,373</u>
Reconciliation of Operating Loss to Net Cash Provided/(Used) By Operating Activities			
Operating gain/(loss)	\$ (8,234,579)	\$ (43,279)	\$ (8,277,858)
Adjustments to reconcile operating loss to net cash provided /(used) by operating activities:			
Depreciation expense	-	45,120	45,120
Increase (decrease) in cash due to changes in assets and liabilities:			
Accounts receivable	(21,710)	-	(21,710)
Prepaid expenses	1,778,396	-	1,778,396
Accounts and other payables	(1,481,961)	(2,791,698)	(4,273,659)
Liability for incurred claims	2,380,517	-	2,380,517
Due to other funds and governmental agencies	-	8,506,824	8,506,824
Deferred inflows of resources	-	(1,242,277)	(1,242,277)
Net cash provided/(used) by operating activities	<u>\$ (5,579,337)</u>	<u>\$ 4,474,690</u>	<u>\$ (1,104,647)</u>

During fiscal year 2015, 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, 2015

	<u>Mass Transit</u>	<u>Escrow and Deposit</u>	<u>Revenue Commission</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 1,995,021	\$ 8,210,332	\$ -	\$ 10,205,353
Investments	100,000	4	-	100,004
Interest receivable	28	-	-	28
Due from other funds	4,934,973	545,502	17,791,042	23,271,517
Due from other governmental agencies	3,685,865	-	-	3,685,865
	<u>10,715,887</u>	<u>8,755,838</u>	<u>17,791,042</u>	<u>37,262,767</u>
LIABILITIES				
Accounts payable	-	64	-	64
Due to other governmental agencies	10,715,887	41,989	17,791,042	28,548,918
Refundable deposits	-	8,713,785	-	8,713,785
	<u>\$ 10,715,887</u>	<u>\$ 8,755,838</u>	<u>\$ 17,791,042</u>	<u>\$ 37,262,767</u>

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

For the fiscal year ended June 30, 2015

Mass Transit

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
ASSETS				
Cash and cash equivalents	\$ 3,133,081	\$ 19,120,714	\$ 20,258,774	\$ 1,995,021
Investments	100,000	-	-	100,000
Interest receivable	16	28	16	28
Due from other funds	4,437,419	4,934,973	4,437,419	4,934,973
Due from other governmental agencies	7,400,627	3,685,865	7,400,627	3,685,865
Total assets	<u>15,071,143</u>	<u>27,741,580</u>	<u>32,096,836</u>	<u>10,715,887</u>
LIABILITIES				
Due to other governmental agencies	15,071,143	49,792,037	54,147,293	10,715,887
Total liabilities	<u>\$ 15,071,143</u>	<u>\$ 49,792,037</u>	<u>\$ 54,147,293</u>	<u>\$ 10,715,887</u>

Escrow and Deposit

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
ASSETS				
Cash and cash equivalents	\$ 7,560,323	\$ 25,500,997	\$ 24,850,988	\$ 8,210,332
Investments	1,499,902	49	1,499,947	4
Due from other funds	114	545,388		545,502
Total assets	<u>9,060,339</u>	<u>26,046,434</u>	<u>26,350,935</u>	<u>8,755,838</u>
LIABILITIES				
Notes payable	1,500,000		1,500,000	-
Accounts payable	15	49		64
Due to other governmental agencies	83,853		41,864	41,989
Refundable deposits	7,476,471	11,782,889	10,545,575	8,713,785
Total liabilities	<u>\$ 9,060,339</u>	<u>\$ 11,782,938</u>	<u>\$ 12,087,439</u>	<u>\$ 8,755,838</u>

Revenue Commission

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
ASSETS				
Due from other funds	\$ 16,185,919	\$ 170,538,940	\$ 168,933,817	\$ 17,791,042
Total assets	<u>16,185,919</u>	<u>170,538,940</u>	<u>168,933,817</u>	<u>17,791,042</u>
LIABILITIES				
Due to other governmental agencies	16,185,919	170,538,940	168,933,817	17,791,042
Total liabilities	<u>\$ 16,185,919</u>	<u>\$ 170,538,940</u>	<u>\$ 168,933,817</u>	<u>\$ 17,791,042</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.

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Financial Trends 122-125

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..... 126-132

These schedules contain information to help the reader assess Metro Government’s most significant local revenue sources: Occupational and Property taxes.

