PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 6, 2010

NEW ISSUE

BOOK ENTRY ONLY

RATINGS: Moody's: "Aa3"
Standard & Poor's: "AA"

(See "RATINGS" herein)

In the opinion of Bond Counsel, subject to the conditions and exceptions set forth in "Tax Treatment" herein, under current law, interest on the Series 2010A Bonds (i) is excluded from gross income for federal and Kentucky income tax purposes and (ii) is not an item of tax preference for purposes of computing the federal alternative minimum tax for individuals and corporations. However, such interest may be subject to certain federal taxes imposed on certain corporations, including imposition of the corporate alternative minimum tax on a portion of such interest. Interest on the Series 2010B Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel is further of the opinion that the 2010 Bonds are exempt from both income and ad valorem taxation by the Commonwealth of Kentucky and its political subdivisions. For a more complete discussion of tax aspects, see "Tax Treatment" in this Official Statement.

$1,450,000*
Louisville/Jefferson County Metro Government
Parking Authority of River City Inc.
First Mortgage Revenue Bonds, Series 2010A

and

$16,555,000*
Louisville/Jefferson County Metro Government
Parking Authority of River City Inc.
First Mortgage Revenue Bonds, Series 2010B (Federally Taxable - Build America Bonds - Direct Payment)

Dated: Date of Delivery

Due: December 1, as shown below

The First Mortgage Revenue Bonds Series 2010A (the "Series 2010A Bonds") and the First Mortgage Revenue Bonds, Series 2010B (Federally Taxable Build America Bonds – Direct Payment) (the "Series 2010B Bonds") (the Series 2010A Bonds and the Series 2010B Bonds, collectively the "Series 2010 Bonds") are special limited obligations of the Parking Authority of River City Inc. (the "Issuer" or "PARC"), a nonstock, nonprofit Kentucky corporation acting as an agency and instrumentality of the Louisville/Jefferson County Metro Government ("Louisville Metro"), a consolidated city of the Commonwealth of Kentucky (the "Commonwealth"), and are secured by and payable on a parity with certain outstanding Series 2001 Bonds, Series 2002 Bonds, the Series 2009 Bonds and any other parity bonds and notes issued hereafter solely from (i) a first mortgage lien on the various public parking garages constituting a part of the Consolidated Project financed by the Issuer, (ii) the revenues and rents derived from an annually renewable lease whereby the Consolidated Project is leased to Louisville Metro at rentals sufficient to amortize all outstanding parity bonds, (iii) the net revenues from the operation of the Consolidated Project, (iv) the net revenues derived from Louisville Metro's on-street parking meters which are pledged by Louisville Metro to secure its obligations under the Lease, and (v) contractual revenues from several corporate sources, including but not limited to the PARC Agreements, all of which have been assigned to the Trustee and are more fully described in the Appendices to this Official Statement. The Issuer has no taxing power. The Series 2010 Bonds do not constitute a debt or general obligation of the Issuer, Louisville Metro or the Commonwealth.

The Series 2010 Bonds are issuable only as fully registered bonds without coupons in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York which will act as a security depository for the Series 2010 Bonds. Purchasers will not receive certificates representing their ownership interests in the Series 2010 Bonds. Purchases will be made in book-entry form, in the denomination of $5,000 or any integral multiple thereof. Interest on the Series 2010 Bonds is payable beginning on June 1, 2010, and semiannually each June 1 and December 1 thereafter to maturity. The Series 2010 Bonds are subject to redemption prior to maturity. *See* "DESCRIPTION OF THE SERIES 2010A BONDS AND THE SERIES 2010B BONDS" herein.

*Preliminary, Subject to Change

This Official Statement is deemed final by the Issuer for the purposes of SEC Rule 15c2-12(b)(1). DELIVERY OF THE SERIES 2010 BONDS IN NEW YORK, NEW YORK THROUGH THE OFFICES OF DTC IS EXPECTED ON OR ABOUT JANUARY 27, 2010. The Series 2010 Bonds are offered, subject to prior sale, when, as and if issued, subject to the approval of legality by Frost Brown Todd LLC, Louisville, Kentucky, Bond Counsel. Certain legal matters will be passed on for Louisville Metro by James T. Carey, Assistant Jefferson County Attorney.

$______________*
Louisville/Jefferson County Metro Government
Parking Authority of River City Inc.
First Mortgage Revenue Bonds, Series 2010A

CUSIP	Due ________ 1	Principal Amount	Interest Rate	Price or Yield	CUSIP	Due ________ 1	Principal Amount	Interest Rate	Price or Yield
		$					$		

$______________*
Louisville/Jefferson County Metro Government
Parking Authority of River City Inc.
First Mortgage Revenue Bonds, Series 2010B
(Federally Taxable - Build America Bonds - Direct Payment)

CUSIP	Due ________ 1	Principal Amount	Interest Rate	Price or Yield	CUSIP	Due ________ 1	Principal Amount	Interest Rate	Price or Yield
		$					$		

REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale, or to any person to whom it is unlawful to make such offer, solicitation or sale in such jurisdiction. No dealer, broker, salesperson or other person has been authorized by the Issuer to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied on as having been authorized by the Issuer.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

All quotations from and summaries and explanations or 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 information set forth in this Official Statement has been obtained from official sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof.

IN CONNECTION WITH THIS OFFERING THE PURCHASERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS OFFERED HEREBY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Series 2010 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 on the accuracy, completeness or adequacy of this Official Statement.

Director, Office of Management & Budget
Jane Driskell Sistrunk

Assistant Jefferson County Attorney
James T. Carey, Esq.

BOND COUNSEL

Frost Brown Todd LLC
Louisville, Kentucky

CO-FINANCIAL ADVISOR

Public Financial Management, Inc.
Memphis, Tennessee
and
Morgan Keegan & Company, Inc.
Memphis, Tennessee

TRUSTEE, BOND REGISTRAR AND PAYING AGENT

The Bank of New York Mellon Trust Company, NA
Louisville, Kentucky

This Summary Statement is not intended to be complete. Before purchasing the Bonds, the purchaser should refer to the Official Statement in its entirety.

SUMMARY OF THE OFFERING

THE SERIES 2010 BONDS..........................	$__________* Louisville/Jefferson County Metro Government Parking Authority of River City Inc. First Mortgage Revenue Bonds, Series 2010A and $__________* First Mortgage Revenue Bonds, Series 2010B (Federally Taxable Build America Bonds – Direct Payment) (the "Series 2010 Bonds").
BOOK ENTRY SYSTEM.............................	The Series 2010 Bonds will be registered to Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, to which principal and interest payments on the Series 2010 Bonds will be made. Individual purchases will be made in book-entry form only, in principal amounts of $5,000 or any integral multiple thereof. Beneficial owners of the Series 2010 Bonds will not receive physical delivery of bond certificates, but each beneficial owner will receive a credit balance on the books of the Participant (as defined herein) from whom the beneficial owner purchased the Series 2010 Bonds. The credit balance will be confirmed by an initial transaction statement stating the details of the Series 2010 Bonds purchased.
DENOMINATION.......................................	Fully registered bonds, $5,000 or any integral multiple thereof.
DATE OF ISSUE; DELIVERY	The Series 2010 Bonds will be delivered on or about January 27, 2010, and will be dated the date of delivery.
INTEREST PAYMENTS..............................	Interest on the Series 2010 Bonds are payable on June 1 and December 1, commencing June 1, 2010

*Preliminary, Subject to Change.

OPTIONAL REDEMPTION.........................	The Series 2010A Bonds will not be subject to optional redemption prior to their respective maturity dates. The Series 2010B Bonds maturing on and after December 1, 2021 may be redeemed prior to their respective maturity dates on or after December 1, 2020, at the option of PARC in whole or in part at any time at par together with accrued interest thereon. The Series 2010B Bonds are subject to extraordinary optional redemption as provided (see description of *"The Series 2010 Bonds – Redemption Provisions – Extraordinary Redemption"*).
PURPOSE..	The Series 2010 Bonds are being issued for the purpose of financing the acquisition and construction of a parking garage located at 615 South Fourth Street and a parking garage located at 838 West Market Street (the "2010 Project") as more fully described herein. (See "SERIES 2010 BONDS") and to pay costs of issuance related to the Series 2010 Bonds.
SECURITY..	Security for the Series 2010 Bonds is more fully described herein.
BOND COUNSEL	Frost Brown Todd LLC, Louisville, Kentucky.
TAX STATUS...	In the opinion of Bond Counsel, the interest on the Series 2010A Bonds will be excludable from gross income for federal income tax purposes and will not be an item of tax preference for purposes of the federal alternative minimum tax. In the opinion of Bond Counsel, the Bonds are exempt from ad valorem taxation and the interest thereon is exempt from income taxation, by the Commonwealth of Kentucky and all of its political subdivisions and taxing authorities. See "Tax Treatment" and Appendix G (form of opinion) included herein. Interest on the Series 2010B Bonds will be included in gross income for federal income tax purposes. See *"Tax Treatment"* herein
CO-FINANCIAL ADVISORS......................	Public Financial Management, Inc. – Memphis, Tennessee
....	Morgan Keegan & Company, Inc. – Memphis, Tennessee
REGISTRAR / PAYING AGENT	The Bank of New York Mellon Trust Company, N.A., Louisville, Kentucky.

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AND
$______________* LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT PARKING AUTHORITY OF RIVER CITY INC. FIRST MORTGAGE REVENUE BONDS, SERIES 2010B (FEDERALLY TAXABLE BUILD AMERICA BONDS – DIRECT PAYMENT)

INTRODUCTORY STATEMENT

This Official Statement, including the cover page and appendices, is furnished in connection with the offering of $___________* Louisville/Jefferson County Metro Government Parking Authority of River City Inc. First Mortgage Revenue Bonds, Series 2010A and $___________* Louisville/Jefferson County Metro Government Parking Authority of River City Inc. First Mortgage Revenue Bonds, Series 2010B (Federally Taxable Build America Bonds – Direct Payment) (the "Series 2010 Bonds") of the Parking Authority of River City Inc. (the "Issuer"). The Series 2010 Bonds are to be issued under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky (the "Commonwealth"), including Sections 58.010 through 58.180, inclusive, of the Kentucky Revised Statutes. The Series 2010 Bonds will be issued in accordance with a Mortgage and Trust Indenture dated as of December 1, 1985 (the "1985 Indenture"), a Supplemental Mortgage and Trust Indenture No. l dated as of April 1, 1989 (the "1989 Supplemental Indenture"), a Supplemental Mortgage and Trust Indenture No. 2, dated as of August 1, 1991 (the "1991 Supplemental Indenture"), a Supplemental Mortgage and Trust Indenture No. 3 dated as of August 1, 1994 (the "1994 Supplemental Indenture"), a Supplemental Mortgage and Trust Indenture No. 4, dated as of July 1, 1997 (the "1997 Supplemental Indenture"), a Supplemental Mortgage and Trust Indenture No. 5 dated as of April 1, 2001 (the "2001 Supplemental Indenture"), a Supplemental Mortgage and Trust Indenture No. 6 dated as of December 1, 2002 (the "2002 Supplemental Indenture"), and a Supplemental Mortgage and Trust Indenture No. 7 dated as of March 1, 2009, of record in Mortgage Book 11803, Page 0672, in the office of the County Clerk of Jefferson County, Kentucky, which provides for the issuance and security of the City of Louisville Parking Authority of River City (PARC), Inc. First Mortgage Revenue Bonds, Series 2009A and the City of Louisville Parking Authority of River City (PARC), Inc. First Mortgage Revenue Refunding Bonds, Series 2009B (collectively, the Series 2009A Bonds and the Series 2009B Bonds, the "Series 2009 Bonds") [hereinafter the 1985 Indenture, the 1989 Supplemental Indenture, the 1991 Supplemental Indenture, the 1994 Supplemental Indenture, the 1997 Supplemental Indenture, the 2001 Supplemental Indenture, the 2002 Supplemental Indenture and the 2009 Supplemental Indenture shall be collectively referred to as the "Indenture"] between the Issuer and The Bank of New York Mellon Trust Company, NA, Louisville, Kentucky, as trustee (the "Trustee"). There has been executed and delivered a Lease dated as of December 1, 1985 (the "1985 Lease") between the Issuer, as lessor, and Louisville/Jefferson County Metro Government ("Louisville Metro"), as lessee, which 1985 Lease has been supplemented by a Supplemental Lease No. 1 dated as of April 1, 1989 (the "1989 Supplemental Lease"), a Supplemental Lease No. 2 dated August 1, 1991 (the "1991 Supplemental Lease"), a Supplemental Lease No. 3 dated July 1, 1997 (the "1997 Supplemental Lease") a Supplemental Lease No. 4 dated April 1, 2001 (the "2001 Supplemental Lease"), a Supplemental Lease No. 5 dated December 1, 2002 (the "2002 Supplemental Lease"), a Supplemental Lease No. 6 dated March 1, 2009 (the "2009 Supplemental Lease"). Concurrently with the execution and delivery of the 2010 Supplemental Indenture, a Supplemental Lease No. 7 will be executed and delivered, dated as of January 1, 2010 (the "2010 Supplemental Lease") between the Issuer, as lessor, and Louisville Metro, as lessee, of the Consolidated Project, recorded in Deed Book _____, Page ____, in the office of the County Clerk of Jefferson County, Kentucky. (The 1985 Lease, the 1989 Supplemental Lease, the 1991 Supplemental Lease, the 1997 Supplemental Lease, the 2001 Supplemental Lease, the 2002 Supplemental Lease, and the 2009 Supplemental Lease shall be hereinafter collectively referred to as the "Lease").

The Series 2010 Bonds will be payable in accordance with their terms, from, among other sources, payments to be made under the Lease and the net revenues of the Consolidated Project. The proceeds from the sale of the Series 2010 Bonds will be applied by the Issuer for the purpose of (a) financing the acquisition and construction of a parking garage located at 615 South Fourth Street containing approximately 330 parking spaces and a parking garage located at 838 West Market Street containing approximately 427 parking spaces located in Louisville Metro and related expenditures (collectively, the "2010 Project") and (b) paying all costs incident to the issuance of the Series 2010 Bonds. See "THE 2010 PROJECT" for additional details.

The issuance of the Series 2010 Bonds has been authorized and directed by Louisville Metro by an ordinance enacted by the Metro Council of Louisville Metro and by a Resolution of the Issuer adopted by the Board of Commissioners of the Issuer. The Issuer acts as the agency and instrumentality and constituted authority of Louisville Metro in connection with the financing of public parking facilities in Louisville Metro, in furtherance of the governmental and public purposes of Louisville Metro.

THE ISSUER

History of the Issuer

The Issuer (formerly known as the "City of Louisville Riverfront Corporation") was established on August 24, 1966, by the City of Louisville as a public body politic and corporate under the laws of the Commonwealth for the purpose of aiding and assisting the City of Louisville in the overall redevelopment of the downtown Riverfront area. City of Louisville Ordinance No. 158, Series 1980, which became effective March 1, 1980, changed the name of the City of Louisville Riverfront Corporation to "Parking Authority of River City Inc." 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. Louisville Metro pursuant to such consolidation adopted all previous ordinances and took over all operations of both the City and the County. The Issuer is a nonprofit, nonstock public corporation organized under the laws of the Commonwealth for the purpose of acquiring and improving interests in real estate and other property for governmental use by and the ultimate benefit of Louisville Metro and in the issuance of the Series 2010 Bonds is serving as an agency and instrumentality and constituted authority of Louisville Metro in financing the acquisition and construction of public parking facilities in furtherance of the governmental and public purposes of Louisville Metro.

Past Bonds of the Issuer

In November, 1971, the Issuer issued $10,000,000 principal amount of its bonds (the "Series 1970 Bonds") to pay for the cost of acquiring and constructing the Riverfront Parking Garage and Belvedere.

In July of 1977, the Issuer sold $14,070,000 of its Refunding and Improvement First Mortgage Bonds, Series of 1977 (the "Series 1977 Bonds"), the proceeds of which were used to refund and defease the Series 1970 Bonds, and to acquire the Kentucky Towers Parking Garage and expand same. The Kentucky Towers Parking Garage is now called the Seelbach Garage.

In April, 1980, the Issuer sold $4,300,000 of its First Mortgage Revenue Bonds, Series of 1980 (the "Series 1980 Bonds") to complete the purchase of and expand the Seelbach Garage. In June, 1981 the Issuer sold $6,500,000 of its First Mortgage Revenue Bonds, Series of June 1, 1981 (the "Series 1981 Bonds") to finance the costs of the construction of a new 750 space Galleria Garage. In July, 1981, the issuer sold $3,000,000 of its First Mortgage Revenue Bond Anticipation Notes, Series of July 1, 1981 (the "Notes") to finance a portion of the costs of the construction of a new 350 space Kentucky Center for the Arts Parking Garage. The Notes were retired by the issuance of $3,100,000 of the Issuer's First Mortgage Revenue Bonds, Series of April 1, 1983 (the "Series 1983 Bonds"). In June, 1984, the Issuer sold $3,500,000 of its First Mortgage Revenue Bonds, Series of July 1, 1984 (the "Series 1984 Bonds") to finance the costs of the acquisition and construction of a new 494 space public parking garage on Broadway between Fourth Avenue and Third Street known as the Brown Hotel/Theatre Square Parking Garage.

In December, 1985, the Issuer sold $30,560,000 of its First Mortgage Revenue Refunding and Improvement Bonds, Series of December 1, 1985 (the "Series 1985 Bonds"). The Issuer issued the Series 1985 Bonds to finance (a) the acquisition and construction of a 519-space parking garage in downtown Louisville called the 120 South Sixth Street Garage, (b) the acquisition of an existing 299-space parking garage in downtown Louisville called the Hess's Garage, and (c) the refunding and defeasance of the Series 1977 Bonds, the Series 1980 Bonds, the Series 1981 Bonds, the Series 1983 Bonds and the Series 1984 Bonds (collectively the "Defeased Bonds").

In December, 1986, the Issuer sold $4,700,000 of its First Mortgage Bond Anticipation Notes, Series 1986-A, and the Issuer borrowed from Louisville Metro approximately $635,657 at no interest, to finance the costs of acquisition and development of a public parking facility on Main Street between Second Street and Third Street in downtown Louisville. The Bond Anticipation Notes and loan are not secured by the mortgage lien or revenue pledge of the Indenture.

In April, 1989, the Issuer sold $18,711,695 current value at issuance and $59,675,000 accreted value at maturity of its First Mortgage Compound Interest Revenue Refunding and Improvement Bonds, Series 1989, dated May 11, 1989 (the "Series 1989 Bonds"). The Issuer issued the Series 1989 Bonds to finance (a) the refunding and redeeming on December 1, 1995, the Series 1985 Bonds in the principal amount of $27,110,000 maturing on and after June 1, 1996, and (b) the cost, not otherwise provided, of a three bay addition to the 120 South Sixth Street Garage and a vehicular and pedestrian connection between the garage and Seventh Street known as Greenberg Way.

In August, 1991 the Issuer sold $13,000,000 of its First Mortgage Revenue Bonds, Series 1991 (the "Series 1991 Bonds"). The Issuer issued the Series 1991 Bonds to finance the costs of acquisition and development of a public parking facility located on West Chestnut Street in downtown Louisville and the renovation of various parking garages included in the Consolidated Project.

In August, 1997, the Issuer sold $30,900,000 of its First Mortgage Revenue Refunding Bonds, Series 1997 (the "Series 1997 Bonds"). The proceeds of the Series 1997 Bonds were applied to the refunding of all Series 1991 Bonds and a portion of the Series 1989 Bonds.

Outstanding Bonds of the Issuer

In April, 2001, the Issuer sold $12,960,000 of its First Mortgage Revenue Refunding Bonds, Series 2001 (the "Series 2001 Bonds"). The proceeds of the Series 2001 Bonds were applied to the current refunding of all remaining outstanding Series 1989 Bonds on June 1, 2001.

In December, 2002, the Issuer sold $19,480,000 of its First Mortgage Revenue Refunding Bonds, Series 2002 (the "Series 2002 Bonds"). The Issuer issued the Series 2002 Bonds to finance the costs of acquisition and construction of the Muhammad Ali Center parking garage.

In March, 2009, the Issuer sold $39,000,000 of its First Mortgage Revenue Bonds, Series 2009A (the “Series 2009A Bonds”) and $17,500,000 of its First Mortgage Revenue Refunding Bonds, Series 2009B (the “Series 2009B Bonds”). The Issuer issued the Series 2009A Bonds to finance the costs of the Louisville Arena Parking Garage and additional capital expenditures for public parking and garage facilities and to pay costs of issuance. The Issuer issued the Series 2009B Bonds to refinance the First Mortgage Revenue Refunding Bonds, Series 1997 Bonds and to pay cost of issuance.

A summary of bonds issued by the Issuer to be outstanding as of December 31, 2009, is shown below:

Series of Bonds	Principal Amount Outstanding as of December 31, 2009
Series 2001 Bonds	$ 6,335,000
Series 2002 Bonds	$17,825,000
Series 2009 Bonds	$53,425,000
Total	$77,585,000

Audited financial statements of the Issuer and annual reports of Louisville Metro are included as part of this Official Statement as Appendices A and D, respectively.

After the issuance of the Series 2010 Bonds the outstanding bonds of the Issuer will consist of the Series 2009 Bonds, the Series 2002 Bonds, and the Series 2001 Bonds, and any parity bonds which may be issued in the future (collectively hereinafter referred to as the "Bonds").

The Issuer's Board of Commissioners

The affairs and business of the Issuer are conducted by a Board of Commissioners (the "Board"). The Board of Commissioners consists of: the Director of Economic Development of Louisville Metro, or the Mayor's designee, the Chief Financial Officer of Louisville Metro, or a designee, a Secretary and three Commissioners appointed by the Mayor of Louisville Metro and approved by the Metro Council and selected from at least three names submitted by each of the following organizations: Louisville Area Chamber of Commerce, Louisville Central Area, Greater Louisville Central Labor Council and the Louisville Urban League.

In addition, the Mayor of Louisville Metro has the authority to appoint up to two ex-officio, non-voting, members to the Board.

Present members of the Board are as follows:

Chairman:	C. Bruce Traughber Director, Economic Development
Acting Secretary:	Patti Clare
Treasurer:	Jane Driskell Sistrunk Director, Office of Management & Budget
	Linda Taylor Commissioner
	Carol Hensley Commissioner
	Kristie Booker Commissioner

The Executive Director of the Issuer is Cathy M. Duncan. The address of the executive offices of the Issuer is 514 South Fourth Street, Louisville, Kentucky 40202.

DESCRIPTION OF THE SERIES 2010 BONDS

General

The Series 2010A Bonds will be issued in the principal amount of $__________* and will be dated and will bear interest from January 27, 2010, payable on June 1, 2010, and semiannually thereafter on each June 1 and December 1 of each year (each, an "Interest Payment Date"), at the rates per annum, and will mature, as set forth on the cover page of this Official Statement. The Series 2010B Bonds will be issued in the principal amount of $__________* and will be dated and will bear interest from January 27, 2010, payable on June 1, 2010, and semiannually thereafter on June 1 and December 1 of each year (each, an "Interest Payment Date"), at the rates per annum, and will mature, as set forth on the cover page of this Official Statement.

The Series 2010A Bonds and the Series 2010B Bonds will each initially will be issued as one fully registered bond for each maturity, each in the aggregate principal amount for such maturity as set forth on the cover page of this Official Statement and shall be delivered to and initially registered in the name of Cede & Co., as registered owner and nominee for DTC. The principal of and interest on the Series 2010 Bonds will be paid by the principal corporate trust office of The Bank of New York Mellon Trust Company, NA, Louisville, Kentucky, as Trustee (the "Trustee"). As long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2010 Bonds, such payments will be made directly to Cede & Co. See "Book-Entry-Only System".

If for any reason the book-entry-only system is discontinued, Series 2010 Bond certificates will be delivered as described in the Resolution of the Issuer and the Beneficial Owner, upon registration of certificates held in the Beneficial Owner's name, will become the Bondholder. Thereafter, Series 2010 Bonds may be exchanged for an equal aggregate principal amount of Series 2010 Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the principal corporate trust office of the Trustee. The transfer of any Series 2010 Bond may be registered on the books maintained by the Trustee for such purpose only upon the surrender thereof to the Trustee with a duly executed assignment in form satisfactory to the Trustee. For every exchange or registration of transfer of Series 2010 Bonds, the Issuer and the Trustee may make a charge sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge may be made to the owner for any exchange or registration of transfer of the Series 2010 Bonds. The Trustee will not be required to register the transfer or exchange of any Series 2010 Bond during the period from each Record Date (as provided in the Resolution) to the next succeeding Interest Paying Date or during the forty-five (45) days preceding the date of redemption, if such Series 2010 Bond (or any part thereof) is eligible to be selected or has been selected for redemption.

In the event that the book-entry-only system is discontinued, principal of the Series 2010 Bonds will be payable upon surrender of such Series 2010 Bonds at the principal corporate trust office of the Trustee when the Series 2010 Bonds become due, and interest on the Series 2010 Bonds will be payable on each Interest Payment Date by check or draft mailed to the Bondholders by the Trustee as of the close of business on the Record Date.

Build America Bonds

The Issuer currently intends to elect to treat the Series 2010B Bonds as “Build America Bonds” under the Internal Revenue code of 1986, as amended (the “Code”), and further intends to elect to receive the refundable credits from the United States Treasury (i.e., direct cash payments to the Issuer in lieu of the tax credits). Under current law, the cash subsidy payments will be payable by the United States Treasury directly to the Issuer in an amount equal to 35% of the interest payable by the Issuer on the Series 2010B Bonds on each interest payment date.

The Issuer’s receipt of such cash subsidy payments is subject to certain requirements including the filing of a form with the Internal Revenue Services prior to each interest payment date. Such cash subsidy payments do not constitute a full faith and credit guarantee of the United States Government but are required to be paid by the United States Treasury under the American Recovery and Reinvestment Act of 2009.

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* Preliminary, subject to adjustment

The Issuer, in its sole discretion, will determine the amount, if any of the Series 2010 Bonds to be issued as Build America Bonds. The final allocation of Series 2010 Bonds between Series 2010A and Series 2010B will be reflected in a final Official Statement.

Book-Entry-Only System

DTC will act as securities depository for the Bonds. The Registration and Paying Agent will register all Bonds in the name of Cede & Co. (DTC's partnership nominee). DTC will receive one registered certificate for each maturity.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the same 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, as amended. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates.

Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and the Participants—that is, its Direct and Indirect Participants—are on file with the Securities and Exchange Commission.

Purchases of the 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 ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. A Beneficial Owner will not receive a written confirmation from DTC of a purchase, but a Beneficial Owner is expected to receive a written confirmation providing details of the transaction, as well as periodic statements of the said Beneficial Owner's holdings, from the Direct or Indirect Participants 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 Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To make the system work more smoothly, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. This does not affect the beneficial ownership of any Bond. DTC has no idea who the Beneficial Owners of the Bonds are; its records show only the identity of the Direct Participants to whose accounts the Bonds are credited, which may or may not be the Beneficial Owner's. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, references to the Bond owners means Cede & Co. and not the Beneficial Owners.

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 legal requirements.

The Registration and Paying Agent will send redemption notices to Cede & Co. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to Direct Participants as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants.

We will make principal and interest payments on the Bonds to DTC through the Registration and Paying Agent. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. 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 the Participant and not of the Metropolitan Government, the Registration and Paying Agent, or DTC, subject to any legal requirements. We are responsible for sending payments to the Registration and Paying Agent, and the Registration and Paying Agent is responsible for sending payments to DTC. DTC is responsible for disbursing those payments to Direct Participants. Both Direct and Indirect Participants are responsible for disbursing those payments to the Beneficial Owners.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to us. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered at our expense.

We may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). If that happens, bond certificates will be printed and delivered at our expense.

The information in this section about DTC and DTC's book-entry system has been obtained from DTC; we take no responsibility for its accuracy.

No one can give any assurance that DTC, Direct Participants, or Indirect Participants will promptly transfer payments or notices received with respect to the Bonds. We are not responsible for the failure of DTC, Direct Participants, or Indirect Participants to transfer to the Beneficial Owner payments or notices received with respect to the Bonds.

No one can give any assurance that DTC will abide by its procedures or that its procedures will not be changed. In the event that we designate a successor securities depository, the successor may establish different procedures.

Redemption Provisions

Series 2010A

Optional Redemption. The Series 2010A Bonds will not be subject to optional redemption prior to their respective maturity dates.

The Series 2010A Bonds may be purchased by the Trustee from time to time for such prices (but not exceeding the greater of (i) the principal amount thereof, or (ii) on or after the first optional redemption date, the optional redemption price), in such amounts and in such manner (whether after advertisement for tenders or otherwise) as the Trustee, with the written consent of the Issuer, may determine.

The Series 2010A Bonds will be redeemed or purchased according to the foregoing provisions only in integral multiples of $5,000.

Extraordinary Redemption

The Trustee may, and upon written request of the registered owners of not less than 25% in aggregate principal amount of the bonds then outstanding under the Indenture, shall, declare the entire principal amount at the redemption date on the Series 2010A Bonds to be immediately due and payable upon the occurrence of an "Event of Default" as described in the Indenture, subject, however, to rescission of such declaration and annulment of the default upon the remedying thereof.

Series 2010B

Optional Redemption. The Series 2010B Bonds maturing on or after December 1, 2021 are subject to redemption, at the option of the Board, on or after December 1, 2020, in whole or in part, on any date, at par together with accrued interest to the redemption date.

[*Mandatory Redemption*. The Series 2010B Bonds due __________ 1, ____, shall be subject to mandatory sinking fund redemption prior to maturity at a redemption price of 100% of the principal amount thereof to be redeemed, plus interest to be accrued to the redemption date, on the dates and in the years and in the principal amounts as follows:

Date of Redemption	Principal Amount
	$
	$ (maturity)]

[*Selection of Series 2010B Bonds For Mandatory Sinking Fund Redemption.* Mandatory sinking fund redemption payments on the Series 2010B Term Bonds of a maturity will be made on a "pro rata" basis to each holder in whose name such Series 2010B Term Bond is registered at the close of business on the 15th day immediately preceding the applicable redemption date. "Pro rata" means, in connection with any mandatory sinking fund redemption, with respect to the allocation of amounts to the payment of sinking fund installments required to be made on the Series 2010B Term Bonds of any maturity, the application of a fraction of such amounts, the numerator of which is equal to the amount of such Series 2010B Term Bonds of such maturity held by a holder of Series 2010B Term Bonds of such maturity, and the denominator of which is equal to the total amount of such Series 2010B Term Bonds of such maturity then Outstanding.]

Extraordinary Redemption

The Trustee may, and upon written request of the registered owners of not less than 25% in aggregate principal amount of the bonds then outstanding under the Indenture, shall, declare the entire principal amount at the redemption date on the Series 2010B Bonds to be immediately due and payable upon the occurrence of an "Event of Default" as described in the Indenture, subject, however, to rescission of such declaration and annulment of the default upon the remedying thereof.

