

NEW ISSUES – BOOK ENTRY ONLY

RATINGS: Aa2; AA+; AA+
Moody's/Standard & Poor's/Fitch Ratings
See "RATINGS" herein

In the opinion of Co-Bond Counsel, based on existing laws, regulations and judicial decisions and as of the date of original issuance of the Series 2009E Bonds and Series 2009F Bonds, and subject to the conditions set forth in "TAX TREATMENT" herein, the interest on the Series 2009E Bonds is excludable from gross income for federal and Kentucky income tax purposes. Co-Bond Counsel is further of the opinion that the interest on the Series 2009E Bonds will not be an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Series 2009F Bonds is included in gross income for federal income tax purposes. Co-Bond Counsel is further of the opinion that the Bonds are exempt from ad valorem taxation, and the interest thereon is exempt from income taxation, by the Commonwealth of Kentucky and all its political subdivisions and taxing authorities. See "TAX TREATMENT" herein.



LOUISVILLE/JEFFERSON COUNTY (KENTUCKY) METRO GOVERNMENT

\$40,935,000* General Obligation Bonds, Series 2009E
\$62,950,000* General Obligation Bonds, Series 2009F (Taxable)

Dated: Date of Delivery

Bonds Due: As set forth on the inside cover

The Series 2009E Bonds (the "Series 2009E Bonds") and the Series 2009F Bonds (the "Series 2009F Bonds" and collectively with the Series 2009E Bonds, the "Bonds"), are issuable as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, to which principal and interest payments on the Bonds will be made so long as Cede & Co. is the registered owner of the Bonds. Individual purchases of the Bonds will be made in Book-Entry Only form, and individual purchasers ("Beneficial Owners") of the Bonds will not receive physical delivery of bond certificates.

Interest will be payable on the Bonds on May 15 and November 15, commencing May 15, 2010 as described herein. Principal will be payable on November 15 as described herein. U.S. Bank National Association has been designated as Paying Agent and Bond Registrar. The Bonds will be issued and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds. Accordingly, principal, interest and premium, if any, on the Bonds will be paid by U.S. Bank National Association as Paying Agent and Registrar, directly to DTC or Cede & Co., its nominee. DTC will in turn remit such principal, interest or premium to the DTC Participants (as defined herein) for subsequent distribution to the Beneficial Owners (as defined herein) of the Bonds. The Bonds will be issued in denominations of \$5,000 each or integral multiples thereof.

The Bonds will be direct general obligations of the Louisville/Jefferson County (Kentucky) Metro Government (the "Metro Government"). The full faith, credit and taxing power of the Metro Government are irrevocably pledged for the prompt payment of the principal of and interest on the Bonds. The Bonds are payable from taxes levied on all taxable property of the Metro Government without limitation as to rate or amount.

The Bonds will not be subject to optional redemption; however the Series 2009F Bonds are subject to extraordinary optional redemption as described herein.

FOR MATURITIES, INTEREST RATES AND PRICES/YIELDS,
PLEASE REFER TO THE INSIDE OF THIS COVER PAGE

The Bonds are offered when, as and if issued, subject to prior sale, to withdrawal or modification of the offer without notice, to the approval of validity by Co-Bond Counsel, Stites & Harbison PLLC, Louisville, Kentucky and Wyatt, Tarrant & Combs, LLP, Louisville, Kentucky, and to certain other conditions. Certain legal matters will be passed on for the Metro Government by James Carey, Esquire, of the Jefferson County Attorney's Office. It is expected that the Bonds in definitive form will be available for delivery through the facilities of The Depository Trust Company in New York, New York on or about November 18, 2009.

The cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Dated: _____, 2009

* Preliminary, subject to change.

Louisville/Jefferson County (Kentucky) Metro Government

Maturity Schedules

\$40,935,000* General Obligation Bonds, Series 2009E

<u>Cusip</u>	<u>Maturing November 15</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price/ Yield</u>	<u>Cusip</u>	<u>Maturing November 15</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price/ Yield</u>
	2010	3,485,000				2015	4,175,000		
	2011	3,595,000				2016	4,390,000		
	2012	3,700,000				2017	4,615,000		
	2013	3,815,000				2018	4,850,000		
	2014	3,970,000				2019	4,340,000		

\$62,950,000* General Obligation Bonds, Series 2009F (Taxable)

<u>Cusip</u>	<u>Maturing November 15</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price/ Yield</u>	<u>Cusip</u>	<u>Maturing November 15</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price/ Yield</u>
	2019	755,000				2025	6,305,000		
	2020	5,300,000				2026	6,535,000		
	2021	5,480,000				2027	6,760,000		
	2022	5,670,000				2028	6,980,000		
	2023	5,870,000				2029	7,210,000		
	2024	6,085,000							

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* Preliminary, subject to change.

LOUISVILLE/JEFFERSON COUNTY (KENTUCKY) METRO GOVERNMENT

MAYOR

The Honorable Jerry E. Abramson

METRO COUNCIL

Brent Ackerson	Madonna Flood	James Peden
Jon Ackerson	Judith Green	Barbara Shanklin
Stuart Benson	Doug Hawkins	Glen Stuckel
Rick Blackwell	Hal Heiner	David Tandy
Cheri Bryant Hamilton	Robert Henderson	George Unseld
Marianne Butler	Dan Johnson	Tina Ward-Pugh
Kelly Downard	Jim King	Vicki Welch
Robin Engel	Kevin Kramer	Mary Woolridge
Kenneth Fleming	Tom Owen	

ADMINISTRATIVE

William Summers, IV	Deputy Mayor
Rick Johnstone	Director, Louisville at Work
Mary Lou Northern	Senior Advisor, Parks, Cultural Affairs & Faith Initiatives
Mary Gwen Wheeler	Senior Advisor, Director, Office of Policy & Management
Christina Heavrin	Special Counsel to the Mayor and Interim Director, Housing & Family Services
Robert White	Chief, Louisville Metro Police
Bruce Traugher	Director, Economic Development
Adewale Troutman, MD	Director, Public Health & Wellness
Bill Schreck	Director, Codes and Regulations
Mike Heitz	Director, Parks & Recreation
Melissa Mershon	Director, Neighborhoods & Community Outreach
Ted Pullen	Director, Public Works & Assets
Jane Driskell Sistrunk	Director, Office of Management & Budget
Beth Niblock	Director, Technology Services
Bill Hornig	Director, Human Resources
James Carey, Esquire	Assistant Jefferson County Attorney

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Louisville, Kentucky

Wyatt, Tarrant & Combs, LLP
Louisville, Kentucky

CO-FINANCIAL ADVISORS

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Memphis, Tennessee

Public Financial Management, Inc.
Memphis, Tennessee

AUDITORS

Strothman & Company, PSC
Louisville, Kentucky

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OFFICIAL STATEMENT

Regarding

LOUISVILLE/JEFFERSON COUNTY (KENTUCKY) METRO GOVERNMENT

\$40,935,000* General Obligation Bonds, Series 2009E
\$62,950,000* General Obligation Bonds, Series 2009F (Taxable)

INTRODUCTION

This Official Statement is furnished in connection with the issuance of the Bonds referred to above (the “Bonds”) by the Louisville/Jefferson County (Kentucky) Metro Government (the “Metro Government”).

The Metro Government is a public body corporate and politic, duly created and existing as a political subdivision of the Commonwealth of Kentucky under the Constitution and laws of the Commonwealth. The Bonds will be issued pursuant to an ordinance (the “Ordinance” or the “Bond Ordinance”) adopted by the governing body of the Metro Government.

The Bonds will be direct general obligations of the Metro Government. The full faith, credit and taxing power of the Metro Government are irrevocably pledged for the prompt payment of the principal of, premium, if any, and interest on the Bonds. The Bonds are payable from taxes levied on all taxable property of the Metro Government without limitation as to rate or amount. See “SECURITY AND SOURCE OF PAYMENT”.

The Series 2009E Bonds are being issued to refund certain outstanding notes (referred to herein as the “Prior Notes”) issued previously by the Metro Government, and possibly to provide moneys to finance certain public projects, and to pay costs of issuance, and the Series 2009F Bonds are being issued to provide moneys to finance certain public projects and pay costs of issuance. See “THE PLAN OF FINANCE”.

The Bonds are subject to redemption prior to their stated maturities as described herein. See “DESCRIPTION OF THE BONDS - Redemption Prior to Maturity”. The Bonds are being offered in the denomination of \$5,000 or any multiple thereof and may be transferred and exchanged subject to certain terms and conditions set forth herein. See “DESCRIPTION OF THE BONDS”.

The Metro Government has covenanted to undertake continuing disclosure pursuant to Rule 15c2-12 of the Securities and Exchange Commission. See “CONTINUING DISCLOSURE”.

The Metro Government has hereby deemed the information contained herein to be “final” as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission, except for the information permitted by the Rule to be excluded..

GLOSSARY OF TERMS USED IN OFFICIAL STATEMENT

Certain capitalized terms used frequently in this Official Statement are defined in this section of the Official Statement. Certain other capitalized terms used frequently in this Official Statement are defined in “Appendix D - Summary of Certain Provisions of the Ordinance” of the Official Statement.

“**Bonds**” means collectively, the Metro Government’s **\$40,935,000*** General Obligation Bonds, Series 2009E and **\$62,950,000*** General Obligation Bonds, Series 2009F (Taxable), dated their date of delivery, which are being offered by this Official Statement.

* Preliminary, subject to change.

“Escrow Agent” means The Bank of New York Mellon Trust Company, N.A. as Paying Agent for the Prior Notes.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended.

“Metro Government” means the Louisville/Jefferson County (Kentucky) Metro Government, 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.

“Ordinance” or **“Bond Ordinance”** means the ordinance adopted by the governing body of the Metro Government authorizing the issuance of the Bonds.

“Paying Agent” or **“Bond Registrar”** means U.S. Bank National Association, which is the paying agent and registrar for the Bonds.

“Prior Notes” refers to notes to be refunded with proceeds of the Series 2009E Bonds, as described more particularly under “THE PLAN OF FINANCE”.

DESCRIPTION OF THE BONDS

General Provisions

The Bonds will be issued pursuant to the Ordinance. Certain provisions of the Ordinance are described herein under “DESCRIPTION OF THE BONDS” and “SECURITY AND SOURCE OF PAYMENT”. For a description of certain other provisions of the Ordinance, see “Appendix D - Summary of Certain Provisions of the Ordinance” of this Official Statement.

The Bonds will be fully registered book-entry bonds in the denomination of \$5,000 or any multiple thereof, will be dated their date of delivery, and will be numbered separately from 1 upward.

Interest on the Bonds is payable May 15 and November 15, commencing May 15, 2010. The Bonds will be issued in the principal amounts indicated on the inside cover hereof, subject to the permitted adjustment, in fully registered form and will mature as to principal and will bear interest as set forth on the inside cover page of this Official Statement.

Method and Place of Payment

The Bonds will be issued in book-entry only form, as described below under “DESCRIPTION OF THE BONDS - Book-Entry Only System”, and the method and place of payment will be as provided in the book-entry only system. The provisions set forth in this section below will apply in the event that the use of the Book-Entry Only System for the Bonds is discontinued.

Payment of interest due on each interest payment date will be made by check or draft mailed on such interest payment date to the persons who were registered owners of the Bonds on the regular record date for such interest payment date, which will be the 1st day of the month preceding such interest payment date. Payment of the principal of the Bonds and payment of accrued interest due upon redemption on any date other than an interest payment date will be made only upon surrender of the Bonds at the designated office of the Paying Agent in Louisville, Kentucky.

Registration and Exchange

The Bonds will be issued in book-entry only form, as described below under “DESCRIPTION OF THE BONDS - Book-Entry Only System”, and the method for registration and exchange of the Bonds will be as provided in the book-entry only system. The provisions set forth in this section below will apply in the event that the use of the Book-Entry Only System for the Bonds is discontinued.

The Bonds are transferable only on the bond register maintained at the designated office of the Paying Agent. Upon surrender of the Bonds to be transferred, properly endorsed, the new Bonds will be issued to the designated transferee.

The Bonds will be issued in denominations of \$5,000 or any multiple thereof and, subject to the provisions of the Ordinance, may be exchanged for a like aggregate principal amount of Bonds, of any authorized denominations and of the same maturity, as requested by the holder surrendering the same.

No service charge shall be made for any transfer or exchange, but the Metro Government may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Book-Entry Only System

The information contained in this section concerning The Depository Trust Company and its book-entry only system has been obtained from materials furnished by The Depository Trust Company to the Metro Government. The Metro Government does not make any representation or warranty as to the accuracy or completeness of such information.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co., DTC’s partnership nominee or such other name as may be requested by an authorized representative of DTC. One fully-registered Bonds certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (a “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmations from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such

other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Metro Government as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date identified in a listing attached to the Omnibus Proxy.

Redemption proceeds, distributions and dividend payments on the Bonds will be made to Cede & Co., or such nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Metro Government or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants and not of DTC, the Paying Agent or the Metro Government, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Metro Government or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as a depository with respect to the Bonds at any time by giving reasonable notice to the Metro Government or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Metro Government and the Paying Agent cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Bonds (i) payments of principal of or interest and premium, if any, on the Bonds, (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interests in the Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "rules" applicable to DTC are on file with the Securities and Exchange Commission, and the current "procedures" of DTC to be followed in dealing with Direct Participants are on file with DTC.

Neither the Metro Government nor the Paying Agent will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (1) the Bonds; (2) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (3) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Bonds; (4) the delivery by DTC or any Direct Participant or

Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Ordinance to be given to bondholders; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (6) any consent given or other action taken by DTC as bondholder.

In addition, the Metro Government may discontinue the book-entry only system for the Bonds at any time by giving reasonable notice to DTC.

Redemption Prior to Maturity

Series 2009E

Optional Redemption

The Series 2009E Bonds are not subject to optional redemption prior to their stated maturities.

Series 2009F

Optional Redemption

The Series 2009F Bonds are not subject to optional redemption prior to their stated maturities.

Extraordinary Optional Redemption

The Series 2009F Bonds are issued as Build America Bonds (Direct Payment) (the “Build America Bonds”) and Recovery Zone Economic Development Bonds (the “Recovery Zone Bonds”). The Series 2009F Bonds are subject to redemption prior to maturity at the option of the Metro Government in whole or in part on any date in the event that the government of the United States of America evidences, in the sole judgment of the Metro Government, by action or failure to act that it will not provide for direct payments to be made to the Metro Government in an amount equal to or greater than thirty-five percent (35%) as to the Build America Bonds or forty-five percent (45%) as to the Recovery Zone Bonds of the interest payable on the Series 2009F Bonds on any Interest Payment Date. The redemption price (the “Extraordinary Redemption Price”) will be equal to the greater of:

- (1) the principal amount of such Series 2009F Bonds to be redeemed; or
- (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Series 2009F Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2009F Bonds are to be redeemed, discounted to the date on which the Series 2009F Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus 100 basis points (1.00%); plus, in each case, accrued interest on the Series 2009F Bonds to be redeemed to the redemption date.

The redemption price of any Build America Bonds or Recovery Zone Bonds to be redeemed at the option of the Metro Government will be determined by an independent accounting firm, investment banking firm, or financial advisor retained by the Metro Government at the Metro Government's expense to calculate such redemption price. The Bond Registrar and the Metro Government may conclusively rely on the determination of such redemption price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

“Treasury Rate” means, with respect to any redemption date for any Recovery Zone Bonds or Build America Bonds, the U.S. Treasury security or securities selected by the Designated Investment Banker which has an actual or interpolated maturity comparable to the remaining average life of the Recovery Zone Bonds or Build America Bonds to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Recovery Zone Bonds or Build America Bonds to be redeemed.

[Mandatory Redemption]

[The Series 2009F Bonds which mature November 15, 20__ are subject to mandatory sinking fund redemption prior to maturity, at a redemption price equal to 100% of the principal amount thereof plus interest accrued to the redemption date, beginning on November 15, 20__ and on each November 15 thereafter in the following principal amount in the years specified:]

<u>Date of Redemption</u>	<u>Principal Amount</u>
November 15, 20__*	\$_____

*Final Maturity

Notice of Redemption

At least thirty (30) days but not more than sixty (60) days before the redemption date of any Bonds, the Bond Registrar shall cause a notice of redemption to be mailed, by regular United States first class mail, postage prepaid, to all Holders of Bonds to be redeemed in whole or in part at their registered addresses.

Failure to mail any notice or any defect therein in respect of any Bond shall not affect the validity of the redemption of any other Bond. Such redemption notice shall set forth the details with respect to redemption. Any Holder owning at least \$1,000,000 in principal amount of the Bonds may request that a second copy of the notice of redemption be sent to a second address provided to the Bond Registrar in writing. The notice of redemption shall set forth the complete title of the issue, CUSIP numbers, date of the issue, serial numbers, interest rate, maturity, date fixed for redemption, redemption price to be paid and, if less than all of the Bonds of any one maturity then Outstanding shall be called for redemption, the distinctive numbers and letters of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed, and the place or places of redemption, including the name, address and phone number of a contact person.

A second notice of redemption shall be given within sixty (60) days after the redemption date in the manner required above to the registered owners of redeemed Bonds which have not been presented for payment within thirty (30) days after the redemption date.

Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given on mailing, whether or not the owner of such Bonds receives the notice.

On the giving of notice and the deposit of funds for redemption, interest on the Bonds so called for redemption shall cease to accrue after the date fixed for redemption.

Authority for Issuance

The Bonds are being issued by the Metro Government under authority of the Constitution of Kentucky, as amended, particularly Sections 158 and 159 thereof, Sections 66.011 through 66.191 of the Kentucky Revised Statutes, as amended, and applicable decisions of the appellate courts of the Commonwealth of Kentucky, and are further being issued pursuant to the Ordinance.

BUILD AMERICA BONDS

General Description

In February 2009, as part of the American Recovery and Reinvestment Act of 2009 (“ARRA”), Congress added Sections 54AA and 6431 to the Internal Revenue Code of 1986, as amended (the “Code”) which permit state or local governments to obtain certain tax advantages when issuing taxable obligations that meet certain requirements of the Code and the related Treasury regulations. Such bonds are referred to as Build America Bonds. A Build America Bond is a qualified bond under Section 54AA(g) of the Code if it meets certain requirements of the Code and the related Treasury Regulations and the issuer has made an irrevocable election to have the special rule for qualified bonds apply. Interest on Build America Bonds is not excluded from gross income for purposes of the federal income tax, and beneficial owners of Build America Bonds will not receive any tax credits as a result of ownership of such Build America Bonds of the Metro Government, since the Metro Government will elect to receive the Interest Subsidy Payment (as defined herein) when the Series 2009F Bonds are issued.

Interest Subsidy Payment

Under Section 6431 of the Code, an issuer of a Build America Bond may apply to receive payments (the “BAB Interest Subsidy Payment”) directly from the Secretary of the United States Treasury (the “Secretary”). The amount of a BAB Interest Subsidy Payment is set in Section 6431 of the Code at thirty-five percent (35%) of the corresponding interest payable on the portion of related Series 2009F Bonds designated Build America Bonds by Metro Government on any interest payment date. To receive a BAB Interest Subsidy Payment, under currently existing procedures, the Metro Government will have to file a tax return (now designated as Form 8038-CP) between 90 and 45 days prior to the corresponding bond interest payment date. The Metro Government should expect to receive the BAB Interest Subsidy Payment contemporaneously with the interest payment date with respect to the Build America Bonds. Depending on the timing of the filing and other factors, the BAB Interest Subsidy Payment may be received before or after the corresponding interest payment date.

The Series 2009F Bonds as Build America Bonds

The Metro Government expects to make an irrevocable election to treat a portion of the Series 2009F Bonds as Build America Bonds. As a result of such election, interest on the portion of Series 2009F Bonds treated as Build America Bonds will be includable in gross income of the beneficial owners thereof for federal income tax purposes and the beneficial owners of such Series 2009F Bonds will not be entitled to any tax credits as a result of either ownership of such Series 2009F Bonds or receipt of any interest payments on such Series 2009F Bonds. Beneficial owners of such Series 2009F Bonds should consult their tax advisors with respect to the inclusion of interest on such Series 2009F Bonds in gross income for federal income tax purposes.

In the case of the portion of the Series 2009F Bonds the Metro Government is treating as Build America Bonds, the Metro Government intends to apply for BAB Interest Subsidy Payments from the Secretary under the “Build America Program” pursuant to Section 6431 of the Code. No assurances are provided that the Metro Government will receive the BAB Interest Subsidy Payment. The amount of any BAB Interest Subsidy Payment is subject to legislative changes by Congress. BAB Interest Subsidy Payments will only be paid for that portion of the Series 2009F Bonds treated as Build America Bonds. For the Series 2009F Bonds to be and remain Build America Bonds, the Metro Government must comply with certain covenants and the Metro Government must establish certain facts and expectations with respect to the Series 2009F Bonds, the use and investment of proceeds thereof and the use of property financed thereby. There are currently no procedures for requesting a BAB Interest Subsidy Payment after the 45th day prior to an interest payment date; therefore, if the Metro Government fails to file the necessary tax return in a timely fashion, it is possible that the Metro Government will never receive such BAB Interest Subsidy Payment. Also, the BAB Interest Subsidy Payments are subject to offset against certain amounts that may, for unrelated reasons, be owed by the Metro Government to an agency of the United States of America.

RECOVERY ZONE BONDS

General Description

In February 2009, also as part of ARRA, Congress added Sections 1400U-1 and 1400U-2 to the Code which permit state or local governments to obtain certain tax advantages when issuing taxable obligations that meet certain requirements of the Code and the related Treasury regulations. Such bonds are referred to as Recovery Zone Economic Development Bonds (“Recovery Zone Bonds”). A Recovery Zone Bond qualifies as such under Section 1400U-2(b) of the Code if it meets certain requirements of the Code and the related Treasury Regulations and the issuer designates such bonds as Recovery Zone Bonds for purposes of Section 1400U-2 of the Code. Interest on Recovery Zone Bonds is not excluded from gross income for purposes of the federal income tax, and beneficial owners of Recovery Zone Bonds will not receive any tax credits as a result of ownership of such Recovery Zone Bonds of the Metro Government, since the Metro Government will elect to receive the Interest Subsidy Payment (as defined herein) when the Series 2009F Bonds are issued.

Recovery Zone Designation

Under Section 1400U-1(b) of the Code an issuer of a Recovery Zone Bond must designate an area as a “recovery zone”. For purposes of the Code, a “recovery zone” means, among other things, any area designated by the issuer as having significant poverty, unemployment, rate of home foreclosures, or general distress. Metro Government, on October 22, 2009, adopted an ordinance designating the entire County of Jefferson, Kentucky as a recovery zone. For Metro Government to have the authority to participate in the Recovery Zone Bonds program, it received in accordance with Section 1400U-1(a) of the Code an allocation as a large municipality from the Secretary of the United States Treasury (the “Secretary”) and the Internal Revenue Service of \$22,617,000 for purposes of issuing Recovery Zone Economic Development Bonds.

Interest Subsidy Payment

Under Section 6431 of the Code, an issuer of a Recovery Zone Bond may apply to receive payments (the “Recovery Zone Interest Subsidy Payment”) directly from the Secretary. The amount of an Interest Subsidy Payment is set in Section 1400U-2 of the Code at forty-five percent (45%) of the corresponding interest payable on the portion of related Series 2009F Bonds designated Recovery Zone Bonds by Metro Government on any interest payment date. To receive a Recovery Zone Interest Subsidy Payment, under currently existing procedures, the Metro Government will have to file a tax return (now designated as Form 8038-CP) between 90 and 45 days prior to the corresponding bond interest payment date. The Metro Government should expect to receive the Recovery Zone Interest Subsidy Payment contemporaneously with the interest payment date with respect to the Recovery Zone Bond. Depending on the timing of the filing and other factors, the Recovery Zone Interest Subsidy Payment may be received before or after the corresponding interest payment date.

The Series 2009F Bonds as Recovery Zone Bonds

The Metro Government expects to designate a portion of the Series 2009F Bonds as Recovery Zone Bonds. As a result of such designation, interest on the portion of the Series 2009F Bonds designated as Recovery Zone Bonds will be includable in gross income of the beneficial owners thereof for federal income tax purposes and the beneficial owners of such Series 2009F Bonds will not be entitled to any tax credits as a result of either ownership of such Series 2009F Bonds or receipt of any interest payments on such Series 2009F Bonds. Beneficial owners of such Series 2009F Bonds should consult their tax advisors with respect to the inclusion of interest on such Series 2009F Bonds in gross income for federal income tax purposes.

In the case of the portion of the Series 2009F Bonds the Metro Government designates as Recovery Zone Bonds, the Metro Government intends to apply for Recovery Zone Interest Subsidy Payments from the Secretary under the “Recovery Zone Program” pursuant to Sections 1400U-2 and 6431 of the Code. No assurances are provided that the Metro Government will receive the Recovery Zone Interest Subsidy Payment. The amount of any Recovery Zone Interest Subsidy Payment is subject to legislative changes by Congress. Recovery Zone Interest

Subsidy Payments will only be paid for that portion of the Series 2009F Bonds the Metro Government designates as Recovery Zone Bonds. For the portion of the Series 2009F Bonds to be and remain Recovery Zone Bonds, the Metro Government must comply with certain covenants and the Metro Government must establish certain facts and expectations with respect to the portion of the Series 2009F Bonds designated as Recovery Zone Bonds, the use and investment of proceeds thereof and the use of property financed thereby. There are currently no procedures for requesting a Recovery Zone Interest Subsidy Payment after the 45th day prior to an interest payment date; therefore, if the Metro Government fails to file the necessary tax return in a timely fashion, it is possible that the Metro Government will never receive such Interest Subsidy Payment. Also, the Recovery Zone Interest Subsidy Payments are subject to offset against certain amounts that may, for unrelated reasons, be owed by the Metro Government to an agency of the United States of America.

SECURITY AND SOURCE OF PAYMENT

Under the terms of the Ordinance, the Bonds constitute general obligations of the Metro Government and the full faith, credit and taxing power of the Metro Government is irrevocably pledged to the prompt payment of principal of, premium, if any, and interest on the Bonds when due. The Louisville/Jefferson County Metro Revenue Commission (the "Commission") collects occupational taxes and any other amounts received by the Metro Government. Prior to submitting collected taxes and other revenues to the Metro Government, the Commission is authorized to apply revenues to the Bonds and all other general obligation debt, in the manner and subject to all the terms and conditions of the Ordinance summarized herein.

In compliance with Section 159 of the Constitution of Kentucky and the above-cited statutes, and for the purpose of providing funds required to pay the interest on the Bonds (as well as all other General Obligation Debt, if any, of the Metro Government) when due and in order to create a sinking fund to pay the principal thereof (and premium, if any) as the Bonds (and any other General Obligation Debt) become due, the Ordinance levies on all of the taxable property within the Metro Government, beginning in 2009 and continuing in each year as long as any of the Bonds or any other General Obligation Debt is outstanding, a direct annual tax sufficient, to the extent other lawfully available moneys of the Metro Government are not provided, for that purpose, which tax shall be unlimited as to rate or amount. The proceeds derived from the special annual tax levied from time to time, together with other lawfully available moneys of the Metro Government provided for the purpose, shall be deposited and carried in the Bond Fund as a special account of the Metro Government and shall be applied only for the purpose of paying the principal of and interest (and premium, if any) on the Bonds and other General Obligation Debt, if any. The proceeds of the special annual tax and the balances accumulated from time to time in the Bond Fund are irrevocably pledged for the purpose of paying the interest on (and premium, if any) and principal of the Bonds and such other General Obligation Debt and shall never be used for any other purpose. The Metro Government covenants and pledges with the registered holders of the Bonds that the Metro Government will levy the special annual tax in each year at whatever rates may be necessary from time to time in order to produce the amounts required in each year, to the extent funds are not otherwise provided, to pay the principal of, premium, if any, and interest on the Bonds and such other General Obligation Debt when due.

If principal or interest on the Bonds or any other General Obligation Debt should fall due in any year at a time when there are insufficient funds on hand, collected by reason of the foregoing special tax levy, such principal and interest shall be paid from other available funds of the Metro Government and reimbursement therefor shall be made out of the special tax provided by the Ordinance, when the same shall have been collected.

The Ordinance also constitutes a continuing appropriation from such taxes and all other lawfully available Pledged Receipts, of the sum annually necessary to pay the principal of and interest on the Bonds and such other General Obligation Debt when due. The Commission is authorized in the Ordinance to collect occupational taxes and any other amounts received by or on behalf of the Metro Government, and to apply the same to the payment of debt charges on the Bonds and such other General Obligation Debt and all other obligations due or coming due under the Ordinance or otherwise with respect to such General Obligation Debt.

As general obligations of the Metro Government, the Bonds are declared pursuant to the Ordinance to be payable in accordance with the Act from all lawfully available Pledged Receipts (including, but not by way of limitation, any moneys attributable to the Bond proceeds or the income from the temporary investment thereof, moneys held in the Funds and Accounts established under the Ordinance and any other moneys held by the Bond

Registrar for the benefit of the Bonds); provided there shall be no impairment of the express contract rights, if any, of the holders of outstanding bonds of the Metro Government.

Payment of the principal of and interest on the Bonds and such other General Obligation Debt when due in accordance with the foregoing provisions is subject only to the prior application of the Pledged Receipts in accordance with the express contract rights, if any, of the holders of outstanding bonds of the Metro Government as provided pursuant to the Act.

THE PLAN OF FINANCE

Use of Bond Proceeds

The Metro Government will use the proceeds received from the sale of the Series 2009E Bonds to (i) currently refund the General Obligation Bond Anticipation Notes, Series 2008A described below under “Refunding of the Series 2008A Notes,” (ii) possibly to provide moneys to finance certain public projects, and (iii) finance certain costs associated with the issuance of the Bonds. The Metro Government will use the proceeds received from the sale of the Series 2009F Bonds to (i) finance various capital improvement projects, and (ii) finance certain costs associated with the issuance of the Bonds [see “Appendix A- Information Statement of Louisville/Jefferson County Metro Government – The Metro Government – Budgeting Procedures – Capital Improvements Budget”.]

Refunding of the Series 2008A Notes

The Metro Government will use a portion of the Series 2009E Bonds to currently refund \$44,000,000 of the outstanding General Obligation Bond Anticipation Notes, Series 2008A (the “Prior Notes”). Funds in an amount which will be sufficient to fully retire and redeem the Prior Notes maturing December 1, 2009 will be deposited with The Bank of New York Mellon Trust Company, N.A. as escrow agent for the Prior Notes.

For more information on the plan of finance and the uses of the proceeds from the sale of the Bonds, see “ESTIMATED SOURCES AND USES OF FUNDS” below.

ESTIMATED SOURCES AND USES OF FUNDS

The sources and uses of funds for the plan of financing are as follows (rounded to the nearest whole dollar):

<u>Sources of Funds</u>	<u>2009E</u>	<u>2009F</u>
Principal amount of Bonds		
[Reoffering Premium]/[Original Issue Discount]		
Total		
 <u>Uses of Funds</u>		
Project Fund		
Redeem Prior Notes		
Underwriter’s Discount		
Costs of Issuance		
Total		

DEBT SERVICE REQUIREMENTS

[To be inserted at a later time]

THE METRO GOVERNMENT

General

In the November 7, 2000 General Election, local voters approved a consolidation of the governmental and corporate functions of the City of Louisville, Kentucky (the “City”) and the County of Jefferson, Kentucky (the “County”) into a single political entity, and pursuant to legislation enacted by the Kentucky General Assembly, the Louisville/Jefferson County Metro Government commenced operations effective January 6, 2003, replacing and superseding the governments of the City and the County.

The Metro Government is a public body corporate and politic, duly created and existing as a political subdivision of the Commonwealth of Kentucky under the constitution and laws of the Commonwealth. The Metro Government is governed by an elected Mayor and the Metro Council composed of twenty-six council members elected from each of twenty-six council districts for staggered four-year terms. The issuance of the Bonds has been authorized by the Ordinance of the Metro Government acting by and through its Metro Council.

See “Appendix A - Information Statement of Louisville/Jefferson County Metro Government” and “Appendix B – Comprehensive Annual Financial Report of Louisville/Jefferson County Metro Government for the Fiscal Year ended June 30, 2008” of this Official Statement, which contain further information and data regarding the Metro Government.

Recent Developments—Fiscal Years 2009 and 2010

Year-end financial statements for fiscal year 2009 are preliminary and in the process of being audited. The projected revenue shortfall relative to the fiscal year 2009 adopted budget is approximately \$27.6 million. The main reasons for the revenue shortfall were rising unemployment and lower business earnings, which produced lower-than-expected occupational tax revenues. The Metro Government responded through a coordinated plan of restricting spending by city agencies, imposing a hiring freeze, and implementing employee furloughs. It is not anticipated that reserve fund balances will be accessed to balance the fiscal year 2009 budget.

The first quarter revenue statements for fiscal year 2010 preliminarily indicate a reduction in revenues related to occupational license fees and insurance premium fees relative to the first quarter of fiscal year 2009. The fiscal year 2010 budget for these revenues on an annual basis forecasted a decline of 0.7%, based on a recovery during the second half of the fiscal year. If revenues decline at a greater-than-expected rate, similar budget balancing measures to fiscal year 2009 may be necessary.

LITIGATION

At the time of delivery of and payment for the Bonds, the Metro Government will deliver, or cause to be delivered, a certificate of the Metro Government stating that there is no controversy or litigation of any nature then pending or threatened, restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Metro Government taken with respect to the issuance or sale thereof or the pledge or application of any moneys or security provided for the payment of the Bonds or the corporate existence, boundaries or powers of the Metro Government.

The Court of Appeals for the Commonwealth of Kentucky rendered a decision regarding the computation of overtime pay for firefighters from previous years with interest from 1985 to 2009 on September 4, 2009. It is estimated that the wage component of that decision will result in an approximate liability of \$27 million plus an undetermined amount of interest. Subsequent to the Court of Appeals decision, Metro Government has offered a confidential structured settlement to the majority of the plaintiffs in the case. It is anticipated that a portion of the settlement, if ratified by the plaintiffs and the Metro Council, will be paid via the issuance of judgment bonds.

RISK FACTORS

General

An investment in the Bonds involves certain risks which should be carefully considered by investors. The sufficiency of revenues to pay debt service on the Bonds may be affected by events and conditions relating to, among other things, population and employment trends and economic conditions in the Metropolitan Louisville Statistical Area*, the nature and extent of which are not presently determinable.

Holders of the Bonds should be aware that their rights and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases.

*Metropolitan Louisville Statistical Area, as defined by the Kentucky State Data Center, includes the counties of Bullitt, Henry, Jefferson, Meade, Nelson, Oldham, Shelby, Spencer and Trimble in Kentucky, and counties of Clark, Floyd, Harrison, Scott, and Washington in Indiana.

LEGAL MATTERS

Certain legal matters incident to the authorization and validity of the Bonds will be the subject of approving opinions of Stites & Harbison PLLC, Louisville, Kentucky and Wyatt, Tarrant & Combs, LLP, Louisville, Kentucky, Co-Bond Counsel. The proposed forms of such opinions are set forth in Appendix C to this Official Statement. Certain legal matters will be passed on for Metro Government by James T. Carey, Esquire, Assistant Jefferson County Attorney.

The information contained in this Official Statement under the headings "DESCRIPTION OF THE BONDS", "TAX TREATMENT" and "Appendix D - Summary of Certain Provisions of the Ordinance," has been reviewed by Bond Counsel to determine that such information conforms in substance to the proceedings and laws relating to the issuance of the Bonds that are summarized in such information; but Co-Bond Counsel have not undertaken to review the accuracy or completeness of statements and data otherwise contained in this Official Statements, including the Appendices, and express no opinion thereon and assume no responsibility in connection therewith.

TAX TREATMENT

In the opinions of Stites & Harbison, PLLC and Wyatt, Tarrant & Combs, LLP, Co-Bond Counsel, under existing law and as of the date of issuance of the Bonds, (i) interest on the Series 2009E Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference nor an adjustment to adjusted current earnings in determining alternative minimum taxable income for federal income tax purposes and (ii) interest on the Series 2009F Bonds (Taxable) is included in gross income for federal income tax purposes.

For the purpose of rendering their opinions described above with respect to the Series 2009E Bonds, Co-Bond Counsel will assume compliance by Metro Government with the requirements of the Internal Revenue Code of 1986 (the "Code") that must be met subsequent to the issuance of the Series 2009E Bonds in order that interest thereon be and remain excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Series 2009E Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2009E Bonds. Metro Government has covenanted in the Bond Ordinance and other documents and certificates delivered in connection with the Series 2009E Bonds to comply with such requirements.

For purposes of determining their taxable income under the Code, property and casualty insurance companies must reduce their losses by an amount equal to 15% of the interest they receive or accrue which is excludable from gross income under the code ("tax-exempt interest"), including interest on the Series 2009E Bonds.

Recipients of Social Security benefits must include tax-exempt interest income, including interest on the Series 2009E Bonds, in computing their “modified adjusted gross income” for purposes of determining to what extent, if any, such benefits are included in their gross income.

Interest on the Series 2009E Bonds, as well as other tax-exempt interest, may be taken into account in computing a foreign corporation’s branch profits tax under the Code.