Debt Capacity 133-137

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 138-139

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 140-144

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

	2006	2007	2008	Last Ten Fiscal Years		2010	2011	2012	2013	2014	2015
				2009							(4)
Primary Government/Governmental Activities:											
Net investment in capital assets	\$ 583,508,245	\$ 574,279,092	\$ 556,217,633	\$ 752,726,047	\$ 562,313,226	\$ 564,365,332	\$ 561,495,114	\$ 605,614,641	\$ 592,136,882	\$ 613,703,722	
Restricted	40,159,453	48,854,645	62,193,363	63,000,419	110,554,680	117,847,207	105,432,176	114,534,971	102,447,018	108,156,832	
Unrestricted	(8,134,837)	(1,167,710)	(13,411,709)	(219,649,735)	(77,056,948)	(68,207,245)	(73,702,597)	612,809,973	673,254,749	154,810,977	
Total Primary Government/Governmental Activities Net Position	<u>\$ 615,532,861</u>	<u>\$ 621,966,027</u>	<u>\$ 604,999,287</u>	<u>\$ 596,076,731</u>	<u>\$ 595,810,958</u>	<u>\$ 614,005,294</u>	<u>\$ 593,224,693</u>	<u>\$ 1,332,959,585</u>	<u>\$ 1,367,838,649</u>	<u>\$ 876,671,531</u>	
Primary Government/Governmental Activities:											
Expenses (1)											
General Government	\$ 25,623,205	\$ 27,142,783	\$ 27,463,380	\$ 25,757,030	\$ 26,038,922	\$ 24,642,512	\$ 24,356,217	\$ 25,551,288	\$ 24,959,340	\$ 27,667,424	
Public Protection	152,742,063	156,867,814	168,125,697	166,736,527	179,177,567	165,249,244	180,560,832	173,165,530	178,457,835	185,695,917	
Police	132,793,664	135,962,267	140,438,253	147,980,259	154,758,199	146,109,848	149,203,869	154,390,579	166,543,751	174,573,333	
Develop Louisville	-	-	-	-	-	-	-	-	-	17,355,055	
Economic Development	26,276,189	30,710,291	25,275,680	39,617,092	41,026,189	46,807,358	40,714,536	39,022,221	36,586,292	21,210,884	
Codes & Regulations	8,847,046	8,640,257	11,289,044	12,220,294	11,363,294	10,260,304	10,162,793	13,203,773	12,689,355	6,755,777	
Parks & Recreation	25,479,670	25,515,919	25,131,824	24,615,331	31,235,451	27,335,066	34,427,841	32,020,006	35,381,854	36,768,286	
Community Services & Revitalization	33,146,828	30,304,444	28,844,976	29,871,809	40,596,137	48,008,957	37,987,193	38,238,990	33,276,562	33,455,039	
Public Health & Wellness	38,607,238	38,132,320	26,795,986	25,066,813	27,846,578	26,097,549	37,286,740	30,902,897	29,051,919	25,589,495	
Neighborhoods (2)	7,202,084	7,068,336	8,194,903	6,878,355	-	-	-	-	-	-	
Public Works & Assets	128,850,571	127,157,541	130,173,516	117,838,351	121,630,180	115,037,984	121,557,241	107,057,482	97,489,191	71,092,808	
Information Technology	9,543,827	10,111,462	11,858,166	12,428,088	11,113,289	10,284,427	11,410,236	12,111,989	12,049,036	12,671,624	
Office of Management & Budget	13,048,462	13,789,994	24,813,303	23,929,387	25,184,029	30,926,357	25,968,370	28,750,138	28,003,568	66,090,396	
Office of Performance Improvement	-	-	-	-	-	-	-	-	786,196	1,086,780	
Human Resources	4,452,275	4,176,072	4,521,110	4,492,419	4,238,428	3,643,413	3,683,658	4,029,030	3,838,145	3,826,529	
Related Agencies	48,141,028	48,736,693	53,572,010	41,302,782	41,933,564	38,706,100	35,595,222	34,884,831	35,710,144	36,812,637	
Interest expense	16,302,423	17,214,454	14,425,027	19,424,674	19,405,824	19,397,158	17,886,190	16,133,319	14,433,550	12,577,236	
Total Expenses	671,056,573	681,530,647	700,922,875	698,159,211	735,547,651	712,506,277	730,800,938	709,462,073	709,256,738	733,229,220	
Program Revenues:											
Charges for Services:											
Emergency Medical Services	9,610,942	12,087,525	11,621,333	13,431,725	14,188,669	14,857,817	15,827,599	14,875,428	15,016,285	17,397,699	
Codes & Regulation	12,963,317	13,954,629	14,215,180	13,126,794	11,366,206	11,476,715	12,240,045	13,714,006	15,050,262	19,817,678	
Louisville Zoological Gardens	7,503,751	8,224,299	8,667,497	8,519,092	8,696,270	9,337,769	14,347,717	9,674,461	10,055,819	10,048,797	
Economic Growth & Innovation	7,893,128	9,007,348	10,082,408	8,080,332	20,095,174	12,377,407	11,837,685	5,766,022	4,965,184	2,425,472	
Other	31,781,000	40,182,710	33,471,796	32,930,586	39,842,923	65,108,525	34,959,342	39,137,833	39,752,384	44,472,266	
Total Charges for Services	69,752,138	83,456,511	78,058,214	76,088,529	94,189,242	113,158,233	89,212,388	83,167,750	84,839,934	94,161,912	
Operating Grants and Contributions	72,212,271	73,451,393	82,810,321	99,301,526	101,747,787	92,108,638	99,653,680	94,956,266	89,354,359	65,469,606	
Capital grants and Contributions	56,127,486	42,118,743	31,815,335	37,242,327	55,753,672	47,352,771	30,007,843	30,619,786	18,032,712	40,427,419	
Total Primary Government Program Revenues	198,091,895	199,026,647	192,683,870	212,632,382	251,690,701	252,619,642	218,873,911	208,743,802	192,227,005	200,058,937	
Net (Expense) Revenue	(472,964,678)	(482,504,000)	(508,239,005)	(485,526,829)	(483,856,950)	(459,886,635)	(511,927,027)	(500,718,271)	(517,029,733)	(533,170,283)	
General Revenues:											
Taxes											
Property taxes, levied for general purposes	120,750,897	126,741,678	133,966,466	134,091,146	144,034,671	135,553,293	134,925,775	146,224,312	140,252,274	145,215,158	
Occupational taxes	285,559,281	307,856,301	309,491,515	301,344,426	292,400,027	304,470,948	311,921,717	332,642,106	342,160,707	363,247,789	
Investment income	5,251,143	9,189,326	8,413,117	3,950,500	1,812,116	1,855,714	803,261	317,716	866,649	446,799	
Gain on equity interest in LWC	-	-	-	-	-	-	-	27,767,655	27,368,502	30,927,799	
Dividends	17,715,564	14,625,718	18,531,912	17,288,555	18,148,381	18,232,699	18,873,435	18,931,347	20,055,060	20,768,549	
Other intergovernmental revenue	12,764,992	13,591,805	11,419,069	11,291,887	5,141,872	13,499,503	14,409,201	13,466,456	13,961,702	13,694,877	
Amortization of intra-entity transfer	-	-	-	-	-	-	-	-	-	532,020	
Fees and fines	2,676,570	-	-	-	-	-	-	-	-	-	
Gain on sale of assets	1,156,848	1,047,399	2,626,001	1,622,208	32,174	323,156	34,705	4,861,434	3,994,793	11,001	
Other taxes	319,388	271,059	209,376	269,634	7,679,701	3,480,660	984,143	309,135	299,836	355,117	
Rental receipts (3)	395,634	1,256,226	1,832,428	1,950,901	5,284,108	-	-	-	-	-	
Miscellaneous	4,464,605	3,982,753	4,782,381	4,795,016	8,995,989	4,635,565	9,194,189	1,960,028	2,417,254	1,398,184	
Total General Revenues	451,054,922	478,562,265	491,272,265	476,604,273	483,529,039	481,381,538	491,146,426	546,480,189	551,908,797	576,597,292	
Change in Net Position	(21,909,756)	(3,941,735)	(16,966,740)	(8,922,556)	(327,911)	21,494,903	(20,780,601)	45,761,918	34,879,064	43,427,009	
Net Position - beginning, restated	636,998,745	615,532,861	621,966,027	604,999,287	596,076,731	595,810,958	614,005,294	1,287,197,667	1,332,959,585	833,244,522	
Increase due to acquired agency	443,872	-	-	-	-	-	-	-	-	-	
Prior period adjustment	-	10,374,901	-	-	62,138	(3,300,567)	-	-	-	-	
Net Position - ending	<u>\$ 615,532,861</u>	<u>\$ 621,966,027</u>	<u>\$ 604,999,287</u>	<u>\$ 596,076,731</u>	<u>\$ 595,810,958</u>	<u>\$ 614,005,294</u>	<u>\$ 593,224,693</u>	<u>\$ 1,332,959,585</u>	<u>\$ 1,367,838,649</u>	<u>\$ 876,671,531</u>	

- (1) Amounts reported for fiscal years 2003 - 2007 have been restated to conform with current year presentation.
- (2) During fiscal year 2010, Neighborhoods was disbanded and its divisions were moved to Parks & Recreation.
- (3) Rental receipts were reclassified into program income.
- (4) The July 1, 2014 balance was adjusted by prior period adjustment related to GASB Statement No. 68 and 71. Prior years have not been revised