*Extraordinary Optional Redemption***.** The Series 2010B Bonds are issued as federally taxable Build America Bonds, Direct Payment (the "Build America Bonds"). The Series 2010B Bonds are subject to redemption prior to maturity at the option of the Company 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 Company, by action or failure to act that it will not provide for direct payments to be made to the Company in an amount equal to or greater than thirty-five percent (35%) as to the Build America Bonds of the interest payable on the Series 2010B 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 2010B Bonds to be redeemed; or

(2) the sum of the present values of the remaining scheduled payments of principal and interest on the Series 2010B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2010B Bonds are to be redeemed, discounted to the date on which the

Series 2010B 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 one hundred basis points (1%); plus, in each case, accrued interest on the Series 2010B Bonds to be redeemed to the redemption date.

The redemption price of any Build America Bonds to be redeemed at the option of the Issuer will be determined by an independent accounting firm, investment banking firm, or financial advisor retained by the Issuer at the Issuer's expense to calculate such redemption price. The Bond Registrar and the Issuer 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 Build America Bonds, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H. 15 (519) that has become publicly available at least two business days prior to the redemption date (excluding inflation indexed securities or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Build America Bond to be redeemed; provided, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Purchase of Series 2010 Bonds

The Issuer, with the express written consent of Louisville Metro, may, so long as no Event of Default is existing, direct the Trustee to purchase Bonds Outstanding under the Indenture at a price not to exceed the principal and premium, if any, payable thereon.

Notice of Redemption

Notice of redemption of any Series 2010 Bonds shall be given by the Trustee not less than 45 days prior to the redemption date to the registered owners of the Series 2010 Bonds to be redeemed, at their addresses appearing on the registration books kept by the Bond Registrar. Failure to give any such notice by mail to any owner will not affect the validity of the proceedings for the redemption of Series 2010 Bonds with respect to other owners. After a redemption date, no further interest shall accrue on any Series 2010 Bond called for redemption if payment of the redemption price has been duly made or provided for pursuant to the Indenture.

SOURCE OF PAYMENT

The Series 2010 Bonds will be legal, valid and binding limited obligations of the Issuer in accordance with their terms. The Series 2010 Bonds and the interest thereon do not and shall not constitute an indebtedness of the Issuer or of Louisville Metro or the Commonwealth within the meaning of the Constitution and laws of the Commonwealth or a pledge of the faith and credit of the Issuer or Louisville Metro or the Commonwealth, but are and shall be payable solely from and secured on a parity with the outstanding Series 2001 Bonds, Series 2002 Bonds, and the Series 2009 Bonds and any parity bonds and notes issued hereafter under the terms of the Indenture, solely by the "Security" described below, and neither the Issuer, nor Louisville Metro, nor the Commonwealth is or shall be obligated to pay the Series 2010 Bonds except from the Security. The issuance of the Series 2010 Bonds shall not directly, indirectly or contingently obligate the Issuer, Louisville Metro or the Commonwealth to levy or to pledge any taxes whatsoever for the payment of the Series 2010 Bonds or to make any appropriation for such payment except from the Security.

The "Security" includes:

(1) The Lease and Supplemental Lease, the rentals payable thereunder, and the Net Revenue (as hereinafter defined) pledged to secure the payment of such rentals. *See* "SOURCE OF PAYMENT - The Lease."

(2) All right, title and interest of the Issuer and Louisville Metro in the Consolidated Project and all rents, profits and income derived therefrom. *See* "SOURCE OF PAYMENT - First Mortgage Lien."

(3) All of the Issuer's rights and interest in any and all awards and payments, including without limitation insurance proceeds, together with any interest accrued thereon, and the right to receive the same, which may be made with respect to all or any part of the Consolidated Project as a result of (i) the exercise of the right of eminent domain, (ii) the alteration of the grade of any street, (iii) any loss or damage to any building or other improvement or property constituting a part of the Consolidated Project, or (iv) any other injury to or decrease in the value of the Consolidated Project.

(4) All moneys in the Funds and Accounts established under the Indenture, including the proceeds of Series 2010 Bonds, or any bonds ranking on a parity therewith (hereinafter collectively referred to as the "Bonds") and all investment income thereon. *See* "FLOW OF FUNDS".

In consideration of the purchase of bonds authorized under the Indenture and the obligations of the Trustee under the Indenture and Supplemental Indenture and to secure payment of the Bonds and interest thereon and the performance of the Issuer's obligations under the Bonds and the Indenture and the Supplemental Indenture, the Issuer in the Indenture conveys, pledges, assigns, mortgages and grants a security interest in the Security to the Trustee and its successors and assigns under the Indenture.

The foregoing lien is subject to Permitted Encumbrances. *See* "Appendix F - Summary of Certain Provisions of the Indenture and the Lease" to this Official Statement. The foregoing lien does not apply to amounts set aside for the payment of Bond Anticipation Notes or for payment of Bonds defeased but not yet fully paid and discharged, to the extent permitted by the Indenture. The foregoing lien does not apply to any of Louisville Metro's public parking meters, except to the extent of the Net Revenues therefrom.

The Lease

The Issuer has leased to Louisville Metro the Consolidated Project pursuant to the terms of the Lease dated as of December 1, 1985. Louisville Metro has continuous exclusive options to renew the Lease on July 1 of each year, for a period of one year, and thereafter from year to year through December 1, 2039. For as long as the Lease remains in force, Louisville Metro agrees to pay rentals in an amount sufficient to pay all principal installments of, redemption price, if applicable, and interest on the Bonds, plus the costs of operation, maintenance and insurance. The Lease is automatically renewed on July 1 of each year unless Louisville Metro gives notice of its decision not to exercise the option to renew for the succeeding year. During each annual renewal period, the covenant and agreement of Louisville Metro to pay rentals sufficient to pay all principal, redemption price and interest on the Bonds, plus the costs of operation, maintenance and insurance on the Consolidated Project constitute full faith and credit obligations of Louisville Metro.

To secure its obligations under the Lease, which obligations are unqualified full faith and credit obligations during each annual period of renewal of the Lease, Louisville Metro has further pledged certain "Net Revenue" consisting of (i) all amounts collected by Louisville Metro during any lease term from public parking meters installed within the boundaries of Louisville Metro, less all costs paid or incurred by Louisville Metro during such term as current expenses respecting such public parking meters (including a reasonable reserve for the cost of acquisition and installation of additional parking meters in previously unmetered areas and to replace worn-out, defective and obsolete parking meters), subject to the right of Louisville Metro in the exercise of its police powers to sell, lease, dispose of or remove any public parking meters to the extent deemed necessary or appropriate, and (ii) all amounts collected by Louisville Metro during any lease term as a result of its leasehold interest in and operation of the public parking garages constituting the Consolidate Project, including without limitation all fees and charges collected for parking within the Consolidated Project and all rental payments collected by Louisville Metro from the sublease of all or any portion of the Consolidated Project, and all rental payments collected by Louisville Metro from the sublease of all or any portion of the Consolidated Project, without reduction for any current expenses with respect to the Consolidated Project paid or incurred by Louisville Metro during such period. Included (but not by way of limitation) in the Net Revenue are (1) the revenues derived from the lease of a site on the east side of the Riverfront Parking Garage to the Home Supply Company (The Galt House Hotel), (2) certain revenues derived from the Galleria Agreement and the Arts Center Agreement, described in the Appendix E to this Official Statement, and (3) other pledged sources, as more fully described elsewhere herein.

The Net Revenue is to be deposited directly by Louisville Metro with the Trustee or other depositories for deposit into the Revenue Fund established under the Indenture. During the term of the Lease, all payments so made will be credited upon rentals due from Louisville Metro, and to the extent rentals and other payments are in excess of the amounts required to be deposited in the Bond Fund and the Depreciation Fund under the Indenture, the excess shall be deposited in the Operation Fund under the Indenture and utilized for the costs of operating, maintaining and insuring the Consolidated Project. *See* "FLOW OF FUNDS."

First Mortgage Lien

All facilities constituting the Consolidated Project, together with any additional parking facilities and/or other properties financed by future parity bonds, are subject to a first mortgage lien in favor of the Trustee for the holders of the Bonds to secure payment thereof. The on-street public parking meters owned by Louisville Metro are not and will not be subject to such mortgage lien in favor of the holders of the Bonds.

THE 2010 PROJECT

The proceeds from the sale of the Series 2010 Bonds will be applied by the Issuer for the purpose of financing the acquisition and construction of a parking garage located at 615 South Fourth Street containing approximately 330 parking spaces and a parking garage located at 838 West Market Street containing approximately 427 parking spaced, located in Louisville Metro and related expenditures.

THE GARAGE DESCRIPTIONS

The parking garage located at 615 South Fourth Street will consist of seven stories and contain approximately 330 parking spaces. The parking garage will be located in downtown Louisville, Kentucky.

The parking garage located at 838 West Market Street will consist of seven stories and contain approximately 427 parking spaces. The parking garage will be located in downtown Louisville, Kentucky.

SOURCES AND USES OF FUNDS*

The following itemization sets forth the sources and uses of funds in connection with the issuance of the Series 2010 Bonds.

	2010A
Sources:	
Principal Amount of Bonds	$*
Net Original Issue Premium (Discount)	$
Total Sources	$
Uses:	
Deposit to Construction and Acquisition Fund	$
Deposit to Debt Service Reserve Fund	$
Capitalized Interest Account	$
Issuance Costs**	$
Underwriter's Discount	$
Contingencies	$
Total uses	$

	2010B
Sources:	
Principal Amount of Bonds	$*
Net Original Issue Premium (Discount)	$
Total Sources	$
Uses:	
Deposit to Construction and Acquisition Fund	$
Deposit to Debt Service Reserve Fund	$
Capitalized Interest Account	$
Issuance Costs**	$
Underwriter's Discount	$
Contingencies	$
Total uses	$

* Preliminary; subject to change.
** Includes financial advisor, legal costs, ratings; printing, advertising and miscellaneous costs.

THE PARKING SYSTEM

The Issuer operates and maintains, on behalf of Louisville Metro, the Riverfront Parking Garage, the Seelbach Parking Garage, the 4th Street Live Garage, the Kentucky Center for the Arts Parking Garage, the Brown Hotel/Theater Square Parking Garage, the 120 South Sixth Street Garage, , the Fifth Street Parking Garage, the Eighth & Main Parking Garage, the First & Main Garage, the Muhammad Ali Garage and the Louisville Arena Garage (the "Consolidated Project"). The Issuer also operates and maintains, on behalf of Louisville Metro, certain of Louisville Metro's surface parking lots located within Louisville Metro limits. The Consolidated Project constitutes a public Project within the meaning of Chapter 58 of the Kentucky Revised Statutes. The Consolidated Project is available to the public on a first-come, first-served basis for both monthly and daily or hourly parking. The day-to-day management of each of the Issuer's Garages is conducted by private corporations pursuant to short-term management contracts let on a competitive basis. *See* "Appendix E - Summaries of Parking Garage Agreements" to this Official Statement.

The Riverfront Parking Garage

Originally financed with bond proceeds in 1970 and later refinanced with a portion of the proceeds of the Series 1977 Bonds, the present Riverfront Parking Garage was completed in 1972. The facility is located between Fourth and Sixth Streets and Main Street and River Road along the riverfront development in downtown Louisville, Kentucky. The 714-room Galt House Hotel, which was opened in 1972, is at Fourth Street and River Road adjacent to the Riverfront Parking Garage.

The office buildings, One Riverfront Plaza and the American Life and Accident Insurance Company, are also adjacent to the Riverfront Parking Garage on Main Street and the 38-floor First National Tower and the 27-floor Humana Building are directly across Main Street from the Riverfront Parking Garage. There is an open-air Belvedere situated on top of the Garage, which is landscaped with trees, plantings and fountains. The Belvedere is well lighted and maintained, and is a very popular attraction in the downtown Riverfront area. Numerous attractions, including concerts, festivals and various other activities, are held throughout the warm months.

The three level Riverfront Parking Garage is constructed of reinforced concrete, containing approximately 1,925 lined parking spaces. Supporting columns 56 feet apart, providing a free span, and there are no obstructions in the driving lanes and parking area. There are three combination elevator-stairway towers and seven stairway towers leading front the first level of parking to the Belvedere level on top of the Riverfront Parking Garage.

The entire parking structure is completely illuminated by high-pressure sodium fixtures throughout with entrance and exit ramps in five separate locations. These ramps are intensively illuminated to reduce the transition between inside and outside lighting. Entrances and exits are on both Fourth and Sixth Streets and the 3rd level of the Riverfront Parking Garage has an entrance and exit from the Fourth Street elevated ramp. The Galt House Hotel is adjacent to and at the east end of the Riverfront Parking Garage and has a main lobby entrance from the Fourth Street ramp with a porch extending over the ramp.

Traffic circulation within the Riverfront Parking Garage is counterclockwise, with two "up" ramps on each of the first and second levels at the south side of the Riverfront Parking Garage, and two "down" ramps from each of the second and third levels located on the north side of the Riverfront Parking Garage. All driving lanes, parking bays, garage levels; elevator-stairway towers and stairways are brightly lighted with metal halite fixtures and signs to provide for security and easy recognition from a distance. All parking spaces in the Riverfront Parking Garage are within 150 feet of an elevator or stairway.

The Riverfront Parking Garage is equipped with modern sophisticated ticket dispensing machines, automatic counting devices and cashier booths to minimize the delays for cars entering and exiting during peak rush hours. The Riverfront Parking Garage is managed and operated pursuant to short-term management contract.

Seelbach Parking Garage

A portion of the bond proceed from the Series 1977 Bonds was used to purchase an existing 318 space parking garage located at Fifth and Muhammad Ali Boulevard known as the Seelbach Parking Garage. The Seelbach Parking Garage has been expanded to a total parking capacity of 952 spaces. This expansion was financed from the proceeds of the Series 1980 Bonds.

The Seelbach Parking Garage is adjacent to the Seelbach Hotel, which has been completely renovated and is in the immediate vicinity of the 4th Street Live entertainment center. The Seelbach Parking Garage is managed and operated pursuant to a short-term management contract.

4th Street Live Garage

Construction began in late 1979 on a new shopping and office complex on River City Mall (now Fourth Street between Liberty Street and Muhammad Ali Boulevard), containing an area of 218,700 square feet of land.

The 4th Street Live Garage was constructed approximately mid-way between Liberty Street and Muhammad Ali Boulevard, on the east side of Fifth Street. A total of 729 spaces are located on ten sloping floors.

Entrance to the garage is at street level. One-way traffic circulation is provided on the scissored sloping levels having crossovers at each parking level. Automatic gates, card reader, and ticket spitters are used to control the garage access and insure revenue collection. An automatic "Full" indicator is used at the entrance to prevent entry to the parking facility when all spaces are occupied.

Pursuant to a Development Agreement dated August 11, 2008 entered into among Center City Master Developer, Inc., Louisville Metro, the Metro Development Authority and the Issuer, Louisville Metro has agreed to cause the Issuer to convey marketable fee simple title to the 4th Street Live Garage to Center City Master Developer, Inc. for a purchase price of $2,700,000. This conveyance, however, is subject to numerous contingencies and is part of an expansion and revitalization of an urban retail/entertainment/office complex area known as “Center City” in downtown Louisville Metro.

Kentucky Center for the Arts Parking Garage

The Kentucky Center for the Arts, located at the northeast corner of Main and Sixth Streets, provides the Commonwealth of Kentucky and Louisville Metro of Louisville with a facility for increased professionalism in the performing arts. This facility is primarily utilized for performances by the Kentucky Opera Association, the Louisville Children's Theatre, the Louisville Orchestra, The Louisville Ballet, The Louisville Theatrical Association and touring Broadway and other shows. Special requirements identified by the artists and administrators of the local performing arts groups are incorporated in the design of the Kentucky Center for the Arts to provide a facility that is used for rehearsals and performances.

Construction of the Kentucky Center for the Arts Parking Garage to serve the general public was financed with proceeds of bond anticipation notes in 1981 and refinanced with proceeds of the Series 1983 Bonds. The facility is located underground and contains 341 parking spaces on two levels. The two levels are accessed from the street by a single entrance and two exists located on level two. A total of 195 spaces are located on level one, the lower level, and 146 spaces on level two.

Ramps are used with flat decks to provide a basic one-way operation having 60-degree angle parking. Pedestrian access from the parking decks into the Kentucky Center for the Arts is provided by both elevators and stairways. The Kentucky Center for the Arts Parking Garage is managed and operated pursuant to short-term management contract.

Brown Hotel/Theater Square Parking Garage

The Series 1984 Bonds were issued to provide the construction of the 494-space parking garage near Broadway between Fourth Street and Third Street. The Brown Hotel/Theatre Square Parking Garage is a 158,600 square foot, post-tensioned concrete structure containing parking spaces on four and one-half levels. The Brown Hotel/Theatre Square Parking Garage is linked to the Brown Hotel with an 840 square foot elevated, glass enclosed, pedestrian walkway. Other features of the Brown Hotel/Theatre Square Parking Garage include a decorative brick and limestone facade on the west elevation, two stair towers, and two elevators at the elevated pedway. The demand for this garage has been generated from redevelopment of the Broadway area, which was approximately a $40,000,000 project financed by the Commonwealth of Kentucky, the County of Jefferson, Louisville Metro and others. The development consisted of the renovation of the historic Brown Hotel, retail shopping areas and a public square. The Brown Hotel/Theatre Square Parking Garage is managed and operated pursuant to a short-term management contract.

120 South Sixth Street Garage

A portion of the Series 1985 Bond proceeds was used to provide for the construction of a public parking garage with two bays and 519 parking spaces and located at 120 South Sixth Street in downtown Louisville. A third bay was completed with a portion of the proceeds of the Series 1989 Bonds increasing the total number of parking spaces in the garage to 772. The 120 South Sixth Street Garage is designed with dual-lane vehicular entrances and exists on Sixth Street (east side) with the expectation of future provisions for single-lane entrance and exit to Seventh Street. The 120 South Sixth Street Garage is managed and operated pursuant to a short-term management contract.

Fifth Street Parking Garage

The construction of the Fifth Street Parking Garage began September 1, 1990 and opened August 21, 1991. The 671-space garage sets between Fifth and Fourth Streets. The first level of the Fifth Street Parking Garage has approximately 16,000 square feet of retail space which houses a day care center in approximately 9,700 square feet and houses Cunningham's, Restaurant in the remaining 6,300 square feet. The day care lease with Bright Horizons was renewed on September 7, 2007 and will expire December 31, 2010. The Issuer purchased the Fifth Street Parking Garage from the Paragon Group after its completion as a design-build project for approximately $6,600,000, raised through the sale of revenue bonds. The Fifth Street parking Garage is to serve primarily the headquarters of the Kindred Health Care Group located at Fifth and Broadway. The Fifth Street Parking Garage is managed and operated pursuant to a short-term management contract.

Eighth & Main Parking Garage

The construction of the Eighth & Main Parking Garage started in late 1995 and began operation in May of 1996. The Eighth & Main Parking Garage was constructed without the issuance of additional bonds. The 506-space garage sets behind the Hillerich & Bradsby Bat Museum and Factory on the corner of Eighth and Main Streets. A 120-foot tall model of the famed Louisville Slugger baseball bat stands at the entrance to the Louisville Slugger Museum and Visitor Center. The new entertainment center is the focal point on the rejuvenated historic warehouse area on West Main Street. In addition to the Museum and bat factory, the center includes a theater, a museum gift shop, restaurant and, the corporate office of Hillerich & Bradsby. The Eighth & Main Garage is managed and operated pursuant to a short-term management contract.

First & Main Parking Garage

The First & Main Parking Garage is located at 101 East Main Street. Construction began in the fall of 2001 and began operation in December, 2002. The parking structure contains approximately 12,000 square feet of retail space located on the first floor, which houses the University of Louisville Fine Arts Studio and classroom space. The facility contains 647 parking stalls of which 100 parking stalls are owned by Humana Incorporate. The garage construction was reliant on PARC obtaining land that was owned by Humana Incorporated, therefore, as compensation for the land Humana Incorporated was guaranted a number of parking spaces equal to the value of the land. The First & Main Garage is managed and operated pursuant to a short-term management contract.

County Parking Garage and Louisville Gardens Parking Garage

Upon the merger of City of Louisville and Jefferson County Government in 2003 PARC assumed the operation of the County Parking Garage, located at 536 West Market Street and the Louisville Gardens Parking Garage located at 415 South 6th Street . Prior to merger of the two governments, these two facilities were owned and operated by Jefferson County Government. The County Garage has six levels and 560 parking stalls, serving both transient and monthly parking. The Louisville Gardens Garage has nine levels and 512 parking stalls. This garage provides parking for events held at the Louisville Gardens venue as well as, offering transient and monthly parking. Both the County and Louisville Gardens Parking Garages are managed and operated pursuant to a short-term management contract.

Muhammad Ali Garage

The Muhammad Ali Garage is a six level 340 space parking garage near Sixth and Main Streets that will serve as the foundation for the Muhammad Ali Center. The garage consists of five levels 344 public parking stalls and 90 parking stalls owned by the Muhammad Ali Center. As it was critical that the design of the parking garage was coordinated with the design of the Muhammad Ali Center, the Center funded the design and project management of the garage construction in return for the ownership and control of 90 parking stalls. The garage provides daily and event parking for the Muhammad Ali Center as well as monthly parking for surrounding businesses. Both the County and Louisville Gardens Parking Garages are managed and operated pursuant to a short-term management contract.

Louisville Arena Garage The arena garage is located at 3rd & River Road and is currently under construction. It is a 650 space parking garage built as the foundation of a 22,000 seat arena. The garage will remain closed to the public until the completion of the construction of the arena which is anticipated as opening in November 2010. The parking in the garage will accommodate both monthly and transient parking in the daytime business hours and event parking in the evening and weekend hours. PARC has commitments from both the Louisville Arena Authority and the University of Louisville Athletic Association which will ensure the garage is filled to capacity during games and events hosted by the University.

Surface Parking Lots

The Issuer controls three surface parking facilities. These lots are known as the Life Savers Lot (formerly Ninth & Washington Lot) the Happy Birthday Lot, and the Wharf Parking Lot.

The Life Savers Lot is located at 901 West Washington Street. The Life Savers Lot began operation in March 1994 and contains 125 parking spaces. The name was changed in August 2002 from the Ninth & Washington Lot to the Life Savers Lot. The lot provides daily and event parking for the Frazier Historical Arms

Museum as well as provides monthly parking for employees of the Museum and surrounding businesses. The Happy Birthday Lot began operation in August 2002. The Happy Birthday Lot is located at 920 West Main Street and contains 17 monthly parking spaces. The lot was dedicated to the Hill sisters who wrote the Happy Birthday song.

The Wharf Parking Lot is located at 131 River Road and is part of the Waterfront Development Project. The Wharf Parking Lot began operations in March 1994 and contains 276 parking spaces, which are used primarily for short-term transient parking.

All of the surface lots are managed and operated pursuant to a short-term management contract.

On-Street Parking Facilities

Substantially all available curb parking spaces in the central downtown areas of Louisville are metered. Of the total number of meters, 58% have a one-hour maximum time; and limits run from 15 minutes to 10 hours. Although none of the meters and none of the metered curb-parking spaces are a part of the Consolidated Project, Louisville Metro has pledged the net revenues derived from all of its on-street parking meters as security for the Bonds.

Future Commitments

PARC expects to close in January on a 447 space parking garage located at 115 West Jefferson Street, This was a turnkey facility, PARC will be paying approximately $8.2 million for the garage and will pay from existing funds; we will not be issuing bonds for the purchase of the facility. This facility serves a newly renovated doctor's office building. In addition to employee and patron parking, its close proximity to the convention centre and hotel will provide convenient guest, transient, and event parking.

FLOW OF FUNDS

Establishment of Funds and Accounts

The Indenture establishes the following Funds and Accounts:

1. Construction and Acquisition Fund, to be held by the Trustee;

2. Revenue Fund, to be held by a Depository;

3. Bond Fund, to be held by the Trustee, including:

   (a) Bond Service Account,
   (b) Reserve Account, and
   (c) Bond Purchase Account;

4. Depreciation Fund, to be held by a Depository; and

5. Operation Fund, to be held by a Depository.

Reference is made to the "Summary of Certain Provisions of the Indenture and the Lease" in the Appendix F to this Official Statement for the definitions of certain capitalized words and terms used in this description of the flow of funds.

Application of Series 2010 Bond Proceeds.

Construction and Acquisition Fund. A portion of the proceeds of the Series 2010 Bonds shall be deposited in the Construction and Acquisition Fund and shall be used and applied, with other available funds, to the costs of capital improvements and projects which may be added to the Consolidated Project upon receipt by the Trustee of requisitions as required by the Indenture. To the extent that other moneys are not available therefor, amounts in such Construction and Acquisition Fund shall be applied to the payment of principal of premium, if any, and interest on all outstanding Bonds when due. Any balance in the Construction and Acquisition Fund not reserved by the Issuer for the payment of any costs of capital improvements and projects shall be transferred by the trustee to the credit of the Revenue Bond.

Application of Revenues. All Revenues received by the Issuer from and after the date of delivery of the Series 2010 Bonds, and not required by the Indenture to be deposited elsewhere shall continue to be deposited as received with a Depository to the credit of the Revenue Fund and applied as described below.

Bond Fund. On the first business day of each month the Issuer shall withdraw from the Revenue Fund and deposit with the Trustee the following amounts in the following order at the following times:

(a) to the credit of the Bond Service Account, one-sixth of the amount necessary to pay interest on all Bonds of each series then Outstanding on the interest payment date next succeeding, except to the extent that such amounts shall be payable from amounts available from other sources; provided, however, that the amount so deposited on account of interest in each month after the delivery of the Bonds of any series up to and including the month immediately preceding the first interest payment date thereafter of the Bonds of such series shall be that amount which when multiplied by the number of such months will be equal to the amount of interest payable on such Bonds on such first interest payment date and that the amount required to be so deposited shall be reduced by any accrued interest paid on such Bonds and any other amounts deposited with the Trustee to the credit of the Bond Service Account for the payment of interest;

(b) to the credit of the Bond Service Account one-twelfth, in the case of annual payments of Principal Installments, or one-sixth in the case of semiannual payments of Principal Installments, of the next Principal Installment of all Bonds of each series then Outstanding whether by reason of maturity or redemption by operation of sinking fund installments, except to the extent that such amounts shall be payable from amounts available from other sources; provided, however, that such amount so deposited on account of Principal Installments in each month after the delivery of the Bonds of any series up to and including the month immediately preceding the first Principal Installment payment date thereafter of the Bonds of such series shall be that amount which when multiplied by the number of such months will be equal to the amount of the Principal Installment payable on such Bonds on such first Principal Installment payment date and that the amount required to be so deposited shall be reduced by any other amounts deposited with the Trustee to the credit of the Bond Service Account for the payment of such Principal Installments; and

(c) to the credit of the Reserve Account, such amount as may be required to make the amount then to the credit of the Reserve Account equal to the Bond Reserve Requirement; provided, however, that the resolution of the Issuer authorizing the issuance of a series of Bonds shall provide for payments into the Reserve Account from the proceeds of such series of Bonds or for required payments from the Revenue Fund into the Reserve Account in accordance with a schedule of such payments set forth in such Supplemental Indenture, or for some combination of the foregoing.

The Trustee shall, from time to time, withdraw moneys from the Bond Service Account and then (to the extent necessary) from the Bond Purchase Account in order to: (i) pay interest on the Bonds as such interest becomes due, and (ii) set aside or deposit in trust with the Paying Agent, if any, sufficient moneys for paying Principal Installments for all Bonds as such Principal Installments become due.

Moneys held for the credit of the Reserve Account shall be used for the purpose of paying interest on or the Principal Installment of the Bonds whenever and to the extent that moneys held for the credit of the Bond Service Account and the Bond Purchase Account shall be insufficient for such purpose. If at any time the amounts held for the credit of the Reserve Account shall exceed the Bond Reserve Requirement, such excess shall be transferred by the Trustee, if directed by the Issuer, to the credit of the Bond Service Account or the Bond Purchase Account.

After provision shall be made for the final payment and full retirement and defeasance of all Bonds Outstanding and all expenses and charges required to be paid, the Trustee shall pay any balance in the Bond Fund to the Issuer.

The Reserve Account is currently funded at Levels prescribed by the Indenture.

Depreciation Fund. The Indenture provides that the Depreciation Fund is to be established and maintained in a minimum amount specified by a Supplemental Indenture (the "Minimum Depreciation Reserve"). The Depreciation Fund is currently funded in the amount of $2,754,267.50 as of December 31, 2009. The Minimum Depreciation Reserve shall be proportionately increased; but may not be decreased, in connection with the issuance of any series of Bonds to an amount which is not less than 3.55% of the aggregate principal amount of Bonds Outstanding immediately after the issuance of such additional series of Bonds. If required, on the first business day of each month after delivery of the Series 2010 Bonds, the Issuer shall, after making required payments to the Bond Fund, withdraw from the Revenue Fund and deposit with a Depository in the name of the Issuer, to the credit of the Depreciation Fund, a minimum amount equal to one sixtieth (1/60th) of the additional amount required to make the amount then to the credit of the Depreciation Fund equal to the Minimum Depreciation Reserve. The Issuer shall continue to make such deposits until the Depreciation Fund is fully funded in the minimum required amount.

Moneys held for the credit of the Depreciation Fund shall be disbursed only for capital expenditures, except as otherwise provided in the Indenture.

Moneys held for the credit of the Depreciation Fund shall be deposited with the Trustee to the credit of the Bond Service Account for the purpose of paying the interest on or the Principal Installment of the Bonds whenever and to the extent moneys in the Bond Service Account; the Bond Purchase Account or the Reserve Account shall be insufficient for such purpose.

To the extent that moneys held for the credit of the Depreciation Fund shall be in excess of the Minimum Depreciation Reserve and not be required for any of the foregoing purposes, such moneys may at the end of each Bond Year be withdrawn by the Issuer and deposited with the Trustee to the credit of the Revenue Fund.

The Indenture provides that the resolution of the Issuer authorizing a series of Bonds shall provide for payments into the Depreciation Fund from the proceeds of such series of Bonds or for required monthly payments from the Revenue Fund to the Depreciation Fund in accordance with a schedule of such payments, or for some combination of the foregoing, such that the amount of the Depreciation Fund will be increased to the Minimum Depreciation Reserve in not less than five (5) years in sixty (60) equal monthly installments.

Operation Fund. The Issuer shall, each month, after making required payments to the Bond Fund and the Depreciation Fund, withdraw from the Revenue Fund and deposit with a Depository in the name of the Issuer to the credit of the Operation Fund the balance remaining in the Revenue Fund.

The Current Expenses of the Consolidated Project shall be paid by the Issuer from the Operation Fund as the same become due and payable.

After provision has been made for payment of Current Expenses, any remaining amount in the Operation Fund may be used by the Issuer for (i) the payment of capital expenditures; (ii) the repayment with interest of advances under the Letter of Credit and Reimbursement Agreement, which Letter of Credit was issued to fund the Reserve Account; (iii) the redemption or purchase of Bonds; (iv) the payment of principal on any indebtedness of the Issuer subordinate to the lien of the Bonds; (v) the payment of any costs of acquisition, construction and installation of any public parking project which may from time to time be dedicated as part of the Consolidated Project and is permitted by law; (vi) the payment of the deposits required to be made in the Reserve Account; or (vii) to the extent not included in the foregoing, the repayment without interest of loans from Louisville Metro pursuant to the Lease. If the amount on deposit in the Reserve Account is not equal to the Bond Reserve

Requirement, not less than fifty percent (50%) of any amount in the Operation Fund remaining after payment of Current Expenses shall be withdrawn by the Issuer and deposited (no less frequently than once in every twelve consecutive calendar months) to the credit of the Reserve Account.