Tax-exempt interest income, including interest on the Series 2009E Bonds, is taken into account in determining whether certain taxpayers are denied the earned income credit under the Code by reason of having excessive investment income.

The Code requires gain on the sale or other disposition of tax-exempt obligations acquired after April 30, 1993, including the Series 2009E Bonds, to be included in gross income as ordinary income, and not as capital gain, to the extent of accrued market discount. Accrued market discount in the case of tax-exempt obligations, such as the Series 2009E Bonds, originally issued at a price equal to their principal amount is generally equal to the difference, if any, between such principal amount and the price at which the taxpayer purchased such obligations in the secondary market.

Certain of the Bonds (“Discount Bonds”) may be offered and sold to the public at an original issue discount (“OID”). OID is the excess of the stated redemption price at maturity over the issue price of the Discount Bonds. The issue price of a Discount Bond, if applicable, will be the initial offering price to the public set forth on the inside front cover page of this Official Statement, assuming that a substantial amount of the Discount Bonds of the same maturity are sold to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at such price pursuant to the initial public offering.

For Federal income tax purposes, OID accrues to the holder of a Discount Bond on a daily basis over the period to maturity based on the constant interest rate method, compounded semiannually. With respect to a Discount Bond purchased at the issue price pursuant to the initial public offering, the portion of OID that accrues during the period the initial holder owns the Discount Bond (i) is excludable (in the case of the Series 2009E Bonds) or includable (in the case of the Series 2009F Bonds) in gross income for federal income tax purposes to the same extent and subject to the same considerations discussed above and (ii) is added to the holder’s tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of the Discount Bond.

Certain of the Bonds (“Premium Bonds”) may be offered and sold to the public at prices in excess of the respective stated redemption prices thereof at maturity. For Federal income tax purposes, the excess of the cost to the holder of a Premium Bond over the amount payable at maturity constitutes amortizable bond premium. The holder of a Premium Bond will realize gain or loss upon the sale or other disposition of the Premium Bond equal to the difference between the amount realized and the adjusted basis of the Premium Bond determined by accounting for reductions due to the amortization of the bond premium during the holder’s period of ownership. No deduction is allowable in respect of any amount of amortizable bond premium on the Premium Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors for a further description of the federal income tax rules mentioned above and for an analysis of the effect on their individual tax situations of their ownership of and receipt of interest on, and disposition of the Bonds.

In the opinions of Co-Bond Counsel, under the laws of the Commonwealth as presently enacted and construed, the Bonds are exempt from ad valorem taxation, and the interest thereon is exempt from income taxation, by the Commonwealth and all of its political subdivisions and taxing authorities.

PURCHASE

The Series 2009E Bonds are being purchased from the Metro Government by _____ (the "2009E Purchaser"). The 2009E Purchaser has agreed to purchase the Series 2009E Bonds for an aggregate purchase price of \$_____ (which represents the face amount of the Series 2009E Bonds less purchaser's discount of \$_____ and plus original issue premium [discount] of \$_____).

The Series 2009F Bonds are being purchased from the Metro Government by _____ (the "2009F Purchaser"). The 2009F Purchaser has agreed to purchase the Series 2009F Bonds for an aggregate purchase price of \$_____ (which represents the face amount of the Series 2009F Bonds less purchaser's discount of \$_____ and plus original issue premium [discount] of \$_____).

The purchasers of the Series 2009E and 2009F Bonds are collectively referred to as (the "Purchasers"). The initial public offering price set forth on the inside cover page may be changed by the Purchasers, and the Purchasers may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the offering price set forth on the inside cover page. The Purchasers will purchase all the Bonds if any are purchased.

CONTINUING DISCLOSURE

The Metro Government will agree in a Continuing Disclosure Certificate dated as of the date of issuance of the Bonds (the "Continuing Disclosure Certificate"), to provide, in accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the following:

A. To each Repository (as defined below) annual financial information and operating data for Metro Government with respect to the fiscal year of Metro Government ending June 30, 2009, and each fiscal year thereafter;

B. If not submitted as part of the annual financial information, then when and if available, to each Repository, audited financial statements for Metro Government with respect to the fiscal year of the District ending June 30, 2009, and each fiscal year thereafter;

C. In a timely manner, to each Repository, notice of any of the following events with respect to the Bonds, if material: (a) principal and interest payment delinquencies, (b) non-payment related defaults, (c) unscheduled draws on debt service reserves reflecting financial difficulties, (d) unscheduled draws on credit enhancements reflecting financial difficulties, (e) substitution of credit or liquidity providers, or their failure to perform, (f) adverse tax opinions or events affecting the tax-exempt status of the Bonds, (g) modifications to rights of holders of the Bonds, (h) Bond calls, (i) defeasances, (j) releases, substitutions or sales of property securing repayment of the Bonds and (k) rating changes; and

D. in a timely manner, to each Repository, notice of a failure by the Metro Government to provide required financial information on or before the date, if any, specified in the Continuing Disclosure Certificate.

The Metro Government may from time to time elect (but is not contractually bound) to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Metro Government, any such other event is material with respect to the Bonds; but the Metro Government does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

"National Repository" means the Municipal Securities Rulemaking Board ("MSRB").

"Repository" means National Repository and each State Repository.

“State Repository” shall mean any public or private repository or entity designated by the Commonwealth as a state repository for the purpose of the Rule. As of the date hereof, there is no State Repository.

The Metro Government also reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Metro Government; provided that the Metro Government agrees that any such modification will be done in a manner consistent with the Rule. The Metro Government reserves the right to terminate its obligation to provide annual financial information and notices of material events as set forth above, if and when the Metro Government no longer remains an obligated person with respect to the Bonds within the meaning of the Rule.

The Metro Government acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders (including beneficial owners) of the Bonds and shall be enforceable by any holder of Bonds, provided that the Bondholder’s right to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the Metro Government’s obligations pursuant to the provisions of this undertaking, and any failure by the Metro Government to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds or the Ordinance.

The Metro Government has not failed to comply all in all material respects with its previous undertakings under the Rule to provide annual reports and notices of material events.

Purchase of the Bonds shall be conditioned on the receipt by the initial purchaser of the Bonds, at or prior to the delivery of the Bonds, of evidence that the Metro Government has made the continuing disclosure undertaking described above, in the form of the Continuing Disclosure Certificate, for the benefit of the holders of the Bonds.

RATINGS

Moody’s Investors Service, Inc., Standard & Poor’s Ratings Service, a division of The McGraw-Hill Companies, Inc., and Fitch Ratings (collectively, the “Rating Agencies”) have assigned ratings to the Bonds of Aa2, AA+, and AA+, respectively. Such ratings are not recommendations to buy, sell or hold the Bonds, and any such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any definitive explanation of the significance of any such rating may be obtained only from the appropriate Rating Agency.

The Metro Government furnished to the Rating Agencies the information contained in this Official Statement and certain other information respecting the Metro Government and the Bonds. Generally, Rating Agencies base their ratings on such materials and information, as well as on their own investigations, studies and assumptions. There is no assurance that any such rating will remain in effect for any given period of time or that such rating will not be lowered or withdrawn entirely if, in the judgment of the appropriate Rating Agency, circumstances should warrant such action. Any such downward revision or withdrawal of any rating assigned to the Bonds could have an adverse effect on their market price. Neither the Metro Government nor the Underwriter has undertaken any responsibility either to bring to the attention of the Bondowners any proposed revision, suspension or withdrawal of a rating or to oppose any such revision, suspension or withdrawal.

INDEPENDENT AUDITORS

The financial statements of the Metro Government included in Appendix B to this Official Statement have been audited by Strothman & Company, Louisville, Kentucky, independent certified public accountants, as stated in their report appearing herein as Appendix B to this Official Statement.

CO-FINANCIAL ADVISORS

This Official Statement has been prepared under the direction of the Metro Government and with the assistance of Morgan Keegan & Company, Inc. (“Morgan Keegan”) and Public Financial Management, Inc. (“PFM”), employed by the Metro Government to perform professional services in the capacity of co-financial advisors. In their role as co-financial advisors, Morgan Keegan and PFM have provided advice on the plan of financing and structure of the issue, reviewed and commented on certain legal documents, drafted certain portions of the Official Statement based upon information provided by the Metro Government and reviewed the pricing of the

Series 2009 Bonds by the Purchasers thereof. The information set forth herein has been obtained from the Metro Government and other sources, which are believed to be reliable. Morgan Keegan and PFM have not verified the factual information contained in the Official Statement but relied on the information supplied by the Metro Government and the Metro Government's certificate as to the Official Statement.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Metro Government and the purchasers or owners of any of the Bonds.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions.

The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including its appendices, must be considered in its entirety.

The information in this Official Statement has been obtained from sources which are considered dependable and which are customarily relied upon in the preparation of similar official statements, but such information is not guaranteed as to accuracy or completeness.

All estimates and assumptions contained herein are believed to be reliable, but no representation is made that such estimates or assumptions are correct or will be realized.

No person, including any broker, dealer or salesman, has been authorized to give any information or to make any representation other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Metro Government.

The Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities laws and will not be listed on any stock or other securities exchange, and neither the Securities and Exchange Commission nor any federal, state, municipal or other governmental agency will pass upon the accuracy, completeness or adequacy of this Official Statement. The Ordinance has not been qualified under the Trust Indenture Act of 1939, as amended.

Any information or expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create an implication that there has been no change as to the affairs of the Metro Government since the date hereof.

Certain statements contained in this Official Statement including, without limitation, statements containing the words "estimates," "believes," "anticipates," "expects," and words of similar import, constitute "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Metro Government to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, population trends and political and economic developments that could adversely impact the collection of revenues. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. The Metro Government disclaims any obligation to update any such factors or to publicly announce the results of any revision to any of the forward-looking statements contained herein to reflect future events or developments.

In connection with this offering, the Underwriters may over allot or effect transactions which stabilize or maintain the market price of the Bonds offered hereby at a level above that which might otherwise prevail in the open market, and such stabilizing, if commenced, may be discontinued at any time. The prices and other terms of the offering and sale of the Bonds may be changed from time to time by the Underwriters after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers, without prior notice.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

ADDITIONAL INFORMATION

For further information with respect to the Bonds, contact Ms. Jane Driskell Sistrunk, Director, Office of Management & Budget, Louisville/Jefferson County Metro Government, 611 West Jefferson Street; Louisville, Kentucky 40202 (telephone: (502) 574-1218), or Kevin Thompson (telephone: (901) 579-4393) or Lisa Daniel (telephone: (901) 682-8356), Co-Financial Advisors.

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This Official Statement has been approved by the governing body of the Metro Government.

**LOUISVILLE/JEFFERSON COUNTY METRO
GOVERNMENT**

By: _____/s/_____
Jerry E. Abramson, Mayor

By: _____/s/_____
Jane Driskell Sistrunk, Director, Office of
Management & Budget

APPENDIX A

Information Statement of Louisville/Jefferson County Metro Government

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THE METRO GOVERNMENT

Organization

General. In the November 7, 2000 General Election, local voters approved a consolidation of the governmental and corporate functions of the City of Louisville, Kentucky (the “City”) and the County of Jefferson, Kentucky (the “County”) into a single political entity, and pursuant to legislation enacted by the Kentucky General Assembly, the Louisville/Jefferson County Metro Government (the “Metro Government” or “Metro Louisville”) commenced operations effective January 6, 2003, replacing and superseding the governments of the City and the County. Neither the City nor the County continues to exist as an independent governmental entity and the boundaries of the City of Louisville and Jefferson County are now co-extensive.

All executive and administrative power of the consolidated local government is vested in the office of the Mayor. The Mayor of the consolidated local government possesses substantially all the power and authority possessed by the Mayor of the City of Louisville and the former Jefferson County Judge/Executive prior to the effective date. The legislative authority of the consolidated local government is vested in a consolidated local governmental council composed of twenty-six (26) council members elected from each of twenty-six council districts for staggered four-year terms.

Fiscal Year

The Metro Government operates on a fiscal year, which commences July 1 and ends June 30.

Budgeting Procedures

General. Budgets are adopted consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the General Fund. This appropriated budget includes all transfers to the Capital Improvement Reserve Fund (a capital projects fund) 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, except for unexpended grant and encumbered appropriations.

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

All budget adjustments at the department level must be approved by the Director, Office of Management and Budget 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 outstanding at year-end are reported as a reservation of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Capital Improvements Budget. The capital improvements budget and program for the Metro Government is prepared annually to include a program of proposed capital expenditures for the ensuing fiscal year. The Mayor submits the capital improvements budget, based on information from all officers, departments, boards, commissions and other agencies requesting funds from the Metro Government for capital improvements, to the Council and

recommends those projects to be undertaken during the ensuing fiscal year and the method of financing them. The Mayor's recommendation notes the impact of proposed projects on the debt structure of the Metro Government and includes in the appropriate current operating budget any projects to be financed from current revenues for the ensuing fiscal year.

The Council has the power to accept, with or without amendment, or reject, the proposed program and proposed means of financing. The Council cannot authorize an expenditure for the construction of any building, structure, work or improvement, unless the appropriation for such project is included in its capital improvements budget, except to meet a public emergency threatening the lives, health or property of the inhabitants, when passed by two-thirds vote of the membership of the Council.

Accounting

Pursuant to Kentucky statute, independent auditors annually audit the financial statements of the Metro Government. The Basic Financial Statements and other financial information are prepared in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. In addition to meeting the requirements set forth in state statutes, Metro Government audits are also designed to meet the requirements of the federal Single Audit Act of 1984 and the Single Audit Amendments of 1996, and related OMB Circular A-133. Copies of the Comprehensive Annual Financial Report ("CAFR") are available through the office of the Director, Office of Management and Budget, Metro Government, 611 West Jefferson Street, Louisville, Kentucky 40202 and at <http://www.louisvilleky.gov/Finance/CAFR>.

The Metro Government manages its financial reporting through the use of categories of fund types and account groups.

The Metro Government reports the following major governmental funds:

The **General Fund** is the Government's primary operating fund which accounts for all of the activities of the general operations of the Government, except those required to be accounted for in another fund.

The **Special Revenue Fund** is used to account for the collection and disbursement of earmarked money, primarily federal and state grant money.

The **Capital Projects Fund** is used to account for the acquisition or construction of general capital assets.

The Metro Government reports the following major proprietary funds:

The **Louisville and Jefferson County Riverport Authority ("Riverport")** is a legally separate entity that was established in order to develop and maintain an industrial riverport complex on a self-supporting basis utilizing a rate structure designed to produce revenues sufficient to fund debt service requirements, operating expenses and adequate working capital.

The **Louisville Water Company ("LWC")** is a legally separate entity that provides water services to customers on a self-supporting basis utilizing a rate structure designed to produce revenues sufficient to fund debt service requirements, operating expenses and adequate working capital.

The **Parking Authority of River City, Inc. ("PARC")**, a non-profit corporation, provides parking services to customers on a self-supporting basis utilizing a rate structure designed to produce revenues sufficient to fund debt service requirements, operating expenses and adequate working capital.

The **Transit Authority of River City ("TARC")** is a legally separate entity that operates the mass transit system in the metropolitan area. Metro Government does not provide any funding to TARC, but it does administer the Mass Transit Trust Fund, which receives occupational tax revenues and remits those amounts to TARC.

The **Metropolitan Sewer District (“MSD”)** is a legally separate entity that operates to provide sewer services to the residents of the metropolitan area on a self-supporting basis utilizing a rate structure designed to produce revenues sufficient to fund debt service requirements, operating expenses and adequate working capital.

The **Louisville Science Center, Inc. (“LSC”)** 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 the Metro Government.

Additionally, the Metro Government reports the following fund types:

Agency Funds, which are custodial in nature, are used to account for assets held by elected officials and other departments as agents for individuals, governmental entities and others.

Bond Fund is used to account for the accumulation of resources for, and the payment of, principal, interest and related costs of debt.

Internal Service Funds are used to account for the operations of self-sustaining agencies rendering services to other agencies of the Government on a cost reimbursement basis.

Pension Benefit and Trust Funds are used to account for the Firefighters’ Pension Fund and the Policemen’s Retirement Fund.

Revenues

The Metro Government derives its revenues from a direct tax levy on real and personal property, occupational tax, bank and franchise taxes, earned income, fees, and Commonwealth of Kentucky (the “Commonwealth”) and Federal payments. Occupational taxes accounted for 54.0% of all revenues available to the General Fund during the fiscal year ended June 30, 2008. Property tax collections totaled 23.4% in the fiscal year ended June 30, 2008. A description of each major revenue category follows:

Taxes – These include occupational taxes, ad valorem property taxes, the levy of which is statutorily limited, bank and life insurance shares, franchises, public service corporations, agricultural products, whiskey, deeds and other miscellaneous taxes.

Intergovernmental – Under this revenue category are payments to the Metro Government by other public divisions (Federal, Commonwealth or other governmental units or agencies).

Licenses and Permits – This category includes charges for licenses and permits issued by departments, agencies, boards and commissions of the Metro Government.

Fines and Forfeitures – This category includes collections of obligations imposed by the courts, law enforcements and agencies charged with the care of prisoners.

Charges for Services – These are fees and charges for activities and services provided by agencies of the Metro Government.

Donations - Revenue received from various sources for specific purposes.

Dividends - Revenue received from the Louisville Water Company stock that is wholly owned by Metro Government.

Investment Income – Interest on investments.

Miscellaneous Revenue – Includes (i) commissions and fees collected by certain officials for certain activities of the Metro Government; (ii) proceeds from confiscation of property; (iii) compensation for loss, sale or damage to property; and (iv) miscellaneous.

Major sources of revenue include the occupational tax and ad valorem property taxes.

The occupational tax is levied at the statutory rate of 1.25% on employee withholdings and business net profits. Occupational taxes are collected by the Louisville & Jefferson County Revenue Commission. In addition, a 5% license tax on the amount of premiums written by insurance companies doing business within Metro Louisville is also collected by the Revenue Commission. After setting aside sufficient funds to cover General Obligation annual debt service requirements and annual Revenue Commission operating expenses, the balance of collections is remitted monthly to the Metro Treasury.

The property tax is levied each August or September by the Metro Council on the assessed value listed as of the prior January 1 for all real and certain personal property within the Metro Government. Taxable values are assessed periodically by the Property Valuation Administrator who is required by law to maintain total assessments at approximately 100% of fair market value. The Property Valuation Administrator must provide an official assessment for each class of property each year. The State Local Finance Officer must certify to the Metro Government the maximum permissible ad valorem tax rates on the basis of that assessment and the Metro Government may levy the maximum permissible rate or a lower rate. However, if a tax rate is levied on real property which will produce more revenue than the maximum permissible rate, the excess levy is subject to a recall vote. The Metro Government is not currently at the maximum tax rate.

INVESTMENT PRACTICES

The funds of the Metro Government are managed and invested pursuant to applicable standards of the Metro Council, the Kentucky Revised Statutes (KRS 66.480) and respective bond indentures which allow investment in the following types of securities: Obligations of the United States and of its agencies and instrumentalities, including repurchase agreements; obligations backed by the full faith and credit of the United States, United States government agency, or of any corporation of the United States government; certificates of deposit issued by any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation; highly rated uncollateralized certificates of deposit, bankers acceptances, and commercial paper; bonds or certificates of indebtedness of the Commonwealth of Kentucky and its agencies and instrumentalities; highly rated securities issued by a state or local government, or any instrumentality or agency in the United States; and mutual funds which include the above eligible investments.

The investments of the Metro Government are managed to accomplish the following hierarchy of objectives: (1) preservation of principal; (2) maintenance of liquidity; and (3) maximization of returns.

PENSION PLANS

Metro Government, LWC, TARC, MSD and Riverport contribute to the County Employees Retirement System ("CERS"), which is a cost-sharing, multiple-employer defined benefit pension plan administered by Kentucky Retirement Systems, an agency of the Commonwealth of Kentucky. The CERS provides for retirement, disability and death benefits to plan members and beneficiaries. The contribution requirements of plan members and Metro Government are established and may be amended by the CERS Board of Trustees. Members of the CERS Board of Trustees closely observe the future costs of both benefit improvements and changes in pension trends of employees. Recommendations of actuaries are carefully considered and appropriate measures are taken to ensure that the pension plans are actuarially sound.

Most of the former City's firemen and policemen transferred to CERS in 1989 and 1986, respectively. For those who did not transfer, Metro Government contributes to the Firefighter's Pension Fund and the Policemen's Retirement Fund (the "Funds"). Both of these are single employer defined benefit pension plans. The Funds provide retirement benefits and both Funds include death and disability benefits whereby the surviving spouse or disabled employee is entitled to receive certain benefits. Membership of each plan consisted of the following at June 30, 2009:

	<u>Firefighter's Pension Fund</u>	<u>Policemen's Retirement Fund</u>
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	231	194
Vested active plan participants	0	1

PUBLIC EMPLOYEES' REPRESENTATION

As of October 1, 2009, Louisville Metro Government has 6,295 employees of which 4,456, or 70.8%, are represented by unions. At the time of the merger of the City of Louisville and Jefferson County, there were twenty-six different bargaining unit contracts in place. In order to slow the growth of personnel costs in the first fiscal year of the new government, in addition to a significant reduction of the workforce, no non-union employee received a cost of living raise. Of course, previously negotiated union employee cost-of-living raises were honored. The goal for negotiating new contracts with the employees of the twenty-six bargaining units was to insure that there was no cost-of-living raise in the initial year of any contract. In addition, the Metro Government wanted to peg future cost-of-living wages to the growth of the Metro Government's occupational license fee revenues by an acceptable formula.

Of the seven completed contracts renewed in July 2003 and July 2004, which affect about 2,200 employees, all contained a 0% wage increase for the first year, and all but one have included the formula (half of a percent increase for each one percent increase in occupational license fees) for future wage increases. The renewal contract with the 1,200 police officers and sergeants, while it contained the agreed upon formula for future wage increases, did provide a 2% floor for the second and third year of the contract. In addition, in the second year of the contract with police officers and sergeants, all will begin to contribute to their health insurance premiums, whereas in previous years only some paid a very nominal amount.

Currently, there are four active negotiations underway. It is anticipated that the pattern of negotiations set out above will continue to result in negotiated agreements that slow the increase in personnel costs to an acceptable level.

ECONOMIC AND DEMOGRAPHIC PROFILE OF LOUISVILLE AND JEFFERSON COUNTY

Introduction

The Louisville/Jefferson County Metro Government ("Metro Louisville"), as created in January 2003 with the merger of the City of Louisville and Jefferson County, is located in the north central part of Kentucky on the south bank of the Ohio River and encompasses more than 385 square miles. It is located in the geographic center of the Ohio River Valley region at a focal point where railroads, highways and the Ohio River converge, offering excellent accessibility to all major markets and is close to the population center of the United States. Metro Louisville, the largest municipality in the state, is a commercial, industrial, medical, educational, cultural and financial center for the greater metropolitan area. Louisville is widely known as the Derby City, because of the running of the famed Kentucky Derby each May at Louisville's Churchill Downs race track.

Population Growth

The following table sets forth information concerning population growth in Louisville and Jefferson County. Comparison with the Commonwealth of Kentucky and the United States serves to illustrate relative growth.

**THE METRO GOVERNMENT OF LOUISVILLE AND JEFFERSON COUNTY
DEMOGRAPHIC STATISTICS**

Area	<u>1990</u>	<u>2000</u>	<u>% Change 1990-2000</u>	<u>Estimated</u>		<u>% Change 1990-2008</u>
				<u>2007</u>	<u>2008</u>	
Louisville/Jefferson County	664,937	693,604	4.3%	709,264	713,877	7.4%
Kentucky	3,685,296	4,041,769	9.7	4,241,474	4,269,245	15.8
United States	248,709,873	281,421,906	13.2	301,621,157	304,059,724	22.3

Source: Bureau of the Census website www.census.gov

Per Capita Personal Income

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Jefferson County	29,573	31,498	33,076	34,186	34,418	36,032	37,223	39,789	41,626	-
Louisville MSA	27,584	29,397	30,351	31,045	34,422	31,788	33,751	35,871	37,473	38,099
Kentucky	22,763	24,413	24,923	25,415	25,863	27,045	28,071	29,542	30,824	31,826
United States	27,939	29,847	30,582	30,838	31,530	33,157	34,690	36,794	38,615	39,582

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

Employment

The following table shows the labor force segments of the eight county Louisville Metropolitan Statistical Area for calendar years 1997 through 2007.

**Louisville MSA
EMPLOYMENT BY INDUSTRY
In Thousands**

											% Change 1999- 2008
Industry	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	
Construction & Mining	33.8	34	33.6	32.8	32.6	34.1	34.7	33.6	33.9	33.9	0.3
Manufacturing	96.9	96.7	92.5	86.2	82.6	81.2	79.8	79	77.3	73.2	(24.5)
Wholesale Trade	30.3	31.4	30.5	29.2	28.8	29.3	29.6	30.2	30.3	30.1	(0.7)
Retail Trade	71.2	70.3	68.6	67.5	65.8	65.5	65.6	65.2	65.4	64.4	(9.6)
Transportation & Public Utilities	40.2	41.8	40.7	38.9	37	36.7	38.2	41.6	44.3	43	7.0
Financial Activities	37.2	37.6	37.6	38.2	38.8	39.1	39.7	41.9	43.4	43.4	16.7
Information	11.7	12	11.9	11.5	10.9	10.2	10	10.2	10.5	10.7	(8.5)
Professional & Business Services	61.5	65	62.7	62.6	64.2	65.2	68.6	71.6	73.7	74	20.3
Education and Health Services	65.6	66.3	67.5	70.4	73.4	75.2	76.6	76.8	78.4	80.2	22.3
Leisure & Hospitality	59.5	58.8	56.6	54.8	55.8	57.4	57.9	59.1	59.9	60.5	1.7
Other Services	29.2	29.3	29.1	29	29.1	29	28.4	28.1	28	27.6	(5.5)
Government	75.2	77.3	77	76.1	76.5	76.5	77.6	79.1	79.8	80.6	7.2
Total	612.3	620.5	608.3	597.2	595.5	599.4	606.7	616.4	624.9	621.6	1.5

Source: Bureau of Labor Statistics website www.bls.gov.

Note: The Bureau of Labor Statistics converted from the 1987 Standard Industrial Classification System (SIC) to the 2002 North American Industry Classification System (NAICS) effective March 2003 with the release of the January 2003 data. The above chart was adjusted to the new format.

Unemployment Rates

The unemployment rate for the metropolitan area was 10.2% as of July 2009. The following table sets forth the unemployment percentage rates in Louisville/Jefferson County, the MSA, the State and the United States for the calendar years 1999-2008.

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Jefferson County	3.9%	3.7%	4.7%	5.7%	6.2%	5.5%	6.1%	5.8%	5.3%	6.4%
Louisville MSA	3.5	3.6	4.6	5.4	5.8	5.3	5.9	5.6	5.1	5.9
Kentucky	4.6	4.2	5.2	5.7	6.3	5.6	6.0	5.8	5.5	6.4
United States	4.2	4.0	4.7	5.8	6.0	5.5	5.1	4.6	4.6	5.8

Source: Bureau of Labor Statistics website www.bls.gov.

THE METRO GOVERNMENT OF LOUISVILLE AND JEFFERSON COUNTY MISCELLANEOUS STATISTICS (CONTINUED)

Twenty-Five Largest Employers in the Louisville MSA, excluding government agencies

	Product / Service	Number of Employees
1. United Parcel Service*	Air express and distribution	20,513
2. Humana, Inc.*	Managed health care provider	10,096
3. Norton Health Care*	Health care	8,142
4. Jewish Hospital & St. Mary's Healthcare, Inc.*	Health care	6,500
5. Ford Motor Company	Automotive manufacturer	5,624
6. The Kroger Co.	Retail/grocer	5,263
7. GE Consumer & Industrial*	Household appliance manufacturer	4,000
8. Wal-Mart Stores, Inc.	Retail/grocer	3,608
9. Baptist Healthcare System*	Health care	3,305
10. University of Louisville Hospital*	Health care	2,573
11. Catholic Archdiocese of Louisville*	Schools/churches/related activities	2,343
12. Kindred Healthcare Inc.*	Health care	2,153
13. YUM Brands*	Restaurant	2,076
14. E.On U.S. LLC	Electrical and Natural Gas	1,902
15. AT&T Inc.	Telecommunications	1,700
16. Horseshoe Southern Indiana	Gaming entertainment	1,697
17. Publishers Printing Co., LLC	Magazine printer	1,600
18. Papa John's International Inc.*	Restaurants	1,530
19. Anthem Blue Cross and Blue Shield	Managed health care / insurance	1,358
20. JBS Swift & Co.	Pork products	1,350
21. SHPS, Inc.	Benefits administration	1,349
22. Floyd Memorial Hospital and Health Services	Health care	1,338
23. ResCare Inc.	Health care	1,314
24. Clark Memorial Hospital	Health care	1,270
25. Securitas Security Services USA Inc.	Security Services	1,150

* Indicates Corporate, U.S. Division, or Regional Headquarters.

Source: Business First of Louisville, August 2009.

**THE METRO GOVERNMENT OF LOUISVILLE AND JEFFERSON COUNTY
MISCELLANEOUS STATISTICS (CONTINUED)**

**Major Public Employers
in Louisville/Jefferson County Area**

	Product / Service	Number of Employees
1. Jefferson County Public Schools	K-12 Public education	13,326
2. University of Louisville	Higher education	6,135
3. Louisville-Jefferson County Metro Government	Government service	5,811
4. Kentucky State Government	Government service	4,253
5. U.S. Government	Federal government service	2,985
6. U.S. Postal Service	Postal services	2,626
7. U.S. Census Bureau	Government services	2,491
8. Louisville VA Medical Center	Health Care	1,656
9. Bullitt County Public Schools	K-12 Public education	1,591
10. Oldham County Board of Education	K-12 Public education	1,568
11. Greater Clark County Schools	K-12 Public education	1,409
12. New Albany-Floyd County Consolidated School Corp	K-12 Public education	1,390
13. Shelby County Public Schools	K-12 Public education	995
14. Jefferson County Community College	Higher education	681
15. Transit Authority of River City	Public transportation	639

Source: Business First of Louisville, October 2009.

Education

The School System had its beginning in 1975 with the merger of the Louisville and Jefferson County School Systems. The Jefferson County School District is governed by a seven-member Board of Education. Members represent individual election districts, and serve staggered four-year terms. The members elect a chairperson and vice chairperson from the members. The Superintendent is Secretary of the Board and its executive officer. The school system is the largest district in Kentucky and is the 28th largest system in the nation.

The following tables summarize certain information regarding the School System's building facilities and enrollment and attendance trends.

**School System
Public Education Facilities
2009-2010**

Educational Level	Number of Buildings	2009-2010 School Year Enrollment
Elementary	92	48,257
Middle	27	20,341
Senior	27	27,492
Special Education	<u>10</u>	<u>2,762</u>
Total	156	98,852

**School System
Public Schools
Enrollment and Attendance**

School Year	Enrollment ⁽¹⁾	Average Attendance
1999-2000	95,344	93.1%
2000-2001	95,603	93.4
2001-2002	95,459	94.1
2002-2003	96,188	93.8
2003-2004	96,839	93.7
2004-2005	95,283	93.7
2005-2006	95,841	93.9
2006-2007	98,087	96.1
2007-2008	98,002	96.0
2008-2009	98,796	96.0

⁽¹⁾ Official enrollment as reported by the Commonwealth of Kentucky in September of each school year; 2009-2010 totals have not been published yet.

The Louisville Metropolitan Statistical Area has 21 colleges and universities, including the University of Louisville, Spalding University, Indiana University-Southeast, Bellarmine University and Jefferson Community College. Total higher education enrollment exceeds 61,000 students annually. Eight of Louisville MSA's institutions of higher education offer graduate programs. Several commercial and vocational schools are located in the Louisville MSA.

Manufacturing

In 2008, an average of 73,200 persons were employed in the manufacturing industries in the MSA, engaging in a wide range of activities and producing a variety of products, including food, motor vehicle equipment, textiles and furnishings, machinery and electronics, and consumer products.

Louisville MSA's largest manufacturing employer is Ford Motor Co., with some 5,900 employees, with two separate manufacturing facilities located in Louisville. The second largest, General Electric Company, with some 5,000 employees, also has its plant located in Louisville.

Trade

Louisville is the major wholesale and retail center for the MSA and the Kentuckiana region comprising 16 counties and 1.36 million people in North Central Kentucky and Southern Indiana. Outside the Louisville downtown area there are 119 retail centers with 17.7 million square feet and over 5,200 individual stores, including five regional malls. Total retail trade for the Louisville MSA is more than \$14 billion.

Transportation

The Louisville Metro Area is a regional transportation center with major rail and river lines and three interstates running through its boundaries. In recent years, the metropolitan area has become a major air and logistics hub. Louisville is home to the \$1.1 billion UPS Worldport hub. Louisville Metro is home to a thriving public transportation network with growing bus ridership – through the Transit Authority of River City system – relative to competitive cities.

Three major interstate highways pass directly through Metro Louisville; Interstate 65 and 71 are north-south routes while Interstate 64 is a major east-west route. Interstate 264 (Watterson Expressway), and Interstate 265 (Snyder Freeway) serve as limited-access bypasses around the City. Metro Louisville is served by six railroad companies, which provide freight service to principal markets throughout the United States. Scheduled commercial airline service is available at Louisville International Airport, four miles south of downtown Metro Louisville.

Bowman Field, five miles east of downtown, maintains three paved runways for private plane use. The Louisville and Jefferson County Riverport Authority and several privately owned facilities provide public-use port facilities. Metro Louisville also serves as a U.S. Customs Port of Entry.

Construction

Construction in Metro Louisville is illustrated by the following table describing the number and value of building permits issued by the Department of Inspections, Permits & Licenses of the Metro Government. Construction has grown through most of the 1990's. In 2008, Metro Louisville saw a total dollar volume of permit activity at \$800 million.

THE METRO GOVERNMENT OF LOUISVILLE AND JEFFERSON COUNTY CONSTRUCTION AND BUILDING PERMIT ACTIVITY Ten-Year Summary

CALENDAR YEAR	RESIDENTIAL CONSTRUCTION		NON-RESIDENTIAL CONSTRUCTION		REPAIRS, ALTERATIONS, & INSTALLATIONS		OTHER		TOTAL PERMIT VALUE
	NUMBER OF PERMITS	VALUE	NUMBER OF PERMITS	VALUE	NUMBER OF PERMIT S	VALUE	NUMBER OF PERMITS	VALUE	
1999	3,472	532,712,023	1,729	388,112,029	855	93,357,854	509	79,956,857	1,094,138,763
2000	3,221	474,576,708	1,795	284,488,842	918	112,090,053	592	25,648,695	896,804,298
2001	3,347	473,810,992	1,612	189,406,009	880	88,773,660	584	22,083,682	774,074,343
2002	3,175	455,272,789	1,378	155,705,893	924	116,866,518	515	11,609,770	739,454,970
2003	4,658	578,453,464	1,378	229,474,573	785	252,851,021	512	42,500,699	1,103,279,757
2004	3,800	536,602,387	1,119	307,971,472	1,498	61,433,974	1,844	29,723,870	935,731,703
2005	3,287	569,483,122	1,073	874,457,258	1,539	80,018,876	1,628	27,281,042	1,551,240,298
2006	2,700	449,330,005	265	213,964,521	1,536	133,683,720	1,960	106,423,862	903,402,108
2007	2,179	394,932,981	305	427,194,948	1,634	175,907,779	2,241	291,947,540	1,289,983,248
2008	1,938	275,901,698	246	266,789,107	1,535	221,756,945	955	4,138,802	805,835,832

Source: Metro Louisville/Jefferson County Department of Inspections, Permits, and Licenses.

Tourism

Recreation and convention travelers spend about \$1.2 billion a year in Louisville. The Kentucky Fair & Exposition Center features 1 million square feet of ground level exhibit space, making it the tenth largest center in the country. Downtown, the Kentucky International Convention Center (KICC) also serves as a center for business and convention travel. The metro area is home to more than 100 hotels containing 18,000 hotel rooms. The largest hotel, the Galt House Hotel & Suites (with 1,300 rooms), has recently completed a \$60-million renovation.

Medical Facilities

Louisville's strong downtown medical complex includes Norton Hospital, a 719 bed facility; Jewish Hospital, a 442 bed facility; Kosair Children's Hospital, a 253 bed facility; and, University Hospital, a 404 bed facility. Norton includes a cancer center and spine institute, as well as two additional locations: Norton Audubon, a 480 bed facility and Norton Suburban Hospital, a 380 bed facility. Jewish Hospital is home to a hand-surgery institute, which was the first in the United States to perform a successful hand transplant; its heart surgery program was the first in the nation to implant an AbioMed artificial heart. University Hospital specializes in trauma care and houses a burn unit that serves the western half of the state. The community has a number of regional hospitals and outpatient care centers as well.