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009 (1)</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund										
Reserved	\$ 5,493,394	\$ 6,931,347	\$ 3,469,429							
Unreserved	95,386,671	97,232,552	84,397,148							
Nonspendable				3,787,983	\$ 2,429,896	\$ 2,152,746	\$ 2,201,362	\$ 2,234,245	\$ 1,827,935	\$ 1,383,067
Committed				6,499,730	7,006,904	8,398,077	5,516,769	12,145,968	9,121,441	7,208,401
Assigned				5,390,322	4,776,333	3,237,648	4,782,910	-	5,075,503	17,324,373
Unassigned				65,407,107	65,413,735	61,481,800	62,427,431	60,993,761	62,487,554	66,081,010
Total General Fund	<u>\$ 100,880,065</u>	<u>\$ 104,163,899</u>	<u>\$ 87,866,577</u>	<u>\$ 81,085,142</u>	<u>\$ 79,626,868</u>	<u>\$ 75,270,271</u>	<u>\$ 74,928,472</u>	<u>\$ 75,373,974</u>	<u>\$ 78,512,433</u>	<u>\$ 91,996,851</u>
All Other Governmental Funds										
Reserved	\$ 32,587,646	\$ 37,478,627	\$ 53,123,245							
Unreserved, reported in:										
Special Revenue Fund	3,498,142	-	(5,723,981)							
Capital Projects Fund	48,926,550	55,858,957	40,137,381							
Other Nonmajor Governmental Funds	18,559,011	23,093,360	23,957,871							
Nonspendable				12,649,445	\$ 21,915,616	\$ 30,601,612	\$ 31,876,842	\$ 42,194,182	\$ 36,686,860	\$ 35,403,863
Restricted										
Debt service reserve				24,645	640,728	702,588	1,188,444	1,549,007	1,874,159	2,264,092
Other capital projects				7,720,089	44,510,631	33,149,813	22,193,090	16,471,248	22,212,134	29,694,105
Committed				-	19,358,238	13,420,935	14,477,155	18,712,355	16,462,358	13,686,363
Assigned										
Capital projects				63,806,231	55,475,794	56,415,646	43,955,089	49,828,395	30,660,936	29,690,390
Grant programs				6,269,161	-	1,695,405	1,317,853	-	-	-
Unassigned				-	(9,326,830)	-	-	-	-	-
Total all other Governmental Funds	<u>\$ 103,571,349</u>	<u>\$ 116,430,944</u>	<u>\$ 111,494,516</u>	<u>\$ 90,469,571</u>	<u>\$ 132,574,177</u>	<u>\$ 135,985,999</u>	<u>\$ 115,008,473</u>	<u>\$ 128,755,187</u>	<u>\$ 107,896,447</u>	<u>\$ 110,738,813</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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES										
Property taxes	\$ 121,338,886	\$ 127,919,524	\$ 134,259,325	\$ 133,501,705	\$ 141,716,498	\$ 138,778,419	\$ 135,292,983	\$ 146,395,352	\$ 140,114,870	\$ 145,930,479
Occupational taxes	285,559,281	307,856,301	309,491,515	301,344,426	292,400,027	304,470,948	311,921,717	332,642,106	342,160,707	363,247,789
Licenses and permits	11,457,731	11,811,402	11,600,220	10,521,865	11,057,738	11,368,388	11,605,120	11,310,699	12,751,256	17,501,754
Intergovernmental	133,762,762	122,899,040	123,701,933	140,964,634	164,305,785	155,184,610	143,345,773	135,815,730	121,489,356	116,222,595
Charges for services	54,494,156	68,620,013	65,046,880	65,033,024	75,707,838	87,881,294	75,011,225	68,797,114	62,197,666	70,985,287
Fees and fines	2,438,607	3,395,450	1,491,118	2,473,251	2,216,160	3,198,045	3,343,794	4,109,364	4,594,366	4,933,455
Investment income	5,251,143	9,189,326	8,413,117	3,950,500	1,812,116	1,185,714	803,261	317,716	866,649	446,799
Dividends	17,715,564	14,625,718	18,531,912	17,288,555	18,148,381	18,232,699	18,873,435	18,931,347	20,055,060	20,768,549
Donations	11,728,614	7,736,520	4,755,423	6,029,542	10,462,409	10,092,130	5,149,786	6,420,941	5,455,900	4,465,835
Miscellaneous	4,831,279	3,667,409	4,332,278	4,443,665	9,825,235	4,398,396	9,232,820	1,964,512	2,267,202	828,470
Total revenues	648,578,023	677,720,703	681,623,721	685,551,167	727,652,187	734,790,643	714,579,914	726,704,881	711,953,032	745,331,012
EXPENDITURES (1)										
General Government	22,981,366	24,679,207	25,525,729	23,478,816	23,437,183	24,666,853	24,090,917	24,326,121	24,505,744	26,623,663
Public Protection	137,404,977	142,118,284	155,794,072	153,421,244	158,587,753	161,712,743	164,487,923	167,301,188	169,421,490	169,852,405
Police	120,413,360	125,522,471	131,670,127	137,290,564	138,444,511	145,142,734	146,384,294	145,861,874	162,414,323	166,916,128
Develop Louisville	-	-	-	-	-	-	-	-	-	16,704,960
Economic Growth & Innovation	22,091,209	26,620,960	21,911,769	34,880,087	34,809,826	45,274,868	38,142,444	35,307,818	32,577,093	18,388,191
Codes & Regulations	8,058,948	7,998,515	10,615,953	10,192,927	10,212,326	10,260,927	10,055,407	12,573,693	12,462,632	6,502,716
Parks & Recreation	22,405,732	22,641,942	22,558,585	21,751,602	24,680,213	24,637,647	28,386,403	25,287,010	28,320,015	29,790,919
Community Services & Revitalization	30,228,338	28,133,973	27,177,609	27,848,133	31,076,886	46,153,340	37,568,161	36,398,441	32,666,551	32,190,468
Public Health & Wellness	35,020,251	35,181,838	25,011,628	23,148,305	24,863,141	25,963,966	36,693,912	29,261,333	28,364,636	24,469,644
Neighborhoods (2)	6,565,329	6,559,384	7,717,628	6,409,530	-	-	-	-	-	-
Public Works & Assets	70,884,688	71,262,503	73,676,326	82,986,482	81,172,938	87,164,736	87,164,396	80,831,004	80,908,231	53,611,347
Information Technology	7,248,081	7,813,687	9,589,440	9,975,852	9,236,175	9,337,569	10,309,590	10,682,818	10,990,985	11,601,162
Office of Management & Budget	11,898,662	12,802,901	23,281,270	22,246,348	22,552,036	30,855,010	25,583,709	27,289,853	30,737,314	63,455,842
Office of Performance Improvement	-	-	-	-	-	-	-	-	772,149	1,046,071
Human Resources	4,060,640	3,877,455	4,259,117	4,187,516	3,817,202	3,647,513	3,643,159	3,836,766	3,769,569	3,683,193
Related Agencies	38,562,734	39,521,940	44,246,849	32,429,223	33,778,047	34,632,946	31,446,405	31,629,495	32,275,766	32,840,695
Debt service principal	25,595,000	24,252,500	25,960,000	28,820,000	29,820,000	36,100,000	38,306,051	40,419,497	39,884,168	44,196,641
Debt service interest and other payments	15,210,706	17,892,454	14,425,027	15,227,787	16,682,756	16,426,350	15,014,147	14,293,180	13,018,262	12,844,244
Capital outlay	93,268,102	89,555,809	83,759,227	124,587,884	92,816,423	39,852,354	36,228,306	32,379,439	33,758,724	37,478,308
Total expenditures	671,898,123	686,435,823	707,180,356	758,882,300	735,987,416	741,829,556	733,505,224	717,679,530	736,847,652	752,196,597
Other Financing Sources (Uses)										
Proceeds from sale of capital assets	1,156,848	1,047,399	2,626,001	1,622,208	32,174	323,156	34,705	15,985,084	3,994,793	11,001
Issuance of bonds, par	-	33,255,000	-	44,000,000	96,355,000	9,385,000	-	10,100,000	6,961,900	-
Issuance of bonds, premium/(discount)	-	(60,278)	-	448,800	2,743,343	58,702	-	-	-	-
Issuance of refunding bonds, par	-	58,855,000	-	63,875,000	41,275,000	41,300,000	-	16,835,000	9,380,000	52,218,362
Issuance of refunding bonds, premium/(discount)	-	(137,152)	-	874,372	3,976,585	1,341,521	-	2,804,708	693,069	2,085,609
Issuance of debt, capital lease	-	-	-	-	-	-	3,500,000	-	-	-
Bond issuance costs paid	-	-	-	-	-	-	-	-	(9,880,000)	-
Refunded bond principal, interest, and premium	-	-	-	(65,295,627)	(44,000,000)	-	-	-	(109,673)	-
Proceeds from long term note	-	-	-	-	-	10,000,000	-	-	-	-
Payment to bond refunding escrow agent	-	(58,220,426)	-	-	-	(42,030,940)	-	(19,223,684)	-	(21,517,816)
Note Revenue	-	-	-	-	-	-	-	-	-	149,940
Transfers in	45,960,731	65,293,175	72,426,546	85,953,962	67,870,287	61,262,097	62,640,229	69,340,694	48,756,830	60,989,622
Transfers out	(45,960,731)	(65,293,175)	(72,426,546)	(85,953,962)	(110,511,156)	(75,545,398)	(68,568,949)	(90,674,937)	(52,622,580)	(70,144,604)
Total other financing sources (uses)	1,156,848	34,739,543	2,626,001	45,524,753	57,741,233	6,094,138	(2,394,015)	5,166,865	7,174,339	23,792,114
Net change in fund balance	\$ (22,163,252)	\$ 26,024,423	\$ (22,930,634)	\$ (27,806,380)	\$ 49,406,004	\$ (944,775)	\$ (21,319,325)	\$ 14,192,216	\$ (17,720,281)	\$ 16,926,529
Ratio of total debt service expenditures to noncapital expenditures	6.60%	6.74%	6.24%	6.90%	7.30%	7.55%	8.55%	8.07%	7.46%	8.23%