Whenever the amount on deposit in the Reserve Account shall be equal to the Bond Reserve Requirement, any amount in the Operation Fund remaining after payment of Current Expenses may be withdrawn from time to time by the Issuer but shall be used by the Issuer only for the purposes described above in the preceding paragraphs.

If at any time the amount to the credit of the Bond Service Account, the Bond Purchase Account, the Reserve Account or the Depreciation Fund shall be insufficient for the purpose of paying the interest on or the Principal Installment of the Bonds as they shall become due, then the Issuer shall withdraw from the Operation Fund and deposit with the Trustee an amount sufficient to make up any such deficiency.

Investment of Funds and Accounts. Moneys held for the credit of the Construction and Acquisition Fund, the Bond Service Account and the Reserve Account shall, and moneys held for the credit of the Bond Purchase Account, the Depreciation Fund, the Revenue Fund and the Operation Fund may be invested in Investment Securities which, in the case of moneys in the Construction and Acquisition Fund and Bond Service Account, shall mature or shall be subject to redemption by the holder thereof not later than the respective dates when moneys held for the credit of such Fund or Account are expected to be required for the purposes intended.

Open Market Purchases. The Issuer may, so long as no Event of Default is then existing, purchase Bonds Outstanding, whether or not such Bonds shall be subject to redemption at the most advantageous price obtainable with reasonable diligence, having regard to maturity, option to redeem, interest rate and price, such price not to exceed the principal of such Bonds plus the amount of the premium, if any, which would have been payable to the Holders of such Bonds under the provisions of the Indenture if such Bonds had been called for redemption on the next permissible redemption date. Upon making any such purchase, an authorized officer of the Issuer shall file with the Trustee a statement in writing directing the Trustee to pay the purchase price of the Bonds so purchased upon their delivery and cancellation, which statement shall set forth a description of such Bonds, the purchase price to be paid therefor, the name of the seller and the place of delivery of the Bonds. The Issuer shall withdraw from the Operation Fund, the Revenue Fund or any other Fund or Account permitted by the Indenture and deposit in the Bond Purchase Account or the Bond Service Account the purchase price of the Bonds to be purchased and the Trustee shall purchase such Bonds from the amounts deposited in the Bond Purchase Account or the Bond Service Account, as the case may be, but no such purchase shall be made within the period of 45 days next preceding any interest payment date on which such Bonds are subject to a call for redemption under the provisions of the Indenture.

RATINGS

The Issuer has obtained a rating of "AA" from Standard & Poor's Rating Group ("Standard & Poor's") and a rating of “Aa3” from Moody’s Investors Services (“Moodys”) for the Series 2010 Bonds. Such ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained only from the rating agencies furnishing the same. There is no assurance that such ratings will continue for any given period of time or that they may not be lowered or withdrawn entirely if in the judgment of such rating agency circumstances so warrant. Any such downward change in or withdrawal of such ratings may have an adverse effect on the market price of the Series 2010 Bonds.

TAX TREATMENT

It is the opinion of Bond Counsel, Frost Brown Todd LLC, Louisville, Kentucky, that based on existing laws, regulations and judicial decisions and as of the date of original issuance of the Series 2010A Bonds, and subject to the conditions set forth below, interest on the Series 2010A Bonds is excludable from gross income for federal and Kentucky income tax purposes

Interest on the Series 2010A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations.

The opinion that, interest on the Series 2010 Bonds is excludable from gross income as set forth in the last sentence of this paragraph is subject to the conditions, among others (as set out in Appendix G, to which reference is made), that the representations and warranties of the Issuer referred to above are accurate and that the Issuer complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Series 2010 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements, or a determination that certain of such representations and warranties are inaccurate, could cause the interest on the Series 2010 Bonds to be so included in gross income retroactive to the date of issuance of the Series 2010 Bonds.

Interest on the Series 2010B Bonds is not excluded from gross income for federal income tax purposes.

Bond Counsel is further of the opinion that the Series 2010 Bonds are exempt from both income and ad valorem taxation the Commonwealth of Kentucky and its political subdivisions and taxing authorities.

Although in the opinion of Bond Counsel the interest on the Series 2010A Bonds is excludable from gross income for federal and Kentucky income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2010A Bonds, may otherwise affect a Bondholder's federal or state tax liabilities. The nature and extent of these other tax consequences may depend on the particular tax status of the Bondholder or the Bondholder's other items of income or deduction.

For example, the Code generally disallows as a deduction 100% of the interest expense incurred by commercial banks and thrift institutions. The Series 2010a Bonds are not eligible for a limited exception provided under the Code from this 100% disallowance rule.

[Some of the Series 2010 Bonds ("Discount Bonds") will 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 "respective issues prices" of the Discount Bonds.

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 tax-exempt interest 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.

Some of the Series 2010 Bonds ("Premium Bonds") will 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.

Interest on the Series 2010 Bonds may also be included in determining a foreign corporation's effectively connected earnings and profits from a trade or business in the United States and thus subject to the branch profits tax imposed on foreign corporations under the Code. A tax on passive income, including interest on the Series 2010 Bonds, may be imposed on certain Subchapter S corporations. Recipients of Social Security benefits must include certain items, including interest on the Series 2010. Bonds, in computing their

"modified adjusted gross income" for purposes of determining to what extent, if any, such benefits are includable in their gross income under the Code.]

Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion (as set forth in Appendix G); and each Bondholder or potential Bondholder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing of the Series 2010 Bonds on the tax liabilities of such Bondholder or potential Bondholder.

A draft of the opinion of Bond Counsel relating to the Series 2010 Bonds in substantially the form in which it is expected to be delivered is included as Appendix G.

DISCLOSURE COMPLIANCE

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC"), the Issuer and Louisville Metro have agreed to enter into a Continuing Disclosure Agreement or Certificate for the benefit of the holders of the Series 2010 Bonds. On the date of issuance of the Series 2010 Bonds, the Issuer and Louisville Metro will execute an undertaking pursuant to which the Issuer and Louisville Metro will agree to provide information consistent with requirements of Rule 15c2-12, for the benefit of the holders of the Series 2010 Bonds, and in particular, to provide: (a) annual financial information and operating data for the Issuer and Louisville Metro, including audited financial statements of the Issuer and Louisville Metro for each fiscal year of the Issuer and Louisville Metro, commencing with their fiscal year ending December 31, 2009;(b) in a timely manner, notices of certain events with respect to the Series 2010 Bonds, if material, including (i) principal and interest payment delinquencies; (ii) non-payment related defaults; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers or their failure to perform; (vi) adverse tax opinions or events affecting the tax-exempt status of the Series 2010 Bonds; (vii) modifications to rights of the holders of the Series 2010 Bonds; (viii) certain bond calls; (ix) defeasances; (x) release, substitution or sale of property securing repayment of the Series 2010 Bonds; and (xi) rating changes; and notice of any failure of the Issuer or Louisville Metro to provide required annual financial information referred to above will be provided to each nationally recognized municipal securities information repository and the appropriate Kentucky State information depository, if any. The notices of certain events referred to above will be provided to each nationally recognized municipal securities information repository, to the Municipal Securities Rulemaking Board and to the appropriate Kentucky State information depository, if any. The continuing obligation of the Issuer or Louisville Metro to provide annual financial information and notices referred to above will terminate with respect to the Series 2010 Bonds when the Series 2010 Bonds are no longer outstanding. Any failure by the Issuer or Louisville Metro to comply with the foregoing will not constitute a default with respect to the Series 2010 Bonds.

In the event of a failure of the Issuer and Louisville Metro to comply with the disclosure requirements set forth in the Indenture, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under the Indenture. A default in compliance with the disclosure requirements under the Indenture shall not be deemed an Event of Default under the Indenture, and the sole remedy under the Indenture in the event of any failure of the Issuer and Louisville Metro to comply with the disclosure requirements shall be an action to compel performance.

SALE AT COMPETITIVE BIDDING

The Series 2010 Bonds will be offered for sale at competitive electronic bidding on January 13, 2010.

ABSENCE OF MATERIAL LITIGATION

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Series 2010 Bonds; or in any way contesting or affecting the validity of the Series 2010 Bonds or any proceedings of the Issuer 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 Series 2010 Bonds or the due existence or powers of the Issuer.

CO-FINANCIAL ADVISORS

This Official Statement has been prepared under the direction of the Issuer and with the assistance of Public Financial Management, Inc., Memphis, Tennessee ("PFM") and Morgan Keegan & Company, Inc., Memphis, Tennessee ("Morgan Keegan") (collectively, PFM and Morgan Keegan the "Co-Financial Advisors"), employed by the Issuer to perform professional services in the capacity of financial advisor. In their role as Co-Financial Advisors, PFM and Morgan Keegan 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 Issuer and verified the results of the competitive sale of the Bonds held January 13, 2010. The information set forth herein has been obtained from the Issuer and other sources, which are believed to be reliable. PFM and Morgan Keegan have not verified the factual information contained in the Official Statement but relied on the information supplied by the Issuer and the Issuer's certificate as to the Official Statement.

APPROVAL OF LEGALITY

Certain legal matters incident to the authorization, issuance, sale and delivery of the 2010 Bonds are subject to the approval of Frost Brown Todd LLC, Louisville, Kentucky, Bond Counsel. Certain legal matters will be passed on by James T. Carey, Assistant Jefferson County Attorney.

Bond Counsel has reviewed the Official Statement with regard to matters pertaining to the legality and tax exemption of the Series 2010 Bonds; but Bond Counsel has not reviewed any of the financial statements or calculations, such as debt service requirements, adequacy of escrow, budget estimates, estimated revenues, expenditures or other financial information in the Official Statement, and expresses no opinion thereon and assumes no responsibility in connection therewith. Bond Counsel expresses no opinion as to the investment quality of the Series 2010 Bonds.

The information contained under the headings "SOURCE OF PAYMENT," "FLOW OF FUNDS," "DISCLOSURE COMPLIANCE" AND "TAX TREATMENT" and in Appendix F to this Official Statement under the heading "CERTAIN PROVISIONS OF THE INDENTURE AND THE LEASE," has been reviewed as to law and legal conclusions by Frost Brown Todd LLC, Bond Counsel, who are of the opinion that the information summarized thereunder conforms as to form and tenor with the terms and provisions of documents summarized under such headings. The information contained in the Appendices to this Official Statement under the heading "SUMMARIES OF PARKING GARAGE AGREEMENTS" has been reviewed as to law and legal conclusions by Counsel to the Issuer, who is of the opinion that the information summarized thereunder conforms as to form and tenor with the terms and provisions of documents summarized under such headings.

THE TRUSTEE AND ITS COUNSEL HAVE NOT PARTICIPATED IN THE PREPARATION OF THIS OFFICIAL STATEMENT AND HEREBY DISCLAIM ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE INFORMATION.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers of the Series 2010 Bonds.

PARKING AUTHORITY OF RIVER
CITY INC.

By: ________________________________
Chairman

By: ________________________________
Secretary

APPENDIX A

Louisville/ Jefferson County Metro Government
Parking Authority of River City (PARC), Inc

Audited Financial Statements for Period Ending 06/30/2009

Strothman & Company P S C

Certified Public Accountants & Advisors

Financial Statements

Parking Authority of River City, Inc.

A Component Unit of Louisville-Jefferson County Metro Government

June 30, 2009 and 2008

Financial Statements

Parking Authority of River City, Inc.
A Component Unit of Louisville-Jefferson County Metro Government

June 30, 2009 and 2008

Strothman & Company P S C
Certified Public Accountants & Advisors

1600 Waterfront Plaza
325 West Main Street
Louisville, Kentucky 40202-4251

502 585 1600
502 585 1601 Fax
www.strothman.com

Independent Auditors' Report

Honorable Jerry Abramson, Mayor
Members of the Metro Council
Louisville-Jefferson County Metro Government

We have audited the accompanying statement of net assets of the Parking Authority of River City, Inc. ("PARC"), a component unit of Louisville-Jefferson County Metro Government, as of June 30, 2009 and 2008, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of PARC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the 2009 and 2008 financial statements referred to above present fairly, in all material respects, the financial position of PARC as of June 30, 2009 and 2008, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated November 25, 2009, on our consideration of PARC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing results of our audit.

The Management's Discussion and Analysis ("MD&A") on pages 3 through 5 is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Strothman & Company PSC

Louisville, Kentucky
November 25, 2009

Management's discussion and analysis ("MD&A") of the Parking Authority of River City, Inc. ("PARC"'s) financial performance provides an overview of PARC's financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the PARC's basic financial statements, which begin on page 6.

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

Using this Annual Report

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

Statements of Net Assets

The statements of net assets includes all of PARC's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). Total assets of PARC increased by $39,288,277 in fiscal year 2009 ($123,270,734 as of June 30, 2009 compared to $83,982,457 as of June 30, 2008) due to increased revenue from the garages and proceeds from the issuance of a bond related to the construction of the Arena garage. Total liabilities increased by $35,448,760 in fiscal year 2009 ($79,497,698 as of June 30, 2009 compared to $44,048,938 as of June 30, 2008), mainly as a result of issuance of revenue bonds for funding the construction of the Arena garage. PARC's total net assets increased by $3,839,517 as PARC currently has unspent bond proceeds related to the Louisville Arena garage.

Statements of Revenues, Expenses and Changes in Net Assets

These statements help the user assess the profitability of PARC. Operating revenues increased by $178,918 during the year ended June 30, 2009 as monthly parking was at full capacity at most parking garages. Operating expenses decreased by $75,748 during fiscal year 2009 due to decrease in personnel salaries and cost efficient measures taken by PARC. During fiscal year 2009, non-operating and other revenues decreased by $210,149. This is due to a decrease in interest rates nationwide which reduced PARC's interest income. Non-operating expenses decreased by $421,803. This is due to a decrease in debt service interest payments.

Continued

Statements of Cash Flow

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

Capital Assets and Debt Administration

Capital Assets: At June 30, 2009, PARC had $98,673,064 invested in capital assets consisting of parking garages and parking meters, which represent an increase in the investment of capital assets of $1,582,249 during the year (see Note E for additional capital asset details). The increase in the assets was due to capital improvement projects carried out at the garages and several new meters installed during the year.

Debt: At June 30, 2009, PARC had $79,995,000 in outstanding debt, compared to $44,145,000 last year (see Note F for additional debt details) due to issuance of new bonds during the year.

Economic Factors

While all PARC facilities remain at capacity with regards to monthly parking, we have experienced a number of cancellations within this category. However, to-date we have been able to maintain our targeted number of monthly parkers by utilizing the waiting list at most facilities. Also, due to the economic downturn, we have experienced a decrease in transient revenue collections and meter revenue. We anticipate that this trend may continue until the economy stabilizes.

PARC entered into a contract with the Louisville Arena Authority in July 2008 to finance the construction of a parking garage to be located at the new downtown arena. PARC has issued revenue bonds for $39,265,000 to fund the Arena garage construction. PARC will purchase and operate the garage upon its completion. The Arena garage construction is on schedule and is expected to be fully operable with the beginning of the 2010 University of Louisville men's basketball schedule.

PARC has entered into an agreement to purchase a newly constructed garage with a 427 space parking garage located at the development project at 222 West Jefferson Street. Construction of this garage was completed in October 2009. An interim operating agreement is in place until the purchase of this facility is finalized. The purchase price of the garage will be approximately $8.2 million.

Contacting PARC's Financial Management

This financial report is designed to provide trustees, taxpayers, creditors and elected public officials with a general overview of PARC's finances and to show PARC's accountability for the money it receives. If you have questions about this report or need additional information, contact PARC's Executive Director at:

Parking Authority of River City, Inc.
517 South 4th Street
Louisville, Kentucky 40202

Statements of Net Assets

Parking Authority of River City, Inc.
A Component Unit of Louisville-Jefferson County Metro Government

	June 30	
	2009	**2008**
Assets		
Current Assets		
Cash	$ 750	$ 750
Accounts receivable	197,706	191,562
Other current assets	44,591	7,676
Restricted assets	4,002,672	3,427,197
Total Current Assets	4,245,719	3,627,185
Restricted Assets		
Cash and cash equivalents	38,588,176	20,538,774
Accrued interest receivable	45	27,626
Less current portion	(4,002,672)	(3,427,197)
Total Restricted Assets	34,585,549	17,139,203
Property and Equipment, net	82,451,789	61,351,001
Notes Receivable, net of discount	1,436,694	1,403,466
Deposits with Management Companies	216,000	205,000
Deferred Debt Issuance Cost, net of accumulated amortization of $176,323 (2009) and $437,266 (2008), respectively	334,983	256,602
Total Assets	123,270,734	83,982,457

Continued

Parking Authority of River City, Inc.
A Component Unit of Louisville-Jefferson County Metro Government

	June 30	
	2009	**2008**
Liabilities		
Current Liabilities		
Accounts payable	1,206,325	1,363,499
Deferred revenue	90,424	95,582
	1,296,749	1,459,081
Current Liabilities Payable From Restricted Assets		
Accrued interest payable	307,142	211,426
Current portion of first mortgage revenue bonds	3,235,000	2,835,000
Accrued expenses	460,530	380,771
	4,002,672	3,427,197
Total Current Liabilities	5,299,421	4,886,278
First Mortgage Revenue Bonds, less current portion	74,198,277	39,162,660
Total Liabilities	79,497,698	44,048,938
Net Assets		
Invested in capital assets, net of related debt	5,018,512	19,353,341
Unrestricted	38,754,524	20,580,178
Total Net Assets	$ 43,773,036	$ 39,933,519

See Notes to Financial Statements

Statements of Revenues, Expenses and Changes in Net Assets

Parking Authority of River City, Inc.
A Component Unit of Louisville-Jefferson County Metro Government

	Year Ended June 30	
	2009	**2008**
Operating Revenues		
Parking facilities	$ 12,377,121	$ 12,081,722
Parking meters	2,531,833	2,614,092
Rental and validated parking	728,380	762,602
Total Operating Revenues	15,637,334	15,458,416
Operating Expenses		
Contractual services	3,331,535	3,170,641
General and administrative	3,599,557	3,883,707
Depreciation and amortization	3,959,802	3,912,294
Total Operating Expenses	10,890,894	10,966,642
Total Operating Income	4,746,440	4,491,774
Non Operating Revenues (Expenses)		
Investment income	230,578	718,115
Interest expense	(1,716,981)	(2,136,794)
Rent expense sublease	(432,333)	(433,638)
Capital reimbursements	1,011,813	734,425
Loss on disposal of assets		(685)
Total Non Operating Revenues (Expenses)	(906,923)	(1,118,577)
Change in Net Assets	3,839,517	3,373,197
Net Assets, Beginning of Year	39,933,519	36,560,322
Net Assets, End of Year	$ 43,773,036	$ 39,933,519

See Notes to Financial Statements

Parking Authority of River City, Inc.
A Component Unit of Louisville-Jefferson County Metro Government

	Year Ended June 30	
	2009	**2008**
Cash Flows From Operating Activities		
Cash received from parking garages, meters, validations and leases	$ 15,620,190	$ 15,484,468
Cash payments to suppliers	(2,052,321)	(2,166,748)
Cash payments to employees for services	(4,350,401)	(4,323,011)
Other operating cash payments	(647,858)	(599,133)
Net Cash Provided By Operating Activities	8,569,610	8,395,576
Cash Flows From Investing Activities		
Proceeds from sale of investments		3,000,000
Proceeds from bond issue	54,929,816	
Investment income	258,159	767,143
Net Cash Provided By Investing Activities	55,187,975	3,767,143
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(24,563,012)	(3,917,915)
Change in notes receivable	(33,228)	(31,411)
Capital appropriations	1,011,813	734,424
Principal payments on revenue bonds	(19,525,000)	(2,715,000)
Payment to bond escrow refunding agent	(311,659)	
Interest payments on revenue bonds	(1,621,266)	(2,147,319)
Bond issuance cost paid	(233,499)	
Rent payments on sublease	(432,332)	(433,638)
Net Cash Used In Capital and Related Financing Activities	(45,708,183)	(8,510,859)
Net Increase in Cash and Cash Equivalents	18,049,402	3,651,860
Cash and Cash Equivalents, Beginning of Year	20,539,524	16,887,664
Cash and Cash Equivalents, End of Year	$ 38,588,926	$ 20,539,524

Continued

Statements of Cash Flows--Continued

Parking Authority of River City, Inc.
A Component Unit of Louisville-Jefferson County Metro Government

	Year Ended June 30	
	2009	**2008**
Reconciliation of net operating income to net cash provided by operating activities		
Operating income	$ 4,746,440	$ 4,491,774
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	3,959,802	3,912,294
Change in assets and liabilities		
Accounts receivable	(6,144)	26,052
Other current assets	(36,915)	7,849
Deposits with management companies	(11,000)	
Accounts payable	(157,174)	190,353
Accrued expenses	79,759	(255,890)
Deferred revenue	(5,158)	23,144
Net Cash Provided By Operating Activities	$ 8,569,610	$ 8,395,576

See Notes to Financial Statements

Note A--Summary of Significant Accounting Policies

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

Basis of Presentation: The financial statements of PARC have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. With respect to proprietary activities, PARC has adopted GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*. PARC has elected to apply all applicable Financial Accounting Standards Board Statements and Accounting Principles Board opinions issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. PARC follows the accrual basis of accounting.

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

Property and Equipment: Property and equipment are stated at cost and depreciated over their estimated useful lives using the straight-line method. Parking garages and improvements are depreciated over lives ranging from 15 to 50 years and equipment is generally depreciated over 10 years. Interest costs during construction are capitalized into the cost of the respective projects.

Debt Issuance Costs, Bond Discounts and Deferred Losses on Bond Refundings: Debt issuance costs and bond discounts are deferred and amortized over the lives of the issues using an effective interest method. Deferred losses on bond refundings are deferred and amortized over the life of the new issues or the remaining life of the old issue, whichever is shorter, using the straight-line method. The amortization of the costs during the years ended June 30, 2009 and 2008 was $497,578 and $298,465, respectively

Continued

Note A--Summary of Significant Accounting Policies--Continued

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

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

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

Reclassifications: Certain reclassifications have been made to the fiscal year 2008 financial statements to conform to the fiscal year 2009 presentation.

Note B--Restricted Assets

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

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

Operating Fund: Operation, normal maintenance and insurance costs.

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

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

Construction and Acquisition Fund: Project costs.

Continued

Note B--Restricted Assets--Continued

At June 30, 2009 and 2008, restricted assets in these funds were as follows:

2009	Revenue Fund	Operating Fund	Bond Fund	Depreciation Fund	Construction and Acquisition Fund	Total
Cash and cash equivalents	$ 1,340,190	$ 5,414,572	$ 8,539,559	$ 2,867,971	$ 20,425,884	$ 38,588,176
Accrued interest receivable		5	10	3	27	45
	$ 1,340,190	$ 5,414,577	$ 8,539,569	$ 2,867,974	$ 20,425,911	$ 38,588,221
2008						
Cash and cash equivalents	$ 1,538,930	$ 10,629,841	$ 7,272,774	$ 1,096,957	$ 272	$ 20,538,774
Accrued interest receivable	152	15,576	10,339	1,549	10	27,626
	$ 1,539,082	$ 10,645,417	$ 7,283,113	$ 1,098,506	$ 282	$ 20,566,400

The Depreciation Fund is required to maintain an account balance of at least 3.55% of the aggregate principal amount of bonds outstanding. At June 30, 2009 and 2008, this requirement was met.

Note C--Deposits and Investments

Deposits: The Indentures require that all deposits with the Trustee or any other depository in excess of Federal Deposit Insurance Corporation ("FDIC") insured amounts be collateralized by government obligations equal to the amount of such deposits. As of June 30, 2009 deposits totaling $631,646 were fully insured by FDIC under the Temporary Liquidity Guarantee Program ("TLGP") and as of June 30, 2008 deposits totaling $62,285 were covered by the FDIC up to $100,000. The carrying amount of PARC's deposits at June 30, 2009 and 2008 were $769,395 and $159,536, respectively.

Continued

Note C--Deposits and Investments--Continued

Investments: Investments at June 30, 2009 and June 30, 2008 are presented in the table below:

2009

Investment Type	**Fair Value**		**Weighted Average**	**Credit Rating**
U.S. Government Money-Market Funds	$ 37,818,781	**1**	0.14	Aaa

2008

Investment Type	**Fair Value**		**Weighted Average**	**Credit Rating**
U.S. Government Money-Market Funds	$ 20,828,125	**1**	0.15	Aaa

1 Money Market Funds represent cash and cash equivalents on the face of the statements.

Note D--Notes Receivable

In 2001, PARC loaned $750,000 to a parking garage developer. No payments are required for the first six years. Then, the principal is to be repaid over 19 years with no interest. The loan was recorded at the net present value of the repayments using a 5% interest rate. During December 2008 and December 2007, PARC received a repayment of principal of $41,667 for each year.

In 2002, PARC loaned $700,000 to a condominium developer bearing interest at 5.5%. The loan shall be repaid no later than the date on which 90% of the condominium space has been sold. As of June 30, 2009, approximately 65-70% of the condominium space is occupied.

The following is a summary of notes receivable:

	2009	2008
Parking garage developer note		
Gross amount of note	$ 750,000	$ 750,000
Discount	(394,013)	(394,013)
Accrued interest	167,885	144,922
Principal received	(83,334)	(41,667)
	440,538	459,242
Condominium developer note		
Gross amount of note	700,000	700,000
Accrued interest	296,156	244,224
	996,156	944,224
Notes receivable, net of discount	$ 1,436,694	$ 1,403,466

Note E--Property and Equipment, Net

The following is a summary of property and equipment for the years ended June 30, 2009 and 2008:

	July 1, 2008	Additions	Dispositions	June 30, 2009
Land	$ 9,304,855			$ 9,304,855
Buildings and improvements	83,651,191	$ 1,362,093		85,013,284
Equipment	4,134,769	220,156		4,354,925
	97,090,815	1,582,249		98,673,064
Less accumulated depreciation	(41,544,604)	(3,462,224)		(45,006,828)
	55,546,211	(1,879,975)		53,666,236
Construction-in-progress	5,804,790	24,821,086	$ (1,840,323)	28,785,553
	$ 61,351,001	$ 22,941,111	$ (1,840,323)	$ 82,451,789

	July 1, 2007	Additions	Dispositions	June 30, 2008
Land	$ 9,304,855			$ 9,304,855
Buildings and improvements	83,424,140	$ 227,051		83,651,191
Equipment	4,082,264	55,630	$ (3,125)	4,134,769
	96,811,259	282,681	(3,125)	97,090,815
Less accumulated depreciation	(37,933,498)	(3,613,829)	2,723	(41,544,604)
	58,877,761	(3,331,148)	(402)	55,546,211
Construction-in-progress	2,169,555	4,025,068	(389,833)	5,804,790
	$ 61,047,316	$ 693,920	$ (390,235)	$ 61,351,001

Note F--First Mortgage Revenue Bonds

First Mortgage Revenue Bonds activity for the years ended June 30, 2009 and 2008 is as follows:

	July 1, 2008	Additions	Dispositions	June 30, 2009	Current Portion
First Mortgage Revenue Bonds, Series 1997: Bond series was advance refunded in March 2009	$ 18,295,000		$ (18,295,000)		
First Mortgage Revenue Bonds, Series 2001: 4.125% to 4.625% due semiannually in amounts ranging from $460,000 on December 1, 2009 to $590,000 on December 1, 2015	7,685,000		(890,000)	$ 6,795,000	$ 930,000
First Mortgage Revenue Bonds, Series 2002 3.75% to 5.0%, due annually in amounts ranging from $355,000 on June 1, 2010 to $1,330,000 on June 1, 2032	18,165,000		(340,000)	17,825,000	355,000
First Mortgage Revenue Bonds, Series 2009A 3.0% to 5.75%, due annually in amounts ranging from $670,000 on December 1, 2010 to $2,480,000 on December 1, 2039		$ 39,265,000		39,265,000	
First Mortgage Revenue Bonds, Series 2009B 3.0% to 4.0%, due annually in amounts ranging from $1,950,000 on December 1, 2009 to $670,000 on December 1, 2020		16,110,000		16,110,000	1,950,000
	44,145,000	55,375,000	(19,525,000)	79,995,000	3,235,000
Unamortized deferred loss on bond refunding	(1,716,279)	(1,694,525)	1,585,347	(1,825,457)	
Unamortized discount	(431,061)	(472,959)	167,754	(736,266)	
	$ 41,997,660	$ 53,207,516	$ (17,771,899)	$ 77,433,277	$ 3,235,000

Continued

Note F--First Mortgage Revenue Bonds--Continued

	July 1, 2007	Additions	Dispositions	June 30, 2008	Current Portion
First Mortgage Revenue Bonds, Series 1997: 4.6% to 5.0%, due annually in amounts ranging from $1,605,000 on December 1, 2008 to $855,000 on December 1, 2020	$ 19,820,000		$ (1,525,000)	$ 18,295,000	$ 1,605,000
First Mortgage Revenue Bonds, Series 2001: 4.125% to 4.625%, due semiannually in amounts ranging from $440,000 on December 1, 2008 to $590,000 on December 1, 2015	8,545,000		(860,000)	7,685,000	890,000
First Mortgage Revenue Bonds, Series 2002 3.5% to 5.0%, due annually in amounts ranging from $340,000 on June 1, 2009 to $1,330,000 on June 1, 2032	18,495,000		(330,000)	18,165,000	340,000
	46,860,000		(2,715,000)	44,145,000	2,835,000
Unamortized deferred loss on bond refunding	(1,898,355)		182,076	(1,716,279)	
Unamortized discount	(500,002)		68,941	(431,061)	
	$ 44,461,643	$	$ (2,463,983)	$ 41,997,660	$ 2,835,000

Continued

Note F--First Mortgage Revenue Bonds--Continued

The Series 1997 Bonds were used to decrease Series 1989 and Series 1991 Bonds. The proceeds of the Series 2001 Bonds were used to advance refund the remaining amount of Series 1989 Bonds. The proceeds of the Series 2002 Bonds are being used for construction of the Muhammad Ali Center Plaza and Garage, completion of the First and Main Garage and capital improvements to the Sixth Street Garage.

During March 2009, PARC issued the Series 2009A bonds of $39,265,000 and Series 2009B bonds of $16,110,000. The proceeds of the Series 2009A Bonds were used to fund the construction of the Louisville Arena Parking Garage. The Louisville Arena Parking Garage is not projected to generate sufficient cash from operations to cover the related debt service. However, management has determined that the overall operations of PARC are sufficient, in total, to fund the debt service of the Series 2009A bonds as well as other outstanding debt. The proceeds from Series 2009B Bonds were used to advance refund the remaining outstanding Series 1997 Bonds.