Recreation and Cultural

Churchill Downs, home to the Kentucky Derby, offers two seasons of thoroughbred horse racing. Louisville is also home to the Louisville Bats, a Triple-A affiliate of the Cincinnati Reds baseball team. Metro Parks operates 123 parks on about 14,000 acres, including the 6,057-acre Jefferson Memorial Forest, the nation's largest

municipally owned woods. Louisville has a professional orchestra, opera, ballet, and children's theater. Actors Theatre of Louisville is nationally known for its annual Humana Festival of New American Plays. Louisville's Zoo attracted over 818,000 children and adults during fiscal year 2008; its Gorilla Forest won the 2003 exhibit award from the American Zoo and Aquarium Association. The city's Waterfront Park serves about 1.5 million visitors annually. Louisville museums include The Speed Art Museum, the Louisville Slugger Museum, the Louisville Science Center and the Kentucky Museum of Art and Craft. The Frazier International History Museum opened in 2004 and is the only location outside Great Britain to see the collection of its Royal Armouries. The Muhammad Ali Center and 21C, a modern art museum, opened in 2006.

MISCELLANEOUS

The information contained in this Information Statement has been compiled from official and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

Any statements made in this Information Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representation of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Information Statement nor any sale of securities made using this Information Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the Metro Government since the date hereof.

APPENDIX B

**Comprehensive Annual Financial Report of the Louisville/Jefferson County Metro Government
for the Fiscal Year Ended June 30, 2008
(see pages 92-112 for Statistical Information)**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

LOUISVILLE-JEFFERSON COUNTY METRO GOVERNMENT LOUISVILLE, KENTUCKY



Fiscal Year Ended June 30, 2008

JERRY E. ABRAMSON
Mayor

Prepared by:
Department of Finance

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2008

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2008

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LOUISVILLE, KENTUCKY
OFFICE OF THE MAYOR

JERRY E. ABRAMSON
MAYOR

February 26, 2009

To The Citizens of Louisville:

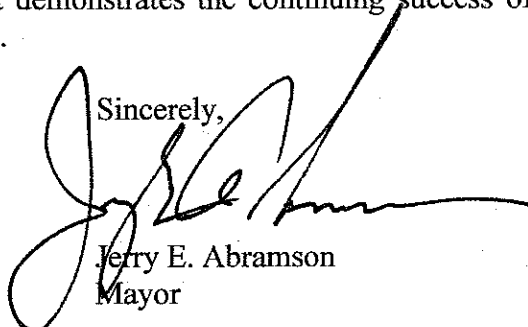
I am pleased to present the Comprehensive Annual Financial Report of the Louisville Metro Government for the fiscal year ended June 30, 2008. Over the past few years, we have laid out a vision for a stronger, safer Louisville and continued to invest in improvements that are paying off for our citizens and our hometown. This fiscal year we continued to make progress, despite soaring increases in mandated spending for employee pensions, health insurance and other personnel costs that consume Metro's economically sensitive revenues.

During fiscal year 2008, Louisville Metro Government continued to invest in the MetroSafe Emergency Communications Network, a headquarters and technology system to better connect our emergency responders and improve response to citizens in need. This fiscal year we began construction on two firehouses and continued working on developing designs for our 21st Century Fire plan, the largest financial investment in fire modernization in the city's history. We broke ground on the new Animal Services center and adoption complex. Louisville Metro continued to improve public safety, foster job growth and economic expansion, define Louisville as a "City of Parks", strengthen neighborhoods, and make government more efficient and effective.

This is the sixth annual report issued for the consolidated government, since the merger of the City of Louisville and Jefferson County governments on January 6, 2003. As a result of prudent fiscal management, the undesignated fund balance at the close of fiscal year 2008 increased to \$65.4 million, or about 13 percent of total general fund expenditures. This annual report reflects a government that is financially solid, despite a global economic downturn that poses great fiscal challenges for local governments.

As a result of our continued strong financial operations and management policies, two rating agencies, Standard and Poor's and Fitch, recently reconfirmed AA+ long-term ratings on Louisville Metro. This rating reflects a diverse economic base anchored by strong businesses in the Louisville community, including large health service and transportation sectors and a thriving entertainment district. This year's financial report demonstrates the continuing success of our efforts to better serve the citizens of Louisville Metro.

Sincerely,



Jerry E. Abramson
Mayor



DEPARTMENT OF FINANCE & ADMINISTRATION
LOUISVILLE, KENTUCKY

JERRY E. ABRAMSON
MAYOR

JANE C. DRISKELL
CHIEF FINANCIAL OFFICER

February 26, 2009

To the Citizens of Metro Louisville:

As the Interim Chief Financial Officer and former CFO for the Louisville Metro Government, we have the distinct pleasure of submitting the Comprehensive Annual Financial Report ("CAFR") for the year ended June 30, 2008. This is the sixth CAFR issued for Metro Government under the new merged government. 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 ("Louisville Metro Government").

We have overseen completion of this CAFR. Responsibility for the accuracy, completeness and fairness of the data, including all disclosures, rests with the management of Louisville Metro Government. To the best of our 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 Louisville Metro Government. All disclosures necessary to enable the reader to gain an understanding of Louisville Metro 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.

Louisville Metro Government is a public body corporate and politic, duly created and existing as a political subdivision of the Commonwealth of Kentucky under the Constitution and laws of the Commonwealth. The Metro Government is governed by an elected Mayor and the Metro Council composed of twenty-six council members (elected from each of the twenty-six council districts for staggered terms initially commencing on January 6, 2003, and eventually all extending for four years). All executive and administrative power of the consolidated local government is vested in the office of the Mayor. As outlined in the organizational chart included in this report, the administration of Louisville Metro Government has divided operations into a 12-department structure.

Louisville Metro Government provides some of the following services: public protection and safety, streets and roads, planning and zoning, public improvements and community development, sanitation, public health and social services, parks, and other administrative services.

Budgets are adopted consistent with generally accepted accounting principles. On or before June 1 of each year, pursuant to state statute, the Mayor proposes an Executive Budget to the Metro Council. 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, 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 Louisville Metro Government is prepared annually to include a program of proposed capital expenditures for the ensuing fiscal year and the four fiscal years thereafter.

The 2008 CAFR reflects a government that continues to be financially strong in a local economy that continues to be stable. In fiscal year 2009, Louisville Metro Government announced a projected revenue shortfall, but has imposed restrictions to compensate for these differences. The primary reasons for the decrease in revenues are a result of increased unemployment and lower business earnings, which is producing lower-than-expected occupational taxes. 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 Louisville 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 generally accepted accounting principles. 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 assistance, Louisville 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.

Louisville 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 Louisville 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. Louisville 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 Louisville Metro Government. The APA has granted permission for Louisville Metro Government to employ a private certified public accounting ("CPA") firm to conduct the audits of the basic financial statement for fiscal year 2008. The APA has also elected to conduct the audits related to the Housing and Family Services Department, and have issued a separate report dated February 16, 2009. The results of the audit conducted by the APA will be incorporated into the overall audits of Louisville Metro Government.

A copy of the Independent Auditor's report is included in this report. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act of 1984, Single Audit Amendments of 1996, Government Auditing Standards and the Office of Management and Budget Circular A-133.

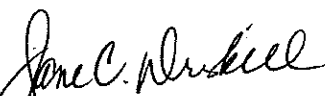
Awards. The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2007. Louisville Metro Government has achieved this prestigious award for four consecutive years (since inception of the merged government in 2003). In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

Acknowledgments. The preparation of the sixth CAFR for Louisville Metro Government was made possible by the dedicated service of the staff of the Department of Finance and Administration. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report for Louisville Metro.

Respectfully submitted,



Kevin Moore
Interim Chief Financial Officer



Jane C. Driskell
Chief Financial Officer as of June 30, 2008

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, 2007

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



Charles S. Cox

President

Jeffrey R. Emer

Executive Director

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT



Fiscal Year Ended June 30, 2008

HONORABLE JERRY E. ABRAMSON..... MAYOR

METRO COUNCIL MEMBERS

JUDY GREEN	DISTRICT 1
BARBARA SHANKLIN	DISTRICT 2
MARY C. WOOLRIDGE	DISTRICT 3
DAVID TANDY	DISTRICT 4
CHERI BRYANT HAMILTON	DISTRICT 5
GEORGE UNSELD	DISTRICT 6
KENNETH C. FLEMING	DISTRICT 7
TOM OWEN	DISTRICT 8
TINA WARD-PUGH	DISTRICT 9
JIM KING	DISTRICT 10
KEVIN KRAMER	DISTRICT 11
RICK BLACKWELL	DISTRICT 12
VICKI WELCH	DISTRICT 13
ROBERT HENDERSON	DISTRICT 14
MARIANNE BUTLER	DISTRICT 15
KELLY DOWNARD	DISTRICT 16
GLEN STUCKEL	DISTRICT 17
JULIE RAQUE ADAMS	DISTRICT 18
HAL HEINER	DISTRICT 19
STUART BENSON	DISTRICT 20
DAN JOHNSON	DISTRICT 21
ROBIN ENGEL	DISTRICT 22
JAMES PEDEN	DISTRICT 23
MADONNA FLOOD	DISTRICT 24
DOUG HAWKINS	DISTRICT 25
ELLEN CALL	DISTRICT 26

DEPARTMENT OF FINANCE

JANE C. DRISKELL	CHIEF FINANCIAL OFFICER
KEVIN MOORE	INTERIM CHIEF FINANCIAL OFFICER
KIMBALL LIVESAY	DIRECTOR OF ACCOUNTING

Independent Auditors' Report

Honorable Jerry Abramson, Mayor and
The Louisville Metro Council

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 Louisville/Jefferson County Metro Government ("Metro Government") as of and for the year ended June 30, 2008, which collectively comprise Metro Government's basic financial statements, as listed in the accompanying table of contents. These financial statements are the responsibility of the Metro Government's management. Our responsibility is to express opinions on these financial statements based on our audit.

We did not audit the financial statements of the Transit Authority of River City, Inc. ("TARC") and the Louisville Science Center ("LSC"). Also, we did not audit the statement of revenues and expenditures of the Metro Louisville Department of Housing and Family Services ("HFS"). Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as it relates to the amounts included for those entities, are based on the reports of the other auditors.

The following chart reflects the total assets and revenues, as applicable, for the entities referred to in the previous paragraph in relation to total Metro Government amounts.

	Percent of <u>Assets</u>	Percent of <u>Revenues</u>
Government-Wide Financial Statements:		
Component Units	2%	18%
Primary Government - Governmental Activities		5%
Fund Financial Statements		
Component Units	2%	17%

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

The auditor of HFS, as discussed in the second paragraph above, issued a disclaimer of opinion on HFS's statement of revenues and expenditures. Their report, dated February 16, 2009, stated that HFS did not maintain adequate supporting documentation for the journal vouchers recorded throughout the year, did not follow existing policies and procedures or did not have any written policies and procedures for many operations. The HFS auditors were not able to apply other audit

procedures to satisfy themselves as to journal voucher transactions or overcome audit risk within HFS. As such, they stated that the scope of their work was not sufficient to enable them to express, and they did not express, an opinion on the HFS statement of revenues and expenditures.

Because HFS financial activity is such a large portion of Metro Government's Special Revenue Fund, and because of the disclaimer of opinion referred to the preceding paragraph, we are unable to express, and we do not express, an opinion on Metro Government's Special Revenue Fund.

In our opinion, based on our audit and the reports of other auditors, except for the effects of such adjustments, if any, that may have resulted if HFS had been able to be audited, the financial statements referred to in the first paragraph present fairly, in all material respects the respective financial position of the governmental activities, each major fund (except for the Special Revenue Fund as discussed above), and the aggregate remaining fund information of Metro Government, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, based on our audit and the reports of other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the aggregate discretely presented component units of Metro Government, as of June 30, 2008, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 5 through 12, the budgetary comparison information on page 79, and the pension information related to funding progress on page 80 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Metro Government's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements, and the statistical section, listed in the table of contents, 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 have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based upon our audit and the reports of other auditors, are fairly presented in all material respects in relation to the Metro Government's basic financial statements taken as a whole. The information presented in the introductory and statistical sections has not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 26, 2009 on our consideration of the Metro Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

STROTHMAN & COMPANY PSC

Louisville, Kentucky
February 26, 2009

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
For the Year Ended June 30, 2008**

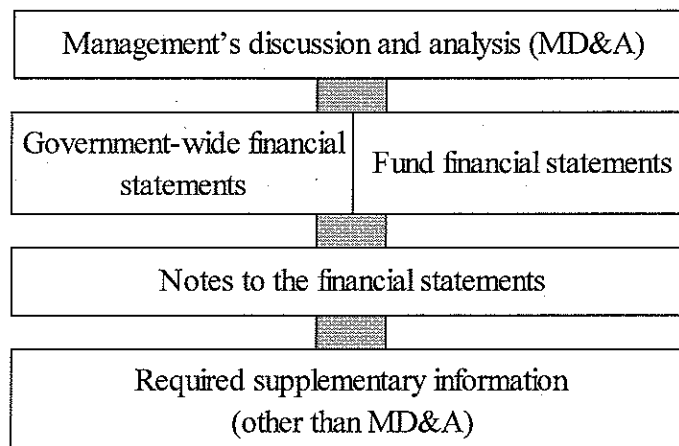
Our discussion and analysis of Louisville/Jefferson County Metro Government's financial performance provides an overview of Metro Government's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the Metro Government's financial statements, which begin on page 15.

Financial Highlights

Metro Government first implemented Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, for the fiscal year 2002.

- Total net assets decreased by \$17 million.
- Total assets of the primary government exceeded total liabilities by \$605 million at the close of fiscal year 2008.
- At fiscal year-end, Metro Governmental funds reported a combined ending fund balance of \$199.4 million.

Using This Annual Report



This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 15-17) provide information about the activities of Metro Government as a whole and present a longer-term view of the Metro Government's finances.

Fund financial statements begin on page 18. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Metro Government's operations in more detail than the government-wide statements by providing information about the Metro Government's most significant funds.

The remaining statements provide financial information about activities for which the Metro Government acts solely as a trustee or agent for the benefit of those outside of the government.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued
For the Year Ended June 30, 2008

Reporting the Metro Government as a Whole

The Statement of Net Assets and the Statement of Activities

The analysis of the Metro Government as a whole begins on page 15 with the Government-Wide Financial Statements. 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 Assets and the Statement of Activities 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 and liabilities 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 assets and changes in them. Metro Government's net assets, the difference between assets, what the citizens own, and liabilities, what the citizens owe, is one way to measure the Metro Government's financial health, or financial position. Increases or decreases in the Metro Government's net assets over time are one indicator of whether its financial health is improving or deteriorating. Additional non-financial factors should be considered, such as changes in the Metro Government's property tax base and the condition of the Metro Government's capital assets (roads, buildings, etc.) in assessing the overall health of the Metro Government.

The overall financial position of the Metro Government continues to be sound.

The Government-Wide Financial Statements of the Metro Government can be divided into three categories:

- **Governmental activities:** Most of the Metro Government's basic services are reported here, including the police, fire, general administration, streets, and parks. Occupational taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- **Business-type 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 2008.
- **Discretely Presented Component units:** The Metro Government includes the Louisville Water Company, the Parking Authority of River City, Inc., the Transit Authority of River City, Inc., the Louisville/Jefferson County Riverport Authority, the Louisville/Jefferson County Metropolitan Sewer District, and the Louisville Science Center in its report. 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.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued
For the Year Ended June 30, 2008**

This is a summary of the Metro Government's net assets:

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

NET ASSETS

(amounts in thousands)

	Governmental Activities		Total Percentage Change
	2007	2008	2007-2008
Current and other assets	\$ 325,275	\$ 311,253	-4.3%
Capital assets	807,317	795,006	-1.5%
Total assets	1,132,592	1,106,259	-2.3%
Long-term liabilities	431,802	415,502	-3.8%
Other liabilities	78,824	85,757	8.8%
Total liabilities	510,626	501,259	-1.8%
Net assets			
Invested in capital assets, net of related debt	514,870	504,736	-2.0%
Restricted	88,866	81,047	-8.8%
Unrestricted	18,230	19,216	5.4%
Total net assets	\$ 621,966	\$ 604,999	-2.7%

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

CHANGES IN NET ASSETS

For the Year Ended June 30

(amounts in thousands)

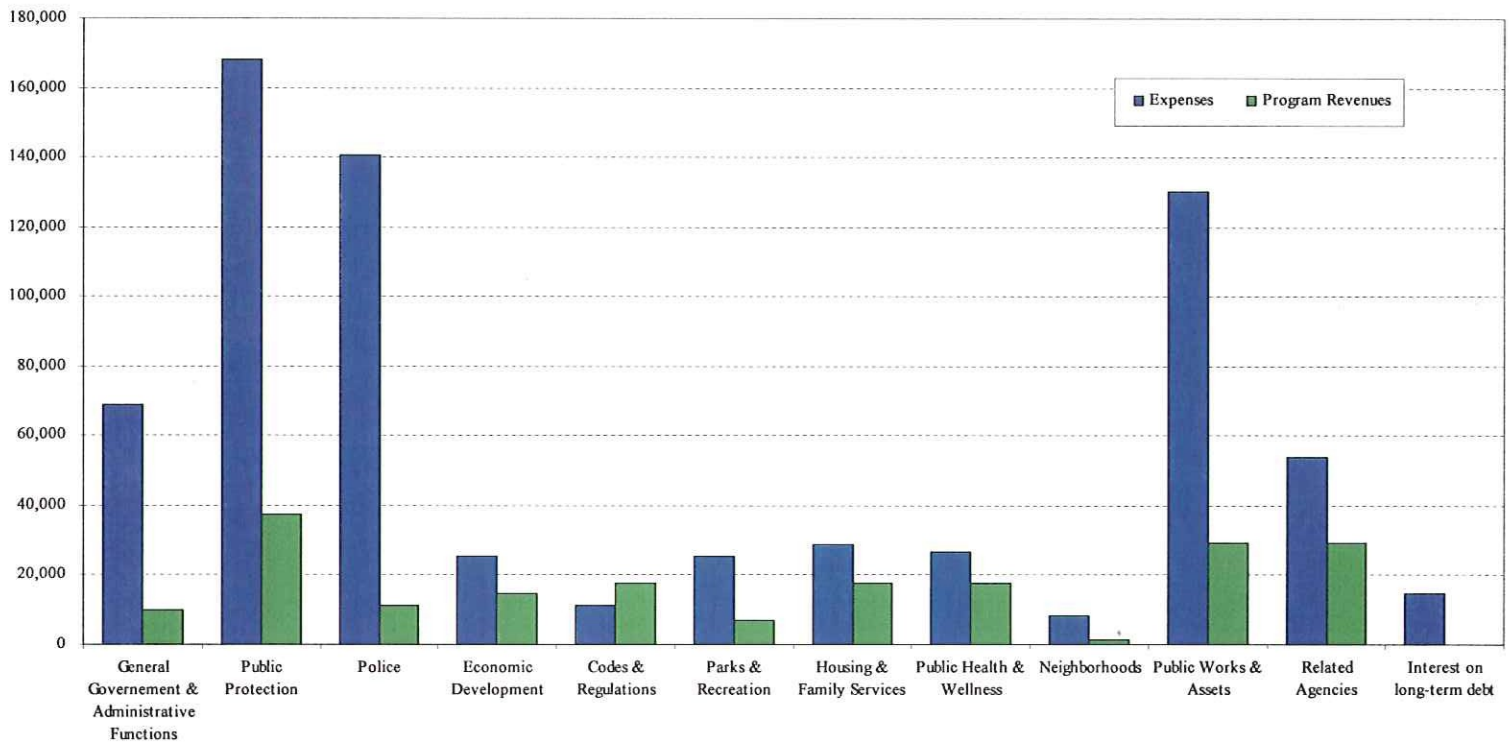
	Governmental Activities	
	2007*	2008
Revenues		
Program revenues:		
Charges for services	\$ 83,457	\$ 78,058
Operating grants and contributions	73,451	82,810
Capital grants and contributions	42,119	31,815
General revenues:		
Property taxes	126,742	133,966
Other taxes	307,856	309,492
Other	43,964	47,815
Total revenues	677,589	683,956
Expenses		
General Government & Administrative Functions	50,264	68,656
Public Protection	156,868	168,126
Police	135,962	140,438
Economic Development	23,305	25,276
Codes & Regulations	12,526	11,289
Parks & Recreation	25,516	25,132
Housing & Family Services	33,825	28,845
Public Health & Wellness	38,132	26,796
Neighborhoods	7,068	8,195
Public Works & Assets	127,158	130,173
Related Agencies	53,693	53,572
Interest on long-term debt	17,214	14,425
Total expenses	681,531	700,923
Increase (decrease) in net assets	(3,942)	(16,967)
Net assets--beginning	615,533	621,966
Prior period adjustment	10,375	
Net assets--ending	\$ 621,966	\$ 604,999

*Amounts reported for FY 2007 have been restated to conform to current year presentation.

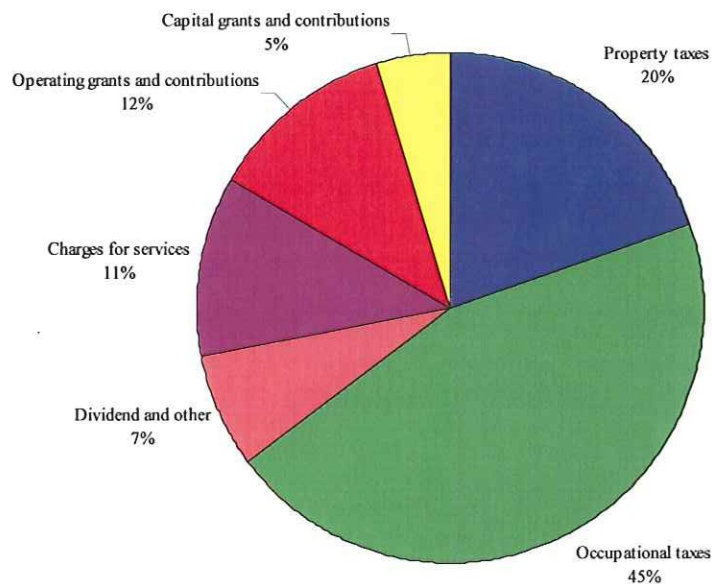
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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued
For the Year Ended June 30, 2008**

The cost of all governmental activities, this year was \$700.9 million.



This chart shows revenues by source:



Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued
For the Year Ended June 30, 2008

Reporting the Metro Government's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 18 and provide detailed information about the most significant funds – not the Metro Government as a whole. 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 (such as the Special Purpose Fund) or to show that Metro Government is meeting legal responsibilities for using certain taxes, grants, and other money (for example, grants received from the U.S. Department of Housing and Urban Development).

The Metro Government's two kinds of funds, governmental and proprietary, use different accounting approaches (as discussed further in footnote 1). The Metro Government also uses fiduciary funds, which are separate funds from the governmental and proprietary funds described below. These 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 accounting methods called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

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 you 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 Assets and the Statement of Activities) and governmental funds in a reconciliation following the fund financial statements.

Proprietary funds: Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and Statement of Activities. Metro Government uses internal service funds, such as the Metro Government's Insurance and Risk Management Fund, to report activities that provide supplies and services to the Metro Government's other programs and activities.

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.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued
For the Year Ended June 30, 2008**

Revenues in the General, Special Revenue and Debt Service funds increased by approximately \$13 million. Tax revenue continued its trend of a modest increase over the preceding year, with the increase divided between property taxes and occupational taxes. Dividends and charges for services increased over fiscal year 2007 as well. Expenditures in these same funds also increased by approximately \$28.2 million. Increased expenditures occurred primarily in the General Fund as a result of operations. Total fund balances for governmental funds decreased \$22.9 million, due to increased expenditures as in the General Fund and expected transfers of funds to capital.

Component Unit Activities

The Louisville Water Company's operating income increased 26.03% over last year primarily due to an increase in water sales. The Parking Authority of River City, Inc. reported a 20.7% increase in operating income from last year, mainly from an increase in parking facility revenue. The Transit Authority of River City, Inc.'s operating loss increased 2.4% over the prior year as a result of increased cost of operations in fiscal year 2008. The Louisville and Jefferson County Riverport Authority reported a decrease of \$1,274,748 in operating income due to a large increase in cost of operations in fiscal year 2008 versus 2007. The Metropolitan Sewer District's operating income increased 111.2% due to an increase in sewer charges. The Louisville Science Center reported a decrease of 20.3% in operating loss as a result of decreased costs of operation.

General Fund Budgetary Highlights

Actual expenditures were \$80.8 million below the final budget amounts for various reasons. The largest variance between budget and actual amounts relate to fleet and depreciation adjustments which were approximately \$25 million in fiscal year 2008. These amounts are included in budgeted recoveries (within Charges for Service) and as budgeted departmental expenditures, but are not reflected in actual totals presented in the CAFR because they are interagency charges.

Debt service for Metro is budgeted in the general fund, but is reflected as transfers out of the general fund and recorded as expenditures of the debt service funds. Other variances are the result of timing of operations, and some of these funds will be carried forward to the fiscal year 2008 to offset future related expenditures. On the other hand, resources available for appropriation were \$27.2 million below the final budget amounts due to results of operations for fiscal year 2008.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued
For the Year Ended June 30, 2008**

Capital Asset And Debt Administration

Capital Assets

At the end of June 30, 2008, the Metro Government and its component units have a broad range of capital assets, as shown in the following table:

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT CAPITAL ASSETS (net of depreciation)			
	2007	2008	Total Percentage Change 2007-2008
Land	\$ 291,345,646	\$ 295,248,986	1.3%
Land improvements	49,082,706	46,191,343	-5.9%
Buildings	217,029,543	213,295,262	-1.7%
Machinery and equipment	14,316,373	12,811,495	-10.5%
Vehicles	31,304,514	31,156,109	-0.5%
Works of art	12,017,515	8,792,882	-26.8%
Infrastructure	142,981,827	116,679,736	-18.4%
Construction in progress	49,238,597	70,830,068	43.9%
Total Metro	807,316,721	795,005,881	-1.5%
Component Units	2,650,045,621	2,721,996,387	2.7%
Grand Total	<u>\$ 3,457,362,342</u>	<u>\$ 3,517,002,268</u>	1.7%

As of June 30, 2008, the primary government and its component units had various commitments for future capital expenditures. See Note 4 for additional detail on Capital Assets.

Debt Administration

At year-end, the Metro Government and its component units have outstanding debt as shown in the following table:

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT OUTSTANDING DEBT ADMINISTRATION (amounts in thousands)			
	2007	2008	Total Percentage Change 2007-2008
General obligation debt	\$ 247,853	\$ 226,894	-8.5%
Revenue bonds	128,043	128,131	0.1%
Note	57		-100.0%
Total Metro	375,953	355,025	-5.6%
Component Units	1,626,853	1,702,027	4.6%
Grand Total	<u>\$ 2,002,806</u>	<u>\$ 2,057,052</u>	2.7%

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited), continued
For the Year Ended June 30, 2008**

Metro Government assumed all long-term debt of the former City of Louisville and Jefferson County upon merger in January 2003. During the year, total debt of the Metro Government and its component units increased by \$54.2 million. Additional information on the Metro Government's long-term debt activity can be found in Note 8 of this report.

Future Economic Factors

Downtown Louisville continues to experience growth and development, with future plans including building a downtown, multi-purpose arena and a planned expansion of the entertainment district on Fourth Street. There are also plans for additional downtown medical center expansions and additional plans for more than a dozen downtown housing developments.

Fiscal year 2009 has presented various budget challenges, but Metro has appropriately reduced budgets to compensate for any economic difficulties.

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 Department of Finance, 611 West Jefferson Street, Louisville, Kentucky, 40202.

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BASIC FINANCIAL STATEMENTS

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF NET ASSETS
June 30, 2008

	Primary Government		Component
	Governmental Activities		Units
ASSETS			
Cash and cash equivalents	\$ 76,546,287	\$	30,967,086
Investments	150,378,449		21,545,340
Receivables, net of allowance for uncollectible amounts	62,087,897		70,213,547
Inventories	654,357		17,990,121
Prepaid items and deferred charges	2,416,699		11,710,806
Assets restricted by bond indentures and other legal provisions	19,169,149		227,928,430
Non-utility property			196,310
Investments in direct financing lease			58,545,823
Capital assets:			
Land and improvements	299,186,053		27,800,368
Construction in progress	70,830,068		200,911,404
Works of art	255,000		
Infrastructure	907,793,958		3,162,210,257
Other capital assets	620,713,131		389,721,759
Less accumulated depreciation	(1,103,772,329)		(1,058,647,401)
Capital assets, net	795,005,881		2,721,996,387
Total assets	1,106,258,719		3,161,093,850
LIABILITIES			
Accounts payable and accrued payroll	35,996,462		40,022,962
Due to other government agencies	16,858,606		12,416,465
Notes payable	2,000,000		
Unearned revenue	30,059,632		21,476,977
Other liabilities	842,732		17,329,099
Dividend payable			147,902
Long-term liabilities:			
Due within one year	37,083,000		36,736,696
Due in more than one year	378,419,000		1,671,602,402
Total liabilities	501,259,432		1,799,732,503
NET ASSETS			
Invested in capital assets, net of related debt	504,735,518		1,162,576,527
Restricted for:			
Capital projects	81,047,323		76,444,231
Debt service			12,228,000
Unrestricted	19,216,446		110,112,589
Total net assets	\$ 604,999,287	\$	1,361,361,347

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, 2008

Functions/Programs	Program Revenues				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General Government:					
Metro Council	\$ 6,320,975				\$ (6,320,975)
Mayor's Office	3,147,447	\$ 24,154	\$ 5,000		(3,118,293)
Policy and Strategic Planning	665,701				(665,701)
County Attorney	7,354,715	584,688	39,282		(6,730,745)
Other Elected Officials	9,974,542	242,881	266,700		(9,464,961)
Public Protection:					
Fire	58,352,334	277,163	2,181,096	\$ 153,657	(55,740,418)
Emergency Medical Services	24,762,019	11,621,333	14,090		(13,126,596)
Emergency Management	16,654,014	3,441,615	454,035	5,037,494	(7,720,870)
Corrections	49,735,342	2,728,598	5,998,684		(41,008,060)
Youth Detention Services	9,713,197	139,230	3,259,061		(6,314,906)
Animal Control Services	2,968,022	1,231,099	299,904	36,964	(1,400,055)
Criminal Justice Commission	624,025		172,079	208,642	(243,304)
Firefighters' Pension Fund	3,021,474				(3,021,474)
Policemen's Retirement Fund	2,295,270				(2,295,270)
Police	140,438,253	3,001,758	7,135,329	1,209,954	(129,091,212)
Economic Development:					
Metro Development Authority	19,654,853	10,082,408	467,712	527,313	(8,577,420)
Air Pollution Control	5,620,827	2,051,829	1,654,302		(1,914,696)
Codes & Regulations:					
Inspections, Permits and Licenses	8,267,250	14,215,180	1,890,667		7,838,597
Planning and Design Services	3,021,794	243,447	269,469	794,476	(1,714,402)
Parks & Recreation	25,131,824	5,188,562	414,602	1,190,633	(18,338,027)
Housing & Family Services:					
Housing	6,165,902	(661,327)	3,936,756	4,480,686	1,590,213
Human Services	15,001,129	14,332	3,058,734		(11,928,063)
Community Action Partnership	7,677,945	75,625	6,870,372		(731,948)
Public Health & Wellness	26,795,986	1,468,545	16,006,372		(9,321,069)
Neighborhoods	8,194,903	557,534	867,593	35,000	(6,734,776)
Public Works & Assets					
Public Works	63,056,167	246,500	14,094,882	10,340,308	(38,374,477)
General Services Administration	46,334,183	2,205,775			(44,128,408)
Solid Waste Management Services	20,783,166	1,535,039	145,000	670,222	(18,432,905)
Information Technology	11,858,166	1,127,261			(10,730,905)
Finance & Administration	24,813,303	6,975,816	179,062	360,032	(17,298,393)
Human Resources	4,521,110				(4,521,110)
Related Agencies					
Human Relations Commission	987,912	11,515	306,687		(669,710)
Kentuckiana Works	10,955,179		9,948,048		(1,007,131)
Louisville Free Public Library	22,536,709	346,390	1,496,260	303,849	(20,390,210)
Louisville Zoological Gardens	13,557,647	8,667,497	770,774	281,365	(3,838,011)
Internal Audit	715,922				(715,922)
Waterfront Development Corp	4,818,641	413,767	607,769	6,184,740	2,387,635
Interest expense	14,425,027				(14,425,027)
Total governmental activities	\$ 700,922,875	\$ 78,058,214	\$ 82,810,321	\$ 31,815,335	\$ (508,239,005)
Component units:					
Louisville Water Co.	\$ 115,056,023	\$ 132,056,330		\$ 19,716,903	\$ 36,717,210
Parking Authority of River City, Inc.	13,537,758	15,458,416		734,424	2,655,082
Transit Authority of River City, Inc.	71,541,714	10,819,384	\$ 59,293,454		(1,428,876)
Louisville and Jefferson County Riverport Authority	7,643,195	1,758,513			(5,884,682)
Metropolitan Sewer District	182,208,000	161,283,000		15,175,000	(5,750,000)
Louisville Science Center	5,241,345	4,092,272			(1,149,073)
Total component units	\$ 395,228,035	\$ 325,467,915	\$ 59,293,454	\$ 35,626,327	\$ 25,159,661

(The statement of activities continues on the following page.)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

STATEMENT OF ACTIVITIES (continued)

For the Year Ended June 30, 2008

	Primary Government	
	Governmental Activities	Component Units
Net (expense) revenue (from preceding page)	\$ (508,239,005)	\$ 25,159,661
General revenues:		
Taxes:		
Property taxes, levied for general purposes	133,966,466	
Occupational taxes	309,491,515	
Investment income	8,413,117	10,849,791
Dividends	18,531,912	
Other intergovernmental revenue	11,419,069	
Gain on sale of assets	2,626,001	
Other taxes	209,376	
Rental receipts	1,832,428	
Miscellaneous	4,782,381	3,936,622
Total general revenues	<u>491,272,265</u>	<u>14,786,413</u>
Change in net assets	(16,966,740)	39,946,074
Net assets--beginning	621,966,027	1,321,415,273
Net assets--ending	<u>\$ 604,999,287</u>	<u>\$ 1,361,361,347</u>

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	General Fund	Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 7,118,918	\$ 1,484,408	\$ 3,903,354	\$ 3,055,399	\$ 15,562,079
Investments	58,502,894	12,585,045	33,093,245	25,904,157	130,085,341
Receivables:					
Taxes receivable, less allowance for uncollectible amounts	3,160,207				3,160,207
Accounts receivable and accrued interest	16,935,135	2,418,853	40,349	57,497	19,451,834
Loans receivable, less allowance for uncollectible amounts	1,409,162	9,236,239	3,031,463		13,676,864
Notes receivable	72,969		4,399,066		4,472,035
Due from federal government	93,132	17,433,286	570,000		18,096,418
Due from state government		2,850,331	8,970		2,859,301
Due from other funds	29,355,724			640,761	29,996,485
Inventories	654,357				654,357
Prepaid items	1,247,554	63,877	9,005		1,320,436
Restricted assets:					
Cash and cash equivalents			9,867,664	804,257	10,671,921
Investments			8,497,228		8,497,228
Total assets	<u>\$ 118,550,052</u>	<u>\$ 46,072,039</u>	<u>\$ 63,420,344</u>	<u>\$ 30,462,071</u>	<u>\$ 258,504,506</u>
LIABILITIES					
Accounts payable	\$ 10,282,845	\$ 6,497,951	\$ 1,858,891	\$ 2,420,758	\$ 21,060,445
Accrued payroll and withholdings	12,265,719	80,789			12,346,508
Matured bonds and interest payable				640,761	640,761
Notes payable			2,000,000		2,000,000
Deferred revenue	7,292,179	14,960,788			22,252,967
Other liabilities	842,732				842,732
Total liabilities	<u>30,683,475</u>	<u>21,539,528</u>	<u>3,858,891</u>	<u>3,061,519</u>	<u>59,143,413</u>
FUND BALANCES					
Reserved for:					
Encumbrances	158,356	20,956,376	13,984,538	2,967,533	38,066,803
Inventories	654,357				654,357
Prepaid items	1,247,554	63,877	9,005		1,320,436
Long-term loans and notes receivable	1,409,162	9,236,239	5,430,529		16,075,930
Debt service				475,148	475,148
Unreserved, reported in:					
General fund	84,397,148				84,397,148
Special revenue funds		(5,723,981)			(5,723,981)
Capital projects funds			40,137,381		40,137,381
Other nonmajor governmental funds				23,957,871	23,957,871
Total fund balances	<u>87,866,577</u>	<u>24,532,511</u>	<u>59,561,453</u>	<u>27,400,552</u>	<u>199,361,093</u>
Total liabilities and fund balances	<u>\$ 118,550,052</u>	<u>\$ 46,072,039</u>	<u>\$ 63,420,344</u>	<u>\$ 30,462,071</u>	

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

Capital assets of \$795,005,881 reported in the government wide financial statements less \$262,012 of capital assets held by the proprietary funds used in governmental activities are not financial resources and therefore are not reported in the funds	794,743,869
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 Assets.	(1,969,889)
Certain revenues are earned but not available and therefore are deferred in the funds	3,095,701
Long-term liabilities of \$415,502,000, including bonds payable, less \$24,229,250 reported in internal service funds, less deferred charges of \$1,041,263, are not due and payable in the current period and therefore are not reported in the funds.	(390,231,487)
Net assets of governmental activities	<u>\$ 604,999,287</u>