(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
2006	\$ 406,898,167	\$ 11,262,911	\$ 131,246,233	\$ 53,722,470	\$ 2,438,472	\$ 3,533,830	\$ 6,632,627	\$ 615,734,710
2007	435,775,825	11,811,402	116,583,482	65,952,416	3,326,004	6,391,247	7,059,292	646,899,668
2008	443,750,840	11,600,220	122,314,139	63,750,509	1,491,118	6,017,749	7,075,098	655,999,673
2009	434,846,131	10,521,865	140,138,472	64,239,245	2,447,186	2,658,807	6,261,891	661,113,597
2010	434,116,525	11,057,738	163,208,703	73,983,795	2,171,987	1,064,124	4,475,069	690,077,941
2011	443,249,367	11,168,192	153,497,428	85,845,830	3,198,045	567,731	7,058,190	704,584,783
2012	447,214,700	11,605,120	141,088,592	73,142,640	3,311,544	519,963	12,113,961	688,996,520
2013	479,037,458	11,310,699	134,470,127	66,212,186	4,109,364	62,864	3,971,153	699,173,851
2014	482,275,577	12,751,256	118,913,528	58,513,390	4,594,366	611,253	4,010,244	681,669,614
2015	509,178,268	17,501,754	113,582,408	70,948,853	4,933,455	226,126	3,475,096	719,845,960

(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
2006	406,898,167	101,294,625	4,536,598	6,684,538	285,559,281	8,290,703	532,422
2007	435,775,825	106,223,290	5,131,435	7,819,890	307,856,301	8,152,922	591,987
2008	443,750,840	112,610,250	5,001,374	7,883,195	309,491,515	8,336,658	427,848
2009	434,846,131	116,505,210	4,560,570	7,681,607	301,344,426	4,483,331	270,987
2010	434,116,525	117,949,837	9,147,243	7,428,378	292,400,027	6,647,248	543,792
2011	443,249,367	117,583,514	4,790,507	6,595,542	304,470,948	8,389,009	1,419,847
2012	447,214,700	117,758,838	4,769,261	6,156,154	311,921,717	5,894,287	714,443
2013	479,037,458	119,461,158	4,976,240	12,049,982	332,642,106	9,184,756	723,216
2014	482,275,592	120,956,463	5,028,818	7,765,117	342,160,722	5,666,983	697,489
2015	509,178,269	123,213,176	4,983,804	10,299,465	363,247,789	6,794,760	639,275

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

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

Last Ten Fiscal Years

Fiscal Year	Employment (2)	Unemployment Rate (2)	Per Capita Income (1) (2) (3)	Percent Income Growth	Occupational Tax Revenue	Percent Revenue Growth
2005	330,575	5.5%	\$ 36,443	5.19%	\$ 275,767,186	5.74%
2006	332,856	6.2%	37,121	1.86%	285,559,281	3.55%
2007	339,832	5.6%	39,877	7.42%	307,856,301	7.81%
2008	340,011	5.3%	41,626	4.39%	309,491,515	0.53%
2009	335,398	6.4%	41,517	-0.26%	301,344,426	-2.63%
2010	326,820	10.3%	41,345	-0.41%	292,400,027	-2.97%
2011	326,802	10.6%	39,407	-4.69%	304,470,948	4.13%
2012	327,926	10.0%	41,828	6.14%	311,921,717	2.45%
2013	334,034	8.6%	43,408	3.78%	332,642,106	6.64%
2014	339,429	8.1%	44,482	2.47%	342,160,722	2.86%
2015	355,616	6.1%	45,111	1.41%	363,247,789	6.16%

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

Workforce Kentucky website: www.workforcekentucky.ky.gov

- (1) Per capita income for 2015 is an estimate based on the average annual percentage increase over the last ten years. Per capita income for 2014, which had been an estimate, has been changed to reflect published figures as of March 2014.
- (2) Employment, unemployment and per capita figures represent the annual average for the full calendar year previous to fiscal year end. The sources referenced above have continually updated these figures subsequent to the publishing of prior years reports. For consistency, Metro Government has elected to not revise prior year information and is presenting our previously published data.
- (3) Total personal income is shown as part of the Schedule for Ratios of Outstanding Debt by Type on page 140.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

PRINCIPAL WITHHOLDING TAXPAYERS

Fiscal Year Ended June 30, 2015

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

Information obtained from the Louisville/Jefferson County Revenue Commission.