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

Debt service to maturity of the Bonds is as follows:

	Principal	Interest	Total
Year Ending June 30			
2010	$ 3,235,000	$ 4,165,326	$ 7,400,326
2011	3,835,000	3,448,613	7,283,613
2012	3,965,000	3,316,258	7,281,258
2013	4,100,000	3,177,903	7,277,903
2014	4,255,000	3,031,244	7,286,244
2015-2019	13,880,000	13,185,915	27,065,915
2020-2024	10,255,000	10,875,763	21,130,763
2025-2029	11,505,000	8,387,963	19,892,963
2030-2034	11,875,000	5,144,963	17,019,963
2035-2039	10,610,000	2,155,981	12,765,981
2040	2,480,000	66,650	2,546,650
	$ 79,995,000	$ 56,956,579	$ 136,951,579

Continued

Note F--First Mortgage Revenue Bonds--Continued

As of June 30, 2009, the outstanding principal amount of indebtedness that is considered to be extinguished under "in substance defeasance" and, therefore, excluded from bonds payable is as follows:

City of Louisville Riverfront Corp. First Mortgage Bonds, Series 1970	$ 4,755,000
Refunding and Improvement First Mortgage Bonds, Series 1977	6,765,000
First Mortgage Revenue Bonds – Series 1980	2,385,000
First Mortgage Revenue Bonds – Series 1981	3,825,000
First Mortgage Revenue Bonds – Series 1983	2,305,000
First Mortgage Revenue Bonds – Series 1984	2,600,000
First Mortgage Revenue Bonds – Series 1991	10,895,000
First Mortgage Revenue Bonds – Series 1997	16,690,000
	$ 50,220,000

Note G--Related Party Transactions

Metro Government assigns to PARC the operating revenues from the Consolidated Project for debt service requirements pursuant to the annual lease agreement dated December 1, 1985. The lease agreement is automatically renewable at Metro Government's option for successive annual terms through December 1, 2039.

PARC reimburses Metro Government for certain expenses incurred on behalf of PARC. During the years ended June 30, 2009 and 2008, these expenses included $1,667,403 and $1,751,503, respectively, in administrative costs and $966,073 and $952,378 respectively, for the enforcement and maintenance of parking meters. At June 30, 2009 and 2008, PARC owed Metro Government $137,846 and $148,831 for administrative expenses. Additionally, operating expenses are paid by Metro Government, and Metro Government is reimbursed by PARC for these operating expenses. Operating expenses, including enforcement and maintenance of parking meters, were $4,626,374 and $4,663,884 for the years ended June 30, 2009 and 2008, respectively. At June 30, 2009 and 2008, PARC owed Metro Government $1,070,307 and $1,116,311, respectively for operating expenses. Amounts paid to Metro Government during the fiscal years are reported in general and administrative expenses on the statement of revenues, expenses and changes in net assets. Amounts due to Metro Government at the end of the fiscal years for operating expenses are reported as accounts payable, and amounts due to Metro Government for administrative costs are reported in accrued expenses, on the statement of net assets.

Continued

Note G--Related Party Transactions--Continued

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

In November 2004, PARC entered into an operating sublease agreement with Metro Government for certain improvements and major repairs to be made to the Consolidated Project from the proceeds of $5,655,000 general obligation bonds issued by Metro Government. The sublease is renewable annually through 2025 at the option of PARC. Payments under the sublease agreement will be in amounts equal to the debt service on the general obligation bonds issued to finance the projects, and are subordinate to the payments of debt service on the First Mortgage Revenue Bonds discussed in Note F. Sublease payments paid to Metro Government during the year ended June 30, 2009 and June 30, 2008 were $432,333 and $433,638, respectively. Metro Government reimburses PARC for the improvements and major repairs made to the Consolidated Project. Metro Government reimbursed PARC $1,011,813 and 734,424 as of June 30 2009 and 2008, respectively.

The following is a schedule of future sublease payments due under the agreement, assuming the lease is renewed annually through the end of the term of the underlying bonds.

Year Ending June 30		
2010	$	436,263
2011		433,638
2012		434,638
2013		435,238
2014		434,188
2015-2019		2,167,969
2020-2024		2,175,638
2025		429,450
	$	6,947,022

Note H--Commitments

Muhammad Ali Plaza--PARC continues to incur costs related to the construction of the Muhammad Ali Plaza (the "Plaza"). The Plaza has been an ongoing project between Metro Government, PARC, and the Muhammad Ali Center. The Plaza is currently available for use, but has not been placed into service due to operational issues with the Plaza fountain. Once the Plaza fountain is completed and operational, the ongoing maintenance will be turned over to Metro Government's Public Works & Assets Agency.

Louisville Arena--PARC entered into an agreement with the Louisville Arena Authority in July 2008 to finance the construction of a parking garage to be located adjacent to the new downtown arena. PARC issued First Mortgage Revenue Bonds for $39,265,000 in fiscal year 2009 to fund this garage. The construction of the garage is on schedule and is expected to be fully operational by the opening of the arena in late 2010.

222 Jefferson--PARC entered into a Purchase and Sale agreement to purchase the 222 Jefferson Street parking garage upon completion of construction. The construction of the garage was completed in October 2009. An interim operating agreement is in place so that PARC may operate the garage for monthly parking only until the purchase of the facility is finalized.

Gateway Tower/Zirmed--Gateway Tower is a project consisting of an office, hotel, and residential development. PARC intends to enter into a ground lease with City Properties and will partner in the construction of a garage with approximately 400 spaces at an estimated cost of $8 million. PARC expects to finance the construction of this garage with a bond issue.

City Center--As part of the City Center Development, Metro Government acquired the parking lots located at 2nd and Liberty, 3rd and Liberty and 3rd and Muhammad Ali Streets during December 2008. PARC will operate and manage these lots until the construction of the City Center. Under the operating agreement between PARC and Metro Government, PARC will reconcile the revenue and expenses monthly and submit to Metro Government the reconciliation along with the net income.

Other Commitments--PARC is in the early negotiation stages with City Properties to develop a project named Clay Commons. This project will include restaurant, retail and a boutique hotel that will serve the Henry Clay property and a new development on 4th Street. The early planning stages indicate the garage will contain 350-400 parking spaces.

Note I--Pension Disclosures

i. Plan Description

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

ii. Funding Policy

Plan members are required to contribute 5% of creditable compensation and PARC is required to contribute at an actuarially determined rate. The rate is 13.50% and 16.17% of participating employees' compensation for the fiscal years ended June 30, 2009 and 2008, respectively. The contribution requirements of employers and plan members are established and may be amended by the CERS Board of Trustees.

PARC's contribution to the CERS for the years ended June 30, 2009, and 2008 were $125,107 and $159,328, respectively.

Note J--Postemployment Benefit Plans Other than Pension Plans

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

Note K--Subsequent Events

During August 2009, a major flood occurred in several parts of Louisville, Kentucky around the downtown area causing damage to elevators in several of PARC's facilities. PARC is currently obtaining quotes for the repairs. The estimated cost of the repairs is approximately $265,000.

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performed in Accordance with *Government Auditing Standards*

Strothman & Company P S C
Certified Public Accountants & Advisors

1600 Waterfront Plaza
325 West Main Street
Louisville, Kentucky 40202-4251

502 585 1600
502 585 1601 Fax
www.strothman.com

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performed in Accordance with *Government Auditing Standards*

Honorable Jerry Abramson, Metro Mayor
Members of the Metro Council
Louisville-Jefferson County Metro Government

We have audited the financial statements of the Parking Authority of River City, Inc. ("PARC"), a component unit of Louisville-Jefferson County Metro Government, as of and for the years ended June 30, 2009 and 2008 and have issued our report thereon dated November 25, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered PARC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PARC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of PARC's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Mayor, the Council and management and is not intended to be and should not be used by anyone other than these specified parties.

STROTHMAN & COMPANY PSC

Louisville, Kentucky
November 25, 2009

APPENDIX B

Louisville/ Jefferson County Metro Government
Parking Authority of River City (PARC), Inc

Fiver Year Summary of Balance Sheets and Statement of Revenues, Expenses and Changes in Retained Earnings and Historical Calculations of Debt Service Coverage

LOUISVILLE/ JEFFERSON CONTY METRO GOVERNMENT
PARKING AUTHORITY OF RIVER CITY (PARC), INC.
BALANCE SHEETS

	Fiscal Year					
Assets	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
Current Assets						
Cash and cash equivalents	$ 212,260	$ 500	$ 750	$ 750	$ 750	$ 750
Accounts receivable	268,651	235,425	434,461	422,614	191,562	197,706
Due from Metro Government				-	-	-
Other current assets	1,760	15,395	15,395	15,525	7,676	44,591
Restricted assets	3,776,031	3,811,708	3,776,563	3,573,613	3,427,198	4,002,672
Total Current Assets	4,258,702	4,063,028	4,227,169	4,012,502	3,627,186	4,245,719
Restricted Assets						
Cash and cash equivalents	108,791	272,874	266,606	16,886,914	20,538,774	38,588,176
Investments, at fair value	17,765,690	16,762,430	18,233,414	2,987,500		
Accrued interest receivable	9,165	34,586	65,667	89,154	27,626	45
Less current portion	-3,776,031	-3,811,708	-3,776,563	-3,573,613	-3,427,198	-4,002,672
Total Restricted Assets	14,107,615	13,258,182	14,789,124	16,389,955	17,139,202	34,585,549
Property and Equipment, net	63,864,480	61,914,515	59,690,160	61,047,316	61,351,001	82,451,789
Deposits with Management Companies					205,000	216,000
Notes Receivable, net of discount	1,174,292	1,236,818	1,302,679	1,372,055	1,403,466	1,436,694
Deferred Debt Issuance Cost, net of accumulated amortization	444,483	395,577	346,672	304,334	256,602	334,983
Total Assets		80,868,120	80,355,804	83,126,162	83,982,457	123,270,734
LIABILITIES AND FUND EQUITY						
Current Liabilities						
Accounts payable	308,126	-	-	1,173,146	1,363,499	1,206,325
Deferred revenue	50,723	718	53,758	72,438	95,582	90,424
	358,849	718	53,758	1,245,584	1,459,081	1,296,749
Current Liabilities Payable From Restricted Assets						
Accrued interest payable	207,106	241,149	231,817	221,951	211,427	307,142
Current portion of first mortgage revenue bonds	2,220,000	2,510,000	2,610,000	2,715,000	2,835,000	3,235,000
Accrued expenses	1,348,925	1,060,559	784,570	636,662	380,771	460,530
	3,776,031	3,811,708	3,626,387	3,573,613	3,427,198	4,002,672
Total Current Liabilities	4,134,880	3,812,426	3,680,145	4,819,197	4,886,279	5,299,421
First Mortgage Revenue Bonds, less current portion	48,788,736	46,542,968	44,197,201	41,746,643	39,162,659	74,198,277
Total Liabilities	52,923,616	50,355,394	47,877,346	46,565,840	44,048,938	79,497,698
Net Assets						
Contributed capital - intergovernmental	797,882	797,882	-	-	-	-
Invested in capital assets, net of related debt	16,308,969	12,861,547	12,882,959	16,585,673	19,353,341	5,018,512
Restricted, expendable		2,058,827	8,236,307	-	-	-
Unrestricted	13,819,105	14,794,470	11,359,192	19,974,649	20,580,178	38,754,524
Total Net Assets	30,925,956	30,512,726	32,478,458	36,560,322	39,933,519	43,773,036
Total liabilities and fund equity	83,849,572	80,868,120	80,355,804	83,126,162	83,982,457	123,270,734

Source: Audited financial statements

LOUISVILLE/ JEFFERSON CONTY METRO GOVERNMENT
PARKING AUTHORITY OF RIVER CITY (PARC), INC.

STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN RETAINED EARNINGS

	Fiscal Year				
	2005	**2006**	**2007**	**2008**	**2009**
Operating Revenues					
Parking facilities	$9,671,095	$10,007,472	$11,143,582	$12,081,722	$12,377,121
Parking meters	1,785,618	2,160,173	2,382,461	2,614,092	2,531,833
Rental and validated parking	448,860	449,266	570,954	762,602	728,380
Total Operating Revenues	11,905,573	12,616,911	14,096,997	15,458,416	15,637,334
Operating Expenses					
Contractual services	2,687,152	2,773,237	2,945,066	3,170,641	3,331,535
General and administrative	3,506,707	3,748,756	3,626,712	3,883,706	3,599,557
Depreciation and amortization	3,857,674	3,680,451	3,805,376	3,912,294	3,959,802
Bad debts	-	-	-	-	
Loss on disposal of assets	32,066	341,177	-	685	-
Total Operating Expenses	10,083,599	10,543,621	10,377,154	10,967,326	10,890,894
Total Operating Income	1,821,974	2,073,290	3,719,843	4,491,090	4,746,440
Non Operating Revenues (Expenses)					
Investment income	352,953	726,133	952,266	718,115	230,578
Interest expense	-	-	(2,246,711)	(2,136,794)	(1,716,981)
Rent expense sublease	-	-	(434,563)	(433,638)	(432,333)
Capital reimbursements	-	1,951,839	1,808,650	734,424	1,011,813
Total Non Operating Revenues (Expenses)	352,953	2,677,972	79,642	(1,117,893)	(906,923)
Change in Net Assets	2,174,927	4,751,262	3,799,485	3,373,197	3,839,517
Net Assets, Beginning of Year(1)	30,925,956	30,512,726	32,760,837	36,560,322	39,933,519
Net Assets, End of Year(1)	33,100,883	35,263,988	36,560,322	39,933,519	43,773,036

(1) There is a difference of $282,379 between ending net assets FY06 and beginning net assets FY07 due to error in the valuation of the disposed assets in FY06. FY06 financials were restated and FY07 beginning net assets reflect this

Source: Audited financial statements

PARKING AUTHORITY OF RIVER CITY (PARC), INC.
DEBT SERVICE COVERAGE

	2004-05	2005-06	2006-07	2007-08	2008-09
TOTAL REVENUES	12,258,526	15,294,883	16,857,913	16,910,955	16,879,725
OPERATING EXPENSES[(1)]	6,225,925	6,863,170	6,571,778	7,055,032	6,931,092
NET INCOME AVAILABLE TO PAY DEBT SERVICE	6,032,601	8,431,713	10,286,135	9,855,923	9,948,633
DEBT SERVICE	4,670,014	4,869,524	4,866,577	4,862,319	5,001,424
DEBT SERVICE COVERAGE	**1.29**	**1.73**	**2.11**	**2.03**	**1.99**

(1) Does not include interest expense and non-cash items (depreciation and amortization)

Source: Audited financial statements

APPENDIX C

Comprehensive Annual Financial Report of the Louisville/ Jefferson County Metro Government to Include Audited Financial Statements for Period Ended 06/30/2009

COMPREHENSIVE ANNUAL FINANCIAL REPORT

LOUISVILLE-JEFFERSON COUNTY METRO GOVERNMENT

LOUISVILLE, KENTUCKY

Fiscal Year Ended June 30, 2009

JERRY E. ABRAMSON
Mayor

Prepared by:
Office of Management & Budget

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2009

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STATISTICAL SECTION

LOUISVILLE, KENTUCKY

OFFICE OF THE MAYOR

JERRY E. ABRAMSON
MAYOR

December 29, 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, 2009. 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 the continuing national economic recession, the recovery from two natural disasters, and increases in mandated personnel costs.

During fiscal year 2009, 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 completed construction on two firehouses and authorized funding for a third firehouse as part of our 21st Century Fire plan, the largest financial investment in fire modernization in the city's history. We built the Newburg Library, the first new branch library in decades. Louisville Metro continued to improve public safety, define Louisville as a "City of Parks", strengthen neighborhoods, and make government more efficient and effective.

This is the seventh 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 2009 remained flat at $65.4 million, or about 14 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, Moody's, Standard and Poor's and Fitch, recently reconfirmed the long-term ratings on Louisville Metro (AA2, AA+, AA+ respectively). These ratings reflect a diverse economic base anchored by strong businesses in the Louisville community, including large health service and transportation sectors and a thriving central business 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

LOUISVILLE METRO HALL 527 WEST JEFFERSON STREET LOUISVILLE, KENTUCKY 40202 502.574.2003

OFFICE OF MANAGEMENT & BUDGET
LOUISVILLE, KENTUCKY

JERRY E. ABRAMSON
MAYOR

JANE C. DRISKELL
DIRECTOR

December 28, 2009

To the Citizens of Metro Louisville:

As the Director of the Office of Management and Budget for the Louisville Metro Government, I have the distinct pleasure of submitting the Comprehensive Annual Financial Report ("CAFR") for the year ended June 30, 2009. This is the seventh 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").

I 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 my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to report fairly the financial position and results of operations of 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 safety, streets and roads, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and other administrative services.

Budgets are adopted consistent with generally accepted accounting principles. On or before June 1 of each year, pursuant to state statue, the Mayor proposes an Executive Budget to the Metro

Council. On or before June 30 of each year, as required by state statue, 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 2009 CAFR reflects a government that continues to be financially strong. In fiscal year 2009, Louisville Metro Government experienced a projected revenue shortfall, but the budgetary restrictions imposed compensated for the shortfall and contributed to Louisville Metro Government's financial stability. The primary reason for the decrease in revenue is the increased unemployment and lower business earnings, which directly impact Louisville Metro Government largest source of revenue, 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. A copy of the Auditor of Public Accounts 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.

Acknowledgments. The preparation of the seventh CAFR for Louisville Metro Government was made possible by the dedicated service of the staff of the Office of Management and Budget. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report for Louisville Metro Government.

Respectfully submitted,

Jane Driskell Sistrunk

Jane Driskell Sistrunk
Director, Office of Management and Budget
Chief Financial Officer

LOUISVILLE METRO GOVERNMENT ORGANIZATION CHART

Louisville Metro Government
Executive Branch

OFFICE OF THE MAYOR
Communications
Affirmative Action
Louisville At Work
Intergovernmental Relations

OFFICE OF MANAGEMENT AND BUDGET
Finance Operations • Budget
Revenue Commission

RELATED AGENCIES
Human Relations Commission
Louisville Convention & Visitors Bureau
Louisville Free Public Library
Louisville Metro Housing Authority
Louisville Regional Airport Authority
Louisville Science Center
Louisville Water Company
Louisville Zoo
Metropolitan Sewer District
Office of Internal Audit
Transit Authority of River City
Waterfront Development Corporation

Mayor

Deputy Mayor

DEPARTMENTS

PUBLIC PROTECTION
Louisville Fire • Suburban Fire Districts • Emergency Medical Services
Emergency Management Agency/MetroSafe • Youth Detention Services • Corrections
Animal Services • Criminal Justice Commission

LOUISVILLE METRO POLICE

ECONOMIC DEVELOPMENT
Metro Development • Downtown Development • Riverport Authority • Redevelopment Authority • Parking Authority • Air Pollution Control District • KentuckianaWorks

CODES AND REGULATIONS
Inspections, Permits and Licenses • Planning and Design Services

PARKS AND RECREATION

HOUSING AND FAMILY SERVICES
Community Action Partnership • Human Services • Housing

PUBLIC HEALTH AND WELLNESS
Community Health Services • Environmental Health Services • Center for Health Equity

NEIGHBORHOODS
MetroCall • Brightside • Community Outreach

PUBLIC WORKS AND ASSETS
Streets and Roads • Solid Waste Management • Fleet • Facilities • Project Management
Property Management

TECHNOLOGY SERVICES
Archives • Phone Services

HUMAN RESOURCES

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

Fiscal Year Ended June 30, 2009

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
JON ACKERSON	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
BRENT ACKERSON	DISTRICT 26

OFFICE OF MANAGEMENT AND BUDGET

JANE DRISKELL SISTRUNK	DIRECTOR/CHIEF FINANCIAL OFFICER
KEVIN MOORE	CONTROLLER

CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

Honorable Jerry Abramson, Mayor and
Louisville/Jefferson County Metro Council

Independent Auditor's Report

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, 2009, which collectively comprise Metro Government's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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 some component units and funds that comprise Metro Government. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units and funds is based upon the reports of the other auditors. Those component units and funds were:

Governmental Funds:
- Capital Projects Corporation

Proprietary Funds:
- Louisville/Jefferson County Metro Revenue Commission

Fiduciary Funds:
- Louisville/Jefferson County Metro Revenue Commission
- Mass Transit

Discretely Presented Component Units:
- Louisville Water Company
- Parking Authority of River City, Inc.
- Transit Authority of River City
- Louisville/Jefferson County Riverport Authority
- Metropolitan Sewer District
- Louisville Science Center

Those financial statements reflect total assets and revenues of the government-wide financial statements and total assets and revenues or additions of the fund financial statements as follows:

	Percent of Assets	Percent of Revenues/Additions
Government-Wide Financial Statements		
Primary Government – Governmental Activities	5%	1%
Aggregate Discretely Presented Component Units	100%	100%
Fund Financial Statements		
Governmental Funds – Non-Major Funds	2%	91%
Proprietary Funds – Internal Service Funds	71%	7%
Fiduciary Funds – Agency Funds	54%	97%

209 St. Clair Street
Frankfort, KY 40601-1817
Telephone 502.564.5841
Facsimile 502.564.2912
www.auditor.ky.gov

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 opinion.

Governmental Accounting Standards Board Statement (GASBS) No. 33, considered accounting principles generally accepted in the United States of America, requires certain revenues in the funds to be recognized when measurable and available, and once applicable eligibility requirements are met. Revenues recorded in the government-wide financial statements are not required to meet the criteria of availability. Metro Government did not properly recognize certain revenues as required by GASBS No. 33. The result of this improper recognition is an overstatement of accounts receivable and unearned/ deferred revenue in the governmental activities and Special Revenue Fund. The amount by which this departure would affect the assets, liabilities, fund balance and revenues is not reasonably determinable.

In our opinion, based on our audit and the reports of other auditors, except for the effects of the departure from generally accepted accounting principles referred to in the preceding paragraph, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities and Special Revenue Fund of Metro Government, as of June 30, 2009, 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 above, present fairly, in all material respects, the respective financial position of the aggregate discretely presented component units, the General Fund, Capital Projects Fund, Special Purpose Fund and aggregate remaining fund information of Metro Government , as of June 30, 2009, 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.

The Management's Discussion and Analysis on pages 5 through 12, and budgetary comparison schedules on 81, and schedules of funding progress and employer contributions on page 82 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 have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming 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 of Metro Government. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in our audit of the basic financial statements and in the audits performed by other auditors and, in our opinion, based on our audit and the reports of other auditors, is fairly presented, in all material respects, in relation to the 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, accordingly, we express no opinion on them.

In accordance with Government Auditing Standards, we will also issue our report dated December 28, 2009 on our consideration of Metro Government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Respectfully submitted,

Crit Luallen
Auditor of Public Accounts

December 28, 2009

Our discussion and analysis of Louisville/Jefferson County Metro Government's ("Metro Government") financial performance provides an overview of Metro Government's financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the Metro Government's financial statements, which begin on page 15.

Financial Highlights

- Total assets of the primary government exceeded total liabilities by $596 million at the close of fiscal year 2009. This amount includes approximately $12.9 million in negative unrestricted net assets.
- Total net assets decreased by $8.9 million.
- At the end of fiscal year 2009, Metro Government's governmental funds reported a combined ending fund balance of approximately $172 million. This was a decrease of approximately $27.8 million from the end of fiscal year 2008.
- At the end of fiscal year 2009, unassigned general fund balance was $65.4 million or 13% of total general fund expenditures.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

One of the most important questions raised about the Metro Government's finances is whether the Metro Government as a whole is better off or worse off as a result of the year's activities. The Statement of Net Assets (page 15) and the Statement of Activities (pages 16-17) 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.

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

If a fee is charged to customers to help the Metro Government cover all or most of the cost of certain services it provides, those activities are considered to be business-type activities in most cases. The primary government did not report any business-type activities in fiscal year 2009.

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

Fund Financial Statements

The fund financial statements provide detailed information about Metro Government's most significant funds – not the Metro Government as a whole as presented in the government-wide financial statements. 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. 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 Note 1). The Metro Government also uses fiduciary funds, which are separate funds from the governmental and proprietary funds described below. Fiduciary funds are not included in the Metro Government's government-wide financial statements.

Governmental funds: Most of the Metro Government's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using 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 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 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.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 33.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information. Required supplementary information includes a budgetary to actual comparison of Metro Government's general fund and a schedule of funding progress and employer contributions for Metro Government's pension and benefit trust fund. Required supplementary information begins on page 81. Metro Government presents combining financial statements for the nonmajor, internal service, and agency funds as other supplementary information. This information begins on page 84.

Government-Wide Financial Analysis

Net assets serve as a useful indicator of a government's financial position over time. Metro Government's assets exceeded liabilities by approximately $596 million at June 30, 2009.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NET ASSETS
(amounts in thousands as of June 30,)

	Governmental Activities		Total Percentage Change
	2008	2009	2008-2009
Current and other assets	$ 311,252	$ 295,104	-5.2%
Capital assets	795,006	860,175	8.2%
Total assets	1,106,258	1,155,279	4.4%
Long-term liabilities	415,502	465,030	11.9%
Other liabilities	85,757	94,172	9.8%
Total liabilities	501,259	559,202	11.6%
Net assets			
Invested in capital assets, net of related debt	504,736	537,460	6.5%
Restricted	81,047	71,551	-11.7%
Unrestricted	19,216	(12,934)	-167.3%
Total net assets	$ 604,999	$ 596,077	-1.5%

Current and other assets decreased by 5.2% mainly as a result of a decreased balance of restricted assets which were released for use on capital projects. The decrease in restricted assets is offset by an increase in capital assets as funds were spent on capitalizable projects. Long term liabilities increased 11.9% related to the Bond Anticipation Note of $44 million that Metro Government issued during fiscal year 2009.

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

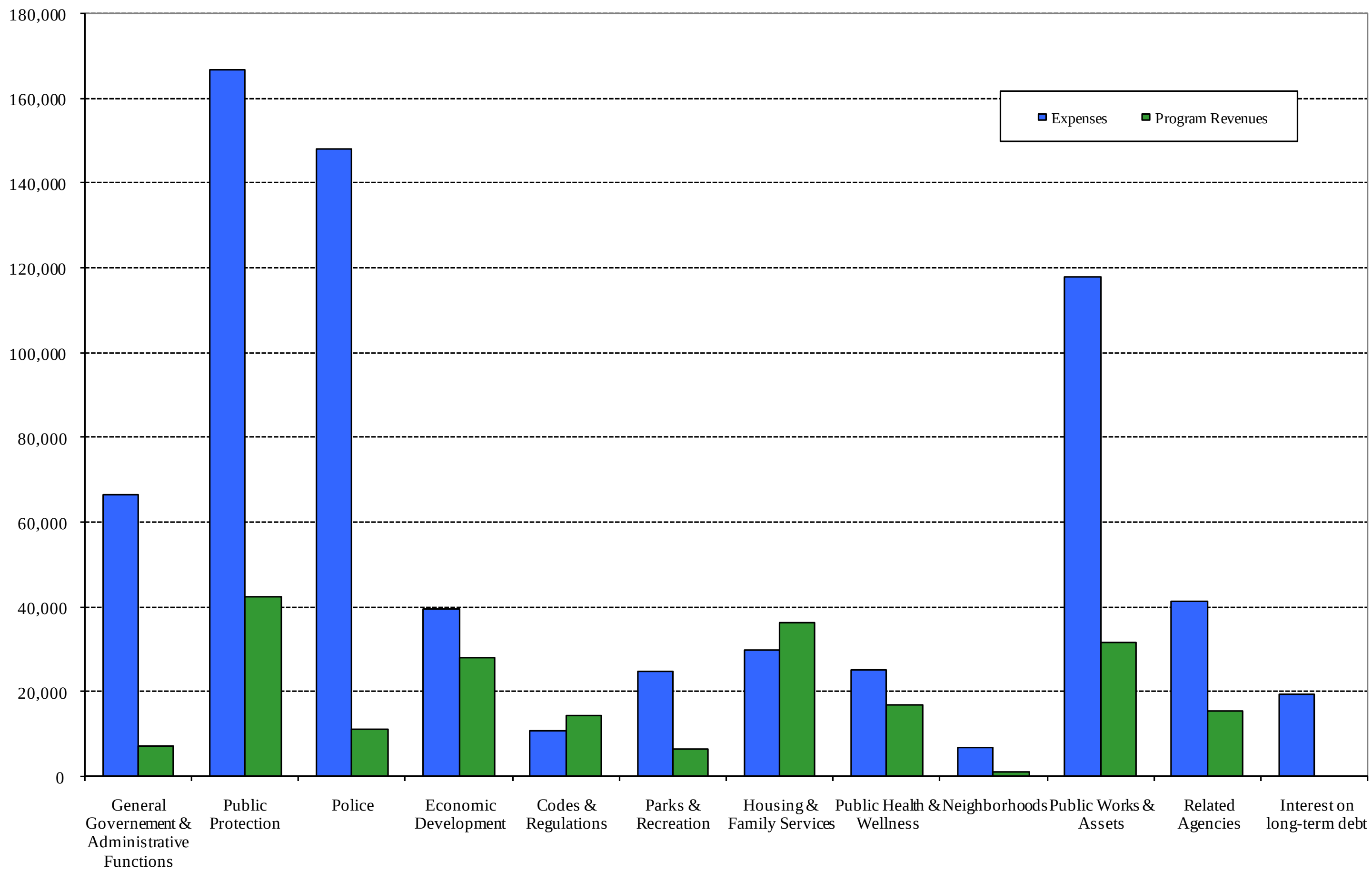
This is a summary of the Metro Government's changes in net assets:

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

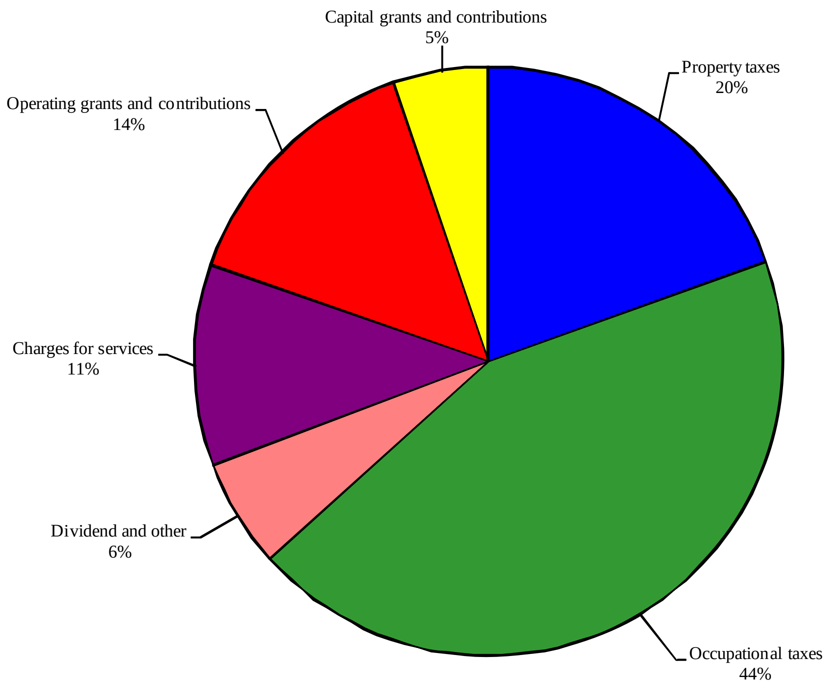
	Governmental Activities	
	2008	**2009**
Revenues		
Program revenues:		
Charges for services	$ 78,058	$ 76,089
Operating grants and contributions	82,810	99,302
Capital grants and contributions	31,815	37,242
General revenues:		
Property taxes	133,966	134,091
Other taxes	309,492	301,344
Other	47,815	41,169
Total revenues	683,956	689,237
Expenses		
General Governement & Administrative Functions	68,656	66,605
Public Protection	168,126	166,737
Police	140,438	147,980
Economic Development	25,276	39,617
Codes & Regulations	11,289	12,221
Parks & Recreation	25,132	24,615
Housing & Family Services	28,845	29,872
Public Health & Wellness	26,796	25,067
Neighborhoods	8,195	6,878
Public Works & Assets	130,173	117,839
Related Agencies	53,572	41,303
Interest on long-term debt	14,425	19,425
Total expenses	700,923	698,159
Increase (decrease) in net assets	(16,967)	(8,922)
Net assets--beginning	621,966	604,999
Net assets--ending	$ 604,999	$ 596,077

Governmental activities decreased $8.9 million in fiscal year 2009 versus a decrease of $17 million in the prior fiscal year. Total revenue increased only $3.8 million over fiscal year 2008 while expenses decreased $4.2 million. Metro Government experienced the largest decrease in revenue from the collection of occupational taxes. Occupational taxes are directly related to the employment level in the community and unemployment has increased from 6.5% at June 30, 2008 to 10.7% at June 30, 2009. Metro Government was able to offset the decrease in occupational taxes with increased revenue from grants and contributions. Metro Government was able to decrease expenses in many areas through planned budget reductions and decreased spending.