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

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	General Fund	Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 134,259,325				\$ 134,259,325
Occupational taxes	309,491,515				309,491,515
Licenses and permits	11,600,220				11,600,220
Intergovernmental	31,163,820	\$ 88,748,604	\$ 653,015	\$ 3,136,494	123,701,933
Charges for services	55,473,346	7,843,526	654,541	1,075,467	65,046,880
Fees and fines	1,491,118				1,491,118
Investment income	5,086,460	886,507	2,280,428	159,722	8,413,117
Dividends	18,531,912				18,531,912
Donations	2,847,302	362,589	1,545,532		4,755,423
Miscellaneous	3,191,973	673,234	467,071		4,332,278
Total revenues	573,136,991	98,514,460	5,600,587	4,371,683	681,623,721
EXPENDITURES					
Current operating:					
General Government:					
Metro Council	5,955,093				5,955,093
Mayor's Office	2,941,710				2,941,710
Policy and Strategic Planning	627,268				627,268
County Attorney	6,913,428	16,673			6,930,101
Other Elected Officials	9,071,557				9,071,557
Public Protection:					
Fire	54,162,727				54,162,727
Emergency Medical Services	21,992,229	11,864			22,004,093
Emergency Management	10,096,714	5,162,425			15,259,139
Corrections	46,760,851	5,621			46,766,472
Youth Detention Services	9,106,664	27,335			9,133,999
Animal Control Services	2,774,517				2,774,517
Criminal Justice Commission	415,928	172,069			587,997
Firefighters' Pension Fund	2,901,214				2,901,214
Policemen's Retirement Fund	2,203,914				2,203,914
Police	129,206,505	2,281,770		181,852	131,670,127
Economic Development:					
Metro Development Authority	15,213,360	1,481,120			16,694,480
Air Pollution Control	589,496	4,627,793			5,217,289
Codes & Regulations:					
Inspections, Permits and Licenses	6,131,297	1,641,099			7,772,396
Planning and Design Services	2,582,542	261,015			2,843,557
Parks & Recreation	22,367,772	190,813			22,558,585
Housing & Family Services:					
Housing	1,137,110	4,672,197			5,809,307
Human Services	10,839,332	3,295,241			14,134,573
Community Action Partnership	6,141	7,227,588			7,233,729
Public Health & Wellness	10,610,566	14,401,062			25,011,628
Neighborhoods	7,134,819	582,809			7,717,628
Public Works & Assets					
Public Works	14,081,432	6,291,473			20,372,905
General Services Administration	33,740,555	76			33,740,631
Solid Waste Management Services	19,416,146	146,644			19,562,790
Information Technology	9,589,440				9,589,440
Finance & Administration	23,281,270				23,281,270
Human Resources	4,259,117				4,259,117
Related Agencies					
Human Relations Commission	811,966	118,911			930,877
Kentuckiana Works	345,239	9,974,165			10,319,404
Louisville Free Public Library	17,040,530	948,497			17,989,027
Louisville Zoological Gardens	11,907,299				11,907,299
Internal Audit	674,589				674,589
Waterfront Development Corp	2,425,653				2,425,653

(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, 2008

	General Fund	Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Debt service principal				25,960,000	25,960,000
Debt service interest and other charges	141,960		744,513	13,538,554	14,425,027
Capital outlay		32,566,503	40,242,420	10,950,304	83,759,227
Total expenditures	519,457,950	96,104,763	40,986,933	50,630,710	707,180,356
Excess (deficiency) of revenues over (under) expenditures	53,679,041	2,409,697	(35,386,346)	(46,259,027)	(25,556,635)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets			2,436,690	189,311	2,626,001
Transfers in	906,221		21,287,800	50,232,525	72,426,546
Transfers out	(70,882,584)	(1,002,600)	(157,372)	(383,990)	(72,426,546)
Total other financing sources and uses	(69,976,363)	(1,002,600)	23,567,118	50,037,846	2,626,001
Net change in fund balances	(16,297,322)	1,407,097	(11,819,228)	3,778,819	(22,930,634)
Fund balances--beginning	104,163,899	23,125,414	71,380,681	23,621,733	222,291,727
Fund balances--ending	<u>\$ 87,866,577</u>	<u>\$ 24,532,511</u>	<u>\$ 59,561,453</u>	<u>\$ 27,400,552</u>	<u>\$ 199,361,093</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, 2008**

Net change in fund balances--total governmental funds	\$ (22,930,634)
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 \$59,591,356, was less than depreciation of \$66,572,883 in the governmental funds, less \$102,753 in the proprietary funds, for the current period.	(6,878,774)
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 assets differs from the change in fund balance by the basis of the assets disposed.	(5,319,862)
Deferred revenues added to net assets in the prior year are deducted in the current year.	(3,388,560)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	3,095,701
Repayment of \$25,960,000 of bond principal plus \$129,000 of capital lease and notes payable payments is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Assets.	26,089,000
The change in compensated absences is reported in the Statement of Activities and does not require the use of current financial resources and therefore, the change is not reported as an expenditure in governmental funds.	(5,470,077)
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The change in net assets of the internal service funds is reported with governmental activities.	2,993,443
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Accreted interest of \$4,824,175 and amortization and other charges of \$332,802 are also shown as differences for the year.	(5,156,977)
Change in net assets of governmental activities	<u>\$ (16,966,740)</u>

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2008

	Governmental Activities
	Internal Service Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 60,984,208
Investments	20,293,108
Accounts receivable	371,238
Deposits with paying agents	55,000
Total current assets	<u>81,703,554</u>
Capital assets:	
Buildings and equipment, net	<u>262,012</u>
Total capital assets	<u>262,012</u>
Total assets	<u>81,965,566</u>
LIABILITIES	
Current liabilities:	
Accounts payable	1,948,748
Claims and judgments	11,448,546
Due to other funds	46,855,091
Unearned revenue	10,902,366
Total current liabilities	<u>71,154,751</u>
Noncurrent liabilities:	
Claims and judgments	<u>12,780,704</u>
Total noncurrent liabilities	<u>12,780,704</u>
Total liabilities	<u>83,935,455</u>
NET ASSETS	
Restricted	<u>(1,969,889)</u>
Total net assets	<u>\$ (1,969,889)</u>

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2008

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
OPERATING REVENUES:	
Charges for services	
Collection, investment and other fees	\$ 4,672,528
Insurance income	12,930,638
Insurance premiums	43,128,880
	<u>60,732,046</u>
Total operating revenues	
OPERATING EXPENSES:	
Professional services	3,955,409
Contractual services	596,091
Repairs and maintenance	108,017
Other supplies and expenses	243,006
Insurance claims, settlements and losses	48,823,549
Insurance premiums	4,499,462
Depreciation	102,753
	<u>58,328,287</u>
Total operating expenses	
Operating income	<u>2,403,759</u>
NONOPERATING REVENUES/(EXPENSES):	
Investment income	599,135
Loss on disposal of equipment	(9,451)
	<u>589,684</u>
Total nonoperating revenues (expenses)	
Change in net assets	2,993,443
Total net assets--beginning	<u>(4,963,332)</u>
Total net assets--ending	<u>\$ (1,969,889)</u>

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2008

	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net cash received from taxpayers	\$ 14,032,797
Insurance income	56,048,325
Payments to employees	(3,048,633)
Payments to suppliers	(1,795,234)
Contractual services	130,128
Claims paid	(49,593,626)
Insurance premiums paid	(4,499,462)
Other payments	(17,500)
Net cash provided by operating activities	<u>11,256,795</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investments	(2,594,753)
Change in investment pool participation	(3,320,088)
Investment income	599,135
Net cash used in investing activities	<u>(5,315,706)</u>
Net increase in cash and cash equivalents	5,941,089
Balances--beginning of the year	<u>55,043,119</u>
Balances--end of the year	<u><u>\$ 60,984,208</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 2,403,759
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	102,753
Increase (decrease) in cash due to changes in assets and liabilities:	
Accounts receivable	(11,193)
Deposits with paying agents	(10,000)
Accounts and other payables	467,790
Liability for incurred claims	(770,077)
Due to other funds and governmental agencies	6,807,394
Unearned revenue	2,266,369
Net cash provided by operating activities	<u><u>\$ 11,256,795</u></u>

During fiscal year 2008, 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 ASSETS
FIDUCIARY FUNDS
June 30, 2008

	<u>Pension & Benefit Trust</u>	<u>Private- purpose Trust</u>	<u>Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,227,747	\$ 61,302	\$ 7,153,892
Equity securities	13,378,080		
Corporate bonds	820,291		
US Government obligations	413,395		
US Agency obligations	3,816,380		
Other investments	260,408	519,732	18,976,819
Accounts receivable and accrued interest	329,207		216,379
Due from other funds			17,039,111
Total assets	<u>20,245,508</u>	<u>581,034</u>	<u>\$ 43,386,201</u>
LIABILITIES			
Accounts payable	24,518		\$ 41,883
Notes payable			3,500,000
Health insurance reimbursement and accrued liabilities	315,061		
Due to other governmental agencies			32,875,046
Refundable deposits			6,969,272
Total liabilities	<u>339,579</u>	<u>-</u>	<u>\$ 43,386,201</u>
NET ASSETS			
Held in trust for pension benefits	19,905,929		
Held in trust for private purpose		581,034	
Total net assets	<u>\$ 19,905,929</u>	<u>\$ 581,034</u>	

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	<u>Pension & Benefit Trust</u>	<u>Private- purpose Trust</u>
ADDITIONS		
Contributions:		
Employer	\$ 3,272,296	
Member	3,774	
Total contributions	<u>3,276,070</u>	
Investment earnings:		
Increase (decrease) in fair value of investments	(1,759,365)	
Realized gains and losses	903,707	
Interest and dividends	387,213	
Total investment earnings	<u>(468,445)</u>	<u>-</u>
Other income	1,825,518	
Total additions	<u>4,633,143</u>	<u>-</u>
DEDUCTIONS		
Benefit payments	6,002,324	
Administration expense	652,769	
Health insurance reimbursement	1,094,937	
Total deductions	<u>7,750,030</u>	<u>-</u>
Net decrease	<u>(3,116,887)</u>	<u>-</u>
Net assets--beginning of the year	23,022,816	\$ 581,034
Net assets--end of the year	<u>\$ 19,905,929</u>	<u>\$ 581,034</u>

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

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF NET ASSETS
COMPONENT UNITS
June 30, 2008

	Louisville Water Company*	Parking Authority of River City, Inc.	Transit Authority of River City, Inc.
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 14,293,806	\$ 750	\$ 5,351,158
Investments			
Accounts receivable and accrued interest	18,688,058	396,562	3,372,225
Pledges receivable, net			
Inventories	6,472,068		1,393,853
Prepaid interest			
Prepaid expenses	634,953	7,676	683,179
Total current assets	<u>40,088,885</u>	<u>404,988</u>	<u>10,800,415</u>
Noncurrent assets:			
Restricted cash and cash equivalents		20,538,774	
Restricted investments			1,472,886
Pledges receivable, net			
Accrued interest receivable		27,626	
Revenue bond covenant accounts	56,664,002		
Water system extension funds	16,414,911		
Note receivable		1,403,466	
Contract and assessments receivable	2,699,648		
Deferred charges	6,666,559	256,602	
Non-utility property	196,310		
Investments in direct financing lease			
Capital assets:			
Land	7,215,745	9,304,855	3,177,782
Buildings and improvements	89,047,541	83,651,191	23,974,497
Machinery and equipment	46,629,291	4,134,769	83,050,585
Capitalized leased vehicles			4,734,946
Museum exhibits			
Infrastructure	862,366,257		
Construction in progress	58,411,614	5,804,790	
Less accumulated depreciation	<u>(279,328,464)</u>	<u>(41,544,604)</u>	<u>(72,007,154)</u>
Capital assets, net of accumulated depreciation	<u>784,341,984</u>	<u>61,351,001</u>	<u>42,930,656</u>
Total noncurrent assets	<u>866,983,414</u>	<u>83,577,469</u>	<u>44,403,542</u>
Total assets	<u>907,072,299</u>	<u>83,982,457</u>	<u>55,203,957</u>
LIABILITIES			
Current liabilities:			
Accounts payable	6,468,639	1,363,499	3,883,087
Accrued payroll and withholdings	385,634		
Compensated absences payable			3,140,887
Current portion of capital lease obligation			844,569
Current portion of long term debt			
Due to other governmental agencies	12,416,465		
Customer advances and deposits payable	5,782,296		
Accrued interest payable	1,147,061	211,426	
Bonds payable, current portion	8,580,000	2,835,000	
Other liabilities from restricted assets	1,656,524	380,771	
Deferred revenue		95,582	2,598,310
Dividend payable	147,902		
Total current liabilities	<u>36,584,521</u>	<u>4,886,278</u>	<u>10,466,853</u>
Noncurrent liabilities:			
Accounts payable			
Compensated absences payable	873,906		
Deferred revenue	3,831,949		
Unamortized debt premium	2,423,415		
Revenue bonds payable (net of unamortized discounts)	179,875,000	39,162,660	
Long term capital lease obligation, less current portion			977,874
Other long-term debt			
Claims and judgements payable			2,298,680
Total noncurrent liabilities	<u>187,004,270</u>	<u>39,162,660</u>	<u>3,276,554</u>
Total liabilities	<u>223,588,791</u>	<u>44,048,938</u>	<u>13,743,407</u>
NET ASSETS			
Invested in capital assets, net of related debt	595,886,984	19,353,341	42,930,656
Restricted for capital projects	73,078,913	1,765,924	
Restricted for debt service			
Unrestricted	14,517,611	18,814,254	(1,470,106)
Total net assets	<u>\$ 683,483,508</u>	<u>\$ 39,933,519</u>	<u>\$ 41,460,550</u>

*Amounts for the Louisville Water Company are for December 31, 2007.
The accompanying notes are an integral part of the financial statements.

Louisville and Jefferson County Riverport Authority	Metropolitan Sewer District	Louisville Science Center	Total
\$ 199,705	\$ 10,524,000	\$ 597,667	\$ 30,967,086
6,702,340	14,843,000		21,545,340
76,100	16,732,000	139,908	39,404,853
		371,580	371,580
7,069,261	3,020,000	34,939	17,990,121
1,810,322			1,810,322
52,572	1,385,000	213,943	2,977,323
15,910,300	46,504,000	1,358,037	115,066,625
	105,299,000	403,674	126,241,448
	26,686,000	389,765	28,548,651
		31,792	31,792
			27,626
			56,664,002
			16,414,911
			1,403,466
	26,334,000		29,033,648
			6,923,161
			196,310
58,545,823			58,545,823
8,101,986			27,800,368
29,876,198		5,079,669	231,629,096
172,887		861,688	134,849,220
			4,734,946
		18,508,497	18,508,497
	2,299,844,000		3,162,210,257
	136,695,000		200,911,404
(15,839,525)	(633,999,000)	(15,928,654)	(1,058,647,401)
22,311,546	1,802,540,000	8,521,200	2,721,996,387
80,857,369	1,960,859,000	9,346,431	3,046,027,225
96,767,669	2,007,363,000	10,704,468	3,161,093,850
551,365	14,758,000	172,326	27,196,916
		109,925	495,559
			3,140,887
		4,847	849,416
925,809			925,809
			12,416,465
	5,250,000		11,032,296
	8,597,000		9,955,487
	21,255,000		32,670,000
			2,037,295
103,753		23,383	2,821,028
			147,902
1,580,927	49,860,000	310,481	103,689,060
	2,375,000		2,375,000
			873,906
	14,824,000		18,655,949
			2,423,415
	1,389,785,000		1,608,822,660
		8,803	986,677
59,607,156			59,607,156
			2,298,680
59,607,156	1,406,984,000	8,803	1,696,043,443
61,188,083	1,456,844,000	319,284	1,799,732,503
22,311,546	482,094,000		1,162,576,527
		1,599,394	76,444,231
	12,228,000		12,228,000
13,268,040	56,197,000	8,785,790	110,112,589
\$ 35,579,586	\$ 550,519,000	\$ 10,385,184	\$ 1,361,361,347

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
COMPONENT UNITS
For the Year Ended June 30, 2008

	<u>Louisville Water Company*</u>	<u>Parking Authority of River City, Inc.</u>	<u>Transit Authority of River City, Inc.</u>
OPERATING REVENUES:			
Charges for sales and services:			
Water sales	\$ 132,056,330		
Parking		\$ 15,458,416	
Transit fares and advertising			\$ 10,819,384
Port fees and rents			
Sewer charges			
Admissions and museum support			
Total operating revenues	<u>132,056,330</u>	<u>15,458,416</u>	<u>10,819,384</u>
OPERATING EXPENSES:			
Cost of operations	35,923,615	3,170,641	64,889,486
General and administrative	18,826,512	3,883,706	
Depreciation	23,231,190	3,912,294	6,585,094
Loss on disposal of capital assets and other		685	
Water services in lieu of taxes	11,170,365		
Total operating expenses	<u>89,151,682</u>	<u>10,967,326</u>	<u>71,474,580</u>
Operating income (loss)	<u>42,904,648</u>	<u>4,491,090</u>	<u>(60,655,196)</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	5,013,579	718,115	
Interest income on direct financing lease			59,293,454
Mass transit subsidies			
Capital reimbursements		734,424	
Interest expense	(7,572,929)	(2,136,794)	(67,134)
Rent expense		(433,638)	
Contributed in aid of construction	19,716,903		
Dividends paid and payable	(18,331,412)		
Miscellaneous	281,223		
Total nonoperating revenues (expenses)	<u>(892,636)</u>	<u>(1,117,893)</u>	<u>59,226,320</u>
Change in net assets	42,012,012	3,373,197	(1,428,876)
Net assets, beginning of year	<u>641,471,496</u>	<u>36,560,322</u>	<u>42,889,426</u>
Net assets, end of year	<u>\$ 683,483,508</u>	<u>\$ 39,933,519</u>	<u>\$ 41,460,550</u>

*Amounts for the Louisville Water Company are for the year ended December 31, 2007.
The accompanying notes are an integral part of the financial statements.

Louisville and Jefferson County Riverport Authority	Metropolitan Sewer District	Louisville Science Center	Total
			\$ 132,056,330
		\$ 173,261	15,631,677
			10,819,384
\$ 1,758,513			1,758,513
	\$ 161,283,000		161,283,000
		3,919,011	3,919,011
1,758,513	161,283,000	4,092,272	325,467,915
2,539,630		3,192,388	109,715,760
475,651	70,335,000	769,336	94,290,205
940,846	55,485,000	1,279,621	91,434,045
			685
			11,170,365
3,956,127	125,820,000	5,241,345	306,611,060
(2,197,614)	35,463,000	(1,149,073)	18,856,855
223,097	4,895,000		10,849,791
3,657,451			3,657,451
			59,293,454
			734,424
(3,687,068)	(56,388,000)		(69,851,925)
			(433,638)
	15,175,000		34,891,903
			(18,331,412)
(2,052)			279,171
191,428	(36,318,000)	-	21,089,219
(2,006,186)	(855,000)	(1,149,073)	39,946,074
37,585,772	551,374,000	11,534,257	1,321,415,273
\$ 35,579,586	\$ 550,519,000	\$ 10,385,184	\$ 1,361,361,347

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NOTES TO THE FINANCIAL STATEMENTS

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2008

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 health and safety, streets and roads, sanitation, social services, culture-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 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 Statement No. 14, *The Financial Reporting Entity* and No. 39, *Determining Whether Certain Organizations Are Component Units*, 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.

i. Blended Component Units

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

- The Louisville/Jefferson County Revenue Commission ("Revenue Commission")
- The Commissioners of the Revenue Commission are appointed by Metro Government. The Revenue Commission is reported as part of the primary government because 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 Revenue Commission is treated as an internal service fund of the primary government since Metro Government is the primary participant of the Revenue Commission. Amounts held on behalf of other local governmental entities are reflected within a fiduciary fund.

- The Public Properties Corporation ("PPC") - The PPC is a non-profit municipal corporation which is used to account for certain property acquisitions and improvements financed by proceeds from the sale of various First Mortgage Revenue Bonds. It is reported as part of the primary government because its purpose is to issue bonds solely on behalf of Metro Government.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

1. Summary of Significant Accounting Policies, continued

- The Revenue Finance Corporation - The Revenue Finance Corporation is a non-profit municipal corporation which is used for the acquisition and implementation of public projects financed by increments in tax revenues. It exists solely for the benefit of Metro Government, and is accordingly reported as part of the primary government.
- Capital Projects Corporation ("CPC") - The Mayor, with the approval of the Metro Council, appoints the CPC's governing board. 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 CPC undertakes projects and issues bonds at the direction of and pursuant to ordinances adopted by the Metro Council. All debt obligations of the CPC are serviced with rental payments made by Metro Government as consideration from annually renewable leases of the financed properties by Metro Government.

Complete financial statements for each of the individual component units may be obtained at Metro Government's Department of Finance, 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 six 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.

- Louisville Water Company ("LWC") - The LWC is a legally separate entity that provides water utility services to the residents of the 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, receives a quarterly dividend, and the Mayor appoints a voting majority of the LWC's Board of Directors. Water services valued at \$11,170,365 were provided to Metro Government in lieu of taxes during the year ended December 31, 2007. 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 former City of Louisville to serve Metro Government's existing parking facility needs and to develop strategies for future needs. PARC also operates several parking garages in the downtown area. 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, 517 South Fourth Street, Louisville, KY 40202.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

1. Summary of Significant Accounting Policies, continued

- Transit Authority of River City ("TARC") - TARC is a legally separate entity that operates the mass transit system in the 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, which receives occupational tax revenues and remits those amounts to TARC. Payments to TARC from the Mass Transit Trust Fund for the fiscal year totaled \$40,682,394. 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 river port industrial complex. Riverport is shown as a discretely presented component unit because the Mayor appoints a voting majority of its Board of Directors, and Metro Government has the ability to impose its will on Riverport's decisions. Complete financial statements of Riverport can be requested from the Louisville and Jefferson County Riverport Authority, 6900 Riverport Drive, Louisville, KY 40258.
- Louisville and Jefferson County Metropolitan Sewer District ("MSD") - The MSD is a legally separate entity that provides sewer services to the residents of the metropolitan area and charges fees for those services. MSD is shown as a discretely presented component unit because the Mayor appoints a voting majority of its Board of Directors and Metro Government has the ability to veto, overrule, or modify decisions of MSD regarding expansion of infrastructure and sewage facilities. Metro Government does not provide any funding to MSD. The amount of free services provided in fiscal year 2008 was \$1,450,000. Complete financial statements of MSD can be requested from Louisville and Jefferson County Metropolitan Sewer District, 700 West Liberty Street, Louisville, KY 40202.
- Louisville Science Center, Inc. ("LSC") - The LSC 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, 2008, Metro Government paid \$863,300 as an appropriation to the LSC. Complete financial statements of LSC can be requested from Louisville Science Center, 727 West Main Street, Louisville, KY 40202.

iii. Related 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

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

1. Summary of Significant Accounting Policies, continued

approved by the Metro Council. Financial support is received from the federal government and from fees. The Housing Authority serves as its own fiscal agent, and Metro Government is not financially accountable for the activities of the entity. Metro Government did not provide any funding to the Housing Authority for the year ended June 30, 2008.

- 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 consists of eleven members including the Mayor and the Kentucky Secretary of Commerce. Six of the members are appointed by Metro Government and three by 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 \$11,895,023 in transient room taxes collected by the Revenue Commission.

C. Government-wide and Fund Financial Statements

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

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

1. Summary of Significant Accounting Policies, continued

D. Measurement Focus and 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 that have no measurement focus. 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Each fund is a separate accounting entity with a self-balancing set of accounts. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible during the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Metro Government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 judgments, are recorded only when payment is due.

Revenues susceptible to accrual are property taxes, licenses, interest revenue and charges for services. Occupational taxes, fines, permits and parking meter revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Metro Government reports unearned revenue on its government-wide statement of net assets and deferred revenue on the fund financial statements. Deferred/unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred/unearned revenues also arise when Metro Government receives resources before it has a legal claim to them, as when grant moneys are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when Metro Government has a legal claim to the resources, the liability for unearned revenue is removed from the government-wide statement of net assets and the deferred revenue liability is removed from the fund financial statements, and revenue is recognized.

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 collection and disbursement of earmarked money, primarily federal and state grant money.
- The Capital Projects Fund, which accounts for the acquisition or construction of general capital assets.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

1. Summary of Significant Accounting Policies, continued

- 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. Operating expenses for the internal service fund include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. All of Metro Government's proprietary activities, except for the internal service fund, qualify and are reported as discretely presented component units; therefore, the primary government does not include a business-type activities column in the government-wide financial statements.
- Internal Service Funds account for the cost of purchased insurance, the operation and administration of the Metro Government's self-insurance programs, and the cost of administering and collecting the Metro Government's occupational tax.
- Fiduciary Funds are used to account for assets held on behalf of outside parties, including other governments. Metro Government reports the following fiduciary funds:
 - The Private Purpose Trust Fund is used to account for a discount loan program.
 - The Pension & Benefit Trust Fund is used to account for the Firefighters' Pension Fund and the Policemen's Retirement Fund.
 - Agency Funds are used to account for assets that Metro Government holds on behalf of others as their agent, including TARC, the Police Property Room, and other agencies.

E. Budgets

Budgets are adopted consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the General Fund. 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, except for unexpended grant and encumbered appropriations. Project-length financial plans are presented for all Capital Project Funds.

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

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2008

1. Summary of Significant Accounting Policies, continued

may have been amended, as the approved budget for the fiscal year beginning July 1. An affirmative vote of a majority of the Metro Council is required to change the proposed appropriations or to revise revenue estimates contained in the Executive Budget. An affirmative vote of the majority of the Metro Council is also required to amend the budget once it has been approved or to approve any supplemental appropriations.

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

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances 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 outstanding at year-end are reported as a reservation of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

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 maturity of three months or less when purchased. 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 footnote 2 for additional information.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are reported at fair value based on quoted market values.

Certain cash and investment amounts are classified on the statement of net assets as restricted because applicable bond indentures or other legal provisions limit their use. Restricted cash and cash equivalents are included and used for their respective purposes.

G. Taxes Receivable

Net taxes receivable not expected to be collected within sixty days after the close of the fiscal year, thus not available to pay current liabilities at June 30, 2008, have been recorded in the balance sheet of the general fund as deferred revenue and as unearned revenue in the government-wide Statement of Net Assets.

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

1. Summary of Significant Accounting Policies, continued

This is Metro Government's property tax calendar:

<u>Date</u>	<u>Event</u>
January 1, year of levy	Assessment date
October 1, year of levy	Taxes levied
November 30, year of levy	2% discount allowed
December 31, year of levy	Gross amount due
January 31, following year	5% penalty added
April 7, following year	10% interest plus 10% penalty added to above
May 1, following year	Delinquent date, \$16 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 bills are turned over to the County Clerk on May 1. Property tax revenues are recognized when levied to the extent that they result in current receivables.

The allowance for uncollectible amounts is composed of tax receivables which have been deemed uncollectible based on a trend analysis of collections over the past five fiscal years, and for loans receivable based on an analysis which mainly considers payments past due.

H. Interfund Receivables/Payables

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

I. Land Held for Development

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

J. Inventories and Prepaid Items

Inventories are valued at cost, which approximates market, using the first-in, first-out ("FIFO") 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 by a reserve, 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, 2008 are recorded in assets as prepaid items.

K. Capital Assets and Depreciation

Capital assets, which include 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

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

1. Summary of Significant Accounting Policies, continued

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

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	5-12
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 an expenditure 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 assets, the total amount of vested or accumulated vacation leave is reported within the liabilities. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. Vacation pay may be accumulated up to 60 days. Earned vacation pay up to a maximum of 40 days is payable upon termination of employment.

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for sick pay benefits in the government's fund financial statements, but is reported in the government-wide financial statements. Sick leave, which has no maximum accumulation, is charged to expense when paid.

Qualified participants in the County Employee's Retirement System ("CERS"), under certain circumstances, are eligible to convert accrued sick pay benefits into additional credit for years of service.

M. Long-term Debt and Obligations

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

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

1. Summary of Significant Accounting Policies, continued

obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

N. Claims and Judgments Payable

Claims and judgments payable represents estimates for medical, automobile liability, workers' compensation, and other claims incurred as of June 30, 2008. 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. Reserved Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted for use for a specific purpose.

P. Interfund Transactions

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

Q. Use of Estimates

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

1. Summary of Significant Accounting Policies, continued

R. Louisville Water Company Dividends

The LWC has a quarterly dividend policy. Because the reporting period of the LWC covers the year ended December 31, 2007, 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, 2007	\$ 3,918,375	
June 30, 2007	3,918,375	
September 30, 2007	3,918,375	\$ 3,918,375
December 31, 2007	6,428,385	6,428,385
March 31, 2008		4,092,576
June 30, 2008		4,092,576
	<u>\$ 18,183,510</u>	<u>\$ 18,531,912</u>

2. Cash Deposits and Investments

A. Pooled Portfolio Investments

The following schedule presents the investments in Metro Government's pooled portfolio as of June 30, 2008, at fair value, with maturities (using the weighted average method), and credit risk ratings (from Moody's Investors Service):

Investment Type	Fair Value	Weighted Average Maturity in Years	Credit Rating
Money Market Mutual Funds	\$ 24,117,981	0.13	Aaa
U.S. Treasury Obligations	8,756,177	1.70	Aaa
U.S. Agency Discount Notes	29,757,299	0.16	Aaa
U.S. Agency Obligations	79,806,829	1.65	Aaa
Commercial Paper	26,963,840	0.10	P1
	<u>\$ 169,402,126</u>		
Portfolio weighted average maturity		0.93	

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

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 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, 2008 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	\$ 16,536,819	0.14	Aaa
Commercial Paper	867,709	0.18	P1
U.S. Agency Discount Notes	2,487,750	0.21	Aaa
	<u>\$ 19,892,278</u>		
Portfolio weighted average maturity		0.15	

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 is fully collateralized and all investments were held in the Metro Government's name as of June 30, 2008.

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 formal 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 investment policy, maintenance of adequate liquidity to meet the cash flow needs of Metro 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.

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2008

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

F. Concentration of Credit Risk

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

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

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

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

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

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

2. Cash Deposits and Investments, continued

G. Revenue Commission

The bank balances at June 30, 2008, including cash with paying agents, were \$8,666,718. Of this amount, \$200,000 was covered by federal depository insurance. The remainder is collateralized by the bank holding deposits in the Revenue Commission's name.

The investment balances at June 30, 2008 of \$51,211,777 consists 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.

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

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

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

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

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

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2008

2. Cash Deposits and Investments, continued

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

H. Fiduciary Funds

The Mass Transit Trust Fund is required to follow investment policies in accordance with KRS 66.480 (see the Mass Transit audit report for additional discussion of allowed investments). The Escrow and Deposit Fund is governed by the Metro investment policy described within this note.

The Firefighters' Pension Fund had deposits of \$574,643 at June 30, 2008. Of this amount, \$199,566 was covered by the Federal Depository Insurance Corporation (FDIC). The remaining \$375,077 was collateralized by securities held by the pledging financial institution. The Policemen's Retirement Fund had deposits of \$171,336 at June 30, 2008. Of this amount, \$114,580 was insured by the FDIC. The remaining \$56,756 was not insured or collateralized by securities held by a pledging financial institution.

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 Board's work in conjunction with investment managers and financial advisors to determine the appropriate asset mix within each investment type pursuant to asset allocation parameters set by the Boards. Investments are to be made with "care, skill and prudence" under the market circumstances prevailing at the time with the primary objectives of (a) preserving principal, (b) producing a combination of income and liquidity sufficient to meet monthly pension payment requirements and (c) on a long-term basis, producing real total returns sufficient to meet the lifetime pension requirements.

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

2. Cash Deposits and Investments, continued

Metro fiduciary fund investments are summarized in the table below as of June 30, 2008:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Years</u>	<u>Credit Rating</u>
Mass Transit Trust Fund			
Money Market Mutual Funds	<u>\$ 6,856,456</u>	0.12	Aaa
Escrow and Deposit Fund			
U.S. Treasury Obligations	\$ 8,438,758	7.63	Aaa
Money Market Funds	<u>3,680,505</u>	0.13	Aaa
	<u>\$ 12,119,263</u>		
Portfolio weighted average maturity		5.35	
Firefighters' Pension Fund			
U.S. Agency Obligations	25,731	8.16	Aaa
Bond Mutual Funds	3,200,735	8.08	Aaa
Equity Securities	6,209,816		
Other Investments	<u>87,494</u>		
	<u>\$ 9,523,776</u>		
Portfolio weighted average maturity		8.08	
Policemen's Retirement Fund			
U.S. Treasury Obligations	\$ 387,664	6.65	Aaa
U.S. Agency Obligations	615,645	5.70	Aaa*
Corporate Bonds	820,291	17.32	Aaa-Baa**
Equity Securities	7,168,264		
Money Market Funds	494,830	0.14	A
Other Investments	<u>172,914</u>		
	<u>\$ 9,659,608</u>		
Portfolio weighted average maturity		8.78	

* \$27,943 of agency securities were not rated by the rating agencies.

** \$344,673 of corporate bonds were not rated by the ratings agencies.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

2. Cash Deposits and Investments, continued

I. Component Units

For complete information on custodial credit risk, interest rate risk, credit risk, and concentration of credit risk, refer to the individual reports of each component unit. Summarized investment information for the 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			
U.S. Treasury Obligations	\$ 4,700,001	5.88	Aaa
Money Market Mutual Funds	4,889,559	0.11	Aaa
	<u>\$ 9,589,560</u>		
Portfolio weighted average maturity		2.93	
PARC			
U.S. Government Money Market Funds	<u>\$ 20,538,774</u>	0.15	Aaa
TARC			
U.S. Government Money Market Funds	<u>\$ 2,499,095</u>	0.09	Aaa
Riverport			
Discount Notes - Agencies	\$ 2,286,869	0.40	Aaa
Obligations - Agencies	803,346	0.24	Aaa
U.S. Treasury Bills	1,092,656	0.37	Aaa
U.S. Treasury Obligations	2,519,469	0.54	Aaa
	<u>\$ 6,702,340</u>		
Portfolio weighted average maturity		0.43	
MSD			
U.S. Treasury Bills	\$ 2,633,071	0.13	Aaa
U.S. Agency Discount Notes	36,118,461	0.15	Aaa
Tax Exempt State & Municipal Bonds	25,000	0.02	Aaa
Corporate Bonds	25,000	0.02	Aaa
Money Market Funds	112,906,885	0.08	Aaa
Repurchase Agreements	8,011,567		
	<u>\$ 159,719,984</u>		
Portfolio weighted average maturity		0.10	
LSC			
Corporate Bonds	\$ 336,000	0.02	A1P1
Bond Mutual Funds	71,289	7.60	Aa1/Aa2
Money Market Funds	45,113	0.54	Aa3/P-1
Money Market Funds	10,429	0.20	Aaa
Other Investments	273,223	N/R	N/R
	<u>\$ 736,054</u>		
Portfolio weighted average maturity		1.24	

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

2. Cash Deposits and Investments, continued

As of June 30, 2008, LWC had \$1,726,581 in deposits that were not covered by FDIC insurance and were not collateralized and \$76,622,000 in deposits that were collateralized with securities held by the pledging financial institution. LSC had deposits of \$379,983 that was covered by FDIC insurance and \$318,116 that was collateralized with securities held by the pledging financial institution.

3. Disaggregation of Accounts Receivable and Accounts Payable

Accounts receivable are amounts owed to Metro Government as of June 30, 2008. Those amounts to be received within one year are considered current. All others are considered non-current.

Receivables at June 30, 2008 for Metro Government's individual major funds, internal service funds, and fiduciary funds in the aggregate, including allowance for uncollectible amounts, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Internal Service Funds	Fiduciary Funds	Total	Component Units
Receivables:								
Taxes	\$ 5,401,921						\$ 5,401,921	
Accounts	16,935,135	\$ 2,418,853	\$ 40,349	\$ 57,497	\$ 371,238	\$ 545,586	20,368,658	\$ 41,097,173
Loans	1,409,162	19,949,692	8,748,624				30,107,478	
Notes	72,969		4,399,066				4,472,035	1,403,466
Gross receivables	23,819,187	22,368,545	13,188,039	57,497	371,238	545,586	60,350,092	42,500,639
Less allowance for uncollectibles	2,241,714	10,706,642	5,717,161				18,665,517	1,783,500
Net total receivables	\$ 21,577,473	\$ 11,661,903	\$ 7,470,878	\$ 57,497	\$ 371,238	\$ 545,586	\$ 41,684,575	\$ 40,717,139

Accounts payable are amounts owed by Metro Government as of June 30, 2008. Those liabilities to be paid within one year are considered current. All others are considered non-current.