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

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed Value to Total Estimated Actual Value	Direct Rates		Homestead Exemption (3)
	Assessed Value (2)	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		Real	Personal	
2006	11,971,085,907	12,513,155,067	1,575,229,335	1,575,229,335	13,546,315,242	14,088,384,402	96.15 %	0.128	0.166	29,400
2007	12,683,955,249	13,269,920,329	1,347,895,696	1,347,895,696	14,031,850,945	14,617,816,025	95.99 %	0.126	0.166	29,400
2008	13,378,169,974	13,949,476,154	1,531,404,667	1,531,404,667	14,909,574,641	15,480,880,821	96.31 %	0.126	0.166	31,400
2009	13,326,407,151	13,933,743,911	1,657,693,699	1,657,693,699	14,984,100,850	15,591,437,610	96.10 %	0.126	0.166	31,400
2010	13,221,353,224	13,819,232,754	1,392,226,642	1,392,226,642	14,613,579,866	15,211,459,396	96.07 %	0.126	0.166	33,700
2011	13,105,246,418	13,688,841,348	1,687,391,277	1,687,391,277	14,792,637,695	15,376,232,625	96.20 %	0.126	0.166	33,700
2012	51,480,204,902	54,041,866,872	8,018,563,988	8,018,563,988	59,498,768,890	62,060,430,860	95.87 %	0.126	0.166	34,000
2013	52,680,900,802	55,287,731,992	9,641,449,953	9,641,449,953	62,322,350,755	64,929,181,945	95.99 %	0.126	0.166	34,000
2014	52,784,193,990	55,550,817,680	8,554,120,377	8,554,120,377	61,338,314,367	64,104,938,057	95.68 %	0.126	0.166	36,000
2015	53,719,598,239	56,472,371,339	9,368,489,178	9,202,006,137	63,088,087,417	65,674,377,476	96.06 %	0.126	0.166	36,000

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

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

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed Value to Total Estimated Actual Value	Direct Rates		Homestead Exemption (3)
	Assessed Value (2)	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		Real	Personal	
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
2014	13,499,447,592	14,116,984,162	1,700,346,488	1,700,346,488	15,199,794,080	15,817,330,650	96.10 %	0.367	0.566	34,000
2015	13,549,601,362	14,164,569,942	2,037,843,994	2,037,843,994	15,587,445,356	16,202,413,936	96.20 %	0.367	0.566	34,000

- (1) Pursuant to the Constitution of Kentucky and applicable statutes, real property is to be revalued annually at 100 percent of its fair cash value.
- (2) The Urban Services District ("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				
2006	0.128	0.166	0.373	0.566	1.233	0.625	0.625	0.625	1.126	0.625	1.357	3.108
2007	0.126	0.166	0.372	0.566	1.230	0.615	0.625	0.625	1.113	0.625	1.357	3.095
2008	0.126	0.166	0.368	0.566	1.226	0.615	0.627	0.627	1.109	0.627	1.359	3.095
2009	0.126	0.166	0.367	0.566	1.225	0.625	0.631	0.631	1.118	0.631	1.363	3.112
2010	0.126	0.166	0.367	0.566	1.225	0.646	0.646	0.646	1.139	0.646	1.378	3.163
2011	0.126	0.166	0.367	0.566	1.225	0.676	0.676	0.676	1.169	0.676	1.408	3.253
2012	0.126	0.166	0.367	0.566	1.225	0.677	0.677	0.677	1.170	0.677	1.409	3.256
2013	0.126	0.166	0.367	0.566	1.225	0.700	0.700	0.700	1.193	0.700	1.432	3.325
2014	0.126	0.166	0.367	0.566	1.225	0.710	0.710	0.710	1.203	0.710	1.442	3.355
2015	0.125	0.166	0.354	0.566	1.211	0.710	0.710	0.710	1.189	0.710	1.442	3.341

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, 2015			June 30, 2006		
		Assessed Valuation	Rank	Percent of Total Assessed Valuation of \$ 78,675,532,773	Assessed Valuation	Rank	Percent of Total Assessed Valuation of \$ 62,478,548,371
Louisville Gas & Electric Co.	Energy Utility	\$ 1,614,888,163	1	2.1%	\$ 1,008,321,644	1	1.6%
United Parcel Service, Inc.	Air Express and Distribution	580,159,209	2	0.7%			
AT&T Communications	Telecommunications	308,914,087	3	0.4%	103,990,624	9	0.2%
Humana, Inc.	Healthcare	235,154,026	4	0.3%	257,576,679	3	0.4%
Galt House, Inc.	Hotel	218,637,400	5	0.3%			
KBSII National City Tower LLC	Commercial Real Estate	213,178,560	6	0.3%			
Optima 500 LLC	Commercial Real Estate	207,172,500	7	0.3%			
Thomas W. Bullitt	Retail	200,775,500	8	0.3%	124,474,843	7	0.2%
Home Supply Co.	Lumber/Building Materials	146,693,640	9	0.2%			
Louisville Trophy LLC	Miscellaneous Services	136,208,400	10	0.2%	167,800,080	4	0.3%
BellSouth Telecommunications	Telecommunications				652,606,972	2	1.0%
Cellco Partnership	Telecommunications				167,515,154	5	0.3%
MRI NCT LLC	Real Estate				133,424,796	6	0.2%
PNC Bank	Banking/Financial Services				104,068,436	8	0.2%
Information Systems Corporation	Information Services				99,797,735	10	0.2%
	TOTAL	<u>\$ 3,861,781,485</u>		<u>4.9%</u>	<u>\$ 2,819,576,963</u>		<u>4.5%</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, 2015
2006	115,468,469	114,972,927	99.6%	362,364	115,335,291	99.9%	6,213,399
2007	122,324,736	121,888,305	99.6%	16,671	121,904,976	99.7%	5,679,253
2008	128,569,436	128,045,919	99.6%	241,289	128,287,208	99.8%	5,401,922
2009	133,040,752	129,573,177	97.4%	3,256,287	132,829,464	99.8%	7,225,768
2010	137,034,214	132,148,914	96.4%	4,526,675	136,675,589	99.7%	12,006,630
2011	133,193,647	131,954,594	99.1%	656,730	132,611,324	99.6%	6,614,735
2012	132,050,675	131,350,289	99.5%	285,430	131,635,719	99.7%	6,344,686
2013	142,495,713	141,489,737	99.3%	406,261	141,895,998	99.6%	6,110,372
2014	136,518,821	135,353,735	99.1%	467,823	135,821,558	99.5%	5,205,643
2015	141,445,826	138,541,249	97.9%	1,789,508	140,330,757	99.2%	4,794,405