Expenses and Program Revenue – Governmental Activities – For the Year Ended June 30, 2009:



Revenues by Source – Governmental Activities – For the Year Ended June 30, 2009:



Financial Analysis of the Government's Funds

At the close of fiscal year 2009, Metro Government's governmental funds reported a combined ending fund balance of $172 million. This is a decrease of $27.8 million from fiscal year 2008. Metro Government reports fund balance as nonspendable, restricted, committed, assigned, or unassigned (refer to Note 1 for detailed information on the fund balance classifications). Metro Government had $65.4 million of unassigned fund balance available in the General Fund at June 30, 2009. Unassigned fund balance of the General Fund (Metro Government's main operating fund) represents approximately 13% of total general fund expenditures for fiscal year 2009.

The General Fund's fund balance decreased $6.8 million during fiscal year 2009 as compared to a decrease of $16.3 million in fiscal year 2008. While General Fund revenues decreased primarily due to a decrease in occupational tax revenue, revenues from donations and intergovernmental sources also decreased due to the economic downturn in fiscal year 2009. Metro Government was able to offset the decrease in revenue in part through planned budgetary reductions in expenditures and decreases in transfers to capital funds from the General Fund.

The Special Revenue Fund's fund balance decreased $9.6 million during fiscal year 2009 as compared to a $1.4 million increase in fiscal year 2008. Intergovernmental revenues of the Special Revenue Fund increased primarily as a result of recognition of revenue from the federal government related to two natural disasters the Metro Louisville area experienced during fiscal year 2009. Expenditures in several Metro Government departments increased during fiscal year 2009 versus fiscal year 2008 directly as a result of these natural disasters. In addition to this increase in operating expenditures, capital outlay also increased as the MetroSafe project was nearing completion in fiscal year 2009.

The Capital Projects Fund's fund balance decreased $14.7 million during fiscal year 2009 as compared to an $11.8 million decrease in fiscal year 2008. While revenues in the Capital Projects Fund were relatively at the same levels as fiscal year 2008, expenditures in the Capital Projects Fund increased as bond proceeds from the bond issue in fiscal year 2009 were spent on various capital projects. The Capital Projects Fund also received less funding in fiscal year 2009 from the General Fund to finance capital projects.

Metro Government's Special Purpose Fund has been reclassified from a nonmajor fund to a major fund in fiscal year 2009. This is the first year since the formation of Metro Government that this fund has been considered a major fund. The Special Purpose Fund's fund balance increased $4.8 million in fiscal year 2009 versus a $4.9 million increase in fiscal year 2008. Revenues and expenditures of this fund have remained relatively flat in fiscal year 2009 from fiscal year 2008.

General Fund Budgetary Highlights

Actual expenditures were $99.5 million below the final budgeted amounts. The largest variance between budget and actual amounts relate to fleet and depreciation adjustments which were approximately $35.6 million in fiscal year 2009. 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 Comprehensive Annual Financial Report ("CAFR") because they are interagency charges and are eliminated.

Debt service for Metro Government is budgeted in the General Fund, but is reflected as a transfer out of the General Fund and the debt service expenditures recorded in the debt service funds. In addition to the eliminations for fleet and depreciation and transfers for debt service, expenditures were also under budget due to required departmental reductions in spending due to the decrease in revenue collections.

Capital Asset And Debt Administration

Capital Assets

Metro Government held $860 million of assets, net of accumulated depreciation at June 30, 2009. Depreciation charges for fiscal year 2009 totaled $42 million.

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

	2008	2009	Total Percentage Change 2008-2009
Land	$ 295,248,986	$ 311,097,040	5.4%
Land improvements	46,191,343	44,683,264	-3.3%
Buildings	213,295,262	233,526,601	9.5%
Machinery and equipment	12,811,495	11,618,758	-9.3%
Vehicles	31,156,109	30,536,088	-2.0%
Collections and works of art	8,792,882	8,335,727	-5.2%
Infrastructure	116,679,736	103,231,060	-11.5%
Construction in progress	70,830,068	117,146,879	65.4%
Total	$ 795,005,881	$ 860,175,417	8.2%

Land increased primarily due to the acquisition of land by the Metro Development Authority in downtown Louisville for future economic development. In addition to increases in land, buildings also increased as Metro Government built and opened two new fire stations during fiscal year 2009. See Note 4 for additional detail on Capital Assets.

Debt Administration

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

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

	2008	2009	Total Percentage Change 2008-2009
General obligation debt	$ 226,894	$ 275,187	21.3%
Revenue bonds	128,131	99,442	-22.4%
Total	$ 355,025	$ 374,629	5.5%

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 increased by $19.6 million. Additional information on the Metro Government's long-term debt activity can be found in Note 8 of this report.

Future Economic Factors

The most recent unemployment rate for the Metro Louisville (October 2009) is 10.3%. The unemployment rates nationally and for Kentucky are 9.5% and 10.7% respectively. Metro Government's largest source of revenue, occupational taxes, is directly related to the employment rates in Metro Louisville. Metro Government's fiscal year 2010 budget reflects the expected decrease in revenue and appropriations for expenditures.

Downtown Louisville, however, continues to experience growth and development. The multi-purpose Louisville Arena will open in November 2010 and the Fourth Street entertainment district continues to expand. The downtown medical center continues to expand and the number of downtown market rate housing units continues to increase.

Contacting Metro Government's Financial Management

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

BASIC FINANCIAL STATEMENTS

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF NET ASSETS
June 30, 2009

	Primary Government		
	Governmental Activities		Component Units
ASSETS			
Cash and cash equivalents	$	77,890,550	$ 80,838,714
Investments		123,767,482	76,052,120
Receivables, net of allowance for uncollectible amounts		82,147,205	67,795,009
Inventories		570,596	18,777,592
Prepaid items and deferred charges		2,983,313	42,061,705
Assets restricted by bond indentures and other legal provisions		7,744,734	99,247,976
Non-utility property			198,557
Investments in direct financing lease			57,670,671
Capital assets:			
Land and improvements		315,045,473	28,298,151
Construction in progress		117,146,879	285,137,527
Works of art		255,000	
Infrastructure		910,636,238	3,211,369,599
Other capital assets		647,834,713	405,474,978
Less accumulated depreciation		(1,130,742,886)	(1,134,207,665)
Capital assets, net		860,175,417	2,796,072,590
Total assets		1,155,279,297	3,238,714,934
LIABILITIES			
Accounts payable and accrued payroll		40,019,663	48,113,072
Due to other government agencies		15,830,031	11,427,444
Notes payable		2,000,000	
Unearned revenue		35,573,467	20,587,905
Other liabilities		749,405	24,147,965
Dividend payable			1,455,710
Long-term liabilities:			
Due within one year		125,680,000	43,555,043
Due in more than one year		339,350,000	1,688,761,911
Total liabilities		559,202,566	1,838,049,050
NET ASSETS			
Invested in capital assets, net of related debt		537,459,886	1,182,860,544
Restricted for:			
Capital projects		71,526,320	63,645,553
Debt service		24,645	100,225,000
Unrestricted		(12,934,120)	53,934,787
Total net assets	$	596,076,731	$ 1,400,665,884

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, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government:					
Governmental activities:					
General Government:					
Metro Council	$ 6,108,261	$ 2,050	$ 4,000		$ (6,102,211)
Mayor's Office	2,831,226		20,913		(2,810,313)
Policy and Strategic Planning	630,283				(630,283)
County Attorney	7,739,457	192,377			(7,547,080)
Other Elected Officials	8,447,803	247,024	115,050		(8,085,729)
Public Protection:					
Fire	55,579,312	259,061	2,275,799	$ 182,422	(52,862,030)
Emergency Medical Services	24,751,106	13,431,725	144,452	227,873	(10,947,056)
Emergency Management	16,769,397	3,276,508	504,923	8,477,131	(4,510,835)
Corrections	50,874,687	2,134,729	6,298,903		(42,441,055)
Youth Detention Services	10,088,612	192,264	3,031,003		(6,865,345)
Animal Control Services	3,005,658	1,409,306	37,063	29,449	(1,529,840)
Criminal Justice Commission	669,290		267,688	123,001	(278,601)
Firefighters' Pension Fund	2,894,744				(2,894,744)
Policemen's Retirement Fund	2,103,721				(2,103,721)
Police	147,980,259	1,343,839	8,374,184	1,542,723	(136,719,513)
Economic Development:					
Metro Development Authority	34,117,274	8,080,332	15,406,075	91,043	(10,539,824)
Air Pollution Control	5,499,818	2,866,078	1,714,998		(918,742)
Codes & Regulations:					
Inspections, Permits and Licenses	8,060,644	13,126,794	1,921,358		6,987,508
Planning and Design Services	4,159,650	428,293	188,663		(3,542,694)
Parks & Recreation	24,615,331	4,908,282	452,821	1,195,373	(18,058,855)
Housing & Family Services:					
Housing	6,021,403	1,512,710	5,030,356	15,983,817	16,505,480
Human Services	12,212,688	18,651	1,922,929	1,229,419	(9,041,689)
Community Action Partnership	11,637,718	35,234	10,624,033		(978,451)
Public Health & Wellness	25,066,813	1,210,341	15,385,197	236,367	(8,234,908)
Neighborhoods	6,878,355	386,312	749,597		(5,742,446)
Public Works & Assets					
Public Works	49,695,970	308,729	20,615,835	3,037,320	(25,734,086)
General Services Administration	45,072,779	3,144,049	261,050	140,655	(41,527,025)
Solid Waste Management Services	23,069,602	1,730,102	1,893,930	350,327	(19,095,243)
Information Technology	12,428,088	1,107,018			(11,321,070)
Finance & Administration	23,929,387	5,686,981	143,569		(18,098,837)
Human Resources	4,492,419	9,760			(4,482,659)
Related Agencies					
Human Relations Commission	926,118		96,712		(829,406)
Louisville Free Public Library	20,237,643	118,664	429,266	302,125	(19,387,588)
Louisville Zoological Gardens	14,256,138	8,519,092	762,477	3,817	(4,970,752)
Internal Audit	693,880				(693,880)
Waterfront Development Corporation	5,189,003	402,224	628,682	4,089,465	(68,632)
Interest expense	19,424,674				(19,424,674)
Total governmental activities	$ 698,159,211	$ 76,088,529	$ 99,301,526	$ 37,242,327	$ (485,526,829)
Component units:					
Louisville Water Company	$ 117,726,208	$ 136,743,203		$ 11,962,468	$ 30,979,463
Parking Authority of River City, Inc.	13,040,208	15,637,334		1,011,813	3,608,939
Transit Authority of River City	73,158,189	11,692,790	$ 58,189,043		(3,276,356)
Louisville and Jefferson County Riverport Authority	6,388,292	1,643,056			(4,745,236)
Metropolitan Sewer District	198,245,000	167,556,000		11,689,000	(19,000,000)
Louisville Science Center, Inc.	5,355,035	4,809,512			(545,523)
Total component units	$ 413,912,932	$ 338,081,895	$ 58,189,043	$ 24,663,281	$ 7,021,287

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2009

	Primary Government	
	Governmental Activities	**Component Units**
Net (expense) revenue (from preceding page)	$ (485,526,829)	$ 7,021,287
General revenues:		
Taxes:		
Property taxes, levied for general purposes	134,091,146	
Occupational taxes	301,344,426	
Investment income	3,950,500	28,232,015
Dividends	17,288,555	
Other intergovernmental revenue	11,291,887	
Gain on sale of assets	1,622,208	
Other taxes	269,634	
Rental receipts	1,950,901	
Miscellaneous	4,795,016	4,051,235
Total general revenues	476,604,273	32,283,250
Change in net assets	(8,922,556)	39,304,537
Net assets--beginning	604,999,287	1,361,361,347
Net assets--ending	$ 596,076,731	$ 1,400,665,884

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General Fund	Special Revenue Fund	Capital Projects Fund	Special Purpose Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 6,615,452		$ 4,697,554	$ 3,675,270	$ 357,884	$ 15,346,160
Investments	44,094,382		31,649,617	24,762,012	2,116,694	102,622,705
Receivables:						
Taxes receivable, less allowance for uncollectible amounts	3,685,142					3,685,142
Accounts receivable and accrued interest	18,493,403	$ 6,704,377	40,434		22,584	25,260,798
Loans receivable, less allowance for uncollectible amounts	1,746,720	8,557,297	2,276,607			12,580,624
Notes receivable			3,724,066			3,724,066
Due from federal government		29,697,349				29,697,349
Due from state government		6,824,987				6,824,987
Due from other funds	38,602,254				640,761	39,243,015
Inventories	570,596					570,596
Prepaid items	1,470,667	91,475				1,562,142
Restricted assets:						
Cash and cash equivalents			7,720,089		24,645	7,744,734
Total assets	$ 115,278,616	$ 51,875,485	$ 50,108,367	$ 28,437,282	$ 3,162,568	$ 248,862,318
LIABILITIES						
Accounts payable	$ 11,826,653	$ 7,886,332	$ 3,231,729	$ 281,289	$ 2,800	$ 23,228,803
Accrued payroll and withholdings	13,113,382	208,054				13,321,436
Due to other funds		10,993,822				10,993,822
Matured bonds and interest payable					640,761	640,761
Notes payable			2,000,000			2,000,000
Deferred revenue	8,504,034	17,869,344				26,373,378
Other liabilities	749,405					749,405
Total liabilities	34,193,474	36,957,552	5,231,729	281,289	643,561	77,307,605
FUND BALANCES						
Nonspendable	3,787,983	8,648,772	4,000,673			16,437,428
Restricted for:						
Debt service reserve					24,645	24,645
Other capital projects			7,720,089			7,720,089
Committed	6,499,730					6,499,730
Assigned to:						
Capital projects			33,155,876	28,155,993	2,494,362	63,806,231
Grant programs		6,269,161				6,269,161
Other purposes	5,390,322					5,390,322
Unassigned	65,407,107					65,407,107
Total fund balances	81,085,142	14,917,933	44,876,638	28,155,993	2,519,007	171,554,713
Total liabilities and fund balances	$ 115,278,616	$ 51,875,485	$ 50,108,367	$ 28,437,282	$ 3,162,568	

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

Capital assets of $860,175,417, net of accumulated depreciation, reported in the government wide financial statements less $307,966 of capital assets held by the internal service funds used in governmental activities are not financial resources and therefore are not reported in the funds.	859,867,451
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.	(46,520,583)
Certain revenues are earned but not available and therefore are deferred in the fund financial statements but are recognized as revenue in the government-wide statements.	3,685,142
Long-term liabilities of $465,030,000, including bonds payable, less $71,153,837 reported in internal service funds, less deferred charges and deposits with paying agents of $1,366,171, are not due and payable in the current period and therefore are not reported in the funds.	(392,509,992)
Net assets of governmental activities	$ 596,076,731

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General Fund	Special Revenue Fund	Capital Projects Fund	Special Purpose Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	$ 133,501,705					$ 133,501,705
Occupational taxes	301,344,426					301,344,426
Licenses and permits	10,521,865					10,521,865
Intergovernmental	28,290,329	$ 107,486,428	$ 15,305	$ 810,857	$ 4,361,715	140,964,634
Charges for services	56,761,309	7,045,603	285,448	508,331	432,333	65,033,024
Fees and fines	2,447,186		26,065			2,473,251
Investment income	2,044,037	601,500	1,222,242	69,451	13,270	3,950,500
Dividends	17,288,555					17,288,555
Donations	1,914,546	138,227	3,976,769			6,029,542
Miscellaneous	2,672,131	1,536,987	234,547			4,443,665
Total revenues	556,786,089	116,808,745	5,760,376	1,388,639	4,807,318	685,551,167
EXPENDITURES						
Current operating:						
General Government:						
Metro Council	5,694,342					5,694,342
Mayor's Office	2,618,525					2,618,525
Policy and Strategic Planning	587,717					587,717
County Attorney	7,024,343					7,024,343
Other Elected Officials	7,553,889					7,553,889
Public Protection:						
Fire	50,715,880	244,124				50,960,004
Emergency Medical Services	22,104,299	45,753				22,150,052
Emergency Management	7,181,440	8,038,402				15,219,842
Corrections	47,296,736	47,033				47,343,769
Youth Detention Services	9,292,782	89,711				9,382,493
Animal Control Services	2,773,448	2,336				2,775,784
Criminal Justice Commission	356,402	267,688				624,090
Firefighters' Pension Fund	2,875,485					2,875,485
Policemen's Retirement Fund	2,089,725					2,089,725
Police	134,558,266	2,729,798			2,500	137,290,564
Economic Development:						
Metro Development Authority	13,990,982	15,846,097				29,837,079
Air Pollution Control	633,423	4,409,585				5,043,008
Codes & Regulations:						
Inspections, Permits and Licenses	6,262,268	1,235,840				7,498,108
Planning and Design Services	2,506,155	188,664				2,694,819
Parks & Recreation	21,402,980	348,622				21,751,602
Housing & Family Services:						
Housing	810,099	4,799,834				5,609,933
Human Services	9,621,854	1,765,550				11,387,404
Community Action Partnership	322,601	10,528,195				10,850,796
Public Health & Wellness	10,153,703	12,994,602				23,148,305
Neighborhoods	6,255,803	153,727				6,409,530
Public Works & Assets:						
Public Works	11,620,859	18,323,292				29,944,151
General Services Administration	31,290,788	261,050				31,551,838
Solid Waste Management Services	19,586,443	1,904,050				21,490,493
Information Technology	9,975,852					9,975,852
Finance & Administration	22,246,348					22,246,348
Human Resources	4,187,516					4,187,516
Related Agencies:						
Human Relations Commission	766,100	96,712				862,812
Louisville Free Public Library	15,710,135	317,897				16,028,032
Louisville Zoological Gardens	12,149,060	110,605				12,259,665
Internal Audit	647,020					647,020
Waterfront Development Corporation	2,631,694					2,631,694

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (continued)
For the Year Ended June 30, 2009

	General Fund	Special Revenue Fund	Capital Projects Fund	Special Purpose Fund	Nonmajor Governmental Funds	Total Governmental Funds
Debt service principal					28,820,000	28,820,000
Debt service interest and other charges	941,275		1,185,696		13,100,816	15,227,787
Capital outlay		40,553,606	73,514,163	9,414,903	1,105,212	124,587,884
Total expenditures	506,436,237	125,302,773	74,699,859	9,414,903	43,028,528	758,882,300
Excess (deficiency) of revenues over (under) expenditures	50,349,852	(8,494,028)	(68,939,483)	(8,026,264)	(38,221,210)	(73,331,133)
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets			1,622,208			1,622,208
Issuance of bonds, par			44,000,000			44,000,000
Issuance of bonds, premium			448,800			448,800
Issuance of refunding bonds, par					63,875,000	63,875,000
Issuance of refunding bonds, premium					874,372	874,372
Refunded bond principal					(64,530,000)	(64,530,000)
Refunded bond premium					(744,350)	(744,350)
Refunded bond interest					(21,277)	(21,277)
Transfers in	2,745,414	262,224	9,897,200	12,856,427	60,192,697	85,953,962
Transfers out	(59,876,701)	(1,382,774)	(1,713,540)		(22,980,947)	(85,953,962)
Total other financing sources (uses)	(57,131,287)	(1,120,550)	54,254,668	12,856,427	36,665,495	45,524,753
Net change in fund balances	(6,781,435)	(9,614,578)	(14,684,815)	4,830,163	(1,555,715)	(27,806,380)
Fund balances--beginning	87,866,577	24,532,511	59,561,453	23,325,830	4,074,722	199,361,093
Fund balances--ending	$ 81,085,142	$ 14,917,933	$ 44,876,638	$ 28,155,993	$ 2,519,007	$ 171,554,713

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, 2009

Net change in fund balances--total governmental funds	$	(27,806,380)
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 $120,634,672, less $69,990 in the internal service funds, was greater than depreciation of $41,858,262 in the governmental funds, less $24,036 in the internal service funds, for the current period.		78,730,456
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.		(13,606,874)
Deferred revenues added to net assets in the prior year are deducted in the current year.		(3,095,701)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		3,685,142
Bond proceeds of $44,448,800 from new issues and $64,749,372 from refunding issuances provide current financial resources to governmental funds, but issuing debt increases the long-term liabilities in the Statement of Net Assets. Repayment of $28,820,000 of bond principal, $65,274,350 of refunded bonds and $77,000 of capital lease payments are expenditures in the governmental funds, but these items reduce long-term liabilities in the Statement of Net Assets.		(15,026,822)
The changes in compensated absences and claims and judgements are reported in the Statement of Activities and do not require the use of current financial resources, therefore the changes are not reported as expenditures in governmental funds.		16,924,019
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.		(44,550,694)
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 $4,545,525 and amortization less other charges of $369,823 are also shown as differences for the year.		(4,175,702)
Change in net assets of governmental activities	$	(8,922,556)

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	Governmental Activities
	Internal Service Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 62,544,390
Investments	21,144,777
Accounts receivable	374,239
Deposits with paying agents	55,000
Total current assets	84,118,406
Capital assets:	
Machinery and equipment, net	307,966
Total capital assets	307,966
Total assets	84,426,372
LIABILITIES	
Current liabilities:	
Accounts payable	2,828,663
Claims and judgments	55,254,589
Due to other funds	44,079,224
Unearned revenue	12,885,231
Total current liabilities	115,047,707
Noncurrent liabilities:	
Claims and judgments	15,899,248
Total noncurrent liabilities	15,899,248
Total liabilities	130,946,955
NET ASSETS	
Invested in capital assets, net of related debt	307,966
Unrestricted	(46,828,549)
Total net assets	$ (46,520,583)

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2009

	Governmental Activities Internal Service Fund
OPERATING REVENUES:	
Collection, investment and other fees	$ 4,584,006
Insurance income	14,092,194
Insurance premiums	44,665,900
Total operating revenues	63,342,100
OPERATING EXPENSES:	
Professional services	3,990,343
Contractual services	483,429
Repairs and maintenance	4,326
Other supplies and expenses	318,860
Insurance claims, settlements and losses	98,645,823
Insurance premiums	4,903,529
Depreciation	24,036
Total operating expenses	108,370,346
Operating loss	(45,028,246)
NONOPERATING REVENUES:	
Investment income	477,552
Total nonoperating revenues	477,552
Change in net assets	(44,550,694)
Total net assets--beginning	(1,969,889)
Total net assets--ending	$ (46,520,583)

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, 2009

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from collection, investment, and other fees	$ 4,584,006
Insurance income	58,755,093
Payments to employees	(3,159,098)
Payments to suppliers	(710,893)
Contractual services	(40,553)
Claims paid	(51,721,236)
Insurance premiums paid	(4,903,529)
Increase (decrease) in cash collected for others	(793,001)
Other payments	(6,500)
Net cash provided by operating activities	2,004,289
CASH FLOWS FROM CAPITAL ACTIVITIES:	
Acquisition and construction of capital assets	(69,990)
Net cash used in capital activities	(69,990)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Change in investment pool participation	(851,669)
Investment income	477,552
Net cash used in investing activities	(374,117)
Net increase in cash and cash equivalents	1,560,182
Cash and cash equivalents, beginning of the year	60,984,208
Cash and cash equivalents, end of the year	$ 62,544,390
Reconciliation of Operating Loss to Net Cash Provided By Operating Activities	
Operating loss	$ (45,028,246)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	24,036
Increase (decrease) in cash due to changes in assets and liabilities:	
Accounts receivable	(3,001)
Accounts and other payables	(320,086)
Liability for incurred claims	48,124,587
Due to other funds and governmental agencies	(2,538,097)
Unearned revenue	1,745,096
Net cash provided by operating activities	$ 2,004,289

During fiscal year 2009, 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, 2009

	Pension & Benefit Trust	Private-purpose Trust	Agency Funds
ASSETS			
Cash and cash equivalents	$ 1,244,958	$ 581,034	$ 7,618,662
Investments	13,836,494		18,187,135
Accounts receivable and accrued interest	350,303		201,463
Due from other funds			15,830,031
Due from other governmental agencies			1,254,074
Total assets	15,431,755	581,034	$ 43,091,365
LIABILITIES			
Accounts payable	18,891		$ 44,017
Notes payable			3,500,000
Health insurance reimbursement and accrued liabilities	340,615		
Due to other governmental agencies			32,132,508
Refundable deposits			7,414,840
Total liabilities	359,506	-	$ 43,091,365
NET ASSETS			
Held in trust for pension benefits	15,072,249		
Held in trust for private purpose		581,034	
Total net assets	$ 15,072,249	$ 581,034	

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended June 30, 2009

	Pension & Benefit Trust	Private-purpose Trust
ADDITIONS		
Contributions:		
Employer	$ 3,259,386	
Member	4,257	
Total contributions	3,263,643	
Investment earnings:		
Decrease in fair value of investments	(2,350,203)	
Realized losses	(207,435)	
Interest and dividends	285,949	
Total investment earnings	(2,271,689)	-
Other income	1,868,988	
Total additions	2,860,942	-
DEDUCTIONS		
Benefit payments	5,886,061	
Administration expense	651,033	
Health insurance reimbursement	1,157,528	
Total deductions	7,694,622	-
Net decrease	(4,833,680)	-
Net assets--beginning of the year	19,905,929	$ 581,034
Net assets--end of the year	$ 15,072,249	$ 581,034

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF NET ASSETS
COMPONENT UNITS
June 30, 2009

	Louisville Water Company*	Parking Authority of River City, Inc.	Transit Authority of River City	Louisville and Jefferson County Riverport Authority	Metropolitan Sewer District	Louisville Science Center, Inc.	Total
ASSETS							
Current assets:							
Cash and cash equivalents	$ 11,701,410	$ 750	$ 6,064,887	$ 142,082	$ 22,552,000	$ 386,913	$ 40,848,042
Investments				7,016,120	7,733,000		14,749,120
Accounts receivable and accrued interest	17,275,430	197,751	2,461,287	45,922	18,167,000	68,915	38,216,305
Contract and assessments receivable, current portion	334,803						334,803
Pledges receivable, net						345,615	345,615
Inventories	7,491,031		1,366,084	6,863,302	3,027,000	30,175	18,777,592
Reserves, current portion	1,702,170						1,702,170
Prepaid interest				1,782,198			1,782,198
Prepaid expenses	506,974	44,591	664,846	46,387	1,863,000	117,398	3,243,196
Restricted cash and cash equivalents		4,002,672			35,988,000		39,990,672
Restricted investments					61,303,000		61,303,000
Total current assets	39,011,818	4,245,764	10,557,104	15,896,011	150,633,000	949,016	221,292,713
Noncurrent assets:							
Restricted cash and cash equivalents		34,585,504				155,589	34,741,093
Restricted investments			1,488,988			359,192	1,848,180
Pledges receivable, net						87,739	87,739
Reserves, less current portion	60,868,794						60,868,794
Note receivable		1,436,694					1,436,694
Contract and assessments receivable, less current portion	2,315,592				25,146,000		27,461,592
Deferred charges	5,816,055	334,983			30,664,000		36,815,038
Non-utility property	198,557						198,557
Investments in direct financing lease				57,670,671			57,670,671
Other assets		216,000		5,273			221,273
Capital assets:							
Land	7,713,528	9,304,855	3,177,782	8,101,986			28,298,151
Buildings and improvements	101,356,869	85,013,284	24,576,754	29,854,139		6,010,486	246,811,532
Machinery and equipment	49,729,968	4,354,925	80,024,861	172,887		986,268	135,268,909
Capitalized leased vehicles			4,572,817				4,572,817
Museum exhibits						18,821,720	18,821,720
Infrastructure	896,963,599				2,314,406,000		3,211,369,599
Construction in progress	73,640,974	28,785,553			182,711,000		285,137,527
Less accumulated depreciation	(301,388,818)	(45,006,828)	(73,556,516)	(16,704,951)	(680,380,000)	(17,170,552)	(1,134,207,665)
Capital assets, net of accumulated depreciation	828,016,120	82,451,789	38,795,698	21,424,061	1,816,737,000	8,647,922	2,796,072,590
Total noncurrent assets	897,215,118	119,024,970	40,284,686	79,100,005	1,872,547,000	9,250,442	3,017,422,221
Total assets	936,226,936	123,270,734	50,841,790	94,996,016	2,023,180,000	10,199,458	3,238,714,934

(continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF NET ASSETS (continued)
COMPONENT UNITS
June 30, 2009

	Louisville Water Company*	Parking Authority of River City, Inc.	Transit Authority of River City	Louisville and Jefferson County Riverport Authority	Metropolitan Sewer District	Louisville Science Center, Inc.	Total
LIABILITIES							
Current liabilities:							
Accounts payable	10,841,422	1,206,325	4,476,612	315,197	18,770,000	177,184	35,786,740
Accrued payroll and withholdings	537,347					126,169	663,516
Compensated absences payable	882,623		3,179,502				4,062,125
Capital lease obligation, current portion			778,380			4,874	783,254
Due to other governmental agencies	11,427,444						11,427,444
Customer advances and deposits payable	5,075,143				3,478,000		8,553,143
Accrued interest payable	1,098,674	307,142			8,143,000		9,548,816
Notes payable, current portion				982,911			982,911
Bonds payable, current portion	9,310,000	3,235,000			23,105,000		35,650,000
Other liabilities from restricted assets	2,015,479	460,530					2,476,009
Claims and judgments payable			2,076,753				2,076,753
Deferred revenue		90,424	1,960,888	449,450		47,642	2,548,404
Dividend payable	1,455,710						1,455,710
Total current liabilities	42,643,842	5,299,421	12,472,135	1,747,558	53,496,000	355,869	116,014,825
Noncurrent liabilities:							
Accounts payable					2,114,000		2,114,000
Deferred revenue	3,576,501				14,463,000		18,039,501
Unamortized debt premium	2,283,813				10,835,000		13,118,813
Notes payable				58,624,245			58,624,245
Bonds payable, less current portion	170,565,000	74,198,277			1,385,185,000		1,629,948,277
Long term capital lease obligation, less current portion			185,461			3,928	189,389
Total noncurrent liabilities	176,425,314	74,198,277	185,461	58,624,245	1,412,597,000	3,928	1,722,034,225
Total liabilities	219,069,156	79,497,698	12,657,596	60,371,803	1,466,093,000	359,797	1,838,049,050
NET ASSETS							
Invested in capital assets, net of related debt	648,141,120	5,018,512	37,831,857	21,424,055	470,445,000		1,182,860,544
Restricted for capital projects	62,570,964					1,074,589	63,645,553
Restricted for debt service					100,225,000		100,225,000
Unrestricted	6,445,696	38,754,524	352,337	13,200,158	(13,583,000)	8,765,072	53,934,787
Total net assets	$ 717,157,780	$ 43,773,036	$ 38,184,194	$ 34,624,213	$ 557,087,000	$ 9,839,661	$ 1,400,665,884

***Amounts for the Louisville Water Company are for December 31, 2008.**

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
COMPONENT UNITS
For the Year Ended June 30, 2009

	Louisville Water Company*	Parking Authority of River City, Inc.	Transit Authority of River City	Louisville and Jefferson County Riverport Authority	Metropolitan Sewer District	Louisville Science Center, Inc.	Total
OPERATING REVENUES:							
Charges for sales and services:							
Water sales	$ 136,743,203						$ 136,743,203
Parking		$ 15,637,334				$ 181,138	15,818,472
Transit fares and advertising			$ 11,692,790				11,692,790
Port fees and rents				$ 1,643,056			1,643,056
Sewer charges					$ 167,556,000		167,556,000
Admissions and museum support						4,628,374	4,628,374
Total operating revenues	136,743,203	15,637,334	11,692,790	1,643,056	167,556,000	4,809,512	338,081,895
OPERATING EXPENSES:							
Cost of operations	58,892,084	3,331,535	65,520,920	1,301,650		3,289,914	132,336,103
General and administrative		3,599,557		509,199	68,742,000	823,223	73,673,979
Depreciation and amortization	23,159,916	3,959,802	7,584,853	942,526	56,727,000	1,241,898	93,615,995
Water services in lieu of taxes	11,411,409						11,411,409
Total operating expenses	93,463,409	10,890,894	73,105,773	2,753,375	125,469,000	5,355,035	311,037,486
Operating income (loss)	43,279,794	4,746,440	(61,412,983)	(1,110,319)	42,087,000	(545,523)	27,044,409
NONOPERATING REVENUES (EXPENSES):							
Investment income	2,346,515	230,578		86,922	25,568,000		28,232,015
Interest income on direct financing lease				3,657,451			3,657,451
Mass transit subsidies			58,189,043				58,189,043
Capital reimbursements		1,011,813					1,011,813
Interest expense	(6,732,589)	(1,716,981)	(52,416)	(3,634,917)	(72,776,000)		(84,912,903)
Rent expense		(432,333)					(432,333)
Contributions in aid of construction	11,962,468				11,689,000		23,651,468
Dividends paid and payable	(17,530,210)						(17,530,210)
Miscellaneous	348,294			45,490			393,784
Total nonoperating revenues (expenses)	(9,605,522)	(906,923)	58,136,627	154,946	(35,519,000)	-	12,260,128
Net income (loss) before distributions	33,674,272	3,839,517	(3,276,356)	(955,373)	6,568,000	(545,523)	39,304,537
Change in net assets	33,674,272	3,839,517	(3,276,356)	(955,373)	6,568,000	(545,523)	39,304,537
Net assets, beginning of year	683,483,508	39,933,519	41,460,550	35,579,586	550,519,000	10,385,184	1,361,361,347
Net assets, end of year	$ 717,157,780	$ 43,773,036	$ 38,184,194	$ 34,624,213	$ 557,087,000	$ 9,839,661	$ 1,400,665,884

***Amounts for the Louisville Water Company are for the year ended December 31, 2008.**

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

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

The following is a summary of the significant accounting policies:

A. Basis of Presentation

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

B. Reporting Entity

In accordance with GASB Statements No. 14, *The Financial Reporting Entity* and No. 39, *Determining Whether Certain Organizations Are Component Units*, as amended, Metro Government has included in its financial statements the departments, agencies, boards, commissions, authorities, and corporations that comprise the primary government along with its discretely presented Component Units.

i. Blended Component Units

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

- The Louisville/Jefferson County Revenue Commission ("Revenue Commission") - The Revenue Commission is reported as part of the primary government as its primary purpose is to collect certain taxes and fees on behalf of Metro Government and to collect and remit debt service requirements on Metro Government's general obligation bonds. To a lesser extent, the Revenue Commission is the collection agent of certain fees and taxes for other local governmental entities. The Commissioners of the Revenue Commission consist of the Metro Government Mayor, the Metro Council President, the Jefferson County Public School Superintendent, and three citizen members appointed by the Mayor and approved by the Metro Council.