Payables at June 30, 2008 for Metro Government's individual major funds, internal service funds, and fiduciary funds in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Internal Service Funds	Fiduciary Funds	Total	Component Units
Payables:								
Vendors	\$ 10,282,845	\$ 6,497,951	\$ 1,858,891	\$ 2,420,758	\$ 1,948,748	\$ 66,401	\$ 23,075,594	\$ 29,571,916
Notes			2,000,000			3,500,000	5,500,000	60,532,965
Other	842,732						842,732	
Total payables	\$ 11,125,577	\$ 6,497,951	\$ 3,858,891	\$ 2,420,758	\$ 1,948,748	\$ 3,566,401	\$ 29,418,326	\$ 90,104,881

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

4. Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	Primary Government		
	Beginning Balance	Increases	Decreases
			Ending Balance
Governmental activities:			
Capital assets not being depreciated:			
Land	\$ 291,345,646	\$ 3,923,340	\$ (20,000)
Land improvements	3,837,067	100,000	3,937,067
Construction in progress	49,238,597	25,709,939	(4,118,468)
Works of art	255,000		255,000
Total capital assets not being depreciated	344,676,310	29,733,279	(4,138,468)
Other capital assets:			
Land improvements	80,632,232	465,971	81,098,203
Buildings	346,296,865	4,021,381	(2,296,272)
Machinery and equipment	60,689,200	3,169,888	(10,992,105)
Vehicles	103,154,303	8,064,897	(5,732,976)
Collections & Works of art	33,239,747		33,239,747
Infrastructure	893,658,018	14,135,940	907,793,958
Total other capital assets at historical cost	1,517,670,365	29,858,077	(19,021,353)
Less accumulated depreciation for:			
Land improvements	(35,386,593)	(3,457,334)	(38,843,927)
Buildings	(129,267,322)	(7,226,924)	1,767,534
Machinery and equipment	(46,372,827)	(4,458,055)	10,775,394
Vehicles	(71,849,789)	(7,767,906)	5,287,580
Collections & Works of art	(21,477,232)	(3,224,633)	(24,701,865)
Infrastructure	(750,676,191)	(40,438,031)	(791,114,222)
Total accumulated depreciation	(1,055,029,954)	(66,572,883)	17,830,508
Other capital assets, net	462,640,411	(36,714,806)	(1,190,845)
Governmental activities capital assets, net	\$ 807,316,721	\$ (6,981,527)	\$ (5,329,313)
			\$ 795,005,881

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2008

4. Capital Assets, continued

Depreciation expense was charged to governmental activities as follows:

Depreciation expense was charged to
governmental activities as follows:

General Government:

Metro Council	\$ 989
Mayor's Office	25,020
Other Elected Officials	340,679

Public Protection:

Fire	854,743
Emergency Medical Services	1,383,390
Emergency Management	451,345
Corrections	101,516
Youth Detention Services	19,185
Animal Control Services	23,068

Police 687,495

Economic Development:

Metro Development Authority	1,901,305
Air Pollution Control	82,304

Codes & Regulations:

Inspections, Permits and Licenses	18,285
Planning and Design Services	3,935

Parks & Recreation 1,168,812

Housing & Family Services:

Housing	641
Human Services	508
Community Action Partnership	980

Public Health & Wellness 247,170

Neighborhoods 4,327

Public Works & Assets

Public Works	40,661,201
General Services Administration	10,329,658
Solid Waste Management Services	21,340

Information Technology 1,649,777

Finance & Administration 103,597

Human Resources 1,014

Related Agencies

Kentuckiana Works	3,431
Louisville Free Public Library	3,381,134
Louisville Zoological Gardens	903,582
Waterfront Development Corp	2,202,452

Total depreciation expense \$ 66,572,883

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

4. Capital Assets, continued

Capital asset activity for the LWC for the year ended December 31, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 7,179,623	\$ 36,122		\$ 7,215,745
Construction in progress	50,972,036	66,009,245	\$ (58,569,667)	58,411,614
Total capital assets not being depreciated	58,151,659	66,045,367	(58,569,667)	65,627,359
Other capital assets:				
Buildings	81,861,766	7,341,231	(155,456)	89,047,541
Machinery and equipment	46,389,741	2,481,704	(2,242,154)	46,629,291
Infrastructure	820,382,538	48,869,369	(6,885,650)	862,366,257
Total other capital assets at historical cost	948,634,045	58,692,304	(9,283,260)	998,043,089
Less accumulated depreciation for:				
Buildings	(29,504,529)	(2,439,250)	128,304	(31,815,475)
Machinery and equipment	(27,788,470)	(4,176,901)	2,185,013	(29,780,358)
Infrastructure	(203,390,125)	(16,331,621)	1,989,115	(217,732,631)
Total accumulated depreciation	(260,683,124)	(22,947,772)	4,302,432	(279,328,464)
Other capital assets, net	687,950,921	35,744,532	(4,980,828)	718,714,625
Capital assets, net	\$ 746,102,580	\$ 101,789,899	\$ (63,550,495)	\$ 784,341,984

Capital asset activity for PARC for the year ended June 30, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 9,304,855			\$ 9,304,855
Construction in progress	2,169,555	\$ 4,025,068	\$ (389,833)	5,804,790
Total capital assets not being depreciated	11,474,410	4,025,068	(389,833)	15,109,645
Other capital assets:				
Buildings and Improvements	83,424,140	227,051		83,651,191
Machinery and equipment	4,082,264	55,630	(3,125)	4,134,769
Total other capital assets at historical cost	87,506,404	282,681	(3,125)	87,785,960
Total accumulated depreciation	(37,933,498)	(3,613,829)	2,723	(41,544,604)
Other capital assets, net	49,572,906	(3,331,148)	(402)	46,241,356
Capital assets, net	\$ 61,047,316	\$ 693,920	\$ (390,235)	\$ 61,351,001

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

4. Capital Assets, continued

Capital asset activity for TARC for the year ended June 30, 2008 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	23,931,332	\$ 43,165		23,974,497
Vehicles	68,965,670	1,937,922	\$ (1,000,294)	69,903,298
Capitalized leased vehicles	4,734,946			4,734,946
Machinery and equipment	11,411,233	2,079,208	(343,154)	13,147,287
Total other capital assets				
at historical cost	109,043,181	4,060,295	(1,343,448)	111,760,028
Less accumulated depreciation	(66,765,508)	(6,585,094)	1,343,448	(72,007,154)
Other capital assets, net	42,277,673	(2,524,799)	-	39,752,874
Capital assets, net	<u>\$ 45,455,455</u>	<u>\$ (2,524,799)</u>	<u>\$ -</u>	<u>\$ 42,930,656</u>

Capital asset activity for Riverport for the year ended June 30, 2008 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	29,885,291	\$ 68,007	\$ (77,100)	29,876,198
Other	172,887			172,887
Total other capital assets				
at historical cost	30,058,178	68,007	(77,100)	30,049,085
Less accumulated depreciation for:				
Buildings	(14,838,101)	(852,127)		(15,690,228)
Other	(137,679)	(11,618)		(149,297)
Total accumulated depreciation	(14,975,780)	(863,745)	-	(15,839,525)
Other capital assets, net	15,082,398	(795,738)	(77,100)	14,209,560
Capital assets, net	<u>\$ 23,184,384</u>	<u>\$ (795,738)</u>	<u>\$ (77,100)</u>	<u>\$ 22,311,546</u>

Capital asset activity for MSD for the year ended June 30, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 193,420,000	\$ 70,387,000	\$ (127,112,000)	\$ 136,695,000
Other capital assets:				
Infrastructure	2,149,780,000	150,166,000	(102,000)	2,299,844,000
Less accumulated depreciation	(578,644,000)	(55,362,000)	7,000	(633,999,000)
Other capital assets, net	1,571,136,000	94,804,000	(95,000)	1,665,845,000
Capital assets, net	<u>\$ 1,764,556,000</u>	<u>\$ 165,191,000</u>	<u>\$ (127,207,000)</u>	<u>\$ 1,802,540,000</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

4. Capital Assets, continued

Capital asset activity for the LSC for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Exhibits in progress	\$ 146,821	\$ 95,935		\$ 242,756
Other capital assets:				
Leasehold improvements	4,836,913			4,836,913
Machinery and equipment	856,688	5,000		861,688
Museum exhibits	18,508,497			18,508,497
Total other capital assets				
at historical cost	24,202,098	5,000	-	24,207,098
Less accumulated depreciation	(14,649,033)	(1,279,621)		(15,928,654)
Other capital assets, net	9,553,065	(1,274,621)	-	8,278,444
Capital assets, net	<u>\$ 9,699,886</u>	<u>\$ (1,178,686)</u>	<u>\$ -</u>	<u>\$ 8,521,200</u>

5. Land Held for Development

Land held for development at June 30, 2008 is summarized as follows:

	Riverport Authority
Land held for development	<u>\$ 7,069,261</u>

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's insurance or self-insurance under a comprehensive risk management program. Under merger, this program now includes all Metro Government departments including PARC 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:

- A. Automobile Liability: Self-insured up to \$500,000 per occurrence. Excess coverage is purchased through the Louisville Area Governmental Self-Insurance Trust ("LAGIT").
- B. Worker's Compensation (covering all employees): Self-insured up to \$1,000,000 per occurrence with a \$1,000,000 corridor. Excess coverage is purchased above this retained level.
- C. Unemployment Compensation: Completely self-insured.
- D. Group Health Coverage: Eligible Metro Government employees may participate in group health coverage through six PPO plans offered through Metro Government's health self-insurance fund, which is administered by Anthem Blue Cross and Blue Shield and Humana, Inc. Eligible members of the Fraternal Order of Police may participate in two separate PPO plans.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

6. Risk Management, continued

- E. General Liability: Various general liability exposures (including public official liability, law enforcement liability, medical professional liability, employers liability, and employment practices liability), 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.
- F. 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.
- G. 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 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 are anticipated to 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 \$24,229,250 reported in the Fund at June 30, 2008, 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, 2008

6. Risk Management, continued

Changes in the Fund's claims liability amount in fiscal years 2007 and 2008 were as follows:

Year ending June 30	Beginning Balance	Claims and Changes in Estimates	Claim Payments	Ending Balance
2007	\$ 20,588,003	\$ 53,843,407	\$ 49,432,083	\$ 24,999,327
2008	24,999,327	48,823,549	49,593,626	24,229,250

The liability associated with the health self-insurance fund as of June 30, 2008 is \$3,900,000 and is included as a liability in the Insurance & Risk Management Internal Service.

Metro Government is also a member of LAGIT (for liability exposures) and a member of LAGGIT (for property exposures) which are separate risk-sharing mechanisms formed for public entities located in Jefferson County, Kentucky. The Metro Risk Management Division has the administrative responsibility for actual operations of LAGIT and LAGGIT and independently audited financial statements of each trust are available through the Metro Government Department of Finance.

Metro Government's annual administrative fee for LAGIT was \$97,988, of which \$20,913 was transferred to the County Attorney's Office for legal services. \$20,000 of the administrative fee was paid by the Trust directly to Risk and Insurance Solutions, LLC for administrative services delegated by Metro Government to this professional services company. Consequently, Metro Government received \$77,988, inclusive of fees transferred to the County Attorney for services.

Metro Government's annual administrative fee for LAGGIT was \$53,155, of which \$8,333 was paid directly by the Trust to Risk and Insurance Solutions, LLC for administrative services delegated by Metro Government to this professional services company.

Metro Government has not had any settled claims that have exceeded the above coverage amounts in any of the past three fiscal years.

The LWC, Riverport, LSC, 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 the LAGIT and LAGGIT programs for MSD and TARC.

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

7. Short-Term Debt

On July 1, 2007, the Escrow and Deposit Fund re-issued the Amended and Restated General Obligation Bond Anticipation Note, Series 2007A for \$3,500,000. The note is held in the Escrow and Deposit Fund because 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 dated on original issuance as of January 30, 2004. The interest on the original note made by Metro Government has been paid in full through June 30, 2008. The following table outlines activity on the note during fiscal year 2008:

Year ending June 30	Beginning Balance	Additions	Reductions	Ending Balance
2008	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000

8. Long-Term Debt

A. Primary 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.

There are \$227,992,000 of General Obligation Bonds outstanding at June 30, 2008. The primary collateral for the General Obligation Bonds are the occupational license tax and net profits license tax collected by the Revenue Commission. The Revenue Commission is the fiscal agent for general obligation bonded debt issued by the City of Louisville before January 6, 2003, and by Metro Government thereafter. Metro Government is the fiscal agent for general obligation bonded debt issued before January 6, 2003 by Jefferson County Fiscal Court. Metro Government's general fund is contingently liable as guarantor of the general obligation bonded debt.

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 debt service on the series 2004B bonds. The sublease is renewable annually through fiscal year 2025 at the option of PARC.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

8. Long-Term Debt, continued

General Obligation Bonds outstanding, including accreted interest, at June 30, 2008, are as follows (in thousands):

Description of Issue	Original Issue Amount	Interest Rate	Maturity During Year Ended June 30	Debt Outstanding June 30, 2008
City of Louisville General Obligation Serial Bonds:				
Refunding Bonds, Series 1998A	\$ 25,650	4.10 to 5.125%	2019	\$ 16,705
Series 2001A	13,490	4.00 to 5.00	2022	10,545
Series 2002A Exempt	38,900	3.50 to 5.00	2024	33,260
Series 2002B Taxable	8,550	4.25 to 6.05	2024	7,445
Jefferson Co. General Obligation Bonds:				
1998A Serial Bonds	28,650	4.10 to 4.90	2019	18,590
1999A Serial & Term Bonds	8,800	5.15	2009	385
1999B Serial & Term Bonds	6,790	5.15	2009	625
1999C Serial & Term Bonds	15,265	5.55 to 6.15	2016	8,945
2000A Term & Coupon Bonds	2,595	7.70	2016	1,575
2000B Capital Appreciation Bonds	50,096	5.55 to 6.00	2015	31,542
2001A Current Interest Bonds	36,900	5.00 to 5.50	2012	16,470
2001B Current Interest Bonds	2,885	5.00 to 5.50	2011	1,025
2002A Serial Coupon	32,995	3.75 to 4.75	2020	22,275
Louisville/Jefferson Co. Metro Government General Obligation Bonds:				
Series 2004A	23,840	3.00 to 5.00	2025	21,380
Series 2004B	5,655	3.00 to 5.00	2025	5,070
Series 2006A	33,255	4.00 to 4.50	2027	32,155
				<u>227,992</u>
Net of premiums, discounts and deferred amounts on refunding				(1,098)
Total general obligation bonds				<u>\$ 226,894</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

8. Long-Term Debt, continued

Debt service requirements to maturity for General Obligation Bonds, excluding accreted interest of \$11,968 (which is included in the table presented on page 60), are as follows (in thousands):

Year ending				
June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2009	\$ 18,753	\$ 11,000	\$ 29,753	
2010	19,279	10,428	29,707	
2011	19,207	9,870	29,077	
2012	18,682	9,316	27,998	
2013	15,070	8,858	23,928	
2014-2018	65,058	27,421	92,479	
2019-2023	43,010	8,713	51,723	
2025-2027	16,965	1,079	18,044	
Totals	<u>\$ 216,024</u>	<u>\$ 86,685</u>	<u>\$ 302,709</u>	

There are \$130,204,000 of First Mortgage and Lease Revenue Bonds outstanding at June 30, 2008. 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.

First Mortgage and Lease Revenue Bonds outstanding, including accreted interest, at June 30, 2008, are as follows (in thousands):

Description of Issue	Original Issue Amount	Interest Rate	Maturity During Year Ended June 30	Debt Outstanding June 30, 2008
City of Louisville Public Properties				
Corporation First Mortgage Bonds:				
Revenue Refunding Bonds,				
Series 1998	\$ 13,090	4.50 to 5.00%	2023	\$ 9,385
Revenue Bonds, Second Series 1998	23,200	5.60 to 6.375	2019	15,875
Jefferson Co. Lease Revenue Bonds:				
1992A Municipal Multiplier				
Term Bonds	16,764	6.75 to 7.00	2018	46,089
2007A Current Interest Bonds	58,855	4.00 to 4.375	2028	58,855
				130,204
Net of premiums, discounts and deferred amounts on refunding				(2,073)
Total First Mortgage and Lease Revenue Bonds				<u>\$ 128,131</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

8. Long-Term Debt, continued

Debt service requirements to maturity for First Mortgage and Lease Revenue Bonds, excluding accreted interest of \$29,949 (which is included in the table presented above), are as follows (in thousands):

<u>Year ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 5,092	\$ 6,763	\$ 11,855
2010	5,192	6,765	11,957
2011	5,286	6,715	12,001
2012	5,574	7,169	12,743
2013	6,911	10,537	17,448
2014-2018	31,870	39,697	71,567
2019-2023	21,285	6,733	28,018
2024-2028	19,045	2,571	21,616
Totals	<u>\$ 100,255</u>	<u>\$ 86,950</u>	<u>\$ 187,205</u>

Pursuant to the Internal Revenue code of 1986, as amended, Metro Government computes rebateable 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, 2008.

B. Discretely Presented Component Units

i. Louisville Water Company

LWC had \$69,490,000 in Water System Revenue Bonds, Series 2000, \$35,565,000 in Water System Refunding Bonds, Series 2001, \$83,345,000 in Water System Revenue Bonds, Series 2006, and \$55,000 in various Kentucky Infrastructure Authority loans and notes outstanding at December 31, 2007.

The Series 2000 bonds mature annually in amounts ranging from \$2,420,000 to \$5,870,000 from November 15, 2008 through 2025 and bear interest at rates ranging from 5.0% to 5.5%. The Series 2001 bonds mature annually in amounts ranging from \$4,380,000 to \$5,845,000 from November 15, 2008 through 2014 and bear interest at rates ranging from 4.0% to 4.7%. The Series 2006 bonds mature annually in amounts ranging from \$1,725,000 to \$5,470,000 from November 15, 2008 through 2031 and bear interest at rates ranging from 4.0% to 5.0%.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

8. Long-Term Debt, continued

Bonds payable at December 31, 2007 consist of the following (in thousands):

Description of Issue	Original Issue Amount	Interest Rate	Maturity During Year Ended December 31	Debt Outstanding December 31, 2007
Water System Revenue Bonds				
Series 2000	\$ 78,500	5.0 to 5.5%	2025	\$ 69,490
Series 2001	60,300	4.0 to 4.7	2014	35,565
Series 2006	83,845	4.0 to 5.0	2031	83,345
				<u>188,400</u>
Net of premiums				<u>2,423</u>
Total Water System Revenue Bonds				<u>\$ 190,823</u>

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

Year ending December 31	Principal	Interest	Total
2008	\$ 8,525	\$ 9,177	\$ 17,702
2009	9,310	8,789	18,099
2010	9,945	8,369	18,314
2011	10,215	7,920	18,135
2012	10,695	7,458	18,153
2013-2017	42,335	30,262	72,597
2018-2022	39,290	20,973	60,263
2023-2027	37,630	10,175	47,805
2028-2031	20,455	2,615	23,070
Totals	<u>\$ 188,400</u>	<u>\$ 105,738</u>	<u>\$ 294,138</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

8. Long-Term Debt, continued

ii. Parking Authority of River City, Inc.

PARC has \$18,295,000 of First Mortgage Revenue Refunding Bonds Series 1997, \$7,685,000 of First Mortgage Revenue Refunding Bonds Series 2001, and \$18,165,000 of First Mortgage Revenue Bonds Series 2002 outstanding at June 30, 2008, less \$2,147,341 of unamortized discount and loss on bond refunding, totaling \$41,997,659 of outstanding debt shown on the statement of net assets. The Series 2002 bonds were issued in December 2002, and the proceeds are being used for construction of a parking garage at the Muhammad Ali Center and completion of construction and improvements to other existing parking garages.

The Series 1997 bonds mature annually in amounts ranging from \$1,605,000 to \$2,140,000 from December 1, 2008 through December 1, 2020 and bear interest ranging from 4.6% to 5.0%. The Series 2001 bonds mature semi-annually in amounts ranging from \$440,000 to \$590,000 from December 1, 2008 through December 1, 2015 and bear interest ranging from 4.125% to 4.625%. The Series 2002 bonds mature annually in amounts ranging from \$340,000 to \$1,330,000 from June 1, 2009 through June 1, 2032 and bear interest ranging from 3.50% to 5.0%.

First Mortgage Revenue Bonds payable at June 30, 2008 consist of the following:

Description of Issue	Original Issue Amount	Interest Rate	Maturity During Year Ended June 30	Debt Outstanding June 30, 2008
First Mortgage Revenue Bonds				
Series 1997	\$ 30,900	4.6 to 5.0%	2021	\$ 18,295
Series 2001	12,960	4.125 to 4.625	2016	7,685
Series 2002	19,460	3.5 to 5.0	2032	18,165
				<u>44,145</u>
Net of premiums, discounts and deferred amounts				<u>(2,147)</u>
Total First Mortgage Revenue Bonds				<u>\$ 41,998</u>

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

Year ending June 30	Principal	Interest	Total
2009	\$ 2,835	\$ 2,030	\$ 4,865
2010	2,960	1,905	4,865
2011	3,095	1,771	4,866
2012	3,235	1,630	4,865
2013	3,375	1,479	4,854
2014-2018	12,530	5,174	17,704
2019-2023	6,170	3,192	9,362
2024-2028	4,990	1,996	6,986
2029-2032	4,955	634	5,589
Totals	<u>\$ 44,145</u>	<u>\$ 19,811</u>	<u>\$ 63,956</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

8. Long-Term Debt, continued

iii. Louisville and Jefferson County Riverport Authority

On December 27, 2005, Riverport borrowed \$63,000,000 for the purchase of certain assets. The note has a fixed interest rate of 6% and is to be paid in annual installments of principal and interest based on an amortization of 30 years. The first installment was paid on December 27, 2005 with each subsequent installment due on December 27 of each year. The entire outstanding principal balance of the indebtedness, plus all accrued but unpaid interest, is due and payable on December 27, 2010. The property purchased with this note was leased back to the seller of the property through a direct financing lease. The outstanding principal balance was \$60,532,965 and interest expense on this note was \$3,687,068 for the year ended June 30, 2008.

Annual debt service requirements for the loan payable are as follows (in thousands):

Year ending				
June 30	Principal	Interest	Total	
2009	\$ 926	\$ 3,607	\$ 4,533	
2010	983	3,549	4,532	
2011	58,624		58,624	
Totals	<u>\$ 60,533</u>	<u>\$ 7,156</u>	<u>\$ 67,689</u>	

iv. Metropolitan Sewer District

MSD has \$1,373,060,000 of Revenue Bonds outstanding as of June 30, 2008, less \$16,020,000 of an unamortized loss on refunding, equaling \$1,357,040,000 of outstanding debt shown on the statement of net assets. MSD's various bonds outstanding 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, 2008
Sewer and Drainage System				
Revenue Bonds:				
Series 1997A	\$ 51,245	5.25 to 6.00 %	2027	\$ 24,815
Series 1998A	260,000	4.25 to 9.00	2030	236,940
Series 1999A	300,000	5.25 to 6.50	2033	288,030
Series 2001A	300,000	5.00 to 5.50	2036	293,705
Series 2003A and 2003B	191,000	variable	2023	157,265
Series 2004A	100,000	5.00 to 5.25	2038	100,000
Series 2005A	64,740	3.00 to 5.00	2026	61,640
Series 2006A	100,000	4.00 to 5.00	2038	100,000
Series 2007A	59,665	4.00 to 5.00	2025	59,665
Series 2008A	105,000	4.00 to 5.00	2038	105,000
				<u>1,427,060</u>
Less: unamortized loss on refunding				<u>(16,020)</u>
Total Sewer and Drainage System Revenue Bonds				<u>\$ 1,411,040</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

8. Long-Term Debt, continued

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

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 21,255	\$ 72,379	\$ 93,634
2010	22,965	71,199	94,164
2011	23,990	70,161	94,151
2012	25,100	69,040	94,140
2013	26,275	67,853	94,128
2014-2018	151,515	318,892	470,407
2019-2023	191,460	278,324	469,784
2024-2028	243,380	225,956	469,336
2029-2033	313,245	156,092	469,337
2034-2038	407,875	61,689	469,564
Totals	<u>\$ 1,427,060</u>	<u>\$ 1,391,585</u>	<u>\$ 2,818,645</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

8. Long-Term Debt, continued

C. Summary of Debt Transactions:

Long-term liability activity for the year ended June 30, 2008 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	\$ 249,111	\$ 1,781	\$ (22,900)	\$ 227,992	\$ 18,753
Revenue bonds	130,220	3,044	(3,060)	130,204	5,092
Notes payable	57		(57)	-	
Bonds and notes payable	<u>379,388</u>	<u>4,825</u>	<u>(26,017)</u>	<u>358,196</u>	<u>23,845</u>
Net of bond premiums, discounts and deferred amount on refundings	<u>(3,435)</u>		<u>264</u>	<u>(3,171)</u>	
Total bonds and notes payable	<u>375,953</u>	<u>4,825</u>	<u>(25,753)</u>	<u>355,025</u>	<u>23,845</u>
Other liabilities:					
Capital lease	433		(72)	361	77
Claims and judgments	36,999	53,824	(49,594)	41,229	11,449
Compensated absences	<u>18,417</u>	<u>13,231</u>	<u>(12,761)</u>	<u>18,887</u>	<u>1,712</u>
Total other liabilities	<u>55,849</u>	<u>67,055</u>	<u>(62,427)</u>	<u>60,477</u>	<u>13,238</u>
Governmental activities long-term liabilities	<u>\$ 431,802</u>	<u>\$ 71,880</u>	<u>\$ (88,180)</u>	<u>\$ 415,502</u>	<u>\$ 37,083</u>
COMPONENT UNITS:					
Bonds payable:					
LWC	\$ 195,560		\$ (7,105)	\$ 188,455	\$ 8,580
PARC	44,462		(2,464)	41,998	2,835
Riverport	61,405		(872)	60,533	926
MSD	<u>1,325,426</u>	<u>\$ 166,125</u>	<u>(80,510)</u>	<u>1,411,041</u>	<u>21,255</u>
Total bonds payable	<u>1,626,853</u>	<u>166,125</u>	<u>(90,951)</u>	<u>1,702,027</u>	<u>33,596</u>
Other liabilities:					
Capital lease	2,936		(1,100)	1,836	849
Claims and judgments	1,933	1,970	(1,605)	2,298	
Compensated absences	<u>4,153</u>		<u>(138)</u>	<u>4,015</u>	<u>4,015</u>
	<u>6,086</u>	<u>1,970</u>	<u>(1,743)</u>	<u>6,313</u>	<u>4,015</u>
Component units long-term liabilities	<u>\$ 1,632,939</u>	<u>\$ 168,095</u>	<u>\$ (92,694)</u>	<u>\$ 1,708,340</u>	<u>\$ 37,611</u>

Balances for claims and judgments include \$24,229,250 reported in the Insurance and Risk Management Fund, an internal service fund.

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2008

9. Capital Lease Obligations

Primary Government

Jefferson County Fiscal Court financed the purchase of radio equipment for its public works department through a capital lease obligation of \$944,652, which has been assumed by Metro Government. The obligation requires quarterly payments of principal and interest of \$24,297 through September 2012. The interest rate of the obligation is 6.20%.

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

Year ending June 30	Principal	Interest	Total
2009	\$ 76,585	\$ 20,604	\$ 97,189
2010	81,445	15,744	97,189
2011	86,613	10,576	97,189
2012	92,109	5,080	97,189
2013	23,926	371	24,297
Totals	<u>\$ 360,678</u>	<u>\$ 52,375</u>	<u>\$ 413,053</u>

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.

11. Interfund Receivables, Payables, and Transfers

Interfund receivable and payable balances at June 30, 2008, are as follows:

<u>Due From/To Other Funds</u>			
Fund		<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General		\$ 29,355,724	
Other Governmental		640,761	
Agency:			
Revenue Commission		13,247,914	
Escrow & Deposit			\$ 180,505
Mass Transit		3,791,197	
Internal Service:			
Revenue Commission			46,855,091
Totals		<u>\$ 47,035,596</u>	<u>\$ 47,035,596</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

11. Interfund Receivables, Payables and Transfers, continued

These balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Interfund transfers during the fiscal year ended June 30, 2008 were as follows:

	<u>Interfund Transfers</u>			
	<u>Transfers out:</u>	<u>Transfers in:</u>		
		Capital Projects Fund	Nonmajor Governmental Funds	Total
General Fund		\$ 21,100,433	\$ 49,782,151	\$ 70,882,584
Special Revenue Fund	\$ 665,083		337,517	1,002,600
Capital Projects Fund	44,515		112,857	157,372
Nonmajor Governmental Funds	196,623	187,367		383,990
Total transfers out	<u>\$ 906,221</u>	<u>\$ 21,287,800</u>	<u>\$ 50,232,525</u>	<u>\$ 72,426,546</u>

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

12. Customer Contributions for Water Pipeline Construction

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

The customer advances for construction 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 cost of construction of pipelines and services paid for by the customers, which are not refundable, are reported on the statement of net assets as restricted for capital projects. The net increase in this account during the year totaled \$19,716,903 and is shown on the statement of revenues, expenses and changes in net assets as non-operating revenue.

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 position of Metro Government.

A final resolution has not been decided on all litigation regarding the computation of overtime pay for firefighters in previous years. The Kentucky Supreme court has recently denied Metro Government's request to overturn a portion of this lawsuit, and

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2008

13. Contingencies and Commitments, continued

now the state labor cabinet will have to calculate what amount should have been paid based on a court-approved formula. Metro Government estimates that the claim could result in an approximate liability of \$17 million, but the final computation and payment terms have not been decided and matters regarding this case are still before the court.

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

C. Lease and Sublease Agreement, University of Louisville Stadium Bonds

In 1997 Jefferson County issued \$18,500,000 in bonds, which were used to pay for a portion of the cost of constructing the University of Louisville Papa John's Cardinal Stadium. The University of Louisville Athletic Association ("ULAA") had agreed to pay all principal, interest, and premiums on the bonds and to maintain and insure the project so long as any bonds remained outstanding. However, pursuant to the terms of a lease and sublease agreement, in the event that the ULAA did not make the debt service payments, Metro Government was to pay for all principal, interest, and premiums on the bonds, subject to a maximum financial obligation in any fiscal year of \$2 million.

On August 5, 2008, Metro Government issued its \$39,775,000 Louisville/Jefferson County Metro Government Mortgage Revenue Refunding and Improvement Bonds, Series 2008A, a portion of which was used to redeem the remaining outstanding Series 1997 bonds. Upon issuance of the 2008A bonds, all contingent obligations pursuant to the 1997 lease and sublease with ULAA were terminated. All payments of principal and interest on the 2008A bonds are the responsibility of ULAA exclusively.

D. Construction Commitments

The Metro Government has active construction projects as of June 30, 2008. The projects include improvements to major roadways, government buildings, parks, and other various ongoing projects.

14. 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.

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

14. Deferred Compensation, continued

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

15. Post-Employment Health Care Benefits

Retired Metro Government employees receive some health care benefits depending on their length of service. In accordance with Kentucky Revised Statutes, these benefits are provided and advanced-funded on an actuarially determined basis through the County Employees' Retirement System. As outlined in their respective union contracts, retired firefighters and policemen covered under the Pension Trust Funds may continue health care and life insurance through Metro Government, but they bear the full cost of premiums.

16. Landfill Closure and Post-closure Care Costs

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

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

Because all landfills were closed in prior years, 100% of landfill closure and post-closure care costs, estimated at \$1,747,462, were recorded as an expense and corresponding liability at June 30, 1995, in the Capital Cumulative Reserve Fund of the former City, which is now reported as Metro Government's Major Capital Projects Fund. Payments and changes in estimates have decreased this liability from prior years to \$59,375 at June 30, 2008. Future costs may vary from that amount because of inflation, changes in technology, or changes in regulations.

17. Pension Plans

A. County Employees' Retirement System

i. Plan Description

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

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

17. Pension Plans, continued

ii. Funding Policy

Plan members are required to contribute 5% (8% for participants in the Hazardous Duty Plan) of creditable compensation and employers are required to contribute at an actuarially determined rate. The rate as of June 30, 2008, is 16.17% (33.87% under the Hazardous Duty Plan) of participating employees' compensation. The contribution requirements of employers and plan members are established and may be amended by the CERS Board of Trustees. Both plans are fully funded annually.

Metro Government's contribution to the CERS for the years ending June 30, 2008, 2007, and 2006 were \$65,286,334, \$54,511,578, and \$44,565,067, respectively.

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

- LWC's contributions to the CERS for years ending December 31, 2007, 2006, and 2005 were \$3,868,200, \$3,411,290, and \$2,888,640, respectively.
- TARC's contribution to the CERS for the years ended June 30, 2008, 2007, and 2006 were \$4,410,909, \$3,457,984, and \$2,738,701, respectively.
- Riverport's contribution to the CERS for the years ended June 30, 2008, 2007, and 2006 were \$52,147, \$43,954, and \$33,160, respectively.
- MSD's contribution to the CERS for the years ended June 30, 2008, 2007, and 2006 were \$5,482,000, \$4,221,000, and \$3,288,000, respectively.
- The Revenue Commission's contribution to the CERS for the years ended June 30, 2008, 2007, and 2006 were \$324,000, \$288,000, and \$255,000, respectively.

B. Fire and Police Pension Trust Funds

i. Plan Descriptions

Most of the former City'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. Both of these are single employer defined benefit pension plans. These plans do not issue reports on a stand-alone basis.

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

Employees who retire with 20 years of service are eligible to receive 50% of their three-year average salary (25 years of service are eligible to receive 56% of their three-year average salary, if hired after July 1, 1984) under the Firefighters' Pension Fund. The three-year average salary is the sum of the three highest fiscal years of annual base salary plus overtime and supplemental pay. Under the Policemen's

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

17. Pension Plans, continued

Retirement Fund, employees who retire at or after age 62 with 5 or more years of service are entitled to receive payments for the remainder of their lives equal to 2% of their three-year average base salary times the number of years of service. Both Funds provide up to a maximum of 75% of the three-year average salary as the length of service increases. Upon termination, employees having completed 10 years of service but not considered eligible for normal retirement, shall receive a refund of contributions without interest under the Firefighters' Pension Fund. Under the Policemen's Retirement Fund, an employee who completes 5 years of service but is not yet eligible for normal retirement shall receive three-fourths of his contributions to the Fund without interest, upon termination.

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

Membership of each plan consisted of the following at June 30, 2008:

	Firefighters' Pension <u>Fund</u>	Policemen's Retirement <u>Fund</u>
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	245	203
Vested active plan participants	0	1

ii. **Summary of Significant Accounting Policies and Plan Asset Matters**

Basis of Accounting - The preparation of the financial statements of the Firefighters' Pension Fund and the Policemen's Retirement Fund generally conform to the provisions of the GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*. The financial statements of the Funds are prepared on the accrual basis. Plan member contributions are recognized in the period in which the contributions are due. Metro Government's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The cost of administering the plans is financed by Metro Government and is based on budgets submitted by the administrators on an annual basis.

Investments - Investments are stated at fair value. Securities traded on a national exchange are valued at the last reported sales price. Gains or losses on the sale of fixed income securities are recognized using the completed transaction method. There are no significant investments (other than U.S. Government and U.S.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

17. Pension Plans, continued

Government Agencies) in any one organization that represents 5% or more of net assets available for benefits. There are no investments or other assets legally reserved for purposes other than the payment of member benefits for either Fund.

iii. 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 to the Firefighters' Pension Fund and the Policemen's Retirement Fund for each of the past three fiscal years.

For the fiscal year ended June 30, 2008, there were no net pension obligations for the Policemen's Retirement Fund or the Firefighters' Pension Fund.