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt Limit - 10% of assessed valuation	\$ 6,247,854,837	\$ 6,711,515,981	\$ 7,001,070,521	\$ 7,362,934,479	\$ 7,439,897,820	\$ 7,364,974,039	\$ 7,429,140,658	\$ 7,829,684,024	\$ 7,653,810,845
Total bonded debt applicable to limit	<u>362,507,086</u>	<u>378,309,052</u>	<u>357,226,453</u>	<u>377,246,329</u>	<u>444,678,003</u>	<u>424,406,850</u>	<u>389,674,245</u>	<u>361,564,765</u>	<u>331,386,311</u>
Legal debt margin	<u>\$ 5,885,347,751</u>	<u>\$ 6,333,206,929</u>	<u>\$ 6,643,844,068</u>	<u>\$ 6,985,688,150</u>	<u>\$ 6,995,219,817</u>	<u>\$ 6,940,567,189</u>	<u>\$ 7,039,466,413</u>	<u>\$ 7,468,119,259</u>	<u>\$ 7,322,424,534</u>
Total net debt applicable to the limit as a percentage of debt limit	5.80%	5.64%	5.10%	5.12%	5.98%	5.76%	5.25%	4.62%	4.33%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed Valuation - January 1, 2015	\$ 78,675,532,773
Debt Limit (10% of assessed value)	7,867,553,277
Debt applicable to limit: Bonded debt outstanding	321,193,688
Less: Amount set aside for repayment of bonded debt	<u>(2,266,589)</u>
Total debt margin applicable to limit	<u>318,927,099</u>
Legal debt margin	<u>\$ 7,548,626,178</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, 2015

Governmental Unit	Debt Outstanding	Percentage Applicable to Louisville Metro Taxpayers	Louisville Metro Taxpayers Share of Debt
Direct Debt:			
Revenue bonds	\$ 62,479,546	100.00%	\$ 62,479,546
Notes payable	7,705,000	100.00%	7,705,000
Capital lease	27,741,830	100.00%	27,741,830
General obligation debt	<u>268,357,549</u>	100.00%	<u>268,357,549</u>
Total direct debt	<u>366,283,925</u>		<u>366,283,925</u>
Overlapping debt:			
Jefferson County Public Schools	<u>364,230,351</u>	100.00%	<u>364,230,351</u>
Total direct and overlapping debt	<u><u>\$ 730,514,276</u></u>		<u><u>\$ 730,514,276</u></u>

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

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

Governmental Activities

Fiscal Year	General Obligation Bonds	First Mortgage Revenue Bonds (2)	Lease Revenue Bonds	Notes Payable	Capital Leases	Total Primary Government	Percentage of Total Personal Income	Total Personal Income (1)	Per Capita
2005	\$ 258,466	\$ 30,100	\$ 97,212	\$ 568	\$ 564	\$ 386,910	1.52%	\$ 25,470,269	554
2006	238,261	28,030	98,600	318	500	365,709	1.41%	25,949,674	523
2007	250,568	26,680	103,705	57	433	381,443	1.41%	27,122,740	544
2008	229,307	25,260	105,096	-	361	360,024	1.22%	29,497,015	508
2009	278,647	-	101,550	2,000	284	382,481	1.28%	29,785,092	536
2010	356,203	-	97,710	2,000	203	456,116	1.53%	29,834,474	632
2011	339,814	-	93,622	12,000	116	445,552	1.52%	29,247,199	601
2012	309,133	-	88,528	11,737	3,186	412,584	1.32%	31,241,331	546
2013	292,734	-	78,146	11,282	2,478	384,640	1.19%	32,228,455	512
2014	269,260	-	70,561	8,618	1,783	350,222	1.08%	32,297,938	463
2015	268,358	-	62,480	7,705	27,742	366,285	1.10%	33,262,475	482

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

- (1) Personal Income for 2015 is an estimate based on the average annual percentage increase over the last ten years.
- (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
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%	494
2011	741,096	73,649,740,393	339,813,578	0.46%	459
2012	746,906	74,291,406,584	309,133,318	0.42%	414
2013	750,828	78,296,840,242	292,734,431	0.37%	390
2014	756,832	76,538,108,447	269,260,239	0.35%	356
2015	760,026	78,675,532,773	268,357,550	0.34%	353

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	
2006	2,934,383	1,286,500	1,645,430	1.00	4,486,909	1,355,000	3,129,439	1.00
2007	2,902,850	1,350,000	1,552,433	1.00	2,810,307	-	1,998,724	1.41
2008	2,898,058	1,420,000	1,479,930	1.00	4,048,781	1,640,000	2,448,179	0.99
2009	2,904,294	1,500,000	1,402,233	1.00	8,865,673	6,505,000	2,448,179	0.99
2010	-	-	-	-	9,046,194	6,690,000	2,368,179	1.00
2011	-	-	-	-	9,103,779	6,820,000	2,283,779	1.00
2012	-	-	-	-	9,845,779	7,650,000	2,195,779	1.00
2013	-	-	-	-	14,559,379	12,455,000	2,104,379	1.00
2014	-	-	-	-	11,304,379	9,295,000	2,009,379	1.00
2015	-	-	-	-	11,340,579	9,430,000	1,910,579	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 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, 2015**

<u>Area</u>	<u>2000</u>	<u>2010</u>	<u>% Change 2000-2010</u>	<u>2011</u>	<u>Estimated (1)</u>		<u>2014</u>	<u>% Change 2000-2014</u>
					<u>2012</u>	<u>2013</u>		
Louisville/Jefferson County	693,604	741,096	6.8%	746,562	751,327	757,282	760,026	9.6%
Kentucky	4,041,769	4,339,367	7.4%	4,370,038	4,383,465	4,399,583	4,413,457	9.2%
United States	281,421,906	308,745,538	9.7%	311,721,632	314,112,078	316,497,531	318,857,056	13.3%

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

(1) Estimated population amounts for 2015 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, 2015			June 30, 2006		
		Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
United Parcel Service, Inc.	Diversified Distribution/Logistics Services	22,189	1	3.74%	17,543	1	2.89%
Jefferson County Public Schools	K-12 Public Education	14,719	2	2.48%	13,235	2	2.18%
Humana, Inc.	Healthcare	12,900	3	2.17%	5,850	6	0.96%
Norton Healthcare, Inc.	Healthcare	10,739	4	1.81%	8,525	4	1.40%
Ford Motor Company	Automotive Manufacturer	9,028	5	1.52%	8,972	3	1.48%
University of Louisville	Higher Education	6,264	6	1.06%	5,236	8	0.86%
GE Appliances	Household Appliance Manufacturer	6,000	7	1.01%	5,000	9	0.82%
KentuckyOne Health, Inc.	Healthcare	6,000	7	1.01%			
Amazon.com LLC	Customer Service/Logistics Services	6,000	7	1.01%			
Louisville Metro Government	Government Services	5,584	10	0.94%	5,893	5	0.97%
The Kroger Company	Retail Grocer				4,827	10	0.80%
Jewish Hospital Healthcare Services	Healthcare				5,405	7	0.89%
Total		99,423		16.75%	80,486		13.26%