  The Revenue Commission is treated as an internal service fund of the primary government since Metro Government is the primary participant of the Revenue Commission. Amounts held on behalf of other local governmental entities are reflected within a fiduciary fund.

Continued

1. Summary of Significant Accounting Policies, continued

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

- 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 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 Mayor, with the approval of the Metro Council, appoints the CPC's governing board. The CPC undertakes projects and issues bonds at the direction of and pursuant to ordinances adopted by the Metro Council. All debt obligations of the CPC are serviced with rental payments made by Metro Government as consideration from annually renewable leases of the financed properties by Metro Government.

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

ii. Discretely Presented Component Units

The Component Units column in the government-wide financial statements includes the financial data of Metro Government's discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from Metro Government. The following 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.

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

- Louisville Water Company ("LWC") – The LWC is a legally separate entity that provides water utility services to the residents of the Louisville metropolitan area and charges fees for those services. It is shown as a discretely presented component unit because the Metro Government is the sole shareholder of LWC stock, receives a quarterly dividend, and the Mayor appoints a voting majority of the LWC's Board of Directors. Water services valued at $11,411,409 were provided to Metro Government in lieu of taxes during the year ended December 31, 2008. Complete financial statements of the LWC can be requested from the Louisville Water Company, 550 South Third Street, Louisville, KY 40202.

Continued

1. Summary of Significant Accounting Policies, continued

- Parking Authority of River City, Inc. ("PARC") - PARC is a non-profit corporation, which was established by the City of Louisville, succeeded by Metro Government, to serve Metro Government's existing parking facility needs and to develop strategies for 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.

- 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 ("MTTF"), which receives occupational tax revenues and remits those amounts to TARC. Payments to TARC from the MTTF for the fiscal year totaled $41,166,934. 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 2009 was approximately $3,100,000. Complete financial statements of MSD can be requested from Louisville and Jefferson County Metropolitan Sewer District, 700 West Liberty Street, Louisville, KY 40203.

- Louisville Science Center, Inc. ("LSC") - The LSC is a legally separate entity that provides museum exhibits and scientific programs to the public. Financial support is received from admissions, merchandise sales, memberships, parking

1. Summary of Significant Accounting Policies, continued

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, 2009, Metro Government paid $906,000 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

C. Louisville Metro Housing Authority ("Housing Authority") - The Housing Authority is a legally separate entity that plans for the construction, operation and management of low cost housing projects within the metropolitan area. The Board consists of the Mayor and eight other members appointed by the Mayor and approved by the Metro Council. Financial support is received from the federal government and from fees. The Housing Authority serves as its own fiscal agent and Metro Government is not financially accountable for the activities of the entity. Metro Government did not provide any funding to the Housing Authority for the year ended June 30, 2009.

D. 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.

E. 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 $11,616,563 in transient room taxes collected by the Revenue Commission during the 2009 fiscal year.

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 Net Assets presents Metro Government's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

- Invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that is related to the

Continued

1. Summary of Significant Accounting Policies, continued

acquisition, construction and improvement of capital assets. The outstanding debt is also offset by any unspent proceeds from such debt.

- Restricted net assets result from restrictions placed by external sources such as creditors, grantors and contributors, or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets consist of net assets which do not meet the definition of the two preceding categories.

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.

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. 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. 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. 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.

Continued

1. Summary of Significant Accounting Policies, continued

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

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.

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

When both restricted and unrestricted resources are available for use, it is Metro Government's policy to use restricted resources first, then unrestricted resources as they are needed.

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 proceeds of specific revenue sources that are restricted or committed to spend for specified purposes other than debt service or capital projects. Metro Government reports federal and state grant money in the Special Revenue Fund.
- The Capital Projects Fund, which accounts for the acquisition or construction of general capital assets.
- The Special Purpose Capital Fund, which accounts for the acquisition of assets, such as vehicles and data processing equipment, that are funded by specific revenue sources.

Continued

1. Summary of Significant Accounting Policies, continued

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 others.

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.

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 statue, 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 of Office of Management and Budget 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 are not treated as expenditures or liabilities because the commitments will be honored during the

Continued

1. Summary of Significant Accounting Policies, continued

subsequent year. Outstanding encumbrances for the governmental funds at June 30, 2009 were as follows:

General Fund	$	2,164,580
Special Revenue Fund		10,600,146
Special Purpose Fund		2,765,676
Total Governmental Funds	$	15,530,402

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. The cash and cash equivalents of Metro Government's funds are invested in pooled accounts. Funds with negative cash and cash equivalents report the negative amount as due to other funds of Metro Government and the fund lending funds reports an offsetting due from other funds of Metro Government. At June 30, 2009, the Special Revenue Fund showed an amount due to the General Fund of $10,993,822.

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

In accordance with GASB 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, 2009, have been recorded in the balance sheet of the General Fund and in the government wide statement of net assets as deferred revenue.

This is Metro Government's property tax calendar:

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

1. Summary of Significant Accounting Policies, continued

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 method. The costs of certain inventories are recorded as expenditures when purchased.

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

Payments made to vendors for goods and services that will benefit periods beyond June 30, 2009 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 assets as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year.

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

Continued

1. Summary of Significant Accounting Policies, continued

government is computed using the straight-line method over the following estimated useful lives:

Assets	Useful life
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 Employees' 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 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.

Continued

1. Summary of Significant Accounting Policies, continued

N. Claims and Judgments Payable

Claims and judgments payable represents estimates for medical, automobile liability, workers' compensation, and other claims incurred as of June 30, 2009. 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. Deficit Fund Balances

The Internal Service Fund has a deficit balance of unrestricted net assets of $46,828,549 at June 30, 2009. The Internal Service Fund's charges to users in subsequent fiscal years are responsible for funding this deficit.

P. Fund Balances

Metro Government has elected to implement GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2009. In the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or legally or contractually required to be maintained intact. All amounts reported as nonspendable at June 30, 2009 by the Metro Government are nonspendable in form. Metro Government has not reported any amounts that are legally or contractually required to be maintained intact.
- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to ordinances passed by the Metro Council, Metro Government's highest level of decision making authority. Committed fund balance for the General Fund is further classified as follows:

Committed for:		
General Government	$	3,788,552
Metro Council		403,939
Corrections		58,295
Neighborhoods		40,000
Mayor's Office		34,281
Neighborhood Development Funds		1,844,092
Public Health & Wellness		300,000
Parks & Recreation		30,571
Committed Fund Balance	$	6,499,730

- Assigned – includes amounts that Metro Government intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Amounts may be assigned by the Director of the Office of Management and Budget under the authorization of the Mayor's Office.

Continued

1. Summary of Significant Accounting Policies, continued

- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. Metro Government reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

Metro Government developed and adopted an Unrestricted General Fund Balance ("Financial Stabilization Fund") Policy on November 14, 2003. It is Metro Government's policy to:

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

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

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

Q. Interfund Transactions

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

R. Use of Estimates

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

Continued

1. Summary of Significant Accounting Policies, continued

S. Louisville Water Company Dividends

The LWC has a quarterly dividend policy. Because the reporting period of the LWC covers the year ended December 31, 2008, 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, 2008	$ 4,018,625	
June 30, 2008	4,018,625	
September 30, 2008	4,018,625	$ 4,018,625
December 31, 2008	4,018,625	4,018,625
March 31, 2009		4,625,653
June 30, 2009		4,625,652
	$ 16,074,500	$ 17,288,555

T. Restatement

The beginning balance of the Revenue Commission's Agency Fund has been restated to reflect the correction of a prior year error. The effect of the adjustment was a decrease of $64,332 to the Agency Fund's assets and liabilities.

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, 2009, 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	$ 23,799,685	0.13	Aaa
U.S. Treasury Notes	28,735,399	2.34	Aaa
U.S. Agency Obligations	71,041,801	1.04	Aaa
Municipal Bonds	4,676,632	0.25	Aaa - Aa2*
Commercial Paper	9,997,570	0.17	P1
Total	$ 138,251,087		
Portfolio weighted average maturity		1.07	

* $1,005,230 of municipal bonds were not rated by Moody's, but had a Standard & Poor's rating of AA- .

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, 2009 are summarized below:

Investment Type	Fair Value	Weighted Average Maturity in Years	Credit Rating
U.S. Government Money Market Mutual Funds	$ 8,698,922	0.14	Aaa

C. Custodial Credit Risk

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

Metro Government was fully collateralized and all investments held in the Metro Government's name as of June 30, 2009.

D. Interest Rate Risk

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

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

E. Credit Risk

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

Continued

2. Cash Deposits and Investments, continued

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:

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

G. Revenue Commission

The bank balances at June 30, 2009, including cash with paying agents, were $12,534,471. Of this amount, $500,000 was covered by Federal Deposit Insurance Corporation ("FDIC"). The remainder was collateralized by the bank holding deposits in the Revenue Commission's name.

The investment balances at June 30, 2009 of $47,394,672 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 Investors Service.

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

Continued

2. Cash Deposits and Investments, continued

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

Continued

2. Cash Deposits and Investments, continued

H. Fiduciary Funds

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

The Firefighters' Pension Fund had deposits of $526,974 at June 30, 2009. Of this amount, $100,584 was covered by the FDIC. The remaining $426,390 was collateralized by securities held by the pledging financial institution's trust department or agent, but not in the Firefighters' Pension Fund's name. The Policemen's Retirement Fund had deposits of $182,320 at June 30, 2009, which were fully insured by the FDIC.

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

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

Continued

2. Cash Deposits and Investments, continued

Metro Government's fiduciary fund investments are summarized in the table below as of June 30, 2009:

Investment Type	Fair Value	Weighted Average Maturity in Years	Credit Rating
Mass Transit Trust Fund			
Money Market Mutual Funds	$ 6,197,862	0.13	Aaa
Escrow and Deposit Fund			
U.S. Treasury Obligations	$ 8,488,172	6.63	Aaa
Money Market Funds	3,500,000	0.13	Aaa
Total	$ 11,988,172		
Portfolio weighted average maturity		4.74	
Firefighters' Pension Fund			
U.S. Agency Obligations	$ 20,433	7.43	Aaa
Bond Mutual Funds	1,950,482	6.43	NR
Equity Securities	4,946,296		
Other Investments	68,344		
Total	$ 6,985,555		
Portfolio weighted average maturity		7.98	
Policemen's Retirement Fund			
U.S. Treasury Obligations	$ 466,816	4.80	Aaa*
U.S. Agency Obligations	398,359	3.57	Aaa**
Corporate Bonds	432,444	15.58	Aaa-Baa***
Equity Securities	5,532,341		
Money Market Funds	542,023	0.12	NR
Other Investments	5,086		
Total	$ 7,377,069		
Portfolio weighted average maturity		8.78	

* $99,828 of treasury obligations were not rated by the rating agencies.
** $24,855 of agency securities were not rated by the rating agencies.
*** $129,092 of corporate bonds were not rated by the ratings agencies.

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:

Investment Type	Fair Value	Weighted Average Maturity in Years	Credit Rating
LWC			
U.S. Treasury Obligations	$ 4,700,000	4.88	Aaa
Money Market Mutual Funds	37,403,743	0.14	Aaa
Total	$ 42,103,743		
Portfolio weighted average maturity		0.67	
PARC			
U.S. Government Money Market Funds	$ 37,818,781	0.14	Aaa
TARC			
U.S. Government Money Market Funds	$ 2,139,855	0.21	Aaa
Riverport			
U.S. Treasury Bills	$ 3,285,266	0.43	Aaa
U.S. Treasury Notes	1,430,854	0.32	Aaa
Total	$ 4,716,120		
Portfolio weighted average maturity		0.41	
MSD			
U.S. Treasury Bills	$ 5,445,619	0.03	Aaa
U.S. Agency Discount Notes	27,869,894	0.37	Aaa
U.S. Treasury Obligations	15,486,000	6.70	Aaa
Tax Exempt State & Municipal Bonds	12,501,431	28.56	Aa
Money Market Funds	51,216,785	0.12	Aaa
Repurchase Agreements	15,260,199		
Total	$ 127,779,928		
Portfolio weighted average maturity		4.24	
LSC			
Bond Mutual Funds	$ 67,673	5.78	Aa1/Aa2
Money Market Funds	86,051	0.53	A1/P1
Money Market Funds	21,300	0.14	Aaa
Other Investments	205,468	N/R	N/A
Total	$ 380,492		
Portfolio weighted average maturity		2.51	

Continued

2. Cash Deposits and Investments, continued

As of December 31, 2008, the LWC had $795,941 in deposits that were not covered by FDIC insurance and were not collateralized and $12,118,000 in deposits that were uninsured and collateralized with securities held by the pledging financial institution. LSC had deposits of $557,861 that were covered by FDIC insurance and $85,179 that were uninsured and 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, 2009. Those amounts to be received within one year are considered current. All others are considered non-current.

Receivables at June 30, 2009 for Metro Government's individual major funds, internal service funds, and fiduciary funds in the aggregate, including allowance for uncollectible amounts, are as follows:

	Receivables:						
Fund:	Taxes	Accounts	Loans	Notes	Gross Receivables	Allowance for Uncollectibles	Net Receivables
General	$ 7,225,768	$ 18,493,403	$ 1,746,720		$ 27,465,891	$ (3,540,626)	$ 23,925,265
Special Revenue		6,704,377	15,400,542		22,104,919	(6,843,245)	15,261,674
Major Capital Projects		40,434	2,487,087	$ 3,724,066	6,251,587	(210,480)	6,041,107
Nonmajor Governmental		22,584			22,584		22,584
Internal Service		374,239			374,239		374,239
Fiduciary		551,766			551,766		551,766
Total Governmental Funds	$ 7,225,768	$ 26,186,803	$ 19,634,349	$ 3,724,066	$ 56,770,986	$ (10,594,351)	$ 46,176,635
Component Units		$ 38,609,103		$ 1,436,694	$ 40,045,797	$ (603,229)	$ 39,442,568

Accounts payable are amounts owed by Metro Government as of June 30, 2009. Those liabilities to be paid within one year are considered current. All others are considered non-current.

Payables at June 30, 2009 for Metro Government's individual major funds, internal service funds, and fiduciary funds in the aggregate, are as follows:

	Payables:			
Fund:	Vendors	Notes	Other	Total
General	$ 11,826,653		$ 749,405	$ 12,576,058
Special Revenue	7,886,332			7,886,332
Major Capital Projects	3,231,729	$ 2,000,000		5,231,729
Special Purpose	281,289			281,289
Nonmajor Governmental	2,800			2,800
Internal Service	2,828,663			2,828,663
Fiduciary	62,908	3,500,000		3,562,908
Total Governmental Funds	$ 26,120,374	$ 5,500,000	$ 749,405	$ 32,369,779
Component Units	$ 37,900,740	$ 59,607,156		$ 97,507,896

Continued

4. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 295,248,986	$ 15,863,684	$ (15,630)	$ 311,097,040
Land improvements	3,937,067	11,366		3,948,433
Construction in progress	70,830,068	56,674,614	(10,357,803)	117,146,879
Works of art	255,000			255,000
Total capital assets not being depreciated	370,271,121	72,549,664	(10,373,433)	432,447,352
Other capital assets:				
Land improvements	81,098,203	2,161,816	(155,200)	83,104,819
Buildings	348,021,974	30,169,783	(3,171,954)	375,019,803
Machinery and equipment	52,866,983	3,403,262	(1,883,997)	54,386,248
Vehicles	105,486,224	7,250,576	(10,028,229)	102,708,571
Collections and works of art	33,239,747	2,257,291	(2,881,766)	32,615,272
Infrastructure	907,793,958	2,842,280		910,636,238
Total other capital assets at historical cost	1,528,507,089	48,085,008	(18,121,146)	1,558,470,951
Less accumulated depreciation for:				
Land improvements	(38,843,927)	(3,562,011)	35,950	(42,369,988)
Buildings	(134,726,712)	(7,460,991)	694,501	(141,493,202)
Machinery and equipment	(40,055,488)	(4,454,683)	1,742,681	(42,767,490)
Vehicles	(74,330,115)	(7,377,029)	9,534,661	(72,172,483)
Collections and works of art	(24,701,865)	(2,712,592)	2,879,912	(24,534,545)
Infrastructure	(791,114,222)	(16,290,956)		(807,405,178)
Total accumulated depreciation	(1,103,772,329)	(41,858,262)	14,887,705	(1,130,742,886)
Other capital assets, net	424,734,760	6,226,746	(3,233,441)	427,728,065
Governmental activities capital assets, net	$ 795,005,881	$ 78,776,410	$ (13,606,874)	$ 860,175,417

Continued

4. Capital Assets, continued

Depreciation expense was charged to governmental activities as follows:

General Government:		
Metro Council	$	1,410
Mayor's Office		21,639
Other Elected Officials		325,561
Public Protection:		
Fire		871,581
Emergency Medical Services		935,724
Emergency Management		419,834
Corrections		95,754
Youth Detention Services		24,955
Animal Control Services		27,068
Police		700,570
Economic Development:		
Metro Development Authority		1,989,334
Air Pollution Control		85,954
Codes & Regulations:		
Inspections, Permits and Licenses		18,285
Planning and Design Services		1,968
Parks & Recreation		1,209,389
Housing & Family Services:		
Housing		4,849
Human Services		508
Community Action Partnership		980
Public Health & Wellness		227,143
Neighborhoods		4,327
Public Works & Assets:		
Public Works		16,505,433
General Services Administration		10,547,140
Solid Waste Management Services		21,254
Information Technology		1,623,713
Finance & Administration		67,427
Human Resources		1,520
Related Agencies:		
Human Relations Commission		766
Louisville Free Public Library		2,861,910
Louisville Zoological Gardens		1,040,614
Waterfront Development Corporation		2,221,652
Total depreciation expense	$	41,858,262

4. Capital Assets, continued

Capital asset activity for the LWC for the year ended December 31, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 7,215,745	$ 499,067	$ (1,284)	$ 7,713,528
Construction in progress	58,411,614	73,130,662	(57,901,302)	73,640,974
Total capital assets not being depreciated	65,627,359	73,629,729	(57,902,586)	81,354,502
Other capital assets:				
Buildings	89,047,541	12,411,531	(102,203)	101,356,869
Machinery and equipment	46,629,291	3,339,563	(238,886)	49,729,968
Infrastructure	862,366,257	36,680,316	(2,082,974)	896,963,599
Total other capital assets at historical cost	998,043,089	52,431,410	(2,424,063)	1,048,050,436
Less accumulated depreciation for:				
Buildings	(31,815,475)	(2,135,997)	79,131	(33,872,341)
Machinery and equipment	(29,780,358)	(4,088,645)	227,897	(33,641,106)
Infrastructure	(217,732,631)	(17,156,218)	1,013,478	(233,875,371)
Total accumulated depreciation	(279,328,464)	(23,380,860)	1,320,506	(301,388,818)
Other capital assets, net	718,714,625	29,050,550	(1,103,557)	746,661,618
Capital assets, net	$ 784,341,984	$ 102,680,279	$ (59,006,143)	$ 828,016,120

Capital asset activity for PARC for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 9,304,855			$ 9,304,855
Construction in progress	5,804,790	$ 24,821,086	$ (1,840,323)	28,785,553
Total capital assets not being depreciated	15,109,645	24,821,086	(1,840,323)	38,090,408
Other capital assets:				
Buildings and Improvements	83,651,191	1,362,093		85,013,284
Machinery and equipment	4,134,769	220,156		4,354,925
Total other capital assets at historical cost	87,785,960	1,582,249	-	89,368,209
Less accumulated depreciation	(41,544,604)	(3,462,224)		(45,006,828)
Other capital assets, net	46,241,356	(1,879,975)	-	44,361,381
Capital assets, net	$ 61,351,001	$ 22,941,111	$ (1,840,323)	$ 82,451,789

Continued

4. Capital Assets, continued

Capital asset activity for TARC for the year ended June 30, 2009 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	23,974,497	$ 602,257		24,576,754
Vehicles	69,903,298	1,526,622	$ (5,065,704)	66,364,216
Capitalized leased vehicles	4,734,946		(162,129)	4,572,817
Machinery and equipment	13,147,287	1,334,056	(820,698)	13,660,645
Total other capital assets at historical cost	111,760,028	3,462,935	(6,048,531)	109,174,432
Less accumulated depreciation	(72,007,154)	(7,584,853)	6,035,491	(73,556,516)
Other capital assets, net	39,752,874	(4,121,918)	(13,040)	35,617,916
Capital assets, net	$ 42,930,656	$ (4,121,918)	$ (13,040)	$ 38,795,698

Capital asset activity for Riverport for the year ended June 30, 2009 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	29,876,198	$ 55,041	$ (77,100)	29,854,139
Other	172,887			172,887
Total other capital assets at historical cost	30,049,085	55,041	(77,100)	30,027,026
Less accumulated depreciation for:				
Buildings	(15,690,228)	(850,181)		(16,540,409)
Other	(149,297)	(15,245)		(164,542)
Total accumulated depreciation	(15,839,525)	(865,426)	-	(16,704,951)
Other capital assets, net	14,209,560	(810,385)	(77,100)	13,322,075
Capital assets, net	$ 22,311,546	$ (810,385)	$ (77,100)	$ 21,424,061

Capital asset activity for MSD for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	$ 136,695,000	$ 77,424,000	$ (31,408,000)	$ 182,711,000
Other capital assets:				
Infrastructure	2,281,413,000	37,118,000	(4,125,000)	2,314,406,000
Less accumulated depreciation	(628,296,000)	(56,144,000)	4,060,000	(680,380,000)
Other capital assets, net	1,653,117,000	(19,026,000)	(65,000)	1,634,026,000
Capital assets, net	$ 1,789,812,000	$ 58,398,000	$ (31,473,000)	$ 1,816,737,000

Continued

4. Capital Assets, continued

Capital asset activity for the LSC for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Exhibits in progress	$ 242,756		$ (223,682)	$ 19,074
Other capital assets:				
Leasehold improvements	4,836,913	$ 1,154,499		5,991,412
Machinery and equipment	861,688	124,580		986,268
Museum exhibits	18,508,497	313,223		18,821,720
Total other capital assets at historical cost	24,207,098	1,592,302	-	25,799,400
Less accumulated depreciation	(15,928,654)	(1,241,898)		(17,170,552)
Other capital assets, net	8,278,444	350,404	-	8,628,848
Capital assets, net	$ 8,521,200	$ 350,404	$ (223,682)	$ 8,647,922

5. Land Held for Development

Land held for development at June 30, 2009 is summarized as follows:

	Riverport Authority
Land held for development	$ 6,863,302

6. Risk Management

Metro Government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; professional liability exposures; injuries to employees; and natural disasters. The Insurance and Risk Management Fund ("Fund"), an internal service fund, was established in 1976 to consolidate all of the former City of Louisville's insurance or self-insurance under a comprehensive risk management program. Under merger, this program now includes all Metro Government departments 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. Workers' 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.

6. Risk Management, continued

D. Group Health Coverage: Prior to January 1, 2009, eligible Metro Government employees participated in group health coverage through six Preferred Provider Organization ("PPO") plans offered through Metro Government's health self-insurance fund, which were administered by Humana, Inc and Anthem Blue Cross and Blue Shield ("Anthem"). On January 1, 2009, the PPO plans administered by Anthem were terminated and all eligible employees electing coverage participated in the PPO plans administered by Humana, Inc. In addition to the plans offered to all eligible Metro Government employees, eligible members of the Fraternal Order of Police may participate in two additional PPO plans offered through Metro Government's health self-insurance fund, which is administered by Humana, Inc.

E. General Liability: Various general liability exposures (including public official liability, law enforcement liability, medical professional liability, employer's liability, and employment practices liability), are self-insured up to a $500,000 deductible per occurrence. Employer's liability has a $1,500,000 per occurrence deductible ($1,000,000 limit of liability above a $500,000 self-insured retention is provided by an underlying commercial excess insurance policy). Excess coverage is purchased through LAGIT.

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 may have occurred during the fiscal year, but have not yet been reported.

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

Continued

6. Risk Management, continued

The claims liability of $71,153,837 reported in the Fund at June 30, 2009 is based on the requirements of GASB Statement No. 30, *Risk Financing Omnibus.* Claims liabilities are estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience. Claims liabilities include specific incremental claim adjustment expenses; allocated loss adjustments; and are reduced for estimated recoveries on unsettled claims.

Changes in the Fund's claims liability amount in fiscal years 2008 and 2009 were as follows:

Year ending June 30	Beginning Balance	Claims and Changes in Estimates	Claim Payments	Ending Balance
2008	$ 24,999,327	$ 48,823,549	$ 49,593,626	$ 24,229,250
2009	24,229,250	98,645,823	51,721,236	71,153,837

The liability associated with the health self-insurance fund as of June 30, 2009 is $2,700,000 and is included as a liability in the Fund.

Metro Government is also a member of LAGIT (for liability exposures) and 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 Office of Management and Budget.

Metro Government's annual administrative fee for LAGIT was $37,998, of which $20,913 was transferred to the County Attorney's Office for legal services. $60,700 was paid by LAGIT directly to Risk and Insurance Solutions, LLC for administrative services delegated by Metro Government to this professional services company.

Metro Government's annual administrative fee for LAGGIT was $33,084. $25,292 was paid directly by LAGGIT 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 LAGIT and LAGGIT for MSD and TARC.

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

Continued

7. Short-Term Debt

On July 1, 2008, the Escrow and Deposit Fund re-issued the Amended and Restated General Obligation Bond Anticipation Note, Series 2008A for $3,500,000. The note is held in the Escrow and Deposit Fund as the nature of the note is fiduciary. This note was issued for public improvements related to projects originally authorized by the Series 2001A Bonds, and is renewable annually. The note was issued to cover any potential liabilities associated with the development projects authorized by the Series 2001A Bonds. The original note was issued by Metro Government in the principal amount of $3,500,000 and the date of original issuance was January 30, 2004. The interest on the original note made by Metro Government has been paid in full through June 30, 2009.

The following table outlines activity on short-term notes during fiscal year 2009:

Year ending June 30	Beginning Balance	Additions	Reductions	Ending Balance
2009	$ 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 $275,187,000 of General Obligation Bonds and Bond Anticipation Notes outstanding at June 30, 2009. 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.

In December 2008, Metro Government issued $44,000,000 of General Obligation Bond Anticipation Notes, Series 2008A ("BAN"). The BAN will mature in full on December 1, 2009. Proceeds from the BAN are being 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,

8. Long-Term Debt, continued

some proceeds of this BAN are being used to purchase land related to the City Center Project.

In November 2009, Metro Government issued $41,275,000 of General Obligation Bonds, Series 2009E, in part to refinance the BAN upon maturity. Pursuant to the Financial Accounting Standards Board ("FASB") Statement No. 6, *Classification of Short-Term Obligations Expected to be Refinanced*, paragraph 11, Metro Government is classifying the BAN as a long-term liability in the financial statements as of June 30, 2009.