Based on the actuarial valuations performed by consulting actuaries at January 1, 2008, Metro Government is required to make contributions to the Policemen's Retirement Fund of \$1,396,080 and to the Firefighters' Pension Fund of \$1,863,306 for the fiscal year beginning July 1, 2008. Actuarial assumptions and other information used to determine the annual required contributions are presented in the following table:

<u>Fund</u>	<u>Firefighters' Pension Fund</u>	<u>Policemen's Retirement Fund</u>
Valuation date	January 1, 2008	January 1, 2008
Actuarial cost method	Entry age	Entry age
Amortization method	Level percent, closed	Level percent, closed
Remaining amortization period	15 years	15 years
Asset valuation method	Market	Market
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	N/A	7.5%
Projected inflation rate	N/A	N/A

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2008

17. Pension Plans, continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION & BENEFIT TRUST FUNDS**

June 30, 2008

	Firefighters' Pension Trust	Policemen's Retirement Fund	Total Pension & Benefit Trust
ASSETS			
Cash and cash equivalents	\$ 561,686	\$ 666,061	\$ 1,227,747
Equity securities	6,209,816	7,168,264	13,378,080
Corporate bonds		820,291	820,291
US Government obligations	25,731	387,664	413,395
US Agency obligations	3,200,735	615,645	3,816,380
Other investments	87,494	172,914	260,408
Accounts receivable and accrued interest	164,660	164,547	329,207
Total assets	<u>10,250,122</u>	<u>9,995,386</u>	<u>20,245,508</u>
LIABILITIES			
Accounts payable	24,518		24,518
Health insurance reimbursement and accrued liabilities	163,561	151,500	315,061
Total liabilities	<u>188,079</u>	<u>151,500</u>	<u>339,579</u>
NET ASSETS			
Held in trust for pension benefits	<u>\$ 10,062,043</u>	<u>\$ 9,843,886</u>	<u>\$ 19,905,929</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

17. Pension Plans, continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION & BENEFIT TRUST FUNDS

For the Year Ended June 30, 2008

	Firefighters' Pension Trust	Policemen's Retirement Fund	Total Pension & Benefit Trust
ADDITIONS			
Contributions:			
Employer	\$ 1,890,353	\$ 1,381,943	\$ 3,272,296
Member		3,774	3,774
Total contributions	<u>1,890,353</u>	<u>1,385,717</u>	<u>3,276,070</u>
Investment earnings:			
Increase (decrease) in fair value of investments	(695,419)	(1,063,946)	(1,759,365)
Realized gains and losses	424,884	478,823	903,707
Interest and dividends	83,852	303,361	387,213
Net investment earnings	<u>(186,683)</u>	<u>(281,762)</u>	<u>(468,445)</u>
Other income	1,002,525	822,993	1,825,518
Total additions	<u>2,706,195</u>	<u>1,926,948</u>	<u>4,633,143</u>
DEDUCTIONS			
Benefit payments	3,319,012	2,683,312	6,002,324
Administration expense	319,697	333,072	652,769
Health insurance reimbursement	630,686	464,251	1,094,937
Total deductions	<u>4,269,395</u>	<u>3,480,635</u>	<u>7,750,030</u>
Net decrease	<u>(1,563,200)</u>	<u>(1,553,687)</u>	<u>(3,116,887)</u>
Net assets--beginning of the year	11,625,243	11,397,573	23,022,816
Net assets--end of the year	<u><u>\$ 10,062,043</u></u>	<u><u>\$ 9,843,886</u></u>	<u><u>\$ 19,905,929</u></u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

18. Subsequent Events

On September 3, 2008 the Kentucky Economic Development Authority issued \$349,218,518 Louisville Arena Project Revenue Bonds, Series 2008. The proceeds from these bonds will be used to fund acquisition, develop, construct, and finance 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, Metro Government agrees to pay up to \$309,000,000 to or on behalf of the Arena Authority over 30 years beginning in 2010. Metro Government's minimum and maximum annual guaranteed payments are as follows:

Years	Minimum Annual Guaranteed Payments	Maximum Annual Guaranteed Payments
2010-2019	\$6,533,333	\$9,800,000
2020-2029	\$7,200,000	\$10,800,000
2030-2039	\$6,866,667	\$10,300,000

In December 2008, Metro Government issued \$44,000,000 of General Obligation Bond Anticipation Notes ("BAN"). The Series 2008A notes will mature in full on December 1, 2009. Proceeds from the Series 2008A notes will be used for the purpose of acquiring, constructing and equipping various municipal improvements of Metro Government in accordance with the Metro Government Capital Improvements Budget. Specifically, some proceeds of this BAN will be used to purchase land related to the City Center Project.

In March 2009, PARC will be issuing \$39,000,000 of First Mortgage Revenue Bonds, Series 2009A, maturing on December 1, 2039 and \$17,500,000 of First Mortgage Revenue Refunding Bonds, Series 2009B, maturing on December 1, 2020. The Series 2009A Bonds will be used for the purpose of acquiring, constructing and equipping the Louisville Arena Parking Garage as well as funding additional capital expenditures for public parking and garage facilities. The Series 2009B Bonds will be used for refinancing the outstanding First Mortgage Revenue Refunding Bonds, Series 1997.

REQUIRED SUPPLEMENTARY INFORMATION

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Amounts - GAAP Basis	Variance with Final Budget - Over (Under)
REVENUES				
Property taxes	\$ 133,765,600	\$ 133,765,600	\$ 134,259,325	\$ 493,725
Occupational taxes	318,430,000	318,430,000	309,491,515	(8,938,485)
Licenses and permits	12,026,000	12,026,000	11,600,220	(425,780)
Intergovernmental	67,025,800	28,104,700	31,163,820	3,059,120
Charges for services	82,467,400	83,465,700	55,473,346	(27,992,354)
Fees and fines	2,764,000	2,764,000	1,491,118	(1,272,882)
Investment income	5,272,300	5,272,300	5,086,460	(185,840)
Dividends	15,870,000	15,870,000	18,531,912	2,661,912
Donations	5,552,800	5,827,754	2,847,302	(2,980,452)
Miscellaneous	21,632,600	4,043,933	3,191,973	(851,960)
Total revenues	664,806,500	609,569,987	573,136,991	(36,432,996)
EXPENDITURES				
Current operating:				
General Government:				
Metro Council	7,556,600	7,833,104	5,955,093	(1,878,011)
Mayor's Office	3,392,700	3,430,916	2,941,710	(489,206)
Policy and Strategic Planning	666,700	666,700	627,268	(39,432)
County Attorney	6,846,600	6,880,304	6,913,428	33,124
Other Elected Officials	8,447,700	9,149,000	9,071,557	(77,443)
Public Protection:				
Fire	54,857,100	54,952,100	54,162,727	(789,373)
Emergency Medical Services	25,785,600	25,786,850	21,992,229	(3,794,621)
Emergency Management	10,658,700	10,638,297	10,096,714	(541,583)
Corrections	47,683,800	47,283,800	46,760,851	(522,949)
Youth Detention Services	8,776,700	9,575,700	9,106,664	(469,036)
Animal Control Services	2,858,300	3,119,326	2,774,517	(344,809)
Criminal Justice Commission	445,400	445,400	415,928	(29,472)
Firefighters' Pension Fund	2,922,000	2,922,000	2,901,214	(20,786)
Policemen's Retirement Fund	2,242,000	2,242,000	2,203,914	(38,086)
Police	146,901,800	147,005,690	129,206,505	(17,799,185)
Economic Development:				
Metro Development Authority	15,604,400	15,691,850	15,213,360	(478,490)
Community Development	63,143,400			
Air Pollution Control	1,075,300	1,104,165	589,496	(514,669)
Codes & Regulations:				
Inspections, Permits and Licenses	6,879,600	6,909,600	6,131,297	(778,303)
Planning and Design Services	2,747,100	2,755,100	2,582,542	(172,558)
Parks & Recreation	25,854,700	26,249,412	22,367,772	(3,881,640)
Housing & Family Services:				
Housing	1,284,900	1,284,900	1,137,110	(147,790)
Human Services	11,620,400	11,653,029	10,839,332	(813,697)
Community Action Partnership	9,300	10,307	6,141	(4,166)
Public Health & Wellness	13,466,800	13,504,468	10,610,566	(2,893,902)
Neighborhoods	8,822,000	8,862,000	7,134,819	(1,727,181)
Public Works & Assets				
Public Works	17,488,800	17,606,970	14,081,432	(3,525,538)
General Services Administration	34,539,300	35,489,300	33,740,555	(1,748,745)
Solid Waste Management Services	23,521,800	23,552,651	19,416,146	(4,136,505)
Information Technology	10,449,000	10,449,000	9,589,440	(859,560)
Finance & Administration	30,049,400	34,405,448	23,281,270	(11,124,178)
Human Resources	4,333,000	4,533,000	4,259,117	(273,883)
Related Agencies				
Human Relations Commission	1,009,700	914,700	811,966	(102,734)
Kentuckiana Works	400,000	400,000	345,239	(54,761)
Louisville Free Public Library	18,736,200	18,735,200	17,040,530	(1,694,670)
Louisville Zoological Gardens	12,896,200	12,896,200	11,907,299	(988,901)
Internal Audit	721,700	721,700	674,589	(47,111)
Waterfront Development Corp	3,982,300	3,982,300	2,425,653	(1,556,647)
Debt service	25,927,500	25,927,500	141,960	(25,785,540)
Total expenditures	664,806,500	609,569,987	519,457,950	(90,112,037)
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	53,679,041	\$ 53,679,041
OTHER FINANCING SOURCES (USES)				
Transfers in			906,221	
Transfers out			(70,882,584)	
Total other financing sources and uses			(69,976,363)	
Net change in fund balances			(16,297,322)	
Fund balances--beginning			104,163,899	
Fund balances--ending			\$ 87,866,577	

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

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS**

June 30, 2008

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

SCHEDULES OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll (b-a)/(c)
<u>Firefighters' Pension Fund:</u>						
1/1/2003	16,862,780	26,081,663	9,218,883	64.7%	-	0%
1/1/2004	15,299,159	24,691,614	9,392,455	62.0%	-	0%
1/1/2005	13,888,714	23,203,024	9,314,310	59.9%	-	0%
1/1/2006	12,900,389	28,786,353	15,885,964	44.8%	-	0%
1/1/2007	12,365,461	28,461,258	16,095,797	43.4%	-	0%
1/1/2008	11,719,592	27,777,145	16,057,553	42.2%	-	0%
<u>Policemen's Retirement Fund:</u>						
1/1/2003	13,587,632	20,667,741	7,080,109	65.7%	46,883	15101.7%
1/1/2004	13,232,420	19,158,719	5,926,299	69.1%	41,643	14231.2%
1/1/2005	12,552,786	18,194,311	5,641,525	69.0%	42,210	13365.4%
1/1/2006	12,165,678	22,741,250	10,575,572	53.5%	46,525	22730.9%
1/1/2007	12,023,033	22,317,402	10,294,369	53.9%	51,542	19972.8%
1/1/2008	11,635,522	21,444,636	9,809,114	54.3%	50,704	19345.8%

SCHEDULES OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Firefighters' Pension Fund		Policemen's Retirement Fund	
	Annual Contribution	Percentage Contributed	Annual Contribution	Percentage Contributed
2003	31,479 *	100.0%	150,544 *	100.0%
2004	600,129 *	100.0%	651,469 *	100.0%
2005	1,057,280	100.0%	1,282,519	100.0%
2006	1,655,809	100.0%	1,569,675	100.0%
2007	1,404,474	100.0%	1,063,968	100.0%
2008	1,890,353	100.0%	1,381,943	100.0%

*These amounts have been restated from the prior year for consistent presentation with the current year. These amounts include the employer's required contribution and the supplemental contribution approved the Metro Council.

Continued

**OTHER SUPPLEMENTARY INFORMATION -
COMBINING FINANCIAL STATEMENTS**

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2008

Debt Service Funds			
	General Obligation	Public Properties Corporation	Capital Projects Corporation
ASSETS			
Cash and cash equivalents			
Investments			
Accounts receivable			
Due from other funds	\$ 640,761		
Restricted assets:			
Cash and cash equivalents	122	\$ 373,035	\$ 101,991
Total assets	<u>\$ 640,883</u>	<u>\$ 373,035</u>	<u>\$ 101,991</u>
LIABILITIES			
Accounts payable			
Matured bonds payable	\$ 640,761		
Total liabilities	<u>640,761</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Reserved for:			
Encumbrances			
Debt service	122	\$ 373,035	\$ 101,991
Unreserved			
Total fund balances	<u>122</u>	<u>373,035</u>	<u>101,991</u>
Total liabilities and fund balances	<u>\$ 640,883</u>	<u>\$ 373,035</u>	<u>\$ 101,991</u>

Capital Projects Funds

Special Purpose Fund	Bond Fund	Public Properties Corporation	Capital Projects Corporation	Revenue Finance Corporation	Total Nonmajor Governmental Funds
\$ 2,712,252	\$ 6,622	\$ 318,735		\$ 17,790	\$ 3,055,399
22,994,900	56,140	2,702,289		150,828	25,904,157
34,913	22,584				57,497
					640,761
			\$ 329,109		804,257
<u>\$ 25,742,065</u>	<u>\$ 85,346</u>	<u>\$ 3,021,024</u>	<u>\$ 329,109</u>	<u>\$ 168,618</u>	<u>\$ 30,462,071</u>
\$ 2,416,235		\$ 2,032	\$ 2,491		\$ 2,420,758
					640,761
<u>2,416,235</u>	<u>-</u>	<u>2,032</u>	<u>2,491</u>	<u>-</u>	<u>3,061,519</u>
2,811,984		119,630	35,919		2,967,533
					475,148
20,513,846	\$ 85,346	2,899,362	290,699	\$ 168,618	23,957,871
23,325,830	85,346	3,018,992	326,618	168,618	27,400,552
<u>\$ 25,742,065</u>	<u>\$ 85,346</u>	<u>\$ 3,021,024</u>	<u>\$ 329,109</u>	<u>\$ 168,618</u>	<u>\$ 30,462,071</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, 2008

	Debt Service Funds		
	General Obligation	Public Properties Corporation	Capital Projects Corporation
REVENUES			
Intergovernmental			\$ 2,401,715
Charges for services	\$ 433,637		
Investment income (loss)	126	\$ 37,589	7,067
Total revenues	433,763	37,589	2,408,782
EXPENDITURES			
Current:			
Miscellaneous			8,378
Debt service:			
Principal	22,900,000	1,420,000	1,640,000
Interest and other charges	9,610,445	1,479,930	2,448,179
Capital outlay			
Total expenditures	32,510,445	2,899,930	4,096,557
Excess (deficiency) of revenues over (under) expenditures	(32,076,682)	(2,862,341)	(1,687,775)
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets			
Transfers in	32,075,409	2,860,470	1,640,000
Transfers out			(2,306)
Total other financing sources (uses)	32,075,409	2,860,470	1,637,694
Net change in fund balances	(1,273)	(1,871)	(50,081)
Fund balances--beginning	1,395	374,906	152,072
Fund balances--ending	\$ 122	\$ 373,035	\$ 101,991

Capital Projects Funds

Special Purpose Fund	Bond Fund	Public Properties Corporation	Capital Projects Corporation	Revenue Finance Corporation	Total Nonmajor Governmental Funds
\$ 734,779					\$ 3,136,494
641,830					1,075,467
114,940					159,722
1,491,549	-	-	-	-	4,371,683
173,474					181,852
					25,960,000
					13,538,554
10,031,388		\$ 50,534	\$ 868,382		10,950,304
10,204,862	-	50,534	868,382	-	50,630,710
(8,713,313)	-	(50,534)	(868,382)	-	(46,259,027)
1,944			187,367		189,311
13,656,646			(381,684)		50,232,525
					(383,990)
13,658,590	-	-	(194,317)	-	50,037,846
4,945,277	-	(50,534)	(1,062,699)	-	3,778,819
18,380,553	\$ 85,346	3,069,526	1,389,317	\$ 168,618	23,621,733
\$ 23,325,830	\$ 85,346	\$ 3,018,992	\$ 326,618	\$ 168,618	\$ 27,400,552

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2008

	Insurance and Risk Management Fund	Louisville/Jefferson Co. Metro Revenue Commission	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,672,992	\$ 59,311,216	\$ 60,984,208
Investments	20,293,108		20,293,108
Accounts receivable	371,238		371,238
Deposits with paying agents	55,000		55,000
Total current assets	<u>22,392,338</u>	<u>59,311,216</u>	<u>81,703,554</u>
Capital assets:			
Buildings and equipment, net		262,012	262,012
Total capital assets	<u>-</u>	<u>262,012</u>	<u>262,012</u>
Total assets	<u>22,392,338</u>	<u>59,573,228</u>	<u>81,965,566</u>
LIABILITIES			
Current liabilities:			
Accounts payable	165,341	1,783,407	1,948,748
Claims and judgments	11,448,546		11,448,546
Due to other funds		46,855,091	46,855,091
Unearned revenue	84,687	10,817,679	10,902,366
Total current liabilities	<u>11,698,574</u>	<u>59,456,177</u>	<u>71,154,751</u>
Noncurrent liabilities:			
Claims and judgments	12,780,704		12,780,704
Total noncurrent liabilities	<u>12,780,704</u>	<u>-</u>	<u>12,780,704</u>
Total liabilities	<u>24,479,278</u>	<u>59,456,177</u>	<u>83,935,455</u>
NET ASSETS			
Restricted	(2,086,940)	117,051	(1,969,889)
Total net assets	<u>\$ (2,086,940)</u>	<u>\$ 117,051</u>	<u>\$ (1,969,889)</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2008

	<u>Insurance and Risk Management Fund</u>	<u>Louisville/Jefferson Co. Metro Revenue Commission</u>	<u>Total</u>
OPERATING REVENUES:			
Collection, investment and other fees		\$ 4,672,528	\$ 4,672,528
Insurance income	\$ 12,930,638		12,930,638
Insurance premiums	43,128,880		43,128,880
Total operating revenues	<u>56,059,518</u>	<u>4,672,528</u>	<u>60,732,046</u>
OPERATING EXPENSES:			
Professional services	192,500	3,762,909	3,955,409
Contractual services	41,157	554,934	596,091
Repairs and maintenance		108,017	108,017
Other supplies and expenses	17,500	225,506	243,006
Insurance claims, settlements and losses	48,823,549		48,823,549
Insurance premiums	4,499,462		4,499,462
Depreciation		102,753	102,753
Total operating expenses	<u>53,574,168</u>	<u>4,754,119</u>	<u>58,328,287</u>
Operating income (loss)	<u>2,485,350</u>	<u>(81,591)</u>	<u>2,403,759</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	599,135		599,135
Loss on disposal of equipment		(9,451)	(9,451)
Total nonoperating revenues (expenses)	<u>599,135</u>	<u>(9,451)</u>	<u>589,684</u>
Change in net assets	3,084,485	(91,042)	2,993,443
Total net assets--beginning	<u>(5,171,425)</u>	<u>208,093</u>	<u>(4,963,332)</u>
Total net assets--ending	<u>\$ (2,086,940)</u>	<u>\$ 117,051</u>	<u>\$ (1,969,889)</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2008

	Insurance and Risk Management Fund	Louisville/Jefferson Co. Metro Revenue Commission	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net cash received from taxpayers		\$ 14,032,797	\$ 14,032,797
Insurance income	\$ 56,048,325		56,048,325
Payments to employees	(192,500)	(2,856,133)	(3,048,633)
Payments to suppliers		(1,795,234)	(1,795,234)
Contractual services	130,128		130,128
Claims paid	(49,593,626)		(49,593,626)
Insurance premiums paid	(4,499,462)		(4,499,462)
Other payments	(17,500)		(17,500)
Net cash provided by operating activities	<u>1,875,365</u>	<u>9,381,430</u>	<u>11,256,795</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments	(2,594,753)		(2,594,753)
Change in investment pool participation	(3,320,088)		(3,320,088)
Investment income	599,135		599,135
Net cash used in investing activities	<u>(5,315,706)</u>	<u>-</u>	<u>(5,315,706)</u>
Net increase/(decrease) in cash and cash equivalents	(3,440,341)	9,381,430	5,941,089
Balances--beginning of the year	5,113,333	49,929,786	55,043,119
Balances--end of the year	<u>\$ 1,672,992</u>	<u>\$ 59,311,216</u>	<u>\$ 60,984,208</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By/ (Used) In Operating Activities			
Operating income/(loss)	\$ 2,485,350	\$ (81,591)	\$ 2,403,759
Adjustments to reconcile operating income/(loss) to net cash provided by operating activities:			
Depreciation expense		102,753	102,753
Increase (decrease) in cash due to changes in assets and liabilities:			
Accounts receivable	(11,193)		(11,193)
Deposits with paying agents	(10,000)		(10,000)
Accounts and other payables	181,285	286,505	467,790
Liability for incurred claims	(770,077)		(770,077)
Due to other funds and governmental agencies		6,807,394	6,807,394
Unearned revenue		2,266,369	2,266,369
Net cash provided by operating activities	<u>\$ 1,875,365</u>	<u>\$ 9,381,430</u>	<u>\$ 11,256,795</u>

During fiscal year 2008, there was no non-cash change to the fair value of investments.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS**

AGENCY FUNDS

June 30, 2008

	<u>Mass Transit</u>	<u>Escrow and Deposit</u>	<u>Revenue Commission</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 100,114	\$ 7,053,778		\$ 7,153,892
Investments	6,856,456	12,120,363		18,976,819
Accounts receivable and accrued interest		216,379		216,379
Due from other funds	3,791,197		\$ 13,247,914	17,039,111
Total assets	<u>\$ 10,747,767</u>	<u>\$ 19,390,520</u>	<u>\$ 13,247,914</u>	<u>\$ 43,386,201</u>
LIABILITIES				
Accounts payable		\$ 41,883		\$ 41,883
Notes payable		3,500,000		3,500,000
Due to other governmental agencies	\$ 10,747,767	8,879,365	\$ 13,247,914	32,875,046
Refundable deposits		6,969,272		6,969,272
Total liabilities	<u>\$ 10,747,767</u>	<u>\$ 19,390,520</u>	<u>\$ 13,247,914</u>	<u>\$ 43,386,201</u>

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

For the fiscal year ended June 30, 2008

Mass Transit				
	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
ASSETS				
Cash and cash equivalents	\$ 100,252	\$ 114	\$ 252	\$ 100,114
Investments	9,201,985	32,757,599	35,103,128	6,856,456
Accounts receivable	598,487		598,487	-
Due from other funds	3,255,168	3,791,197	3,255,168	3,791,197
Total Assets	\$ 13,155,892	\$ 36,548,910	\$ 38,957,035	\$ 10,747,767

LIABILITIES				
Due to other governmental agencies	\$ 13,155,892	\$ 40,682,394	\$ 43,090,519	\$ 10,747,767
Total Liabilities	\$ 13,155,892	\$ 40,682,394	\$ 43,090,519	\$ 10,747,767

Escrow and Deposit				
	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
ASSETS				
Cash and cash equivalents	\$ 6,588,705	\$ 5,543,480	\$ 5,078,407	\$ 7,053,778
Investments	11,529,855	622,345	31,837	12,120,363
Accounts receivable	214,359	218,684	216,664	216,379
Total Assets	\$ 18,332,919	\$ 6,384,509	\$ 5,326,908	\$ 19,390,520

LIABILITIES				
Accounts payable		\$ 483,242	\$ 441,359	\$ 41,883
Notes payable	\$ 3,500,000			3,500,000
Due to other governmental agencies	8,329,686	1,136,312	586,633	8,879,365
Refundable deposits	6,503,233	2,235,795	1,769,756	6,969,272
Total Liabilities	\$ 18,332,919	\$ 3,855,349	\$ 2,797,748	\$ 19,390,520

Revenue Commission				
	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
ASSETS				
Due from other funds	\$ 11,192,012	\$ 137,247,891	\$ 135,191,989	\$ 13,247,914
Total Assets	\$ 11,192,012	\$ 137,247,891	\$ 135,191,989	\$ 13,247,914

LIABILITIES				
Due to other governmental agencies	\$ 11,192,012	\$ 137,247,891	\$ 135,191,989	\$ 13,247,914
Total Liabilities	\$ 11,192,012	\$ 137,247,891	\$ 135,191,989	\$ 13,247,914

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.

Contents

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Financial Trends 92-96

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

Revenue Capacity..... 97-102

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

Debt Capacity 103-107

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 108-110

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 111-112

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 ASSETS AND CHANGES IN NET ASSETS

Last Six Fiscal Years (since Merger) (1)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Primary Government/Governmental Activities:						
Invested in Capital Assets, net of related debt	\$ 564,401,166	\$ 544,355,891	\$ 520,287,023	\$ 515,671,362	\$ 514,870,387	\$ 504,735,518
Restricted	82,123,082	65,930,660	74,553,001	62,355,267	88,865,414	81,047,323
Unrestricted	<u>53,300,267</u>	<u>70,554,690</u>	<u>42,158,721</u>	<u>57,506,232</u>	<u>18,230,226</u>	<u>19,216,446</u>
Total Primary Government/Governmental Activities Net Assets	<u>\$ 699,824,515</u>	<u>\$ 680,841,241</u>	<u>\$ 636,998,745</u>	<u>\$ 615,532,861</u>	<u>\$ 621,966,027</u>	<u>\$ 604,999,287</u>
Primary Government/Governmental Activities:						
Expenses (2)						
General Government	\$ 27,772,909	\$ 22,464,479	\$ 24,571,680	\$ 25,623,205	\$ 27,142,783	\$ 27,463,380
Public Protection	108,832,956	112,937,135	130,194,826	152,742,063	156,867,814	168,125,697
Police	121,700,362	120,446,100	138,751,554	132,793,664	135,962,267	140,438,253
Economic Development	25,171,229	21,638,429	28,451,908	26,276,189	30,710,291	25,275,680
Codes & Regulations	29,616,549	10,622,190	8,185,714	8,847,046	8,640,257	11,289,044
Parks & Recreation	25,618,761	21,653,602	24,943,797	25,479,670	25,515,919	25,131,824
Housing & Family Services	38,588,804	30,087,195	31,841,096	33,146,828	30,304,444	28,844,976
Public Health & Wellness	21,422,827	33,813,783	36,407,344	38,607,238	38,132,320	26,795,986
Neighborhoods	5,400,041	5,072,738	6,628,578	7,202,084	7,068,336	8,194,903
Public Works & Assets	129,032,678	113,837,465	129,373,570	128,850,571	127,157,541	130,173,516
Information Technology	7,346,791	6,046,175	9,205,957	9,543,827	10,111,462	11,858,166
Finance & Administration	52,453,722	14,169,550	14,471,294	13,048,462	13,789,994	24,813,303
Human Resources	3,976,508	3,947,479	4,299,291	4,452,275	4,176,072	4,521,110
Related Agencies	56,902,694	45,157,161	48,140,137	48,141,028	48,736,693	53,572,010
Interest Expense	<u>14,372,117</u>	<u>16,072,154</u>	<u>17,077,617</u>	<u>16,302,423</u>	<u>17,214,454</u>	<u>14,425,027</u>
	668,208,948	577,965,635	652,544,363	671,056,573	681,530,647	700,922,875
Program Revenues:						
Charges for Services:						
Emergency Medical Services	4,681,971	8,972,481	8,831,242	9,610,942	12,087,525	11,621,333
Inspections, Permits and Licenses	7,407,483	23,917	12,409,334	12,963,317	13,954,629	14,215,180
Louisville Zoological Gardens	7,631,624	7,737,208	7,887,283	7,503,751	8,224,299	8,667,497
Metro Development Authority	2,416,129	517,056	8,219,029	7,893,128	9,007,348	10,082,408
Other	<u>39,701,945</u>	<u>30,936,383</u>	<u>34,837,445</u>	<u>31,781,000</u>	<u>40,182,710</u>	<u>33,471,796</u>
Total Charges for Services	61,839,152	48,187,045	72,184,333	69,752,138	83,456,511	78,058,214
Operating Grants and Contributions	96,108,452	63,481,947	75,099,069	72,212,271	73,451,393	82,810,321
Capital grants and Contributions	<u>43,008,216</u>	<u>33,251,324</u>	<u>29,167,632</u>	<u>56,127,486</u>	<u>42,118,743</u>	<u>31,815,335</u>
Total Primary Government Program Revenues	<u>200,955,820</u>	<u>144,920,316</u>	<u>176,451,034</u>	<u>198,091,895</u>	<u>199,026,647</u>	<u>192,683,870</u>
Net (Expense) Revenue	(467,253,128)	(433,045,319)	(476,093,329)	(472,964,678)	(482,504,000)	(508,239,005)
General Revenues:						
Taxes						
Property taxes, levied for general purposes	114,569,931	118,655,718	120,575,832	120,750,897	126,741,678	133,966,466
Occupational taxes	250,215,859	260,797,870	275,767,186	285,559,281	307,856,301	309,491,515
Investment Income	2,211,363	937,567	3,965,089	5,251,143	9,189,326	8,413,117
Dividends	12,379,583	12,687,780	13,935,078	17,715,564	14,625,718	18,531,912
Other intergovernmental revenue	12,386,356	1,963,651	4,672,662	12,764,992	13,591,805	11,419,069
Fees and fines	1,225,524	1,058,179	2,211,315	2,676,570		
Gain on sale of assets	187,679	349,995	650,000	1,156,848	1,047,399	2,626,001
Other taxes	223,684		319,838	319,388	271,059	209,376
Rental receipts	1,932,180	1,111,567	4,764,521	395,634	1,256,226	1,832,428
Miscellaneous	<u>3,080,838</u>	<u>4,008,837</u>	<u>5,972,358</u>	<u>4,464,605</u>	<u>3,982,753</u>	<u>4,782,381</u>
Total General Revenues	<u>398,412,997</u>	<u>401,571,164</u>	<u>432,833,879</u>	<u>451,054,922</u>	<u>478,562,265</u>	<u>491,272,265</u>
Change in Net Assets	(68,840,131)	(31,474,155)	(43,259,450)	(21,909,756)	(3,941,735)	(16,966,740)
Net Assets - beginning, restated	769,554,596	712,315,396	680,258,195	636,998,745	615,532,861	621,966,027
Increase due to acquired agency				443,872		
Prior period adjustment					10,374,901	
Net Assets - ending	<u>\$ 700,714,465</u>	<u>\$ 680,841,241</u>	<u>\$ 636,998,745</u>	<u>\$ 615,532,861</u>	<u>\$ 621,966,027</u>	<u>\$ 604,999,287</u>

- (1) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information. Since the former City of Louisville and the former Jefferson County Fiscal Court merged on January 6, 2003, Metro Government is implementing this pronouncement beginning with the year of merger in order to avoid comparability issues.
- (2) Amounts reported for fiscal years 2003 - 2007 have been restated to conform with current year presentation.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

FUND BALANCE, GOVERNMENTAL FUNDS

Last Six Fiscal Years (since Merger) (1)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund						
Reserved	\$ 4,896,863	\$ 3,388,723	\$ 4,155,586	\$ 5,493,394	\$ 6,931,347	\$ 3,469,429
Unreserved	73,833,428	83,658,675	92,669,401	95,386,671	97,232,552	84,397,148
Total General Fund	<u>\$ 78,730,291</u>	<u>\$ 87,047,398</u>	<u>\$ 96,824,987</u>	<u>\$ 100,880,065</u>	<u>\$ 104,163,899</u>	<u>\$ 87,866,577</u>
All Other Governmental Funds						
Reserved	\$ 22,714,767	\$ 20,630,432	\$ 18,591,392	\$ 32,587,646	\$ 37,478,627	\$ 53,123,245
Unreserved, reported in:						
Special Revenue Fund	11,213,099	15,153,840	18,242,052	3,498,142	1,696,884	(5,723,981)
Capital Projects Fund	57,111,280	37,377,818	50,884,092	48,926,550	55,858,957	40,137,381
Other Nonmajor Governmental Funds	26,021,801	28,183,295	23,069,260	18,559,011	23,093,360	23,957,871
Total all other Governmental Funds	<u>\$ 117,060,947</u>	<u>\$ 101,345,385</u>	<u>\$ 110,786,796</u>	<u>\$ 103,571,349</u>	<u>\$ 118,127,828</u>	<u>\$ 111,494,516</u>

(1) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information. Since the former City of Louisville and the former Jefferson County Fiscal Court merged on January 6, 2003, Metro Government is implementing this pronouncement beginning with the year of merger in order to avoid comparability issues.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Six Fiscal Years (since Merger) (1)

	2003	2004	2005	2006	2007	2008
REVENUES						
Property taxes	\$ 110,578,566	\$ 113,164,349	\$ 120,912,806	\$ 121,338,886	\$ 127,919,524	\$ 134,259,325
Occupational taxes	235,901,121	260,797,870	275,767,186	285,559,281	307,856,301	309,491,515
Licenses and permits	23,741,060	10,544,820	11,521,182	11,457,731	11,811,402	11,600,220
Intergovernmental	127,477,833	131,510,281	113,503,540	133,762,762	122,899,040	123,701,933
Charges for services	60,847,632	33,941,527	60,026,636	54,494,156	68,620,013	65,046,880
Fees and fines	914,318	1,016,230	722,187	2,438,607	3,395,450	1,491,118
Investment income	4,156,510	937,567	3,965,089	5,251,143	9,189,326	8,413,117
Dividends	12,379,583	12,687,780	13,935,078	17,715,564	14,625,718	18,531,912
Donations	4,040,450	5,162,538	2,748,194	11,728,614	7,736,520	4,755,423
Miscellaneous	17,374,993	4,024,131	3,361,493	4,831,279	3,667,409	4,332,278
Total revenues	597,412,066	573,787,093	606,463,591	648,578,023	677,720,703	681,623,721
EXPENDITURES (2)						
General Government	26,683,532	21,652,466	22,265,724	22,981,366	24,679,207	25,525,729
Public Protection	100,658,079	105,409,514	116,010,331	137,404,977	142,118,284	155,794,072
Police	117,355,711	116,490,491	126,343,610	120,413,360	125,522,471	131,670,127
Economic Development	21,380,913	19,299,326	23,949,370	22,091,209	26,620,960	21,911,769
Codes & Regulations	28,911,602	10,327,482	7,491,076	8,058,948	7,998,515	10,615,953
Parks & Recreation	21,767,248	20,489,287	21,922,934	22,403,732	22,641,942	22,558,585
Housing & Family Services	37,415,658	29,276,331	29,154,534	30,228,338	28,133,973	27,177,609
Public Health & Wellness	20,747,662	32,662,513	33,031,631	35,020,251	35,181,838	25,011,628
Neighborhoods	3,871,939	4,936,210	6,066,781	6,565,329	6,559,384	7,717,628
Public Works & Assets	69,765,377	64,510,252	67,457,003	70,884,688	71,262,503	73,676,326
Information Technology	6,082,646	5,605,906	6,960,196	7,248,081	7,813,687	9,589,440
Finance & Administration	34,067,423	13,784,775	13,247,952	11,898,662	12,802,901	23,281,270
Human Resources	3,882,710	3,841,236	3,936,674	4,060,640	3,877,455	4,259,117
Related Agencies	49,430,840	38,684,963	38,518,437	38,562,734	39,521,940	44,246,849
Debt Service Principal	19,643,000	19,177,195	22,613,352	25,595,000	24,252,500	25,960,000
Debt Service Interest and Other Payments	14,372,117	16,072,154	16,033,918	15,210,706	17,892,454	14,425,027
Capital Outlay	87,662,658	59,315,442	62,653,450	93,268,102	89,555,809	83,759,227
Total expenditures	663,699,115	581,535,543	617,656,973	671,898,123	686,435,823	707,180,356
Other Financing Sources (Uses)						
Proceeds from sale of capital assets	187,679	349,995	650,000	1,156,848	1,047,399	2,626,001
Issuance of debt, par	47,450,000		29,495,000		33,255,000	
Issuance of debt, premium/(discount)	363,474		1,267,582		(60,278)	
Issuance of refunding bonds	49,445,000				58,855,000	
Issuance of refunding bonds, discount					(137,152)	
Bond issuance costs paid	(199,324)					
Refunded bond principal, interest, and premium	(49,547,534)				(58,220,426)	
Payment to bond refunding escrow agent	(2,999,382)				65,293,175	
Transfers in	110,805,958	42,774,751	46,270,744	45,960,731	72,426,546	
Transfers out	(113,403,255)	(42,774,751)	(47,270,744)	(45,960,731)	(65,293,175)	
Total other financing sources (uses)	42,102,616	349,995	30,412,582	1,156,848	34,739,543	2,626,001
Net change in fund balance	\$ (24,184,433)	\$ (7,398,455)	\$ 19,219,000	\$ (22,163,252)	\$ 26,024,423	\$ (22,930,634)
Ratio of total debt service expenditures to noncapital expenditures	6.28%	7.24%	7.48%	7.59%	7.60%	6.93%

(1) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information. Since the former City of Louisville and the former Jefferson County Fiscal Court merged on January 6, 2003, Metro Government is implementing this pronouncement beginning with the year of merger in order to avoid comparability issues.

(2) Amounts reported for fiscal years 2003 - 2007 have been restated to conform with current year presentation.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)

Last Six Fiscal Years (since Merger) (2)

Fiscal Year	Taxes	Licenses and Permits	Inter-governmental	Charges for Services	Fines and Forfeitures	Investment Income	Donations and Miscellaneous Revenue	Total Revenues (3)
2003	\$ 346,479,687	\$ 23,741,060	\$ 125,886,137	\$ 56,029,421	\$ 914,218	\$ 2,099,625	\$ 4,349,907	\$ 559,500,055
2004	373,962,219	10,544,820	128,437,170	33,532,382	1,016,230	90,583	6,824,682	554,408,086
2005	396,679,992	11,480,682	112,396,801	57,928,605	718,975	2,932,989	4,655,833	586,793,877
2006	406,898,167	11,262,911	131,246,233	53,722,470	2,438,472	3,533,830	6,632,627	615,734,710
2007	435,775,825	11,811,402	116,583,482	65,952,416	3,326,004	6,391,247	7,059,292	646,899,668
2008	443,750,840	11,600,220	122,314,139	63,750,509	1,491,118	6,017,749	7,075,098	655,999,673

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

(2) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information. Since the former City of Louisville and the former Jefferson County Fiscal Court merged on January 6, 2003, Metro Government is implementing this pronouncement beginning with the year of merger in order to avoid comparability issues.