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, 2015

	Full-Time Equivalent Employees as of June 30, (1) (2)										
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Metro Council	81	85	80	79	82	79	77	78	77	77	75
Mayor's Office	31	31	29	28	27	28	27	21	21	19	19
Policy and Strategic Planning	6	7	4	7	6	-	-	-	-	-	-
County Attorney	104	102	96	94	90	94	91	88	91	93	95
Other Elected Officials	67	64	64	64	40	37	39	38	37	38	41
Office of Performance Improvement	-	-	-	-	-	-	-	-	-	9	10
Fire (3)	624	553	547	529	538	498	466	473	457	486	506
Emergency Medical Services (3)	186	278	253	257	266	247	246	239	248	244	255
Emergency Management/MetroSafe (4)	26	171	160	169	180	193	192	197	182	192	190
Corrections	545	569	582	577	563	551	547	561	568	554	542
Youth Detention Services	128	129	129	130	133	132	128	128	129	122	119
Metro Animal Services	37	41	48	48	45	49	48	48	49	55	58
Criminal Justice Commission	5	5	5	5	4	4	4	2	4	4	4
Public Protection Cabinet	1	1	-	-	-	-	-	-	-	-	-
Police (4)	1,605	1,514	1,480	1,511	1,502	1,485	1,476	1,492	1,479	1,504	1,529
Economic Growth & Innovation	67	66	63	65	76	65	66	70	50	32	32
Redevelopment Authority	2	1	-	-	-	-	-	-	-	-	-
Air Pollution Control	57	62	65	63	66	68	67	66	66	53	55
Community Development	15	12	7	-	-	-	-	-	-	-	-
Develop Louisville (8)	-	-	-	-	-	-	-	-	-	-	146
Codes & Regulations	203	202	196	177	170	164	168	166	187	192	96
Parks & Recreation	593	576	566	476	529	542	508	587	489	551	508
Community Services (8)	338	327	307	250	250	240	226	197	192	158	120
Public Health & Wellness	320	321	302	288	280	293	285	259	251	228	203
Neighborhoods (6)	48	44	44	75	46	28	-	-	-	-	-
Public Works & Assets	698	686	682	653	681	706	684	631	608	622	633
Information Technology	49	59	66	68	69	62	65	63	67	62	67
Office of Management & Budget	116	114	113	107	105	115	110	166	173	177	181
Human Resources	49	49	44	47	43	37	38	35	37	39	39
Human Relations Commission	18	17	16	15	17	16	14	15	11	16	16
Kentuckiana Works (5)	14	11	12	14	-	-	-	-	-	17	15
Louisville Free Public Library	287	289	276	268	237	234	238	231	233	228	239
Louisville Zoological Gardens	187	180	184	193	235	249	254	248	260	255	261
Internal Audit	8	8	8	8	5	8	7	6	7	6	6
Waterfront Development Corporation (7)	14	67	112	66	77	87	79	-	-	-	80
Total	<u><u>6,529</u></u>	<u><u>6,641</u></u>	<u><u>6,540</u></u>	<u><u>6,331</u></u>	<u><u>6,362</u></u>	<u><u>6,311</u></u>	<u><u>6,150</u></u>	<u><u>6,105</u></u>	<u><u>5,973</u></u>	<u><u>6,033</u></u>	<u><u>6,140</u></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.
- (8) In 2015, the division of Housing, Community Action Partnership, and Planning and Design Services were merged under the new department Develop Louisville.

LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT
MISCELLANEOUS OPERATING INDICATORS AND CAPITAL ASSET INFORMATION
June 30, 2015

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Public Works & Assets											
Road Operations and Maintenance											
Miles of streets maintained	3,000	3,000	3,000	3,025	2,540	2,540	2,900	2,578	2,412	2,596	2,598
Miles of streets paved	138	153	231	175	42	37	35	44	19	50	35
Number of potholes filled	29,809	30,000	14,000	18,175	15,098	27,667	34,909	26,827	28,953	46,893	177,141
Overlay and pavement repairs (sq ft) (1)	-	-	203,000	123,274	71,147	150,329	225,062	174,191	154,923	154,618	95,262
Crack Seals (linear ft) (9)	-	-	-	-	-	-	-	190,073	114,630	31,674	18,675
Fleet Services											
Number of vehicles maintained (2)	-	-	2,587	2,590	2,578	2,569	2,515	2,450	2,415	2,387	2,382
Facilities and Project Management											
Number of buildings maintained	67	67	67	68	73	68	75	68	89	89	89
Solid Waste Management											
Tons recycled	18,724	19,761	21,149	18,597	10,462	14,472	11,613	12,742	15,160	17,952	16,810
Tons composted	20,594	16,570	19,507	13,085	9,582	17,045	27,148	11,639	10,240	11,307	7,063
Tons landfilled	146,521	200,455	206,556	206,146	96,754	122,291	124,506	152,979	120,570	108,403	119,952
Codes & Regulation											
Inspections, Permits and Licenses											
Number of inspections performed	160,023	162,545	164,467	179,118	183,330	174,540	173,751	153,104	144,071	114,662	119,231
Number of permits issued (3)	48,351	48,351	40,942	49,464	44,845	68,131	41,458	30,446	41,649	37,234	33,570
Planning and Design Services (4)											
Number of zoning adjustments	-	-	-	135	96	98	94	56	137	56	58
Number of plans submitted	-	-	-	1,179	1,340	1,297	1,464	1,091	1,705	1,934	1,702
Parks & Recreation											
Community centers	17	17	17	17	15	15	12	12	12	12	12
Number of parks	123	123	123	123	124	124	122	120	120	120	120
Park acreage	14,000	14,000	14,000	14,000	15,000	15,000	12,447	12,447	12,447	12,447	12,447
Golf courses	9	9	9	9	9	9	9	9	11	12	12
Swimming pools	12	12	11	5	5	5	5	5	4	4	4
Tennis courts	172	172	172	172	155	155	178	178	160	160	160
Number of walking trails/bike paths	40	40	40	41	33	33	52	54	54	54	54
Louisville Zoological Gardens											
Total acreage	151	151	151	151	151	151	151	151	151	151	151
Area developed in acres	90	90	90	90	88	90	90	90	90	90	90
Number of animals	1,300	1,300	1,300	1,300	1,747	1,761	1,757	1,496	1,515	1,410	1,409
Number of visitors	757,517	741,930	810,546	818,129	835,807	792,248	867,417	945,184	843,404	881,776	821,518

(continued)