In May 2009, Metro Government issued the following refunding bonds:

- $8,150,000 of General Obligation Refunding Bonds, Series 2009A to refund, at a premium, the City of Louisville Public Properties Corporation First Mortgage Refunding Revenue Bonds, Series 1998. The Series 2009A bonds are payable annually in principal installments ranging from $40,000 to $775,000 plus interest ranging from 2.0% to 4.0% over 14 years. The refunding provided for a cumulative savings of $2,099,679 over the life of the bonds resulting in net present value savings of $954,410 or 10.67% of refunded principal.
- $33,285,000 of General Obligation Refunding Bonds, Series 2009B to refund, at a premium, the City of Louisville, Kentucky, General Obligation Refunding Bonds, Series 1998A and the Jefferson County, Kentucky, General Obligation Refunding Bonds, Series 1998A. The Series 2009B bonds are payable annually in principal installments ranging from $3,005,000 to $3,735,000 plus interest ranging from 2.0% to 3.0% over 10 years. The refunding provided for a cumulative savings of $3,022,708 over the life of the bonds resulting in net present value savings of $2,675,727 or 8.17% of refunded principal.
- $14,740,000 of General Obligation Refunding Bonds, Series 2009C (Taxable) to refund, at par, the City of Louisville Public Properties Corporation First Mortgage Revenue Bonds, Second Series 1998. The Series 2009C bonds are payable annually in principal installments ranging from $1,270,000 to $1,710,000 plus interest ranging from 3.0% to 4.0% over 10 years. The refunding provided for a cumulative savings of $2,286,014 over the life of the bonds resulting in net present value savings of $1,926,872 or 13.01% of refunded principal.
- $7,700,000 of General Obligation Refunding Bonds, Series 2009D (AMT) to refund, at par, the Jefferson County, Kentucky, General Obligation Refunding Bonds, Series 1999C (AMT). The Series 2009D bonds are payable annually in principal installments ranging from $975,000 to $1,255,000 plus interest ranging from 3.0% to 5.0% over 7 years. The refunding provided for a cumulative savings of $802,948 over the life of the bonds resulting in net present value savings of $725,233 or 9.04% of refunded principal.

Continued

8. Long-Term Debt, continued

General Obligation Bonds outstanding, including accreted interest, at June 30, 2009, are as follows (in thousands):

Description of Issue	Original Issue Amount	Interest Rate	Maturity During Year Ended June 30	Debt Outstanding June 30, 2009
City of Louisville General Obligation Serial Bonds:				
Series 2001A	$ 13,490	4.00 to 5.00%	2022	$ 9,985
Series 2002A Exempt	38,900	3.75 to 5.00	2024	31,800
Series 2002B Taxable	8,550	4.625 to 6.05	2024	7,140
Jefferson Co. General Obligation Bonds:				
2000A Term & Coupon Bonds	2,595	7.70	2016	1,420
2000B Capital Appreciation Bonds	50,096	5.625 to 6.00	2015	27,581
2001A Current Interest Bonds	36,900	5.50	2012	12,620
2001B Current Interest Bonds	2,885	5.50	2011	700
2002A Serial Coupon	32,995	4.00 to 4.75	2020	20,350
Louisville/Jefferson Co. Metro Government General Obligation Bond Anticipation Notes:				
Series 2008A	44,000	2.50	2010	44,000
Louisville/Jefferson Co. Metro Government General Obligation Bonds:				
Series 2004A (Foundation for our Future)	23,840	3.00 to 5.00	2025	20,510
Series 2004B (PARC Improvements)	5,655	3.00 to 5.00	2025	4,865
Series 2006A (Blueprint for our Future)	33,255	4.00 to 4.50	2027	31,010
Series 2009A (Refunding)	8,150	2.00 to 4.00	2023	8,150
Series 2009B (Refunding)	33,285	2.00 to 3.00	2019	33,285
Series 2009C (Refunding)	14,740	3.00 to 4.00	2019	14,740
Series 2009D (Refunding)	7,700	3.00 to 5.00	2016	7,700
Total General Obligation Bonds				275,856
Net of premiums, discounts and deferred amounts on refunding				(669)
Total Net General Obligation Bonds				$ 275,187

8. Long-Term Debt, continued

Debt service requirements to maturity for General Obligation Bonds, excluding accreted interest of $11,480 (which is included in the table presented on page 62), are as follows (in thousands):

Year ending June 30	Principal	Interest	Total
2010	$ 64,944	$ 11,458	$ 76,402
2011	21,177	9,873	31,050
2012	20,797	9,347	30,144
2013	17,160	8,913	26,073
2014	17,608	8,521	26,129
2015-2019	71,460	22,225	93,685
2020-2024	42,100	6,932	49,032
2025-2027	9,130	499	9,629
Totals	$ 264,376	$ 77,768	$ 342,144

There are $99,442,000 of First Mortgage and Lease Revenue Bonds outstanding at June 30, 2009. 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, 2009, are as follows (in thousands):

Description of Issue	Original Issue Amount	Interest Rate	Maturity During Year Ended June 30	Debt Outstanding June 30, 2009
Jefferson County Capital Projects				
Corporation Lease Revenue Bonds:				
1992A Municipal Multiplier				
Term Bonds	$ 16,764	6.85 to 7.00%	2018	$ 44,556
2007A Current Interest Bonds	58,855	4.00 to 4.375	2028	56,855
Total First Mortgage and Lease Revenue Bonds				101,411
Net of premiums, discounts and deferred amounts on refunding				(1,969)
Total Net First Mortgage and Lease Revenue Bonds				$ 99,442

Continued

8. Long-Term Debt, continued

Debt service requirements to maturity for First Mortgage and Lease Revenue Bonds, excluding accreted interest of $30,008 (which is included in the table presented on page 63), are as follows (in thousands):

Year ending June 30	Principal	Interest	Total
2010	$ 3,612	$ 5,446	$ 9,058
2011	3,616	5,487	9,103
2012	3,809	6,037	9,846
2013	5,051	9,509	14,560
2014	4,146	7,158	11,304
2015-2019	19,519	30,699	50,218
2020-2024	16,095	5,522	21,617
2025-2028	15,555	1,738	17,293
Totals	$ 71,403	$ 71,596	$ 142,999

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, 2009.

Notes payable outstanding at June 30, 2009 is as follows:

Description of Issue	Interest Rate	Maturity During Year Ended	Debt Outstanding June 30, 2009
New Market Tax Credit Promissory Note	4.00%	2011	$ 2,000,000

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

Year ending June 30	Principal	Interest	Total
2010		$ 81,111	$ 81,111
2011	$ 2,000,000	71,333	2,071,333
Totals	$ 2,000,000	$ 152,444	$ 2,152,444

B. Discretely Presented Component Units

i. Louisville Water Company

The LWC had $67,070,000 in Water System Revenue Bonds, Series 2000, $31,185,000 in Water System Refunding Bonds, Series 2001, and $81,620,000 in Water System Revenue Bonds, Series 2006 outstanding at December 31, 2008.

Continued

8. Long-Term Debt, continued

The Series 2000 bonds mature annually in amounts ranging from $2,540,000 to $5,870,000 from November 15, 2009 through 2025 and bear interest at rates ranging from 5.0% to 5.5%. The Series 2001 bonds mature annually in amounts ranging from $4,590,000 to $5,845,000 from November 15, 2009 through 2014 and bear interest at rates ranging from 4.0% to 4.7%. The Series 2006 bonds mature annually in amounts ranging from $2,180,000 to $5,470,000 from November 15, 2009 through 2031 and bear interest at rates ranging from 4.0% to 5.0%.

Bonds payable at December 31, 2008 consist of the following (in thousands):

Description of Issue	Original Issue Amount	Interest Rate	Maturity During Year Ended December 31	Debt Outstanding December 31, 2008
Water System Revenue Bonds				
Series 2000	$ 78,500	5.0 to 5.5%	2025	$ 67,070
Series 2001	60,300	4.0 to 4.7	2014	31,185
Series 2006	83,845	4.0 to 5.0	2031	81,620
Total Water System Revenue Bonds				179,875
Net of premiums				2,284
Total Net Water System Revenue Bonds				$ 182,159

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

Year ending December 31	Principal	Interest	Total
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	11,200	6,975	18,175
2014-2018	38,245	28,220	66,465
2019-2023	41,275	19,001	60,276
2024-2028	33,305	8,237	41,542
2029-2031	15,685	1,593	17,278
Totals	$ 179,875	$ 96,562	$ 276,437

ii. Parking Authority of River City, Inc.

PARC has $6,795,000 of First Mortgage Revenue Refunding Bonds Series 2001, $17,825,000 of First Mortgage Revenue Bonds Series 2002, $39,265,000 of First Mortgage Revenue Bonds Series 2009A, and $16,110,000 of First Mortgage Revenue Refunding Bonds Series 2009B outstanding at June 30, 2009, less $2,561,723 of unamortized discount and loss on bond refunding, totaling $77,433,277 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.

Continued

8. Long-Term Debt, continued

The Series 2001 bonds mature semi-annually in amounts ranging from $460,000 to $590,000 from December 1, 2009 through December 1, 2015 and bear interest ranging from 4.125% to 4.625%. The Series 2002 bonds mature annually in amounts ranging from $355,000 to $1,330,000 from June 1, 2010 through June 1, 2032 and bear interest ranging from 3.75% to 5.0%. The Series 2009A bonds mature annually in amounts ranging from $670,000 to $2,480,000 from December 1, 2010 through December 1, 2039 and bear interest ranging from 3.0% to 5.75%. The Series 2009B bonds mature annually in amounts ranging from $1,950,000 to $670,000 from December 1, 2009 through December 1, 2020 and bear interest ranging from 3.0% to 4.0%.

First Mortgage Revenue Bonds payable at June 30, 2009 consist of the following (in thousands):

Description of Issue	Original Issue Amount	Interest Rate	Maturity During Year Ended June 30	Debt Outstanding June 30, 2009
First Mortgage Revenue Bonds				
Series 2001	$ 12,960	4.125 to 4.625%	2016	$ 6,795
Series 2002	19,460	3.75 to 5.0	2032	17,825
Series 2009A	39,265	3.0 to 5.375	2040	39,265
Series 2009B	16,110	3.0 to 4.0	2021	16,110
Total First Mortgage Revenue Bonds				79,995
Net of premiums, discounts and deferred amounts				(2,562)
Total Net First Mortgage Revenue Bonds				$ 77,433

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

Year ending June 30	Principal	Interest	Total
2010	$ 3,235	$ 4,165	$ 7,400
2011	3,835	3,449	7,284
2012	3,965	3,316	7,281
2013	4,100	3,178	7,278
2014	4,255	3,031	7,286
2015-2019	13,880	13,186	27,066
2020-2024	10,255	10,876	21,131
2025-2029	11,505	8,388	19,893
2030-2034	11,875	5,145	17,020
2035-2039	10,610	2,156	12,766
2040	2,480	67	2,547
Totals	$ 79,995	$ 56,957	$ 136,952

Continued

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 $59,607,156 and interest expense on this note was $3,634,917 for the year ended June 30, 2009.

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

Year ending June 30	Principal	Interest	Total
2010	$ 983	$ 3,550	$ 4,533
2011	58,624	1,752	60,376
Totals	$ 59,607	$ 5,302	$ 64,909

iv. Metropolitan Sewer District

MSD has $1,408,290,000 of Revenue Bonds outstanding as of June 30, 2009. 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, 2009
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	159,135
Series 1999A	300,000	5.25 to 6.50	2033	285,060
Series 2001A	300,000	5.00 to 5.50	2036	291,890
Series 2003A and 2003B	191,000	variable	2023	149,645
Series 2004A	100,000	5.00 to 5.25	2038	100,000
Series 2005A	64,740	3.00 to 5.00	2026	60,090
Series 2006A	100,000	4.00 to 5.00	2038	98,385
Series 2007A	59,665	4.00 to 5.00	2025	57,995
Series 2008A	105,000	4.00 to 5.00	2038	105,000
Series 2009A	76,275	5.00	2022	76,275
Total Sewer and Drainage System Revenue Bonds				$ 1,408,290

8. Long-Term Debt, continued

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

Year ending June 30	Principal	Interest	Total
2010	$ 23,105	$ 71,323	$ 94,428
2011	24,135	70,278	94,413
2012	25,255	69,150	94,405
2013	26,440	67,955	94,395
2014	27,715	66,669	94,384
2015-2019	159,745	311,878	471,623
2020-2024	201,365	269,066	470,431
2025-2029	255,730	213,610	469,340
2030-2034	330,460	138,875	469,335
2035-2039	334,340	41,357	375,697
Totals	$ 1,408,290	$ 1,320,161	$ 2,728,451

8. Long-Term Debt, continued

C. Summary of Debt Transactions:

Long-term liability activity for the year ended June 30, 2009 was as follows (in thousands):

	Beginning Balance	Additions and Accreted Interest	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES:					
Bonds and notes payable:					
General obligation debt	$ 227,992	$ 109,449	$ (61,585)	$ 275,856	$ 64,944
Revenue bonds	130,204	2,972	(31,765)	101,411	3,612
Notes payable	2,000			2,000	
Bonds and notes payable	360,196	112,421	(93,350)	379,267	68,556
Net of bond premiums, discounts and deferred amount on refundings	(3,171)	579	(45)	(2,637)	
Total bonds and notes payable	357,025	113,000	(93,395)	376,630	68,556
Other liabilities:					
Capital lease	361		(77)	284	81
Claims and judgments	41,229	81,646	(51,721)	71,154	55,255
Compensated absences	18,887	18,948	(18,873)	18,962	1,788
Total other liabilities	60,477	100,594	(70,671)	90,400	57,124
Governmental activities long-term liabilities	$ 417,502	$ 213,594	$ (164,066)	$ 467,030	$ 125,680
COMPONENT UNITS:					
Bonds and notes payable:					
LWC	$ 190,879		$ (8,720)	$ 182,159	$ 9,310
PARC	41,998	$ 53,207	(17,772)	77,433	3,235
Riverport	60,533		(926)	59,607	983
MSD	1,427,060	76,275	(95,045)	1,408,290	23,105
Total bonds and notes payable	1,720,470	129,482	(122,463)	1,727,489	36,633
Other liabilities:					
Capital lease	1,836		(863)	973	783
Claims and judgments	2,298	1,264	(1,485)	2,077	2,077
Compensated absences	4,015	47		4,062	4,062
Total other liabilities	8,149	1,311	(2,348)	7,112	6,922
Component units long-term liabilities	$ 1,728,619	$ 130,793	$ (124,811)	$ 1,734,601	$ 43,555

Balances for claims and judgments include $71,153,837 reported in the Insurance and Risk Management Fund, an internal service fund.

Continued

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 the capital lease are as follows:

Year ending June 30	Principal	Interest	Total
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	$ 284,093	$ 31,771	$ 315,864

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, 2009, are as follows:

Fund	Interfund Receivable	Interfund Payable
General	$ 38,602,254	
Special Revenue		$ 10,993,822
Nonmajor Governmental	640,761	
Agency:		
Revenue Commission	12,263,941	
Mass Transit	3,566,090	
Internal Service:		
Revenue Commission		44,079,224
Totals	$ 55,073,046	$ 55,073,046

Continued

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, 2009 were as follows:

Interfund Transfers

Transfers out:	Transfers in: General Fund	Special Revenue Fund	Capital Projects Fund	Special Purpose Fund	Nonmajor Governmental Funds	Total
General Fund		$ 262,224	$ 9,897,200	$ 12,856,427	$ 36,860,850	$ 59,876,701
Special Revenue Fund	$ 1,031,874				350,900	1,382,774
Capital Projects Fund	1,713,540					1,713,540
Nonmajor Governmental Funds					22,980,947	22,980,947
Total	$ 2,745,414	$ 262,224	$ 9,897,200	$ 12,856,427	$ 60,192,697	$ 85,953,962

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

12. Customer Contributions for Water Pipeline Construction

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

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

The net increase in contributions in aid of construction during the year totaled $11,962,468 and is shown on the component unit's statement of revenues, expenses and changes in net assets as non-operating revenue.

Continued

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.

Subsequent to June 30, 2009, a settlement was reached in one lawsuit regarding the computation of overtime pay for firefighters in previous years. Please refer to Note 18 for additional detail.

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, 2009. The projects include improvements to major roadways, government buildings, parks, and other various ongoing projects.

Continued

13. Contingencies and Commitments, continued

E. Other Commitments

On September 3, 2008, the Kentucky Economic Development Authority issued $349,218,518 Louisville Arena Project Revenue Bonds, Series 2008. The proceeds from these bonds are being used to fund the acquisition, development, construction, and financing of the Arena Project in downtown Louisville, a public project intended for multiple uses as a public recreational, cultural, and sports facility. Pursuant to Metro Government Ordinance 143, Series 2007, 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

14. Deferred Compensation

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

GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* allows entities with little or no administrative involvement who do not perform the investing function for these plans to omit plan assets and related liabilities from the statement of net 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 KRS, these benefits are provided and advanced-funded on an actuarially determined basis through the CERS. 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.

Continued

16. Landfill Closure and Post-Closure Care Costs

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 of Louisville, 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 $39,029 at June 30, 2009. Future costs may vary from that amount because of inflation, changes in technology, or changes in regulations.

17. Pension Plans

A. County Employees' Retirement System

i. Plan Description

Metro Government, LWC, TARC, Riverport, MSD, and the Revenue Commission contribute to the CERS which is a cost-sharing multiple-employer defined benefit pension plan administered by 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 the CERS. That report may be obtained by writing to the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124.

ii. Funding Policy

Plan members are required to contribute 5% (8% for participants in the Hazardous Duty Plan) of creditable compensation if hired before September 1, 2008. Plan members hired on or after that date are required to contribute 6% (9% for participants in the Hazardous Duty Plan) of creditable compensation. Employers are required to contribute at an actuarially determined rate. The rate as of June 30, 2009 is 13.5% (29.5% under the Hazardous Duty Plan) of participating employees' compensation. The contribution requirements of employers and plan members are established and may be amended by the CERS Board of Trustees. Metro Government has met its funding requirement for the fiscal year ended June 30, 2009.

Metro Government's contribution to the CERS for the years ending June 30, 2009, 2008, and 2007 were $57,607,675, $65,286,334, and $54,511,578, respectively.

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

- LWC's contribution to the CERS for years ending December 31, 2008, 2007, and 2006 were $4,235,556, $4,081,601, and $3,411,290, respectively.
- TARC's contribution to the CERS for the years ended June 30, 2009, 2008, and 2007 were $3,602,392, $4,410,909, and $3,457,984, respectively.

Continued

17. Pension Plans, continued

- Riverport's contribution to the CERS for the years ended June 30, 2009, 2008, and 2007 were $46,617, $52,147, and $43,954, respectively.
- MSD's contribution to the CERS for the years ended June 30, 2009, 2008, and 2007 were $4,677,000, $5,482,000, and $4,221,000, respectively.
- The Revenue Commission's contribution to the CERS for the years ended June 30, 2009, 2008, and 2007 were $269,000, $324,000, and $288,000, respectively.

B. Fire and Police Pension Trust Funds

i. Plan Descriptions

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

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

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

Continued

17. Pension Plans, continued

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, 2009:

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

ii. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting - The preparation of the financial statements of the Funds generally conform to the provisions of the GASB 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. 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 the Firefighters' Pension Fund and the Policemen's Retirement Fund for each of the past four fiscal years.

For the fiscal year ended June 30, 2009, 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, 2009, Metro Government is required to make contributions to the Policemen's Retirement Fund of $1,553,716 and to the Firefighters' Pension Fund of $2,113,368 for the fiscal year beginning July 1, 2009.

Continued

17. Pension Plans, continued

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

Fund	Firefighters' Pension Fund	Policemen's Retirement Fund
Valuation date	January 1, 2009	January 1, 2009
Actuarial cost method	Entry age	Entry age
Amortization method	Level percent, closed	Level percent, closed
Remaining amortization period	15 years	15 years
Asset valuation method	Market	Market
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	N/A	7.5%
Projected inflation rate	N/A	N/A

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION & BENEFIT TRUST FUNDS
June 30, 2009

	Firefighters' Pension Trust	Policemen's Retirement Fund	Total Pension & Benefit Trust
ASSETS			
Cash and cash equivalents	$ 522,285	$ 722,673	$ 1,244,958
Investments	6,985,555	6,850,939	13,836,494
Accounts receivable and accrued interest	183,294	167,009	350,303
Total assets	7,691,134	7,740,621	15,431,755
LIABILITIES			
Accounts payable	18,891		18,891
Health insurance reimbursement and accrued liabilities	182,165	158,450	340,615
Total liabilities	201,056	158,450	359,506
NET ASSETS			
Held in trust for pension benefits	$ 7,490,078	$ 7,582,171	$ 15,072,249

Continued

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, 2009

	Firefighters' Pension Trust	Policemen's Retirement Fund	Total Pension & Benefit Trust
ADDITIONS			
Contributions:			
Employer	$ 1,863,306	$ 1,396,080	$ 3,259,386
Member		4,257	4,257
Total contributions	1,863,306	1,400,337	3,263,643
Investment earnings:			
Decrease in fair value of investments	(1,220,273)	(1,129,930)	(2,350,203)
Realized losses	(98,063)	(109,372)	(207,435)
Interest and dividends	67,174	218,775	285,949
Net investment earnings	(1,251,162)	(1,020,527)	(2,271,689)
Other income	1,030,782	838,206	1,868,988
Total additions	1,642,926	1,218,016	2,860,942
DEDUCTIONS			
Benefit payments	3,238,873	2,647,188	5,886,061
Administration expense	316,596	334,437	651,033
Health insurance reimbursement	659,422	498,106	1,157,528
Total deductions	4,214,891	3,479,731	7,694,622
Net decrease	(2,571,965)	(2,261,715)	(4,833,680)
Net assets--beginning of the year	10,062,043	9,843,886	19,905,929
Net assets--end of the year	$ 7,490,078	$ 7,582,171	$ 15,072,249

18. Subsequent Events

A. Bond Issues

Primary Government

In November 2009, Metro Government issued $41,275,000 of General Obligation Bonds, Series 2009E and $63,250,000 of General Obligation Bonds, Series 2009F (Federally Taxable – Build America Bonds – Direct Payment & Recovery Zone Economic Development Bonds).

The Series 2009E bonds are payable in principal installments of $3,525,000 to $4,845,000 plus interest at 2.5% to 5.0% over ten years. Proceeds of the Series 2009E Bonds will be used to refinance the BAN upon maturity.

The Series 2009F bonds provide for interest installments only for the first ten years of the life of the bonds. Beginning in fiscal year 2020, the Series 2009F bonds will be payable in principal installments of $865,000 to $7,060,000 plus interest at 4.4% to 5.65% over ten years. Proceeds of the Series 2009F Bonds will be used for various capital and economic development projects.

Continued

18. Subsequent Events, continued

The Series 2009F bonds were issued under the guidelines provided in the American Recovery and Reinvestment Act ("ARRA") as Build American Bonds in the amount of $40,635,000 and Recovery Zone Bonds in the amount of $22,615,000. Metro Government, under the guidelines set forth in the ARRA, is eligible to apply for an interest subsidy payment from the United States Treasury for Build America Bonds of 35% and Recovery Zone Bonds of 45% of the interest payable on each type of bond.

Metro Government intends to issue additional bonds as Qualified Energy Conservation Bonds. Metro Government expects to issue such debt to raise approximately $3,200,000 of construction proceeds. The method of issue has not been determined as of the date of this report. Proceeds from this issue will be used to facilitate the replacement of energy related components of properties owned by the Metro Government.

Louisville Water Company

On December 8, 2009, the Louisville Water Company issued $202.9 million in bonds to fund its capital program for the next three years. The bonds were issued with an AAA rating, yielding an average borrowing cost of 2.98%. Proceeds from the bond issue will fund upgrades to the Crescent Hill Water Treatment Plant, construction of new transmission pipelines along Interstates 64 and 65 and completion of the riverbank filtration project at the B.E. Payne Plant.

The sale included:

- The issue of Series 2009A, $116.2 million in tax exempt bonds at an average borrowing cost of 2.58%. This issue included refinancing of $78.4 million of bonds issued in 2000 and 2001, saving $13 million in interest payments over the remaining life of the bonds.
- The issue of Series 2009B, $86.7 million taxable Build America Bonds, at 5.00%, yielding a cost of 3.25% to the Company after a 35% federal tax subsidy provided from the federal stimulus program.

B. Litigation

During October 2009, a settlement was reached in the litigation action regarding the computation of overtime pay for firefighters in previous years. The settlement between Metro Government and the firefighters calls for payment of $45,000,000 payable in three installments due as follows: 1) $15,800,000 payable by December 1, 2009, 2) $14,300,000 payable by March 31, 2010, and 3) $14,900,000 payable by July 15, 2010. Metro Government will pay the first installment of the settlement out of its reserves and is currently pursuing an appropriate funding mechanism for the remaining installments. Metro Government is in the process of determining any associated employer costs that are not included in the proposed settlement. These costs are not known at this time, but Metro Government believes they will be a material amount.

On November 19, 2009 the Metro Council approved Metro Government's outlined settlement plan and the first payment. Once an appropriate funding mechanism has been determined, Metro Government will present the funding plan to the Metro Council no later than January 15, 2010.

Continued

18. Subsequent Events, continued

C. Natural Disaster

On August 4, 2009, the Metro Louisville area experienced a flash flood disaster that resulted in damage to several Metro Government properties. As of the date of this report, Metro Government estimates that there is approximately $6,000,000 - $8,000,000 in damage to Metro Government properties with the majority of the damage at the main branch of the Louisville Free Public Library. As a result of this flash flood, Metro Louisville was declared a disaster area and is eligible for coverage by the Federal Emergency Management Agency ("FEMA"). Metro Government has also filed a claim with LAGGIT and will be subject to a $250,000 deductible on this claim. Metro Government expects to recover 75% of this deductible from FEMA and 12% from the Kentucky Division of Emergency Management.

Continued

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, 2009

	Original Budget	Final Budget	Actual Amounts - GAAP Basis	Variance with Final Budget - Over (Under)
REVENUES				
Property taxes	$ 138,755,700	$ 138,755,700	$ 133,501,705	$ (5,253,995)
Occupational taxes	313,953,100	309,725,800	301,344,426	(8,381,374)
Licenses and permits	12,098,400	12,098,400	10,521,865	(1,576,535)
Intergovernmental	70,417,400	29,112,000	28,290,329	(821,671)
Charges for services	85,196,500	85,755,958	56,761,309	(28,994,649)
Fees and fines	3,074,200	3,104,100	2,447,186	(656,914)
Investment income	3,586,200	3,586,200	2,044,037	(1,542,163)
Dividends	16,560,000	16,560,000	17,288,555	728,555
Donations	5,911,800	5,921,610	1,914,546	(4,007,064)
Miscellaneous	16,863,400	1,357,601	2,672,131	1,314,530
Total revenues	666,416,700	605,977,369	556,786,089	(49,191,280)
EXPENDITURES				
Current operating:				
General Government:				
Metro Council	7,710,000	7,847,078	5,694,342	(2,152,736)
Mayor's Office	3,028,600	3,045,481	2,618,525	(426,956)
Policy and Strategic Planning	649,800	649,800	587,717	(62,083)
County Attorney	6,751,400	6,751,400	7,024,343	272,943
Other Elected Officials	7,915,100	7,915,100	7,553,889	(361,211)
Public Protection:				
Fire	53,632,600	53,632,600	50,715,880	(2,916,720)
Emergency Medical Services	26,976,100	26,976,100	22,104,299	(4,871,801)
Emergency Management	11,230,800	8,430,800	7,181,440	(1,249,360)
Corrections	50,005,500	50,070,395	47,296,736	(2,773,659)
Youth Detention Services	9,513,300	9,513,300	9,292,782	(220,518)
Animal Control Services	3,172,800	3,179,500	2,773,448	(406,052)
Criminal Justice Commission	429,600	429,600	356,402	(73,198)
Firefighters' Pension Fund	2,979,900	2,979,900	2,875,485	(104,415)
Policemen's Retirement Fund	2,258,700	2,258,700	2,089,725	(168,975)
Police	148,509,400	148,596,380	134,558,266	(14,038,114)
Economic Development:				
Metro Development Authority	15,041,600	15,060,260	13,990,982	(1,069,278)
Community Development	66,874,300			
Air Pollution Control	1,109,300	1,139,200	633,423	(505,777)
Codes & Regulations:				
Inspections, Permits and Licenses	7,220,100	7,169,000	6,262,268	(906,732)
Planning and Design Services	2,822,500	2,904,100	2,506,155	(397,945)
Parks & Recreation	25,120,900	25,580,529	21,402,980	(4,177,549)
Housing & Family Services:				
Housing	1,032,400	980,700	810,099	(170,601)
Human Services	10,396,100	10,559,702	9,621,854	(937,848)
Community Action Partnership	587,800	464,166	322,601	(141,565)
Public Health & Wellness	12,738,300	12,738,300	10,153,703	(2,584,597)
Neighborhoods	8,841,500	8,839,518	6,255,803	(2,583,715)
Public Works & Assets:				
Public Works	18,049,700	16,746,805	11,620,859	(5,125,946)
General Services Administration	35,302,300	35,536,858	31,290,788	(4,246,070)
Solid Waste Management Services	23,183,400	23,184,100	19,586,443	(3,597,657)
Information Technology	11,085,400	11,085,400	9,975,852	(1,109,548)
Finance & Administration	23,355,000	32,682,170	22,246,348	(10,435,822)
Human Resources	4,416,800	4,504,500	4,187,516	(316,984)
Related Agencies:				
Human Relations Commission	819,000	916,400	766,100	(150,300)
Louisville Free Public Library	18,676,200	18,626,818	15,710,135	(2,916,683)
Louisville Zoological Gardens	13,532,400	13,527,227	12,149,060	(1,378,167)
Internal Audit	736,700	736,700	647,020	(89,680)
Waterfront Development Corporation	4,036,300	4,043,682	2,631,694	(1,411,988)
Debt service	26,675,100	26,675,100	941,275	(25,733,825)
Total expenditures	666,416,700	605,977,369	506,436,237	(99,541,132)
Excess (deficiency) of revenues over expenditures	$ -	$ -	50,349,852	$ 50,349,852
OTHER FINANCING SOURCES (USES)				
Transfers in			2,745,414	
Transfers out			(59,876,701)	
Total other financing sources (uses)			(57,131,287)	
Net change in fund balance			(6,781,435)	
Fund balances--beginning			87,866,577	
Fund balances--ending			$ 81,085,142	

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
June 30, 2009

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)
Firefighters' Pension Fund:						
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%
1/1/2009	9,233,693	26,701,182	17,467,489	34.6%		0%
Policemen's Retirement Fund:						
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%
1/1/2009	9,482,462	20,863,561	11,381,099	45.4%	53,435	21299.0%

SCHEDULES OF EMPLOYER CONTRIBUTIONS

	Firefighters' Pension Fund		Policemen's Retirement Fund	
Year Ended June 30	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%
2009	2,113,368	100.0%	1,553,716	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.