(3) In 2003, revenues also included major and non-major Capital Projects Fund. 2003 has been restated in the statistical section to reflect the correct amounts.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

GENERAL FUND TAX REVENUES BY SOURCE

Last Six Fiscal Years (since Merger) (1)

Fiscal Year	Total Taxes	General Property Taxes	Bank and Life Insurance Shares	Public Service Corporations	Occupational Taxes	Other (2)	Interest, Penalties and Other Fees
2003	\$ 346,149,531	\$ 92,608,431	\$ 4,350,721	\$ 6,763,891	\$ 235,901,121	\$ 5,944,104	\$ 581,263
2004	373,962,220	93,016,802	4,803,193	7,402,223	260,797,870	7,411,472	530,660
2005	396,679,991	96,472,771	4,699,922	8,794,533	275,767,186	9,576,926	1,368,653
2006	406,898,167	101,294,625	4,536,598	6,684,538	285,559,281	8,290,703	532,422
2007	435,775,825	106,223,290	5,131,435	7,819,890	307,856,301	8,152,922	591,987
2008	443,750,840	112,610,250	5,001,374	7,883,195	309,491,515	8,336,658	427,848

(1) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information. Since the former City of Louisville and the former Jefferson County Fiscal Court merged on January 6, 2003, Metro Government is implementing this pronouncement beginning with the year of merger in order to avoid comparability issues.

(2) 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 Six Fiscal Years (since Merger) (1)

Fiscal Year	Employment	Unemployment Rate	Per Capita Income (2)	Percent Income Growth	Occupational Tax Revenue	Percent Revenue Growth
2003	330,666	5.7%	33,466	2.11%	235,901,121	2.87%
2004	329,537	6.2%	34,646	3.53%	260,797,870	10.55%
2005	330,575	5.5%	36,443	5.19%	275,767,186	5.74%
2006	332,856	6.2%	37,121	1.86%	285,559,281	3.55%
2007	339,832	5.6%	39,877	7.42%	307,856,301	7.81%
2008	340,011	5.3%	41,688	4.54%	309,491,515	0.53%

Source: Bureau of Labor Statistics website: www.bls.gov

Workforce Kentucky website: www.workforcekentucky.ky.gov

Note: Employment, unemployment and per capita figures represent the annual average for the full calendar year previous to fiscal year end.

(1) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information. Since the former City of Louisville and the former Jefferson County Fiscal Court merged on January 6, 2003, Metro Government is implementing this pronouncement beginning with the year of merger in order to avoid comparability issues.

(2) Per capita income for 2008 is an estimate based on the average annual percentage increase over the last ten years. Per capita income for 2007, which had been an estimate, has been changed to reflect published figures as of April 2008.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

PRINCIPAL WITHHOLDING TAXPAYERS

Fiscal Year Ended June 30, 2008

Rank	Employer
1	Jefferson County Board of Education
2	United Parcel Service
3	Norton Healthcare, Inc.
4	University of Louisville
5	Ford Motor Company
6	General Electric Company
7	Humana, Inc.
8	Louisville Metro Government
9	Jewish Hospital & St. Mary's
10	Humana Insurance Company
11	Brown Forman Corporation
12	Kentucky State Treasurer
13	Baptist Healthcare System
14	Yum! Brands, Inc.
15	United States Postal Service
16	Kroger Limited Partnership I
17	University Medical Center
18	U.S. Veterans Administration
19	EON US Services, Inc.
20	Wal-Mart Associates, Inc.
21	The Wellpoint Companies, Inc.
22	Genlyte Thomas Group LLC
23	Kindred Healthcare Operating, Inc.
24	Louisville Gas & Electric Co.
25	Insight Communications Co., Inc.
26	Archdiocese of Louisville
27	Defense Finance & Accounting Service
28	National City Bank
29	U.S. Department of Agriculture
30	SHPS, Inc.

Information obtained from the Louisville/Jefferson County Revenue Commission.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (1)

Last Six Fiscal Years (since Merger) (2)

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed Value to Total Estimated Actual Value		Homestead Exemption (3)
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value			
2003	\$ 46,274,546,626	\$ 48,330,892,272	\$ 9,032,190,675	\$ 9,032,190,675	\$ 55,306,737,301	\$ 57,363,082,947	96.42 %	\$	26,800
2004	48,823,781,592	50,939,965,058	8,777,257,634	8,777,257,634	57,601,039,226	59,717,222,692	96.46 %		28,000
2005	50,881,807,698	53,029,275,814	8,819,447,665	8,819,447,665	59,701,255,363	61,848,723,479	96.53 %		28,000
2006	53,883,962,963	56,308,314,219	8,594,585,408	8,594,585,408	62,478,548,371	64,902,899,627	96.26 %		29,400
2007	58,098,021,311	60,452,626,137	9,017,138,502	9,017,138,502	67,115,159,813	69,469,764,639	96.61 %		29,400
2008	61,651,282,888	64,229,369,264	8,359,422,318	8,359,422,318	70,010,705,206	72,588,791,582	96.45 %		31,400

(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) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information. Since the former City of Louisville and the former Jefferson County Fiscal Court merged on January 6, 2003, Metro Government is implementing this pronouncement beginning with the year of merger in order to avoid comparability issues.

(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.

Last Six Fiscal Years (since Merger) (1)

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

(2) 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.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

		June 30, 2008			June 30, 1999		
Taxpayer	Type of Business	Assessed Valuation	Rank	Percent of Total Assessed Valuation of \$ 70,010,705,206	Assessed Valuation	Rank	Percent of Total Assessed Valuation of \$ 45,399,561,905
Louisville Gas & Electric Co.	Energy Utility	\$ 1,128,556,091	1	1.6%	\$ 661,034,173	2	1.5%
Insight Midwest LP	Cable Media	755,883,988	2	1.1%	483,523,310	3	1.1%
BellSouth Telecommunications	Telecommunications	460,741,674	3	0.7%	989,921,219	1	2.2%
Humana Inc.	Healthcare	218,659,098	4	0.3%	255,534,103	4	0.6%
Louisville Trophy LLC	Miscellaneous Services	175,800,290	5	0.3%			
MRI NCT LLC	Real Estate	147,249,148	6	0.2%			
Duplicator Sales & Service Inc	Business Machines	138,964,686	7	0.2%			
Thomas W. Bullitt	Retail	133,076,447	8	0.2%			
Information Systems Corp	Information Services	112,828,769	9	0.2%			
Celtco Partnership	Telecommunications	110,926,361	10	0.2%			
United Parcel Service	Air Express and Distribution				192,393,586	5	0.4%
AT&T Communications	Telecommunications				165,764,410	6	0.4%
200 Block CHC LTD PTN	Commercial Real Estate				121,177,090	7	0.3%
Ford Motor Company	Automotive Manufacturer				121,144,526	8	0.3%
United Distillers Productions	Distillery Company				93,742,771	9	0.2%
General Electric	Household Appliance Manufacturer				92,004,286	10	0.2%
	TOTAL	\$ 3,382,686,552		4.8%	\$ 3,176,239,473		7.0%

Source: Jefferson County Sheriff's Office

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

PROPERTY TAX LEVIES AND COLLECTIONS

Last Six Fiscal Years (since Merger) (1)

Fiscal Year	Amount of Levy	Amount Collected in Year of Levy	Percent Collected in Year of Levy	Delinquent Tax Collections (2)	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Total Outstanding Delinquent Taxes Receivable at June 30, 2008
2003	\$ 101,151,309	\$ 97,734,411	96.6%	\$ 2,960,241	\$ 100,694,652	99.5%	\$ 6,389,780
2004	107,833,673	104,493,360	96.9%	4,337,307	108,830,667	100.9%	5,392,784
2005	112,929,657	109,744,607	97.2%	5,616,628	115,361,235	102.2%	9,262,583
2006	115,468,469	114,972,927	99.6%	4,062,710	119,035,637	103.1%	6,213,399
2007	122,324,736	121,888,305	99.6%	3,945,944	125,834,249	102.9%	5,679,253
2008	128,569,436	128,045,919	99.6%	4,892,137	132,938,056	103.4%	5,401,922

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

- (1) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information. Since the former City of Louisville and the former Jefferson County Fiscal Court merged on January 6, 2003, Metro Government is implementing this pronouncement beginning with the year of merger in order to avoid comparability issues.
- (2) Beginning in fiscal year 2003, Metro Government began reflecting delinquent tax information as it relates to total property tax collections in a given year within the statistical section of the financial statements.

LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT

LEGAL DEBT MARGIN

Last Six Fiscal Years (since Merger) (1)

	Fiscal Year					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt Limit - 10% of assessed valuation	\$ 5,707,241,737	\$ 5,760,103,923	\$ 5,970,125,536	\$ 6,247,854,837	\$ 6,711,515,981	\$ 7,001,070,521
Total bonded debt applicable to limit	389,639,029	372,825,790	382,672,355	362,507,086	378,309,052	357,226,453
Legal debt margin	<u>\$ 5,317,602,708</u>	<u>\$ 5,387,278,133</u>	<u>\$ 5,587,453,181</u>	<u>\$ 5,885,347,751</u>	<u>\$ 6,333,206,929</u>	<u>\$ 6,643,844,068</u>
Total net debt applicable to the limit as a percentage of debt limit	6.83%	6.47%	6.41%	5.80%	5.64%	5.10%

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed Valuation - January 1, 2007	\$ 70,010,705,206
Debt Limit (10% of assessed value)	7,001,070,521
Debt applicable to limit:	
Bonded debt outstanding	358,195,588
Less: Amount set aside for repayment of bonded debt	(969,135)
Total debt margin applicable to limit	357,226,453
Legal debt margin	\$ 6,643,844,068

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.

(1) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information. Since the former City of Louisville and the former Jefferson County Fiscal Court merged on January 6, 2003, Metro Government is implementing this pronouncement beginning with the year of merger in order to avoid comparability issues.

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

June 30, 2008

Governmental Unit	Debt Outstanding	Percentage Applicable to Louisville Metro Taxpayers	Louisville Metro Taxpayers Share of Debt
Direct Debt:			
Revenue bonds	\$ 128,131,178	100.00%	\$ 128,131,178
General obligation debt	226,893,208	100.00%	226,893,208
Total direct debt	<u>355,024,386</u>		<u>355,024,386</u>
Overlapping debt:			
Jefferson County Public Schools	<u>357,813,993</u>	100.00%	<u>357,813,993</u>
Total direct and overlapping debt	<u>\$ 712,838,380</u>		<u>\$ 712,838,380</u>

LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Six Fiscal Years (since Merger) (1)
(amounts in thousands except per capita)

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income	Personal Income (2)	Per Capita
	General Obligation Bonds	First Mortgage Revenue Bonds	Lease Revenue Bonds					
2003	\$ 254,041	\$ 33,835	\$ 97,346	\$	385,222	1.62%	\$ 23,791,641	554
2004	242,477	31,900	95,940		370,317	1.53%	24,184,881	530
2005	255,164	30,100	97,212		382,476	1.50%	25,470,269	547
2006	235,346	28,030	98,600		361,976	1.39%	25,949,674	517
2007	247,853	26,680	101,363		375,896	1.39%	27,122,740	536
2008	226,894	25,260	102,871		355,025	1.21%	29,416,302	501

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

- (1) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information. Since the former City of Louisville and the former Jefferson County Fiscal Court merged on January 6, 2003, Metro Government is implementing this pronouncement beginning with the year of merger in order to avoid comparability issues.
- (2) Personal Income for 2008 is an estimate based on the average annual percentage increase over the last ten years. Personal Income for 2007, which had been an estimate, has been changed to reflect published figures as of April 2008.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Six Fiscal Years (since Merger) (1)

Fiscal Year	Population (2)	Assessed Value	General Obligation Bonds	Ratio of General	
				Bonded Debt to Assessed Value	General Bonded Debt Per Capita
2003	695,843	\$ 55,306,737,301	\$ 254,041,148	0.46%	365
2004	698,059	57,601,039,226	242,476,886	0.42%	347
2005	698,903	59,701,255,363	255,164,338	0.43%	365
2006	699,827	62,478,548,371	235,345,580	0.38%	336
2007	701,500	67,115,159,813	247,852,649	0.37%	353
2008	709,264	70,010,705,206	226,893,208	0.32%	320

(1) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information. Since the former City of Louisville and the former Jefferson County Fiscal Court merged on January 6, 2003, Metro Government is implementing this pronouncement beginning with the year of merger in order to avoid comparability issues.

(2) Source: Workforce Kentucky website: www.workforcekentucky.ky.gov

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

PLEDGED REVENUE COVERAGE

Last Six Fiscal Years (since Merger) (1)

Fiscal Year	First Mortgage Revenue Bonds				Lease Revenue Bonds			
	Gross Revenue (2)	Debt Service		Coverage	Gross Revenue (2)	Debt Service		Coverage
		Principal (3)	Interest			Principal (4)	Interest	
2003	\$ 3,553,871	\$ 1,625,000	\$ 1,947,959	0.99	\$ 7,649,620	\$ 3,645,000	\$ 4,004,820	1.00
2004	3,570,582	1,714,500	1,857,240	1.00	7,132,819	3,800,000	3,332,963	1.00
2005	3,563,081	1,800,000	1,760,475	1.00	4,487,594	1,290,000	3,196,519	1.00
2006	2,934,383	1,286,500	1,645,430	1.00	4,486,909	1,355,000	3,129,439	1.00
2007	2,902,850	1,350,000	1,552,433	1.00	2,810,307		1,998,724	1.41
2008	2,898,058	1,420,000	1,479,930	1.00	4,048,781	1,640,000	2,448,179	0.99

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) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information. Since the former City of Louisville and the former Jefferson County Fiscal Court merged on January 6, 2003, Metro Government is implementing this pronouncement beginning with the year of merger in order to avoid comparability issues.
- (2) Gross revenues include lease income and nonoperating interest income in debt service and debt service reserve funds.
- (3) Fiscal year 2005 excludes \$225,000 in refunded principal on the First Mortgage Revenue Bonds paid from a pre-funded escrow account. Fiscal year 2006 excludes \$685,000 in refunded principal and \$105,000 in current principal due on the First Mortgage Bonds paid from proceeds of capital asset sales.
- (4) 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, 2008

<u>Area</u>	<u>1990</u>	<u>2000</u>	<u>% Change 1990-2000</u>	<u>Estimated (1)</u>		<u>% Change 1990-2007</u>
				<u>2006</u>	<u>2007</u>	
Louisville/Jefferson County	664,937	693,604	4.3%	701,500	709,264	6.7%
Kentucky	3,685,296	4,041,769	9.7%	4,204,444	4,241,474	15.1%
United States	248,709,873	281,421,906	13.2%	298,754,819	301,621,157	21.3%

(1) Estimated population amounts for 2008 are not available from the Census Bureau.

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

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

		June 30, 2008				June 30, 1999			
		Employer	Industry/Product	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
		United Parcel Service, Inc.	Diversified Distribution/Logistics Services	20,674	1	3.46%	15,339	1	2.60%
		Jefferson County Public Schools	K-12 Public Education	13,593	2	2.28%	12,702	2	2.15%
		Humana, Inc.	Healthcare	8,775	3	1.47%	4,523	8	0.77%
		Norton Healthcare, Inc.	Healthcare	8,054	4	1.35%			
		Ford Motor Company	Automotive Manufacturer	7,586	5	1.27%	8,903	3	1.51%
		Jewish Hospital & St. Mary's Healthcare, Inc.	Healthcare	6,229	6	1.04%	5,138	6	0.87%
		University of Louisville	Higher Education	5,763	7	0.97%	4,737	7	0.80%
		Louisville Metro Government	Government Services	5,698	8	0.95%			
		GE Consumer & Industrial	Household Appliance Manufacturer	5,000	9	0.84%	8,290	4	1.40%
		The Kroger Company	Retail Grocer	4,644	10	0.78%	4,430	9	0.75%
		Kentucky State Government	Government Services				5,807	5	0.98%
		Alliant Health System	Healthcare				3,911	10	0.66%
		Total		86,016		14.41%	73,780		12.50%

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

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

**LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT
NUMBER OF GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**

June 30, 2008 (1)

	Full-Time Equivalent Employees as of June 30, (2) (5)				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Government:					
Metro Council	80	81	85	80	79
Mayor's Office	33	31	31	29	28
Policy and Strategic Planning	6	6	7	4	7
County Attorney	106	104	102	96	94
Other Elected Officials	69	67	64	64	64
Public Protection:					
Fire (3)	646	624	553	547	529
Emergency Medical Services (3)	131	186	278	253	257
Emergency Management (4)	26	26	171	160	169
Corrections	524	545	569	582	577
Youth Detention Services	130	128	129	129	130
Animal Control Services	37	37	41	48	48
Criminal Justice Commission	6	5	5	5	5
Public Protection Cabinet	1	1	1	-	-
Police (4)	1,547	1,605	1,514	1,480	1,511
Economic Development:					
Metro Development Authority	54	67	66	63	65
Redevelopment Authority	2	2	1	-	-
Air Pollution Control	57	57	62	65	63
Community Development	15	15	12	7	-
Codes & Regulations:					
Inspections, Permits and Licenses	138	141	138	132	127
Planning and Design Services	59	62	64	64	50
Parks & Recreation	612	593	576	566	476
Housing & Family Services:					
Housing	58	56	58	58	51
Human Services	189	183	173	155	107
Community Action Partnership	94	99	96	94	92
Public Health & Wellness	320	320	321	302	288
Neighborhoods	41	48	44	44	75
Public Works & Assets					
Public Works	274	257	223	221	228
General Services Administration	203	197	220	223	209
Solid Waste Management Services	252	244	243	238	216
Information Technology	49	49	59	66	68
Finance & Administration	124	116	114	113	107
Human Resources	53	49	49	44	47
Related Agencies					
Human Relations Commission	19	18	17	16	15
Kentuckiana Works	18	14	11	12	14
Louisville Free Public Library	283	287	289	276	268
Louisville Zoological Gardens	189	187	180	184	193
Internal Audit	8	8	8	8	8
Waterfront Development Corp	14	14	67	112	66
Total	<u>6,467</u>	<u>6,529</u>	<u>6,641</u>	<u>6,540</u>	<u>6,331</u>

- (1) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information, however Metro Government has elected to reflect data since the merger of the former City and County Governments.
- (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 the Emergency Management Agency.
- (5) 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%.

LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT
MISCELLANEOUS OPERATING INDICATORS AND CAPITAL ASSET INFORMATION
June 30, 2008 (1) (2)

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Public Works					
Miles of Streets Maintained	3,000	3,000	3,000	3,000	3,025
Miles of Streets Paved	125	138	153	231	175
Number of Potholes filled	21,618	29,809	30,000	14,000	18,175
Overlay and Pavement Repairs (sq ft) (2)				203,000	123,274
Solid Waste Management Services					
Tons Recycled	15,844	18,724	19,761	21,149	18,597
Tons Composted	20,149	20,594	16,570	19,507	13,085
Tons Landfilled	136,900	146,521	200,455	206,556	206,146
Parks					
Community Centers	17	17	17	17	17
Number of Parks	123	123	123	123	123
Park Acreage	14,000	14,000	14,000	14,000	14,000
Golf Courses	9	9	9	9	9
Swimming Pools	12	12	12	11	5
Tennis Courts	172	172	172	172	172
Number of Walking Trails/Bike Paths	40	40	40	40	41
Zoo and Louisville Nature Center					
Total Acreage	151	151	151	151	151
Area developed in acres	90	90	90	90	90
Number of Animals	1,300	1,300	1,300	1,300	1,300
Number of Visitors	783,657	757,517	741,930	810,546	818,129
Libraries					
Number of branches	16	16	16	16	16
Number of Library Card Holders	325,524	343,043	358,927	470,000	457,979
Number of Computers	402	410	470	455	470
Fire Protection (Urban Service District)					
Number of Stations	22	22	22	22	22
Number of Incidents (calls answered)	11,198	10,960	9,488	11,478	11,654
Number of Medical Runs	11,481	9,090	7,923	9,850	13,063
Number of Home Inspections Conducted	12,316	12,132	11,053	13,470	13,474
Number of Building Inspections Conducted	9,740	11,024	7,708	8,992	8,343
Police Protection					
Number of active Patrol Units	802	802	802	848	859
Number of Arrests	29,746	38,919	46,726	52,024	47,315
Number of Citations	92,997	80,728	86,426	81,780	88,497
Corrections					
Number of Prisoners	39,046	39,242	35,375	45,000	46,105
Number of Beds	1,919	1,919	1,919	1,919	1,919
Health					
Number of Clinics	12	12	12	12	12
Number of Services Provided	314,696	445,676	454,022	429,610	422,634
EMS					
Number of Dispatches	93,195	92,816	111,627	140,086	136,977
Number of Transports	51,420	52,913	54,073	60,282	64,901
Animal Services					
Licensed Pets	67,293	63,310	58,510	85,000	72,995
Number of Animals Spayed/Neutered	899	1,063	2,058	1,800	3,886
Number of Pets Adopted	899	1,063	1,943	1,200	1,395
Housing					
Number of Downtown Market Rate Housing Units	1,726	1,777	1,912	2,004	2,047

(continued)

LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT
MISCELLANEOUS OPERATING INDICATORS AND CAPITAL ASSET INFORMATION
June 30, 2008 (1) (2)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Louisville Water Company					
Number of Residential Customers	235,906	238,893	241,938	244,478	246,145
Annual Residential Consumption (1,000 Gallons)	15,655,594	17,089,874	17,089,874	15,305,832	17,479,922
Number of Commercial and Industrial Customers	22,593	22,708	22,940	23,546	23,825
Annual Comm. and Ind. Consumption (1,000 Gallons)	19,660,093	19,501,479	19,968,030	18,823,270	20,303,307
Number of Fire Hydrants	18,882	19,471	19,931	20,467	20,809
Parking Authority of River City, Inc.					
Number of PARC garages	11	12	12	12	12
Number of PARC surface lots	4	4	4	4	3
Number of parkers	7,055	7,067	7,345	7,332	8,322
Transit Authority of River City, Inc.					
Total Ridership	15,286,298	14,657,752	15,835,796	16,280,662	16,364,856
Total Miles Driven	11,482,333	11,909,817	12,163,639	12,167,737	12,072,337
Total Hours Driven	757,968	766,821	784,215	812,549	810,921
Buses in Service	270	274	265	277	276
Number of Routes	55	55	53	52	51
Metropolitan Sewer District					
Miles of Sewers	2,959	3,035	3,099	3,133	3,200
Number of Treatment Plants	25	25	23	21	21
Number of Service Connections	216,551	220,599	222,698	224,654	226,430
Daily Average Treatment (mgd)	143	145	155	134	152
Daily Treatment Capacity (mgd)	162	162	173	172	174
(mgd - millions of gallons per day)					
Facilities and services not included in the reporting entity:					
Jefferson County Public Schools					
Total enrollment	97,010	97,278	97,518	98,087	97,988
Number of elementary schools	87	87	87	87	89
Number of elementary school instructors	2,542	2,669	2,735	2,783	2,819
Number of middle schools	23	22	22	22	22
Number of middle school instructors	1,145	1,144	1,133	1,076	1,097
Number of high schools	20	19	19	19	19
Number of high school instructors	1,443	1,636	1,647	1,615	1,655

(1) For the implementation of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB recommends reporting ten years of statistical and demographic information, however Metro Government has elected to reflect data since the merger of the former City and County Governments.

(2) 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'.

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APPENDIX C

Opinions of Co-Bond Counsel

_____, 2009

Louisville/Jefferson County
Metro Government
Louisville, Kentucky 40202

RE: \$_____ General Obligation Bonds, Series 2009E, dated
as of the date hereof (the "Bonds"), of the Louisville/Jefferson
County Metro Government (the "Issuer")

Ladies and Gentlemen:

We have examined the transcript of proceedings for the authorization and original issuance on the date hereof of the above-referenced Bonds, including but not limited to a certified copy of the Bond Ordinance enacted March 12, 2009, as amended on October 22, 2009 (the "Bond Ordinance").

We have examined such documents and matters and conducted such research as we have deemed necessary to enable us to express the opinions set forth below. As to certain questions of fact, we have relied on statements and certifications of certain of the elected officials, officers and employees of the Issuer and other public officials, although in doing so we have not undertaken to verify independently the accuracy or completeness of such statements or certifications.

In rendering our opinions set forth below, we have assumed the authenticity of all documents submitted to us as originals, the legal capacity of natural persons, and the conformity to the originals of all documents submitted to us as copies. We have also relied for purposes of the opinions set forth below on the representations, warranties and certifications made in such documents by all parties thereto, although in doing so, we have not undertaken to verify independently the accuracy or completeness of the factual matters represented, warranted or

Louisville/Jefferson County
Metro Government
_____, 2009

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certified therein.

Based on the foregoing, and based on our examination of applicable provisions of the Constitution and laws of the Commonwealth of Kentucky (the "Commonwealth"), and decisions of the appellate courts of the Commonwealth, and in reliance thereon, and on the basis of our examination of such other matters of fact and questions of law as we have deemed relevant in the circumstances, it is our opinion under existing law that as of the date hereof:

1. The Issuer is a consolidated local government and political subdivision of the Commonwealth.

2. The Bonds constitute valid obligations of the Issuer in accordance with their respective terms, which unless paid from other sources, are payable from taxes to be levied by the Issuer pursuant to the Bond Ordinance.

3. Based on existing laws, regulations and judicial decisions, and assuming the accuracy and completeness of certain representations and warranties of the Issuer made in connection with the original issuance of the Bonds, interest on the Bonds is excludable from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference nor an adjustment to adjusted current earnings for purposes of determining alternative minimum taxable income for federal income tax purposes. The Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code (the "Code").

4. The Bonds are exempt from ad valorem taxation and the interest thereon is exempt from income taxation by the Commonwealth and all of its political subdivisions and taxing authorities.

Our opinion that interest on the Bonds is excludable from gross income for federal income tax purposes is subject to the condition that the Issuer complies with all requirements of the Code that must be satisfied subsequent to the delivery of the Bonds in order that interest on the Bonds be and continue to be excludable from gross income for federal income tax purposes. Failure to comply with such requirements

Louisville/Jefferson County
Metro Government
_____, 2009

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could cause such interest to be included in gross income retroactive to the date hereof. The Issuer has covenanted in the Bond Ordinance to comply with such requirements. Except as provided in paragraphs 3 and 4 above, we express no opinion regarding any federal or state tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, or otherwise arising with respect to, the Bonds.

We express no opinion on the investment quality of the Bonds or on the accuracy or completeness of any factual representations that may have been made by the Issuer or any statements or data that may have been furnished to any parties in connection with any offering or sale of the Bonds or otherwise. Our opinion is limited to the questions of law set forth herein. Without limiting the generality of the foregoing, we undertake no responsibility herein for the accuracy or completeness of the Preliminary Official Statement or the final Official Statement relating to the Bonds or any other offering material relating to the Bonds, and we express no opinion with respect thereto.

The enforceability of the Bonds and the Bond Ordinance, including rights and remedies thereunder, may be limited by [i] the application of equitable principles, [ii] the exercise of judicial discretion and [iii] bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws heretofore or hereafter enacted relating to or affecting creditors' rights or remedies. We also express no opinion on the availability of equitable rights or remedies.

We express no opinion on the laws of any jurisdiction other than the Commonwealth and the United States of America.

Yours truly,

WYATT, TARRANT & COMBS, LLP

_____, 2009

Louisville/Jefferson County
Metro Government
Louisville, Kentucky 40202

RE: \$_____ General Obligation Bonds, Series 2009F
(Taxable), dated as of the date hereof (the "Bonds"), of the
Louisville/Jefferson County Metro Government (the "Issuer")

Ladies and Gentlemen:

We have examined the transcript of proceedings for the authorization and original issuance on the date hereof of the above-referenced Bonds, including but not limited to a certified copy of the Bond Ordinance enacted March 12, 2009, as amended on October 22, 2009 (the "Bond Ordinance").

We have examined such documents and matters and conducted such research as we have deemed necessary to enable us to express the opinions set forth below. As to certain questions of fact, we have relied on statements and certifications of certain of the elected officials, officers and employees of the Issuer and other public officials, although in doing so we have not undertaken to verify independently the accuracy or completeness of such statements or certifications.

In rendering our opinions set forth below, we have assumed the authenticity of all documents submitted to us as originals, the legal capacity of natural persons, and the conformity to the originals of all documents submitted to us as copies. We have also relied for purposes of the opinions set forth below on the representations, warranties and certifications made in such documents by all parties thereto, although in doing so, we have not undertaken to verify independently the accuracy or completeness of the factual matters represented, warranted or

Louisville/Jefferson County
Metro Government

_____, 2009

Page 3

Official Statement or the final Official Statement relating to the Bonds or any other offering material relating to the Bonds, and we express no opinion with respect thereto.

The enforceability of the Bonds and the Bond Ordinance, including rights and remedies thereunder, may be limited by [i] the application of equitable principles, [ii] the exercise of judicial discretion and [iii] bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws heretofore or hereafter enacted relating to or affecting creditors' rights or remedies. We also express no opinion on the availability of equitable rights or remedies.

We express no opinion on the laws of any jurisdiction other than the Commonwealth and the United States of America.

Yours truly,

WYATT, TARRANT & COMBS, LLP

Louisville/Jefferson County
Metro Government

_____, 2009

Page 2

certified therein.

Based on the foregoing, and based on our examination of applicable provisions of the Constitution and laws of the Commonwealth of Kentucky (the "Commonwealth"), and decisions of the appellate courts of the Commonwealth, and in reliance thereon, and on the basis of our examination of such other matters of fact and questions of law as we have deemed relevant in the circumstances, it is our opinion under existing law that as of the date hereof:

1. The Issuer is a consolidated local government and political subdivision of the Commonwealth.

2. The Bonds constitute valid obligations of the Issuer in accordance with their respective terms, which unless paid from other sources are payable from taxes to be levied by the Issuer pursuant to the Bond Ordinance.

3. Based on existing laws, regulations and judicial decisions, the interest on the Bonds will be included in gross income for federal income tax purposes.

4. The Bonds are exempt from ad valorem taxation, and the interest thereon is exempt from income taxation, by the Commonwealth and all of its political subdivisions and taxing authorities.

Except as provided in paragraphs 3 and 4 above, we express no opinion regarding any federal or state tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, or otherwise arising with respect to, the Bonds.

We express no opinion on the investment quality of the Bonds or on the accuracy or completeness of any factual representations that may have been made by the Issuer or any statements or data that may have been furnished to any parties in connection with the offering or sale of the Bonds. Our opinion is limited to the questions of law set forth herein. Without limiting the generality of the foregoing, we undertake no responsibility herein for the accuracy or completeness of the Preliminary

_____, 2009

Louisville/Jefferson County
Metro Government
Louisville, Kentucky 40202

RE: \$_____ General Obligation Bonds, Series 2009E, dated as of the date
hereof (the "Bonds"), of the Louisville/Jefferson County Metro Government (the
"Issuer")

Ladies and Gentlemen:

We have examined the transcript of proceedings for the authorization and original issuance on the date hereof of the above-referenced Bonds, including but not limited to a certified copy of the Bond Ordinance enacted March 12, 2009, as amended on October 22, 2009 (the "Bond Ordinance").

We have examined such documents and matters and conducted such research as we have deemed necessary to enable us to express the opinions set forth below. As to certain questions of fact, we have relied on statements and certifications of certain of the elected officials, officers and employees of the Issuer and other public officials, although in doing so we have not undertaken to verify independently the accuracy or completeness of such statements or certifications.

In rendering our opinions set forth below, we have assumed the authenticity of all documents submitted to us as originals, the legal capacity of natural persons, and the conformity to the originals of all documents submitted to us as copies. We have also relied for purposes of the opinions set forth below on the representations, warranties and certifications made in such documents by all parties thereto, although in doing so, we have not undertaken to verify independently the accuracy or completeness of the factual matters represented, warranted or certified therein.

Based on the foregoing, and based on our examination of applicable provisions of the Constitution and laws of the Commonwealth of Kentucky (the "Commonwealth"), and decisions of the appellate courts of the Commonwealth, and in reliance thereon, and on the basis of our examination of such other matters of fact and questions of law as we have deemed relevant in the circumstances, it is our opinion under existing law that as of the date hereof:

1. The Issuer is a consolidated local government and political subdivision of the Commonwealth.

2. The Bonds constitute valid obligations of the Issuer in accordance with their respective terms, which unless paid from other sources, are payable from taxes to be levied by the Issuer pursuant to the Bond Ordinance.

3. Based on existing laws, regulations and judicial decisions, and assuming the accuracy and completeness of certain representations and warranties of the Issuer made in connection with the original issuance of the Bonds, interest on the Bonds is excludable from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference nor an adjustment to adjusted current earnings for purposes of determining alternative minimum taxable income for federal income tax purposes. The Bonds are not “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code (the “Code”).

4. The Bonds are exempt from ad valorem taxation and the interest thereon is exempt from income taxation by the Commonwealth and all of its political subdivisions and taxing authorities.

Our opinion that interest on the Bonds is excludable from gross income for federal income tax purposes is subject to the condition that the Issuer complies with all requirements of the Code that must be satisfied subsequent to the delivery of the Bonds in order that interest on the Bonds be and continue to be excludable from gross income for federal income tax purposes. Failure to comply with such requirements could cause such interest to be included in gross income retroactive to the date hereof. The Issuer has covenanted in the Bond Ordinance to comply with such requirements. Except as provided in paragraphs 3 and 4 above, we express no opinion regarding any federal or state tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, or otherwise arising with respect to, the Bonds.

We express no opinion on the investment quality of the Bonds or on the accuracy or completeness of any factual representations that may have been made by the Issuer or any statements or data that may have been furnished to any parties in connection with any offering or sale of the Bonds or otherwise. Our opinion is limited to the questions of law set forth herein. Without limiting the generality of the foregoing, we undertake no responsibility herein for the accuracy or completeness of the Preliminary Official Statement or the final Official Statement relating to the Bonds or any other offering material relating to the Bonds, and we express no opinion with respect thereto.

The enforceability of the Bonds and the Bond Ordinance, including rights and remedies thereunder, may be limited by [i] the application of equitable principles, [ii] the exercise of judicial discretion and [iii] bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws heretofore or hereafter enacted relating to or affecting creditors' rights or remedies. We also express no opinion on the availability of equitable rights or remedies.

We express no opinion on the laws of any jurisdiction other than the Commonwealth and the United States of America.

Yours truly,

STITES & HARBISON, PLLC

_____, 2009

Louisville/Jefferson County
Metro Government
Louisville, Kentucky 40202

RE: \$_____ General Obligation Bonds, Series 2009F (Taxable), dated as of the
date hereof (the “Bonds”), of the Louisville/Jefferson County Metro Government
(the “Issuer”)

Ladies and Gentlemen:

We have examined the transcript of proceedings for the authorization and original issuance on the date hereof of the above-referenced Bonds, including but not limited to a certified copy of the Bond Ordinance enacted March 12, 2009, as amended on October 22, 2009 (the “Bond Ordinance”).

We have examined such documents and matters and conducted such research as we have deemed necessary to enable us to express the opinions set forth below. As to certain questions of fact, we have relied on statements and certifications of certain of the elected officials, officers and employees of the Issuer and other public officials, although in doing so we have not undertaken to verify independently the accuracy or completeness of such statements or certifications.

In rendering our opinions set forth below, we have assumed the authenticity of all documents submitted to us as originals, the legal capacity of natural persons, and the conformity to the originals of all documents submitted to us as copies. We have also relied for purposes of the opinions set forth below on the representations, warranties and certifications made in such documents by all parties thereto, although in doing so, we have not undertaken to verify independently the accuracy or completeness of the factual matters represented, warranted or certified therein.

Based on the foregoing, and based on our examination of applicable provisions of the Constitution and laws of the Commonwealth of Kentucky (the “Commonwealth”), and decisions of the appellate courts of the Commonwealth, and in reliance thereon, and on the basis of our examination of such other matters of fact and questions of law as we have deemed relevant in the circumstances, it is our opinion under existing law that as of the date hereof:

1. The Issuer is a consolidated local government and political subdivision of the Commonwealth.

2. The Bonds constitute valid obligations of the Issuer in accordance with their respective terms, which unless paid from other sources are payable from taxes to be levied by the Issuer pursuant to the Bond Ordinance.

3. Based on existing laws, regulations and judicial decisions, the interest on the Bonds will be included in gross income for federal income tax purposes.

4. The Bonds are exempt from ad valorem taxation, and the interest thereon is exempt from income taxation, by the Commonwealth and all of its political subdivisions and taxing authorities.

Except as provided in paragraphs 3 and 4 above, we express no opinion regarding any federal or state tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, or otherwise arising with respect to, the Bonds.

We express no opinion on the investment quality of the Bonds or on the accuracy or completeness of any factual representations that may have been made by the Issuer or any statements or data that may have been furnished to any parties in connection with the offering or sale of the Bonds. Our opinion is limited to the questions of law set forth herein. Without limiting the generality of the foregoing, we undertake no responsibility herein for the accuracy or completeness of the Preliminary Official Statement or the final Official Statement relating to the Bonds or any other offering material relating to the Bonds, and we express no opinion with respect thereto.

The enforceability of the Bonds and the Bond Ordinance, including rights and remedies thereunder, may be limited by [i] the application of equitable principles, [ii] the exercise of judicial discretion and [iii] bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws heretofore or hereafter enacted relating to or affecting creditors' rights or remedies. We also express no opinion on the availability of equitable rights or remedies.