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>June 30, 2015</u> <u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Louisville Free Public Library											
Number of branches	16	16	16	16	16	17	17	18	18	18	18
Number of library card holders	343,043	358,927	470,000	457,979	460,247	481,591	339,093	335,669	355,902	367,964	368,600
Number of computers	410	470	455	470	495	483	567	589	608	618	642
Number of items in circulation	1,348,846	1,348,747	1,288,941	1,264,123	1,418,570	1,366,625	1,309,345	1,257,787	1,222,480	1,349,880	1,435,632
Number of items borrowed	3,827,835	4,065,233	4,193,574	4,427,416	4,104,396	3,725,258	3,878,587	3,755,067	3,724,722	3,868,717	4,142,285
Fire Protection (Urban Service District)											
Number of stations	22	22	22	22	21	22	22	22	21	21	21
Number of incidents (calls answered)	10,960	9,488	11,478	11,654	14,777	11,917	10,097	12,469	12,446	12,813	12,847
Number of medical runs	9,090	7,923	9,850	13,063	21,904	20,639	16,452	20,456	20,197	19,978	21,062
Number of fires extinguished	1,829	1,995	1,975	1,829	1,856	1,392	1,093	1,364	1,412	1,452	1,514
Number of home inspections conducted	12,132	11,053	13,470	13,474	18,245	12,995	958	943	780	7,808	8,628
Number of building inspections conducted	11,024	7,708	8,992	8,343	5,833	4,310	5,725	6,912	6,884	7,032	9,122
Police Protection											
Number of sworn officers (8)	-	1,230	1,208	1,228	1,235	1,238	1,232	1,233	1,227	1,242	1,243
Number of incidents (calls answered) (5)	-	-	494,140	535,550	512,847	509,072	510,259	548,568	548,409	566,388	546,331
Number of arrests	38,919	46,726	52,024	47,315	55,349	58,898	57,831	53,254	53,793	42,499	48,079
Number of citations (6)	80,728	86,426	81,780	88,497	106,347	19,097	37,058	38,861	68,111	54,089	59,729
Corrections											
Number of prisoners	39,242	35,375	45,000	46,105	45,570	46,263	45,339	42,172	40,739	38,852	33,187
Number of beds	1,919	1,919	1,919	1,919	1,961	1,919	1,793	1,793	1,793	1,793	1,793
Youth Detention Services											
Number of youth monitored	780	828	852	964	799	836	918	1,155	986	879	989
Number of youth housed	1,980	2,104	2,045	1,790	1,674	1,879	2,001	1,717	1,547	1,120	1,295
Public Health & Wellness											
Number of clinics	12	12	12	12	12	11	12	12	12	12	8
Number of services provided	445,676	454,022	429,610	422,634	401,690	440,750	351,789	369,100	541,893	266,490	326,792
Emergency Medical Services											
Number of dispatches	92,816	111,627	140,086	136,977	129,684	109,938	115,618	115,892	111,243	116,637	137,599
Number of transports	52,913	54,073	60,282	64,901	62,200	65,236	69,716	69,228	76,214	83,182	89,991
Metro Animal Services											
Licensed pets	63,310	58,510	85,000	72,995	63,136	53,097	53,508	54,612	51,654	56,239	70,125
Number of animals spayed/neutered	1,063	2,058	1,800	3,886	3,776	3,030	3,135	2,462	3,159	3,091	4,187
Number of pets adopted	1,063	1,943	1,200	1,395	2,453	2,244	2,173	2,293	1,933	1,943	1,910
Economic Growth & Innovation											
Number of downtown market rate housing units	1,777	1,912	2,004	2,047	2,218	2,218	2,316	2,349	2,406	2,406	2,580
Community Services & Revitalization											
Number of families assisted	17,892	18,479	14,849	15,722	20,887	22,418	22,569	20,037	17,738	17,731	17,068
Number of individuals assisted	42,760	44,187	33,981	36,500	48,170	51,423	51,059	45,303	40,236	40,527	38,327

(continued)

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>June 30, 2015</u> <u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Louisville Water Company											
Number of residential customers	238,893	241,938	244,478	246,145	245,649	247,192	248,451	240,715	242,007	243,187	244,138
Annual residential consumption (1,000 Gallons)	17,089,874	17,089,874	15,305,832	17,479,922	16,390,030	14,973,777	16,067,929	14,037,669	14,067,469	13,227,765	13,253,377
Number of commercial and industrial customers	22,708	22,940	23,546	23,825	24,571	24,504	24,711	22,770	22,769	22,844	22,617
Annual comm. and ind. consumption (1,000 Gallon)	19,501,479	19,968,030	18,823,270	20,303,307	19,327,579	17,785,370	15,084,249	1,649,740	16,373,833	15,880,532	16,000,379
Number of fire hydrants	19,471	19,931	20,467	20,809	21,120	21,323	21,480	23,734	23,792	23,841	23,936
Parking Authority of River City, Inc.											
Number of PARC garages	12	12	12	12	12	13	16	15	15	14	14
Number of PARC surface lots	4	4	4	3	3	3	2	3	3	6	6
Number of parkers	7,067	7,345	7,332	8,322	8,777	9,399	9,429	9,008	8,990	9,922	10,225
Transit Authority of River City											
Total ridership	14,657,752	15,835,796	16,280,662	16,364,856	15,070,578	14,405,530	14,056,838	15,192,500	14,966,139	14,965,789	14,620,979
Total miles driven	11,909,817	12,163,639	12,167,757	12,072,337	12,169,443	11,901,732	11,200,334	11,708,182	11,541,025	11,636,956	12,062,268
Total hours driven	766,821	784,215	812,549	810,921	781,544	767,926	806,803	842,707	861,242	859,135	900,654
Buses in service	274	265	277	276	249	321	315	314	314	297	300
Number of hybrid buses (7)					12	21	21	21	32	32	32
Number of routes	55	53	52	51	54	49	46	43	40	41	41
Metropolitan Sewer District											
Miles of sewers	3,035	3,099	3,133	3,200	3,197	3,207	3,200	3,332	3,240	3,263	3,240
Number of treatment plants	25	23	21	21	21	21	20	20	19	19	16
Number of service connections	220,599	222,698	224,654	226,430	226,711	228,580	230,240	235,136	239,334	240,174	253,462
Daily average treatment (mgd)	145.4	154.8	134.1	152.0	126.6	143.0	142.0	145.0	130.6	141.0	143.0
Daily treatment capacity (mgd)	161.9	172.5	171.8	174.0	173.5	174.0	173.0	173.0	176.6	177.0	177.0
(mgd - millions of gallons per day)											
Facilities and services not included in the reporting entity:											
Jefferson County Public Schools											
Total enrollment	97,278	97,518	98,087	97,988	98,999	98,963	99,095	100,420	100,975	100,996	100,854
Number of elementary schools	87	87	87	89	89	89	89	89	89	89	90
Number of middle schools	22	22	22	22	23	23	23	23	23	23	23
Number of high schools	19	19	19	19	19	18	18	18	18	18	18
Number of instructors (8)		5,267	5,383	5,363	5,468	5,386	5,372	6,287	6,474	6,630	6,653

- (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.