Louisville/Jefferson County
Metro Government
_____, 2009
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We express no opinion on the laws of any jurisdiction other than the Commonwealth and the United States of America.

Yours truly,

STITES & HARBISON, PLLC

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE

SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE

There follows a brief description of certain provisions of the Bond Ordinance. This description is only a summary; it does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the Bond Ordinance which is available for inspection at the principal office of the Louisville/Jefferson County Metro Government (the “Issuer”).

Definitions. Certain provisions of the Bond Ordinance are described in the Official Statement under “GLOSSARY OF TERMS USED IN OFFICIAL STATEMENT”. Unless the context otherwise requires:

“Act” means collectively, Sections 66.011 through 66.191 of the Kentucky Revised Statutes.

“Authorized Denomination” means the authorized denominations of the Bonds, which shall be \$5,000 or any multiple of \$5,000.

“Bond Fund” means the fund created by the Bond Ordinance.

“Bondholder,” “bondholder,” “Holder,” or “holder” means the person in whose name a Bond is registered on the registration books maintained by the Bond Registrar. Notwithstanding this definition, with respect to any Bonds which are registered in Book-Entry Form, the Bond Registrar shall be entitled to rely on written instructions from a majority of the beneficial owners of the Bonds with reference to consent, if any, required from Bondholders under the Bond Ordinance.

“Bond Ordinance” means the ordinance of the Issuer, authorizing and approving the Bonds, as amended or supplemented from time to time.

“Bond Registrar” means the Bond Registrar selected on behalf of the Issuer by the Mayor, the Deputy Mayor, or the OMB Director of the Issuer or by resolution of the Metro Council of the Issuer and appointed pursuant to the Bond Ordinance (the selection to be pursuant to such additional procedures or provisions, if any, as may be recommended by counsel to the Issuer), and including any successor bond registrar designated as such pursuant to the provisions of the Bond Ordinance. The Bond Registrar shall also serve as paying agent for the Bonds and the interest thereon.

“Bonds” means collectively, the Issuer’s “General Obligation [Refunding] Bonds”, “Recovery Zone Bonds”, “General Obligation Bonds” and “Build America Bonds” and, where applicable, the Notes authorized under the provisions of the Bond Ordinance to be issued in one or more series.

“Book-Entry Form” means, with respect to the Bonds, a form or system, as applicable, under which (i) the ownership of beneficial interests in Bonds and bond service charges may be transferred only through a book entry and (ii) physical Bond certificates in fully registered form are registered only in the name of a Securities Depository or its nominee as Holder, with the physical Bond certificates in the custody of the Securities Depository.

“Build America Bonds” means Build America Bonds, as described in Section 54AA, and in particular Section 54AA(g), and related sections of the Code.

“Code” means the Internal Revenue Code of 1986, as amended to the date of adoption of the Bond Ordinance, or as hereafter amended, including valid regulations of the Department of the Treasury and rulings of the Commissioner of Internal Revenue thereunder.

“Commonwealth” means the Commonwealth of Kentucky.

“Cost of Issuance Account” means the account created by Section 5.4 of the Bond Ordinance.

“Escrow Agent” means The Bank of New York Mellon Trust Company, N.A., as Paying Agent for the Prior Notes.

“Escrow Agreement” means an Escrow Agreement, if any, to be executed between the Issuer and the Escrow Agent in connection with the refunding of the Prior Notes.

“Escrow Fund” means, collectively, the escrow fund or funds, account, or subaccounts designated as such and created by the Escrow Agreement for the Prior Notes.

“Fiscal Year” means any period of twelve (12) months commencing July 1 of any year and ending June 30 of the ensuing year, or any other fiscal year of the Issuer after recognition of such fiscal year by a supplement to the Bond Ordinance.

“Financial Advisor” means, collectively, Public Financial Management, Inc. and Morgan Keegan & Company, Inc.

“Funds and Accounts” means, collectively, the Bond Fund, the Cost of Issuance Account and the Project Fund.

“General Obligation Debt” means, collectively, the Bonds as may be Outstanding from time to time, as well as all other general obligation debt of the Issuer (including bonds, notes, commercial paper and any other debt instruments in writing, authorized by or issued as general obligations of the Issuer pursuant to or in accordance with the Act) and bond anticipation notes of the Issuer, if any, as may be issued and outstanding from time to time under the Act.

“General Obligation Notes” or “Notes” means, Bonds issued in one or more series as general obligations of the Issuer pursuant to or in accordance with the Act that mature no later than five (5) years from the date they are issued.

“Investment Obligation” means any investment that the Issuer is authorized to acquire pursuant to the Kentucky Revised Statutes, as amended from time to time, and to the extent, if any, that the funds then proposed for investment are governed by an applicable formal investment policy of the Issuer, which complies with such investment policy.

“Issuer” means the Louisville/Jefferson County Metro Government, a municipal corporation and political subdivision of the Commonwealth.

“Kentucky Revised Statutes” or “KRS” means the Kentucky Revised Statutes as in effect at the date of the adoption of the Bond Ordinance, and any future amendments thereof to the extent that the same will not unconstitutionally impair the obligations of contracts created under the provisions of the Bond Ordinance.

“New Money Projects” means, except where the context clearly requires otherwise, collectively those public projects (including the costs of the acquisition, improvement or construction thereof, in accordance with the Act) which are financed with the proceeds of the Bonds or Notes, including the projects more particularly described in Exhibit A to the Bond Ordinance.

“Official Statement” means collectively one or more final Official Statements of the Issuer relating to the original issuance of each series of the Bonds or Notes.

“OMB Director” means the Director Office of Management and Budget of the Issuer, or such other official of the Issuer as may from time to time be designated by the Issuer to perform the functions or responsibilities of the Director Office of Management and Budget under the Bond Ordinance.

“Outstanding”, when used with reference to any Bonds or Notes, as applicable, means, as of any date, all Bonds theretofore or then being authenticated and delivered under the Bond Ordinance, except:

(a) any Bonds or Notes, as applicable, cancelled by the Bond Registrar at or prior to such date;

(b) Bonds or Notes, as applicable, in lieu of or in substitution for which other Bonds or Notes, as applicable, shall have been authenticated and delivered; and

(c) Bonds or Notes, as applicable, deemed to have been paid as provided in the Bond Ordinance.

“Payment Date” means [i] with respect to each series of the Bonds or Notes, such date or dates as may be determined by the OMB Director of the Issuer upon the recommendation of the Financial Advisor and except as may be provided pursuant to the procedures established for public sale or negotiated purchase in the Bond Ordinance accepting or ratifying bids for the purchase of each series of Bonds or Notes, and any date set for the redemption of Bonds or Notes, as provided in the Bond Ordinance, and [ii] with respect to any other General Obligation Debt (if any), the applicable payment dates set forth or approved in the Issuer’s legislation authorizing issuance of the General Obligation Debt.

“Pledged Receipts” means amounts received by or on behalf of the Issuer (including but not limited to ad valorem property taxes as permitted by law, occupational license fees, insurance premium taxes, excises, utility and service revenues, any available revenues received by the Issuer from tax increment financing not pledged to pay other indebtedness, and any other receipts from taxes, excises, permits, licenses, fines or other source of revenue of, or of revenue distributions to, the Issuer).

“Prior Notes” means the Issuer’s General Obligation Bond Anticipation Notes, Series 2008A, dated as of December 18, 2008, presently outstanding in the principal amount of \$44,000,000.

“Project” means, collectively the New Money Projects and the Refunding Project, each as defined in the Bond Ordinance.

“Project Fund” means the fund created by the Bond Ordinance.

“Record Date” means the “Record Date” as defined in the Bond Ordinance.

“Recovery Zone Bonds” means Recovery Zone Economic Development Bonds, as described in Sections 1400U-1 and 1400U-2 and related sections of the Code.

“Refunding Project” means the refunding of all or a portion of the Prior Notes.

“Revenue Commission” means Louisville/Jefferson County Metro Revenue Commission, as successor in interest to the Louisville and Jefferson County Revenue Commission as previously established and operated under the provisions of City of Louisville Codified Ordinances.

“Securities Depository” means any securities depository that is a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act, operating and maintaining, with its participants or otherwise, a Book-Entry System to record ownership of beneficial interests in bonds and bond service charges, and to effect transfers of bonds in Book-Entry Form, and means, initially, The Depository Trust Company (a limited purpose trust company), New York, New York.

Authorization, Amount and Designation of Bonds. The Bond Ordinance has been adopted and approved, pursuant to the authority of Kentucky Revised Statutes, Sections 66.011 through 66.191, the general laws and the Constitution of the Commonwealth and all applicable decisions of the appellate courts of Kentucky.

Pledge of Pledged Receipts. The Issuer pledges in the Bond Ordinance to the payment of the principal of, interest on, and any premium for the redemption of, the Bonds or the Notes, the Pledged Receipts received by the Issuer and all Funds and Accounts established by and in accordance with the provisions of the Bond Ordinance, including the investment income, if any, of Funds and Accounts established by the Bond Ordinance, all in accordance with the terms and provisions of the Bonds or the Notes and the Bond Ordinance, and there is created under the Bond Ordinance in favor of the Bonds or the Notes, a lien, pledge and charge on all of the Pledged Receipts over and ahead of all other bonds not contemplated by the Bond Ordinance payable from the Pledged Receipts which may be hereafter issued, and over and ahead of all other claims or obligations of any nature against the Pledged Receipts hereafter arising or hereafter incurred. The Issuer covenants and agrees that the pledge under the Bond Ordinance shall be valid and binding from and after the date of the issuance, sale and delivery of the Bonds of a series or the Notes issued pursuant to the Bond Ordinance, and all such money and securities so pledged shall be subject to the lien of this pledge without any physical delivery thereof, or any further action by the Issuer.

Bond Fund. There is in the Bond Ordinance recognized and there shall be maintained, with the Revenue Commission, at any time while the Bonds of a series or the Notes are outstanding, a “Bond Fund,” which shall constitute a “sinking fund” within the meaning of KRS 66.081(1) which is pledged for the retirement of the General Obligation Debt. The Issuer covenants and agrees that it shall set aside as received and pay into the Bond Fund, all or such portion of the Pledged Receipts as will be sufficient to pay when due, in immediately available funds, the principal of, premium, if any, and interest on all Bonds and Notes Outstanding under the Bond Ordinance and all other General Obligation Debt (if any), in each of the foregoing cases at or before their maturity or earlier proceedings for redemption. No further payment need be made to the Bond Fund when, and so long as, the aggregate amount therein is sufficient to retire all of the Bonds and Notes then Outstanding, plus the amount of interest due and thereafter to become due on such Bonds and Notes on and prior to such retirement, together with redemption premium, if any.

The Bond Fund shall be maintained for and on behalf of the Issuer by the Revenue Commission, or shall from time to time be maintained in such other manner by or on behalf of the Issuer as shall be provided for in the proceedings of the Issuer, as a separate and special fund, apart and distinct from all other funds of the Issuer or the Revenue Commission. Separate account statements with respect thereto shall at all times be kept and maintained. On each Payment Date, there is authorized and directed to be withdrawn and made available out of the applicable account of the Bond Fund a sufficient amount to pay the principal of, premium, if any, and interest on the Bonds, the Notes and any other General

Obligation Debt, if any, becoming due on such Payment Date, including Bonds redeemed pursuant to the optional or mandatory redemption provisions of the Bond Ordinance, if any.

Cost of Issuance Account. There is established in the Bond Ordinance a “Cost of Issuance Account”, to be held and maintained by the OMB Director as a separate account within the Project Fund under the Bond Ordinance. The Issuer will, at the delivery of the Bonds or Notes, cause to be deposited with the OMB Director into the Cost of Issuance Account from Bond or Notes proceeds, as applicable, a sum sufficient to pay any and all duly authorized expenses of the issuance of the Bonds or Notes, including legal and accounting fees and expenses, financial advisors’ fees and expenses, printing costs, fees of bond rating agencies, and initial fees and expenses of the Bond Registrar in connection with the issuance of the Bonds. On the payment or reimbursement of all costs of issuance of the Bonds or Notes, any proceeds of such Bonds or Notes, as applicable, or any investment earnings thereof remaining in the Cost of Issuance Account shall be transferred by the OMB Director to the Bond Fund or for any Build America Bonds or Recovery Zone Bonds issued under the Bond Ordinance, in accordance with any applicable requirements of the Code.

Project Fund. There is established in the Bond Ordinance a “Project Fund” which shall be held and maintained for and on behalf of the Issuer by the Revenue Commission, or shall from time to time be maintained in such other manner by or on behalf of the Issuer as shall be provided for in the proceedings of the Issuer, as a separate and special fund, apart and distinct from all other funds of the Issuer or the Revenue Commission. Separate account statements with respect thereto shall at all times be kept and maintained for each series of the Bonds. The Project Fund shall be used solely for payment of costs of issuance of the Bonds of a series and for payment of the costs associated with the Project except as provided in the Bond Ordinance. As provided above, on the payment or reimbursement of all costs of issuance of the Bonds of a series, as certified by the Issuer, any proceeds of such Bonds of a series or any investment earnings thereof remaining in the Cost of Issuance Account shall be transferred by the Revenue Commission to the applicable account of the Bond Fund or, for any Build America Bonds or Recovery Zone Bonds issued under the Bond Ordinance, in accordance with any applicable requirements of the Code.

Investment of Funds. Moneys from time to time in any Fund or Account, pending disbursement for the purposes of each Fund and Account, shall be invested or reinvested from time to time on order of the Issuer in Investment Obligations. Investments of moneys held in the Project Fund shall be made in such manner (i.e., maturing or subject to earlier redemption or retirement at the option of the holder thereof) as to make cash available in the Project Fund for disbursement as and when required to pay acquisition, construction, installation, equipping and related costs. Investments of moneys held in the Bond Fund shall be made in such manner (i.e., maturing or subject to earlier redemption or retirement at the option of the holder thereof) as to make cash available in the Bond Fund for disbursement as and when required to pay interest on and principal (and premium, if any) of the Bonds and Notes as and when the same become due.

Maximum Percentages of Net Indebtedness. The Issuer covenants not to incur “net indebtedness” (within the meaning of the Act) in an amount exceeding any applicable limitation based on the value of taxable property within the Issuer’s corporate limits and jurisdiction, as estimated by the last certified assessment previous to the incurring of the indebtedness.

Events of Default. Each of the following events is defined as and shall constitute an “Event of Default”:

- a) Failure to pay any installment of interest on the Bonds or the Notes, as applicable, when the same shall become due and payable or within thirty (30) days thereafter (or

within such period, shorter than thirty (30) days, if any, as may be permitted in the Bonds or the Notes, as applicable);

- b) Failure to pay the principal of, or premium, if any, on any Bond or any Note, as applicable, when due and payable, at maturity or on redemption; and
- c) Default by the Issuer in the due or punctual performance or observance of any other covenants, pledges, conditions, provisions or agreements of the Issuer contained in the Bond Ordinance, the Escrow Agreement or in the Bonds or the Notes or note related documents, as applicable, and the continuance thereof for a period of thirty (30) days; provided that if such default can be corrected but not within such thirty-day period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer within such period and diligently pursued until the default no longer exists.

Enforcement of Remedies; Any Bondholder May Enforce and Compel Performance.

On the happening and continuance of any Event of Default, then and in every case any Bondholder, either at law or in equity, by suit, action, mandamus or other proceedings, may enforce and compel performance by the Issuer and its officers and agents of all duties imposed under the Act, under other applicable law, if any, under the Bonds or the Notes, as applicable, and under the Bond Ordinance, including the levying and collection of sufficient taxes and the application thereof to the payment of principal of and interest (and premium, if any) on the Bonds or the Notes, as applicable, in accordance with the provisions of the Bond Ordinance and the Bonds or the Notes, as applicable.

Notice of Default. The Bond Registrar shall as promptly as practicable mail, to the Issuer and the Holders of Bonds or the Notes, as applicable, written notice of the occurrence of any Event of Default known to the Bond Registrar. The Bond Registrar shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail any notice required by the Bond Ordinance.

Delay or Omission. No delay or omission of any holder of the Bonds or Notes, as applicable, to exercise any right or power arising on any default shall impair any right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy afforded by the Bond Ordinance and every additional power and remedy, if any, afforded by the terms of the Bonds or the Notes, as applicable, to the Holders of the Bonds or the Notes, as applicable, may be exercised from time to time and as often as may be deemed expedient by the Bondholders.

Waivers of Events of Default. Any Bondholder, may on behalf of such Holder waive any past default under the Bond Ordinance or under the Bonds or the Notes, as applicable, and the consequences thereof; and in case of any such waiver, the Issuer, the Bond Registrar and such Bondholder shall be restored to their former positions and rights under the Bond Ordinance and under the Bonds or the Notes, as applicable, respectively, but no such waiver shall extend to any subsequent or other default, or impair any right consequent thereon.

Termination of Proceedings. If any Bondholder shall have proceeded to enforce any right due to any Event of Default and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Bondholder, then and in every case the Issuer, the Bond Registrar and the Bondholder shall, subject to any determination in such proceeding, be restored to their former positions and rights under the Bond Ordinance, and all rights of such Bondholder shall continue as if no such proceedings had been taken.

Remedies Not Exclusive. No remedy by the terms of the Bond Ordinance or the Bonds or the Notes, as applicable, conferred on or reserved to the Holders of the Bonds or the Notes, as applicable, is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under the Bond Ordinance as now or hereafter existing at law or in equity or by statute.

Responsibilities of the Bond Registrar. The Bond Registrar shall have no responsibility with respect to the validity of the Bonds or the Notes, as applicable, authorized or the legal sufficiency of the proceedings for their issuance. The Bond Registrar shall not have any obligation, except as otherwise provided in the Bond Ordinance, to assure that any duties imposed in the Bond Ordinance on the Issuer or covenants or agreements contained in the Bond Ordinance on behalf of said Issuer are performed. All compensation to the Bond Registrar for services leading up to and including authentication of the Bonds or the Notes, as applicable, may be paid from the proceeds of the applicable series of Bonds or Notes. Compensation for any service, cost or expense, including fees of its counsel, thereafter rendered or incurred by the Bond Registrar, in its capacity as Bond Registrar, shall be billed to and paid by the Issuer from time to time.

No implied covenants shall be read into the Bond Ordinance against the Bond Registrar. The Bond Registrar may in good faith buy, sell, own, hold and deal in any of the Bonds or Notes, with like effect as if it were not the Bond Registrar. The Bond Registrar may act as depository for, or permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or the Notes, as applicable, or the Bond Ordinance, whether or not any such committee shall represent the Holders of a majority in principal amount of the applicable series of Bonds Notes outstanding.

The Bond Registrar shall be protected and shall incur no liability in acting in good faith on any ordinance, order, resolution, notice, telegram, request, consent, certificate, affidavit, voucher, bond or other paper or document which it shall believe to be genuine and to have been passed or signed by the proper board or persons. The Bond Registrar shall not be bound to recognize any person as a holder of any Bond or Notes, as applicable, or to take any action at such person's request unless such Bond or Notes, as applicable shall be submitted to the Bond Registrar for inspection, if required, and title thereto established to the satisfaction of the Bond Registrar, if disputed.

The Bond Registrar may in relation to the Bond Ordinance act on the opinion or advice of any attorney, accountant or other expert, whether retained by the Issuer or by the Bond Registrar, and shall not be responsible for anything suffered or done by it in good faith in accordance with any such opinion or advice. On written request of the Issuer, the Bond Registrar, not less than annually, shall make a written report to the Issuer, which report shall list the then Outstanding Bonds or the Notes, as applicable, and shall report in detail as to any redemptions in respect of the Bonds or Notes, as applicable. If requested, said written reports shall be furnished not less than thirty (30) days prior to each July 1 so long as any Bonds or the Notes, as applicable remain outstanding. The Issuer in its discretion may request the Bond Registrar to furnish other reports.

The Bond Registrar shall be under no obligation to institute any suit, or to take any remedial proceeding under the Bond Ordinance, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the enforcement of any rights and powers under the Bond Ordinance, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability. The Bond Registrar may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as Bond Registrar without indemnity, and in such case the Issuer shall

reimburse the Bond Registrar from the Pledged Receipts for all costs and expenses, outlays and reasonable counsel fees and other reasonable disbursements properly incurred in connection therewith, as provided in the Bond Ordinance.

No Obligation to Insure. The Bond Registrar shall be under no obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Issuer, or to report, or make or file claims or proof of loss for, any loss or damage insured against or which may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, if any, or to require any such payment to be made. The Bond Registrar shall have no responsibility in respect of the validity or sufficiency of the Bond Ordinance or the due execution or acknowledgement thereof, or in respect of the validity of the Bonds or the Notes, as applicable, or the due execution or issuance thereof. The Bond Registrar shall be under no obligation to see that any duties imposed in the Bond Ordinance on the Issuer or any party other than itself, or any covenants contained in the Bonds, or under the Bond Ordinance on the part of any party other than itself be done or performed, and the Bond Registrar shall be under no obligation for failure to see that any such duties or covenants are done or performed.

The Bond Registrar shall not be liable or responsible because of the failure of the Issuer or any of the employees or agents thereof to make any collections or deposits or to perform any act in the Bond Ordinance required of the Issuer or because of the loss of any moneys arising through the insolvency or the act, default or omission of any other depository in which such moneys shall have been deposited under the provisions of the Bond Ordinance. The Bond Registrar shall not be responsible for the application of any of the proceeds of the Bonds or the Notes, as applicable, or any other moneys deposited with it and paid out, withdrawn or transferred under the Bond Ordinance, if such application, payment, withdrawal or transfer shall be made in accordance with the provisions of the Bond Ordinance. The immunities and exemptions from liability of the Bond Registrar under the Bond Ordinance shall extend to its directors, officers, employees and agents.

Resignation and Discharge of Bond Registrar; Successor Bond Registrars. The Bond Registrar may resign and thereby become discharged from the duties created under the Bond Ordinance by notice in writing given to the Issuer and to all Holders of Bonds and Notes, by first class mail at least thirty (30) days prior to the effective date of such resignation, provided that such resignation shall take effect only on the appointment of a successor Bond Registrar, and, provided further, such resignation shall take effect immediately on the appointment of a new Bond Registrar if such new Bond Registrar be appointed and qualified before the time limit established by such notice. The Bond Registrar may be removed at any time at the written request of the Issuer or by an instrument in writing signed by the Holders of not less than a majority of the principal amount of the Bonds or the Notes, as applicable, then outstanding.

If at any time the Bond Registrar shall resign, be removed, be dissolved or otherwise become incapable of acting or the offices of the Bond Registrar shall be taken over by any governmental official or board, or if the position of Bond Registrar shall become vacant for any reason, a successor shall be appointed by the Issuer; and unless such appointment be made within thirty (30) days after the vacancy shall have occurred, the Holders of a majority in principal amount of the Bonds or the Notes, as applicable, then outstanding may make such appointment by an instrument in writing signed by any such Bondholders and filed with the Issuer, or the Bond Registrar may petition a court of competent jurisdiction for the appointment of a successor. The Issuer may be designated as Bond Registrar for the Bonds or Notes after a vacancy has occurred. With the exception of the Issuer, any Bond Registrar hereafter appointed shall [i] be a trust company or bank in good standing having trust powers and subject to examination by a federal or state authority and [ii] have a reported combined surplus and capital aggregating at least \$75,000,000. The Issuer shall provide notice as soon as practicable of any change in

the Bond Registrar to all Holders of Bonds or the Notes, as applicable, in the same manner as required in the Bond Ordinance and Bonds or the Notes, as applicable, re-registered or re-issued thereafter shall be altered or shall contain a legend identifying such successor Bond Registrar.

Every successor Bond Registrar appointed under the Bond Ordinance shall execute, acknowledge and deliver to its predecessor and also to the Issuer an instrument in writing accepting such appointment under the Bond Ordinance, and thereon such successor Bond Registrar, without any further act shall become fully vested with all the rights, immunities, powers, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Issuer, or of its successor, execute and deliver any instrument transferring to such successor Bond Registrar all the rights, powers and duties of such predecessor under the Bond Ordinance, and every predecessor Bond Registrar shall deliver all securities, moneys, documents and records held by it to its successor; provided, however, that before any such delivery is required or made, all fees and expenses of such predecessor shall be paid in full. Should any instrument in writing from the Issuer be required by any successor Bond Registrar for more fully and certainly vesting in such Bond Registrar the rights, powers and duties vested or intended to be vested in the predecessor Bond Registrar, any such instrument in writing shall and will on request be executed, acknowledged and delivered by the Issuer.

Bond Ordinance is a Contract; Amendment Procedure. In consideration of the purchase and acceptance of the Bonds or the Notes, as applicable, by those who shall purchase and hold the same from time to time after the sale thereof, the provisions of the Bond Ordinance shall constitute a contract between the Issuer and the Holders from time to time of the Bonds or the Notes, as applicable, and such provisions are covenants and agreements with such Holders which the Issuer determines to be necessary and desirable for the security and payment thereof. After the issuance of the Bonds or the Notes, as applicable, no change, variation or alteration of any kind in the provisions of this Bond Ordinance shall be made in any manner except as provided in the Bond Ordinance until such time as all of the Bonds or the Notes, as applicable, and the interest thereon have been paid in full. The provisions, covenants and agreements set forth in the Bond Ordinance to be performed on behalf of the Issuer shall be for the equal and ratable benefit, protection and security of the Holders of any and all of the Bonds or the Notes, as applicable, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds or the Notes, as applicable, over any other thereof. No Bonds or Notes may be issued under the provisions of the Bond Ordinance except in accordance with provisions thereof.

If it shall appear desirable and to the advantage of both the Issuer and the Holders of the Bonds or the Notes, as applicable, the Issuer shall adopt an ordinance (a "Supplemental Ordinance") altering or amending the Bond Ordinance, but providing therein that the Supplemental Ordinance shall not become effective unless and until it has received the approval of the Holders of the Bonds or the Notes, as applicable, as set out in the Bond Ordinance. Immediately on adoption of a Supplemental Ordinance a copy of the Supplemental Ordinance (or brief summary thereof or reference thereto in form approved by the Issuer) together with a request to Bondholders for their consent thereto in form satisfactory to the Issuer, shall be mailed by the Bond Registrar to Bondholders promptly after adoption. A Supplemental Ordinance shall not be effective unless and until there shall have been filed with the Bond Registrar the written consents of the Holders of sixty-six and two-thirds percent (66-2/3%) of the principal amount of the Bonds and the Notes, as applicable, then Outstanding. Any such consent shall be binding on the Holder of the Bonds or the Notes, as applicable, after giving such consent and on any subsequent Holder of such Bonds or the Notes, as applicable, and of any Bonds or the Notes, as applicable, issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bonds or the Notes, as applicable, giving such consent or a subsequent Holder thereof by filing with the Bond Registrar, prior to the time when the written statement of the Bond Registrar to the Issuer provided in the Bond Ordinance is

filed, such revocation. At any time after the Holders of the required percentages of Bonds or the Notes, as applicable, shall have filed their consent to a Supplemental Ordinance, the Bond Registrar shall make and file with the Issuer a written statement that the Holders of such required percentages of Bonds or the Notes, as applicable, have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter, notice, stating in substance that the Supplemental Ordinance (which may be referred to as a Supplemental Ordinance adopted by the Issuer on a stated date, a copy of which is on file with the Bond Registrar) has been consented to by the Holders of the required percentages of the principal amount of the Outstanding Bonds or the Notes, as applicable, and will be effective as provided in the Bond Ordinance, shall be given to Bondholders by the Issuer by mailing such notice, not more than ninety (90) days after the Holders of the required percentages of Bonds or Note, as applicable, shall have filed their consents to the Supplemental Ordinance and the written statement of the Bond Registrar provided for is filed. The Issuer shall file with the Bond Registrar proof of the mailing of such notice. A transcript, consisting of the papers required or permitted by the Bond Ordinance to be filed with the Bond Registrar, shall be proof of the matters therein stated.

Notwithstanding the foregoing, no such modifications, alterations or amendments shall be made which will (a) permit an extension of the time of payment at maturity of the principal or of payment of the interest on any Bond or Note, as applicable, or a reduction in the amount of principal or the rate of interest thereon without the written consent of the Holder thereof or (b) reduce the percentage of Holders of Bonds or the Notes, as applicable, required by the provisions of the Bond Ordinance for the taking of any action under the Bond Ordinance.

In addition to the foregoing, the Issuer may, without regard to the provisions hereinabove set forth, make any amendment or change in the Bond Ordinance (i) to evidence the succession of an institution as Bond Registrar or paying agent, (ii) to cure any ambiguity or to cure, correct or supplement any defective or inconsistent proceedings contained in the Bond Ordinance or in any ordinance or other proceedings pertaining thereto, (iii) to grant to or confer on the Bond Registrar for the benefit of the Holders of the Bonds or the Notes, as applicable, any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Bond Ordinance as theretofore in effect, (iv) to permit the Bond Registrar to comply with any obligations imposed on it by law, (v) to achieve compliance of the Bond Ordinance with any federal tax law, (vi) to maintain or improve any rating on the Bonds or the Notes, as applicable, or (vii) for any other purpose not inconsistent with the terms of the Bond Ordinance which shall not impair the security of the Bondholders or otherwise materially adversely affect the rights of the Bondholders. The Issuer may adopt Supplemental Ordinances to accomplish the foregoing.

Discharge of Bond Ordinance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds or the Notes, as applicable, the total principal and interest due or to become due thereon, including premium, if applicable, at the times and in the manner stipulated therein and in the Bond Ordinance, then the pledge of the Bond Ordinance, and all covenants, agreements and other obligations of the Issuer to the Bondholders, shall thereon cease, terminate and become void and be discharged and satisfied.

Whenever there shall be held in the Bond Fund or an escrow fund established for such purpose, either (a) moneys in an amount which shall be sufficient or (b) Defeasance Obligations (as defined below) the principal of and interest on which when due (without consideration of reinvestment income) will provide moneys which, together with other moneys, if any, then on deposit in the Bond Fund or such escrow fund, shall be sufficient to pay when due the principal of, interest and redemption premium, if applicable, on the Bonds or the Notes, as applicable, or any part thereof to and including the date on which the Bonds or the Notes, as applicable, or any of them will be redeemed in accordance with the Bond Ordinance, or the maturity date or dates thereof, as the case may be, then and in any of said

events all such Bonds or the Notes, as applicable, shall be deemed to have been paid within the meaning and with the effect expressed above in the Bond Ordinance, and the Bond Registrar shall and is hereby irrevocably instructed to publish notice thereof, such notice to contain a statement that the cash and obligations as provided above are held in the Bond Fund or such escrow fund, that such Bonds or the Notes, as applicable, are deemed to have been paid in accordance with the Bond Ordinance, and a statement of the maturities or redemption date or dates on which the moneys are or will become available for the payment of the amounts due. Thereafter the Bondholders shall be entitled only to payment out of the cash and obligations deposited as aforesaid.

Neither such obligations or the moneys held in the Bond Fund pursuant to the Bond Ordinance, nor principal or interest payments on any such obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, interest and redemption premium, if applicable, on the Bonds or the Notes, as applicable; provided that any cash received from such principal or interest payment on such investments if not then needed for such purpose, shall, to the extent practicable, be reinvested in the same manner, in investments maturing at times and in amounts sufficient to pay when due the principal, interest and redemption premium, if applicable, on the Bonds or the Notes, as applicable, to and including such redemption date or maturity date thereof, as the case may be.

For purposes of the Bond Ordinance, “Defeasance Obligations” means the following:

[1] direct obligations of (including obligations issued or held in book entry form) the United States of America; and

[2] pre-funded municipal obligations defined as follows:

Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (1) which are rated, based on the escrow, in the highest rating category of Standard and Poor’s Ratings Services and Moody’s Investors Service or any successors thereto; or (2) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or obligations described in paragraph (a) above, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate.

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APPENDIX E

Continuing Disclosure Certificate

Louisville/Jefferson County (Kentucky) Metro Government
\$_____ General Obligation Bonds, Series 2009E
\$_____ General Obligation Bonds, Series 2009F (Taxable)

CONTINUING DISCLOSURE CERTIFICATE

The Louisville/Jefferson County Metro Government (the “Issuer”) hereby delivers this Continuing Disclosure Certificate to the underwriters of the above-captioned Issuer’s General Obligation Bonds, Series 2009E and General Obligation Bonds, Series 2009F (Taxable), each dated on original issuance as of November __, 2009 (collectively, the “Bonds”), which are being issued on and as of the date hereof, in order to assist the underwriters in complying with the requirements of subsection (5) of section (b) of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission. This Certificate is also delivered for the benefit of the holders from time to time of the Bonds.

1. The Issuer hereby undertakes to provide:

A. To each Repository (as defined below) annual financial information for the Issuer with respect to the fiscal year of the Issuer ending June 30, 2009, and each fiscal year thereafter;

B. If not submitted as part of the annual financial information, then when and if available, to Repository, audited financial statements for the Issuer with respect to the fiscal year of the Issuer ending June 30, 2009, and each fiscal year thereafter (provided the Issuer undertakes to provide unaudited financial statements as part of the annual financial information, to the extent audited financial statements are unavailable at the time the annual financial information is provided pursuant to A above);

C. In a timely manner, to each Repository notice of any of the following events with respect to the Bonds, if material:

- [1] Principal and interest payment delinquencies;
- [2] Non-payment related defaults;
- [3] Unscheduled draws on debt service reserves reflecting financial difficulties;
- [4] Unscheduled draws on credit enhancements reflecting financial difficulties;
- [5] Substitution of credit or liquidity providers, or their failure to perform;
- [6] Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- [7] Modifications to rights of holders of the Bonds;
- [8] Bond calls;
- [9] Defeasances;

[10] Releases, substitutions or sales of property securing repayment of the Bonds; and

[11] Rating changes.

D. In a timely manner, to each Repository notice of a failure of the Issuer to provide required annual financial information, on or before the applicable date, if any, specified below in this Continuing Disclosure Certificate.

2. Annual financial information and notices of material events will be provided under this Continuing Disclosure Certificate only for the Issuer.

3. Below is a description, in reasonable detail, of the type of financial information and operating data to be provided as part of the annual financial information: (All references to headings and appendices below are to the final Official Statement dated November __, 2009, for the Bonds (“Official Statement”), except where otherwise noted.) The information and data described in Appendix B entitled “Comprehensive Annual Financial Report of Louisville/Jefferson County (Kentucky) Metro Government for the Fiscal Year Ended June 30, 2008 (Including Statistical, Demographic and Economic Information).”

4. Below is a description, in reasonable detail, of the accounting principles pursuant to which financial statements of the Issuer will be prepared, and whether the financial statements will be audited. As described in the notes to the financial statements which are included in the Official Statement, the financial statements of the Issuer have been prepared in conformity with generally accepted accounting principles as applied to governmental units, and the Issuer intends that its financial statements will continue to be so prepared. The Issuer has adopted, and intends to continue to utilize, Statement No. 20 of the Governmental Accounting Standards Board (“GASB”), “Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting.” The Issuer has elected to apply, and intends to continue to apply, all applicable GASB pronouncements as well as Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

5. The date on which the annual financial information for the preceding fiscal year will be provided is each January 1 (including the actual audit). The annual financial information will be provided to each Repository, to the extent, if any, described above.

6. Notwithstanding the foregoing provisions, the obligations of the Issuer described above in this Continuing Disclosure Certificate will be terminated, effective immediately if and when the Issuer no longer remains an “obligated person” (within the meaning of the Rule) with respect to the Bonds.

7. Any right to enforce this Continuing Disclosure Certificate shall be limited to obtaining specific enforcement of the Issuer’s obligations hereunder. Failure by the Issuer to comply with this Continuing Disclosure Certificate shall not be an event of default under the Bonds or the Bond Ordinance (as defined in the Bonds).

8. The Issuer from time to time may elect (but is not contractually bound) to provide other periodic reports or financial information, or notice of the occurrence of other events, in addition to those described in this Continuing Disclosure Certificate.

“*National Repository*” means the Municipal Securities Rulemaking Board (<http://emma.msrb.org>). The National Repositories currently approved from time to time by the Commission are set forth on the Commission’s website (<http://www.sec.gov/info/municipal/nrmsir.htm>).

“*Repository*” means National Repository and each State Repository.

“*State Repository*” shall mean any public or private repository or entity designated by the Commonwealth of Kentucky as a state repository for the purpose of the Rule and recognized as such by the Commission. As of the date hereof, there is no State Repository.

IN WITNESS WHEREOF, the Louisville/Jefferson County Metro Government has caused this Continuing Disclosure Certificate to be executed and delivered this day on its behalf by its Mayor and Director, Office of Management and Budget, each being duly authorized thereunto.

DATED this ____ day of November, 2009.

LOUISVILLE/JEFFERSON COUNTY METRO
GOVERNMENT

By: _____
Jerry E. Abramson, Mayor

By: _____
Jane Driskell Sistrunk, Director, Office of
Management and Budget

APPROVED AS TO FORM AND LEGALITY:

Mike O’Connell
Jefferson County Attorney

By: _____
James T. Carey, Assistant County Attorney

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