OTHER SUPPLEMENTARY INFORMATION - COMBINING FINANCIAL STATEMENTS

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009

	Debt Service Funds			Capital Projects Funds				
	General Obligation	Public Properties Corporation	Capital Projects Corporation	Bond Fund	Public Properties Corporation	Capital Projects Corporation	Revenue Finance Corporation	Total Nonmajor Governmental Funds
ASSETS								
Cash and cash equivalents				$ 8,111	$ 284,264	$ 43,717	$ 21,792	$ 357,884
Investments				54,651	1,915,217		146,826	2,116,694
Accounts receivable				22,584				22,584
Due from other funds	$ 640,761							640,761
Restricted assets:								
Cash and cash equivalents	9,580	$ 580	$ 14,485					24,645
Total assets	$ 650,341	$ 580	$ 14,485	$ 85,346	$ 2,199,481	$ 43,717	$ 168,618	$ 3,162,568
LIABILITIES								
Accounts payable					$ 2,738	$ 62		$ 2,800
Matured bonds payable	$ 640,761							640,761
Total liabilities	640,761	-	-	-	2,738	62	-	643,561
FUND BALANCES								
Restricted for:								
Debt service	9,580	$ 580	$ 14,485					24,645
Assigned to:								
Capital projects				$ 85,346	2,196,743	43,655	$ 168,618	2,494,362
Total fund balances	9,580	580	14,485	85,346	2,196,743	43,655	168,618	2,519,007
Total liabilities and fund balances	$ 650,341	$ 580	$ 14,485	$ 85,346	$ 2,199,481	$ 43,717	$ 168,618	$ 3,162,568

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	Debt Service Funds			Capital Projects Funds				
	General Obligation	Public Properties Corporation	Capital Projects Corporation	Bond Fund	Public Properties Corporation	Capital Projects Corporation	Revenue Finance Corporation	Total Nonmajor Governmental Funds
REVENUES								
Intergovernmental			$ 4,361,715					$ 4,361,715
Charges for services	$ 432,333							432,333
Investment income	218	$ 11,594	1,458					13,270
Total revenues	432,551	11,594	4,363,173	-	-	-	-	4,807,318
EXPENDITURES								
Current:								
Miscellaneous			2,500					2,500
Debt service:								
Principal	20,815,000	1,500,000	6,505,000					28,820,000
Interest and other charges	9,250,404	1,402,233	2,448,179					13,100,816
Capital outlay					$ 822,249	$ 282,963		1,105,212
Total expenditures	30,065,404	2,902,233	8,955,679	-	822,249	282,963	-	43,028,528
Deficiency of revenues under expenditures	(29,632,853)	(2,890,639)	(4,592,506)	-	(822,249)	(282,963)	-	(38,221,210)
OTHER FINANCING SOURCES (USES)								
Issuance of refunding bonds, par	63,875,000							63,875,000
Issuance of refunding bonds, premium	874,372							874,372
Refunded bond principal	(40,770,000)	(23,760,000)						(64,530,000)
Refunded bond premium	(654,900)	(89,450)						(744,350)
Refunded bond interest	(21,277)							(21,277)
Transfers in	29,320,063	26,367,634	4,505,000					60,192,697
Transfers out	(22,980,947)							(22,980,947)
Total other financing sources (uses)	29,642,311	2,518,184	4,505,000	-	-	-	-	36,665,495
Net change in fund balances	9,458	(372,455)	(87,506)	-	(822,249)	(282,963)	-	(1,555,715)
Fund balances--beginning	122	373,035	101,991	$ 85,346	3,018,992	326,618	$ 168,618	4,074,722
Fund balances--ending	$ 9,580	$ 580	$ 14,485	$ 85,346	$ 2,196,743	$ 43,655	$ 168,618	$ 2,519,007

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2009

	Insurance and Risk Management Fund	Louisville/Jefferson Co. Metro Revenue Commission	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 3,138,387	$ 59,406,003	$ 62,544,390
Investments	21,144,777		21,144,777
Accounts receivable	374,239		374,239
Deposits with paying agents	55,000		55,000
Total current assets	24,712,403	59,406,003	84,118,406
Capital assets:			
Machinery and equipment, net		307,966	307,966
Total capital assets	-	307,966	307,966
Total assets	24,712,403	59,713,969	84,426,372
LIABILITIES			
Current liabilities:			
Accounts payable	139,252	2,689,411	2,828,663
Claims and judgments	55,254,589		55,254,589
Due to other funds		44,079,224	44,079,224
Unearned revenue	84,687	12,800,544	12,885,231
Total current liabilities	55,478,528	59,569,179	115,047,707
Noncurrent liabilities:			
Claims and judgments	15,899,248		15,899,248
Total noncurrent liabilities	15,899,248	-	15,899,248
Total liabilities	71,377,776	59,569,179	130,946,955
NET ASSETS			
Invested in capital assets, net of related debt		307,966	307,966
Unrestricted	(46,665,373)	(163,176)	(46,828,549)
Total net assets	$ (46,665,373)	$ 144,790	$ (46,520,583)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2009

	Insurance and Risk Management Fund	Louisville/Jefferson Co. Metro Revenue Commission	Total
OPERATING REVENUES:			
Collection, investment and other fees		$ 4,584,006	$ 4,584,006
Insurance income	$ 14,092,194		14,092,194
Insurance premiums	44,665,900		44,665,900
Total operating revenues	58,758,094	4,584,006	63,342,100
OPERATING EXPENSES:			
Professional services	243,763	3,746,580	3,990,343
Contractual services	14,464	468,965	483,429
Repairs and maintenance		4,326	4,326
Other supplies and expenses	6,500	312,360	318,860
Insurance claims, settlements and losses	98,645,823		98,645,823
Insurance premiums	4,903,529		4,903,529
Depreciation		24,036	24,036
Total operating expenses	103,814,079	4,556,267	108,370,346
Operating income (loss)	(45,055,985)	27,739	(45,028,246)
NONOPERATING REVENUES:			
Investment income	477,552		477,552
Total nonoperating revenues	477,552	-	477,552
Change in net assets	(44,578,433)	27,739	(44,550,694)
Total net assets--beginning	(2,086,940)	117,051	(1,969,889)
Total net assets--ending	$ (46,665,373)	$ 144,790	$(46,520,583)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2009

	Insurance and Risk Management Fund	Louisville/Jefferson Co. Metro Revenue Commission	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from collection, investment, and other fees		$ 4,584,006	$ 4,584,006
Insurance income	$ 58,755,093		58,755,093
Payments to employees	(243,763)	(2,915,335)	(3,159,098)
Payments to suppliers		(710,893)	(710,893)
Contractual services	(40,553)		(40,553)
Claims paid	(51,721,236)		(51,721,236)
Insurance premiums paid	(4,903,529)		(4,903,529)
Increase (decrease) in cash collected for others		(793,001)	(793,001)
Other payments	(6,500)		(6,500)
Net cash provided by operating activities	1,839,512	164,777	2,004,289
CASH FLOWS FROM CAPITAL ACTIVITIES:			
Acquisition and construction of capital assets		(69,990)	(69,990)
Net cash used in capital activities	-	(69,990)	(69,990)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Change in investment pool participation	(851,669)		(851,669)
Investment income	477,552		477,552
Net cash used in investing activities	(374,117)	-	(374,117)
Net increase in cash and cash equivalents	1,465,395	94,787	1,560,182
Cash and cash equivalents, beginning of the year	1,672,992	59,311,216	60,984,208
Cash and cash equivalents, end of the year	$ 3,138,387	$ 59,406,003	$ 62,544,390
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities			
Operating income (loss)	$ (45,055,985)	$ 27,739	$ (45,028,246)
Adjustments to reconcile operating income (loss) to net cash provided/(used) by operating activities:			
Depreciation expense		24,036	24,036
Increase (decrease) in cash due to changes in assets and liabilities:			
Accounts receivable	(3,001)		(3,001)
Accounts and other payables	(1,226,089)	906,003	(320,086)
Liability for incurred claims	48,124,587		48,124,587
Due to other funds and governmental agencies		(2,538,097)	(2,538,097)
Unearned revenue		1,745,096	1,745,096
Net cash provided by operating activities	$ 1,839,512	$ 164,777	$ 2,004,289

During fiscal year 2009, 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, 2009

	Mass Transit	Escrow and Deposit	Revenue Commission	Total
ASSETS				
Cash and cash equivalents	$ 100,158	$ 7,518,504		$ 7,618,662
Investments	6,197,862	11,989,273		18,187,135
Accounts receivable and accrued interest		201,463		201,463
Due from other funds	3,566,090		$ 12,263,941	15,830,031
Due from other governmental agencies	1,254,074			1,254,074
Total assets	$ 11,118,184	$ 19,709,240	$ 12,263,941	$ 43,091,365
LIABILITIES				
Accounts payable		$ 44,017		$ 44,017
Notes payable		3,500,000		3,500,000
Due to other governmental agencies	$ 11,118,184	8,750,383	$ 12,263,941	32,132,508
Refundable deposits		7,414,840		7,414,840
Total liabilities	$ 11,118,184	$ 19,709,240	$ 12,263,941	$ 43,091,365

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the fiscal year ended June 30, 2009

Mass Transit

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
ASSETS				
Cash and cash equivalents	$ 100,114	$ 158	$ 114	$ 100,158
Investments	6,856,456	22,639,971	23,298,565	6,197,862
Due from other funds	3,791,197	3,566,090	3,791,197	3,566,090
Due from other governmental agencies		1,254,074		1,254,074
Total assets	$ 10,747,767	$ 27,460,293	$ 27,089,876	$ 11,118,184
LIABILITIES				
Due to other governmental agencies	$ 10,747,767	$ 41,166,934	$ 40,796,517	$ 11,118,184
Total liabilities	$ 10,747,767	$ 41,166,934	$ 40,796,517	$ 11,118,184

Escrow and Deposit

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
ASSETS				
Cash and cash equivalents	$ 7,053,778	$ 4,678,788	$ 4,214,062	$ 7,518,504
Investments	12,120,363	97,595	228,685	11,989,273
Accounts receivable	216,379	229,565	244,481	201,463
Total assets	$ 19,390,520	$ 5,005,948	$ 4,687,228	$ 19,709,240
LIABILITIES				
Accounts payable	$ 41,883	$ 663,450	$ 661,316	$ 44,017
Notes payable	3,500,000	3,500,000	3,500,000	3,500,000
Due to other governmental agencies	8,879,365	673,203	802,185	8,750,383
Refundable deposits	6,969,272	1,763,621	1,318,053	7,414,840
Total liabilities	$ 19,390,520	$ 6,600,274	$ 6,281,554	$ 19,709,240

Revenue Commission

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
ASSETS				
Due from other funds	$ 13,183,582	$ 134,994,977	$ 135,914,618	$ 12,263,941
Total assets	$ 13,183,582	$ 134,994,977	$ 135,914,618	$ 12,263,941
LIABILITIES				
Due to other governmental agencies	$ 13,183,582	$ 134,994,977	$ 135,914,618	$ 12,263,941
Total liabilities	$ 13,183,582	$ 134,994,977	$ 135,914,618	$ 12,263,941

Statistical Section

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

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

SUMMARY OF NET ASSETS AND CHANGES IN NET ASSETS

Last Seven Fiscal Years (since Merger) (1)

	2003	2004	2005	2006	2007	2008	2009
Primary Government/Governmental Activities:							
Invested in capital assets, net of related debt	$ 565,291,116	$ 544,355,891	$ 520,287,023	$ 515,671,362	$ 514,870,387	$ 504,735,518	$ 537,459,886
Restricted	82,123,082	65,930,660	74,553,001	62,355,267	88,865,414	81,047,323	71,526,320
Unrestricted	53,300,267	70,554,690	42,158,721	37,506,232	18,230,226	19,216,446	(12,934,120)
Total Primary Government/Governmental Activities Net Assets	$ 700,714,465	$ 680,841,241	$ 636,998,745	$ 615,532,861	$ 621,966,027	$ 604,999,287	$ 596,052,086
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	$ 25,757,030
Public Protection	108,832,956	112,937,135	130,194,826	152,742,063	156,867,814	168,125,697	166,736,527
Police	121,700,362	120,446,100	138,751,554	132,793,664	135,962,267	140,438,253	147,980,259
Economic Development	25,171,229	21,638,429	28,451,908	26,276,189	30,710,291	25,275,680	39,617,092
Codes & Regulations	29,616,549	10,622,190	8,185,714	8,847,046	8,640,257	11,289,044	12,220,294
Parks & Recreation	25,618,761	21,653,602	24,943,797	25,479,670	25,515,919	25,131,824	24,615,331
Housing & Family Services	38,588,804	30,087,195	31,841,096	33,146,828	30,304,444	28,844,976	29,871,809
Public Health & Wellness	21,422,827	33,813,783	36,407,344	38,607,238	38,132,320	26,795,986	25,066,813
Neighborhoods	5,400,041	5,072,738	6,628,578	7,202,084	7,068,336	8,194,903	6,878,355
Public Works & Assets	129,032,678	113,837,465	129,373,570	128,850,571	127,157,541	130,173,516	117,838,351
Information Technology	7,346,791	6,046,175	9,205,957	9,543,827	10,111,462	11,858,166	12,428,088
Finance & Administration	52,453,722	14,169,550	14,471,294	13,048,462	13,789,994	24,813,303	23,929,387
Human Resources	3,976,508	3,947,479	4,299,291	4,452,275	4,176,072	4,521,110	4,492,419
Related Agencies	56,902,694	45,157,161	48,140,137	48,141,028	48,736,693	53,572,010	41,302,782
Interest expense	14,372,117	16,072,154	17,077,617	16,302,423	17,214,454	14,425,027	19,424,674
Total Expenses	668,208,948	577,965,635	652,544,363	671,056,573	681,530,647	700,922,875	698,159,211
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	13,431,725
Inspections, Permits and Licenses	7,407,483	23,917	12,409,334	12,963,317	13,954,629	14,215,180	13,126,794
Louisville Zoological Gardens	7,631,624	7,737,208	7,887,283	7,503,751	8,224,299	8,667,497	8,519,092
Metro Development Authority	2,416,129	517,056	8,219,029	7,893,128	9,007,348	10,082,408	8,080,332
Other	39,701,945	30,936,383	34,837,445	31,781,000	40,182,710	33,471,796	32,930,586
Total Charges for Services	61,839,152	48,187,045	72,184,333	69,752,138	83,456,511	78,058,214	76,088,529
Operating Grants and Contributions	96,108,452	63,481,947	75,099,069	72,212,271	73,451,393	82,810,321	99,301,526
Capital grants and Contributions	43,008,216	33,251,324	29,167,632	56,127,486	42,118,743	31,815,335	37,242,327
Total Primary Government Program Revenues	200,955,820	144,920,316	176,451,034	198,091,895	199,026,647	192,683,870	212,632,382
Net (Expense) Revenue	(467,253,128)	(433,045,319)	(476,093,329)	(472,964,678)	(482,504,000)	(508,239,005)	(485,526,829)
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	134,091,146
Occupational taxes	250,215,859	260,797,870	275,767,186	285,559,281	307,856,301	309,491,515	301,344,426
Investment income	2,211,363	937,567	3,965,089	5,251,143	9,189,326	8,413,117	3,950,500
Dividends	12,379,583	12,687,780	13,935,078	17,715,564	14,625,718	18,531,912	17,288,555
Other intergovernmental revenue	12,386,356	1,963,651	4,672,662	12,764,992	13,591,805	11,419,069	11,291,887
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	1,622,208
Other taxes	223,684		319,838	319,388	271,059	209,376	269,634
Rental receipts	1,932,180	1,111,567	4,764,521	395,634	1,256,226	1,832,428	1,950,901
Miscellaneous	3,080,838	4,008,837	5,972,358	4,464,605	3,982,753	4,782,381	4,795,016
Total General Revenues	398,412,997	401,571,164	432,833,879	451,054,922	478,562,265	491,272,265	476,604,273
Change in Net Assets	(68,840,131)	(31,474,155)	(43,259,450)	(21,909,756)	(3,941,735)	(16,966,740)	(8,922,556)
Net Assets - beginning, restated	769,554,596	712,315,396	680,258,195	636,998,745	615,532,861	621,966,027	604,999,287
Increase due to acquired agency				443,872			
Prior period adjustment					10,374,901		
Net Assets - ending	$ 700,714,465	$ 680,841,241	$ 636,998,745	$ 615,532,861	$ 621,966,027	$ 604,999,287	$ 596,076,731

(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 Seven Fiscal Years (since Merger) (1)

	2003	2004	2005	2006	2007	2008	2009 (2)
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	
Nonspendable							$ 3,787,983
Committed							6,499,730
Assigned							5,390,322
Unassigned							65,407,107
Total General Fund	$ 78,730,291	$ 87,047,398	$ 96,824,987	$ 100,880,065	$ 104,163,899	$ 87,866,577	$ 81,085,142
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	
Nonspendable							$ 12,649,445
Restricted							
Debt service reserve							24,645
Other capital projects							7,720,089
Assigned							
Capital projects							63,806,231
Grant programs							6,269,161
Total all other Governmental Funds	$ 117,060,947	$ 101,345,385	$ 110,786,796	$ 103,571,349	$ 118,127,828	$ 111,494,516	$ 90,469,571

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Seven Fiscal Years (since Merger) (1)

	2003	2004	2005	2006	2007	2008	2009
REVENUES							
Property taxes	$ 110,578,566	$ 113,164,349	$ 120,912,806	$ 121,338,886	$ 127,919,524	$ 134,259,325	$ 133,501,705
Occupational taxes	235,901,121	260,797,870	275,767,186	285,559,281	307,856,301	309,491,515	301,344,426
Licenses and permits	23,741,060	10,544,820	11,521,182	11,457,731	11,811,402	11,600,220	10,521,865
Intergovernmental	127,477,833	131,510,281	113,503,540	133,762,762	122,899,040	123,701,933	140,964,634
Charges for services	60,847,632	33,941,527	60,026,636	54,494,156	68,620,013	65,046,880	65,033,024
Fees and fines	914,318	1,016,230	722,187	2,438,607	3,395,450	1,491,118	2,473,251
Investment income	4,156,510	937,567	3,965,089	5,251,143	9,189,326	8,413,117	3,950,500
Dividends	12,379,583	12,687,780	13,935,078	17,715,564	14,625,718	18,531,912	17,288,555
Donations	4,040,450	5,162,538	2,748,194	11,728,614	7,736,520	4,755,423	6,029,542
Miscellaneous	17,374,993	4,024,131	3,361,493	4,831,279	3,667,409	4,332,278	4,443,665
Total revenues	597,412,066	573,787,093	606,463,391	648,578,023	677,720,703	681,623,721	685,551,167
EXPENDITURES (2)							
General Government	26,683,532	21,652,466	22,265,724	22,981,366	24,679,207	25,525,729	23,478,816
Public Protection	100,658,079	105,409,514	116,010,331	137,404,977	142,118,284	155,794,072	153,421,244
Police	117,355,711	116,490,491	126,343,610	120,413,360	125,522,471	131,670,127	137,290,564
Economic Development	21,380,913	19,299,326	23,949,370	22,091,209	26,620,960	21,911,769	34,880,087
Codes & Regulations	28,911,602	10,327,482	7,491,076	8,058,948	7,998,515	10,615,953	10,192,927
Parks & Recreation	21,767,248	20,489,287	21,922,934	22,405,732	22,641,942	22,558,585	21,751,602
Housing & Family Services	37,415,658	29,276,331	29,154,534	30,228,338	28,133,973	27,177,609	27,848,133
Public Health & Wellness	20,747,662	32,662,513	33,031,631	35,020,251	35,181,838	25,011,628	23,148,305
Neighborhoods	3,871,939	4,936,210	6,066,781	6,565,329	6,559,384	7,717,628	6,409,530
Public Works & Assets	69,765,377	64,510,252	67,457,003	70,884,688	71,262,503	73,676,326	82,986,482
Information Technology	6,082,646	5,605,906	6,960,196	7,248,081	7,813,687	9,589,440	9,975,852
Finance & Administration	34,067,423	13,784,775	13,247,952	11,898,662	12,802,901	23,281,270	22,246,348
Human Resources	3,882,710	3,841,236	3,936,674	4,060,640	3,877,455	4,259,117	4,187,516
Related Agencies	49,430,840	38,684,963	38,518,437	38,562,734	39,521,940	44,246,849	32,429,223
Debt service principal	19,643,000	19,177,195	22,613,352	25,595,000	24,252,500	25,960,000	28,820,000
Debt service interest and other payments	14,372,117	16,072,154	16,033,918	15,210,706	17,892,454	14,425,027	15,227,787
Capital outlay	87,662,658	59,315,442	62,653,450	93,268,102	89,555,809	83,759,227	124,587,884
Total expenditures	663,699,115	581,535,543	617,656,973	671,898,123	686,435,823	707,180,356	758,882,300
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	1,622,208
Issuance of bonds, par	47,450,000		29,495,000		33,255,000		44,000,000
Issuance of bonds, premium/(discount)	363,474		1,267,582		(60,278)		448,800
Issuance of refunding bonds, par	49,445,000				58,855,000		63,875,000
Issuance of refunding bonds, premium/(discount)					(137,152)		874,372
Bond issuance costs paid	(199,324)						
Refunded bond principal, interest, and premium	(49,547,534)						(65,295,627)
Payment to bond refunding escrow agent	(2,999,382)				(58,220,426)		
Transfers in	110,805,958	42,774,751	46,270,744	45,960,731	65,293,175	72,426,546	85,953,962
Transfers out	(113,403,255)	(42,774,751)	(47,270,744)	(45,960,731)	(65,293,175)	(72,426,546)	(85,953,962)
Total other financing sources (uses)	42,102,616	349,995	30,412,582	1,156,848	34,739,543	2,626,001	45,524,753
Net change in fund balance	$ (24,184,433)	$ (7,398,455)	$ 19,219,000	$ (22,163,252)	$ 26,024,423	$ (22,930,634)	$ (27,806,380)
Ratio of total debt service expenditures to noncapital expenditures	6.28%	7.24%	7.48%	7.59%	7.60%	6.93%	7.46%

(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 Seven 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
2009	434,846,131	10,521,865	140,138,472	64,239,245	2,447,186	2,658,807	6,261,891	661,113,597

(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) Fiscal year 2003 revenues included the Major Capital Projects fund and other nonmajor capital funds. Fiscal year 2003 has been restated to conform to the current presentation.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

GENERAL FUND TAX REVENUES BY SOURCE

Last Seven 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
2009	434,846,131	116,505,210	4,560,570	7,681,607	301,344,426	4,483,331	270,987

(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 Seven Fiscal Years (since Merger) (1)

Fiscal Year	Employment (3)	Unemployment Rate (3)	Per Capita Income (2) (3)	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%	41,626	4.39%	309,491,515	0.53%
2009	335,398	6.4%	43,960	5.61%	301,344,426	-2.63%

Source: Bureau of of Labor Statistics website: www.bls.gov
Workforce Kentucky website: www.workforcekentucky.ky.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) Per capita income for 2009 is an estimate based on the average annual percentage increase over the last ten years. Per capita income for 2008, which had been an estimate, has been changed to reflect published figures as of April 2009.

(3) Employment, unemployment and per capita figures represent the annual average for the full calendar year previous to fiscal year end. The sources referenced above have continually updated these figures subsequent to the publishing of prior years reports. For consistency, Metro Government has elected to not revise prior year information and is presenting our previously published data.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

PRINCIPAL WITHHOLDING TAXPAYERS

Fiscal Year Ended June 30, 2009

Rank	Employer
1	Jefferson County Board of Education
2	Norton Healthcare, Inc.
3	University of Louisville
4	General Electric Company
5	Humana, Inc.
6	Louisville Metro Government
7	Jewish Hospital & St. Mary's Healthcare, Inc.
8	Ford Motor Company
9	United Parcel Service (Ohio)
10	Humana Insurance Company
11	United Parcel Service
12	Brown Forman Corporation
13	Kentucky State Treasurer
14	Baptist Healthcare System
15	United States Postal Service
16	The Kroger Company
17	University Medical Center
18	UPS Worldwide Forwarding, Inc.
19	Wal-Mart Associates, Inc.
20	EON US Services, Inc.
21	U.S. Veterans Administration
22	The Wellpoint Companies, Inc.
23	UPS Supply Chain Solutions, Inc.
24	Bellsouth Telecommunications, Inc.
25	Yum Restaurant Services Group, Inc.
26	Kindred Healthcare Operating, Inc.
27	Insight Communications Co., Inc.
28	Defense Finance & Accounting Service
29	Louisville Gas & Electric Co.
30	Archdiocese of Louisville

Information obtained from the Louisville/Jefferson County Revenue Commission.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (1)

Last Seven Fiscal Years (since Merger) (2)

	Real Property		Personal Property		Total			
Fiscal Year	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio of Total Assessed Value to Total Estimated Actual Value	Homestead Exemption (3)
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
2009	64,675,966,705	67,265,364,321	8,953,378,083	8,953,378,083	73,629,344,788	76,218,742,404	96.60 %	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.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

PROPERTY TAX RATES

DIRECT AND OVERLAPPING GOVERNMENTS

TAX RATES (PER $100 OF ASSESSED VALUATION)

Last Seven Fiscal Years (since Merger) (1)

Fiscal Year	Urban Service District (2) (3)		Metro Government (2) (3)		Consolidated School District			Total		
	Real	Personal	Real	Personal	Real	Inventory	Personal	Real	Inventory	Personal
2003	0.376	0.057	0.128	0.166	0.572	0.572	0.572	1.076	0.572	0.795
2004	0.374	0.566	0.128	0.166	0.576	0.576	0.576	1.078	0.576	1.308
2005	0.374	0.566	0.128	0.166	0.592	0.592	0.592	1.094	0.592	1.324
2006	0.373	0.566	0.128	0.166	0.625	0.625	0.625	1.126	0.625	1.357
2007	0.372	0.566	0.126	0.166	0.615	0.625	0.625	1.113	0.625	1.357
2008	0.368	0.566	0.126	0.166	0.615	0.627	0.627	1.108	0.627	1.359
2009	0.367	0.566	0.126	0.166	0.625	0.631	0.631	1.118	0.631	1.363

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

(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 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.

(3) Rates reported for fiscal year 2003 for the Urban Services District are for the former City of Louisville. Rates reported for fiscal year 2003 for Metro Government are for the former Jefferson County Fiscal Court.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

		June 30, 2009			June 30, 2000		
Taxpayer	Type of Business	Assessed Valuation	Rank	Percent of Total Assessed Valuation of $ 73,629,344,788	Assessed Valuation	Rank	Percent of Total Assessed Valuation of $ 48,066,143,116
Louisville Gas & Electric Co.	Energy Utility	$ 1,186,576,331	1	1.6%	$ 707,189,319	1	1.5%
Insight Midwest LP	Cable Media	424,289,808	2	0.6%	519,057,801	3	1.1%
Humana, Inc.	Healthcare	403,075,325	3	0.5%	386,244,350	5	0.8%
AT&T Communications	Telecommunications	339,643,253	4	0.5%			
Louisville Trophy LLC	Miscellaneous Services	188,690,628	5	0.3%			
MRI NCT LLC	Real Estate	159,000,398	6	0.2%			
Thomas W. Bullitt	Retail	158,985,065	7	0.2%	96,492,595	9	0.2%
Jefferson Corporate Center		129,000,398	8	0.2%			
Sprint	Telecommunications	128,799,772	9	0.2%			
Source Services Corporation		121,915,428	10	0.2%			
BellSouth Telecommunications	Telecommunications				648,235,114	2	1.3%
Commonwealth Life	Financial Services				439,431,333	4	0.9%
United Parcel Service, Inc.	Air Express and Distribution				266,997,313	6	0.6%
Ford Motor Company	Automotive Manufacturer				133,370,149	7	0.3%
200 Block CHC LTD PTN	Commercial Real Estate				121,177,139	8	0.3%
United Distillers Productions	Distillery Company				90,344,578	10	0.2%
	TOTAL	$ 3,239,976,406		4.4%	$ 3,408,539,691		7.1%

Source: Jefferson County Sheriff's Office

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

PROPERTY TAX LEVIES AND COLLECTIONS

Last Seven 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, 2009
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
2009	133,040,752	129,573,177	97.4%	2,066,224	131,639,401	98.9%	7,225,768

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

(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 Seven Fiscal Years (since Merger) (1)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
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	$ 7,362,934,479
Total bonded debt applicable to limit	389,639,029	372,825,790	382,672,355	362,507,086	378,309,052	357,226,453	377,246,329
Legal debt margin	$ 5,317,602,708	$ 5,387,278,133	$ 5,587,453,181	$ 5,885,347,751	$ 6,333,206,929	$ 6,643,844,068	$ 6,985,688,150
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%	5.12%

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed Valuation - January 1, 2008	$ 73,629,344,788
Debt Limit (10% of assessed value)	7,362,934,479
Debt applicable to limit:	
Bonded debt outstanding	377,266,114
Less: Amount set aside for repayment of bonded debt	(19,785)
Total debt margin applicable to limit	377,246,329
Legal debt margin	$ 6,985,688,150

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, 2009

Governmental Unit	Debt Outstanding	Percentage Applicable to Louisville Metro Taxpayers	Louisville Metro Taxpayers Share of Debt
Direct Debt:			
Revenue bonds	$ 99,441,761	100.00%	$ 99,441,761
General obligation debt	275,186,966	100.00%	275,186,966
Total direct debt	374,628,727		374,628,727
Overlapping debt:			
Jefferson County Public Schools	338,299,623	100.00%	338,299,623
Total direct and overlapping debt	$ 712,928,350		$ 712,928,350

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

	Governmental Activities						
Fiscal Year	General Obligation Bonds	First Mortgage Revenue Bonds (3)	Lease Revenue Bonds	Total Primary Government	Percentage of Personal Income	Personal Income (2)	Per Capita
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	1.20%	29,497,015	501
2009	275,187		99,442	374,629	1.20%	31,274,740	525

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 2009 is an estimate based on the average annual percentage increase over the last ten years. Personal Income for 2008, which had been an estimate, has been changed to reflect published figures as of April 2009.

(3) During fiscal year 2009 all remaining outstanding First Mortgage Revenue Bonds were refunded in full. See Note 8 in the Notes to the Financial Statements for further details on the refunding transactions.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Seven 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
2009	713,877	73,629,344,788	275,186,966	0.37%	385

Source: Workforce Kentucky website: www.workforcekentucky.ky.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.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

PLEDGED REVENUE COVERAGE

Last Seven Fiscal Years (since Merger) (1)

	First Mortgage Revenue Bonds				Lease Revenue Bonds			
		Debt Service				Debt Service		
Fiscal Year	Gross Revenue (2)	Principal (3)	Interest	Coverage	Gross Revenue (2)	Principal (4)	Interest	Coverage
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
2009	2,904,294	1,500,000	1,402,233	1.00	8,865,673	6,505,000	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. Fiscal year 2009 excludes $23,760,000 in refunded principal on the Series 1998A and 1998B First Mortgage Revenue Bonds paid from proceeds of general obligation refunding bonds.

(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, 2009

Area	1990	2000	% Change 1990-2000	Estimated (1) 2007	Estimated (1) 2008	% Change 1990-2008
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: US Census Bureau website: www.census.gov

(1) Estimated population amounts for 2009 were not available from the Census Bureau.

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

		June 30, 2009			June 30, 2000		
Employer	**Industry/Product**	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
United Parcel Service, Inc.	Diversified Distribution/Logistics Services	20,560	1	3.49%	16,338	1	2.72%
Jefferson County Public Schools	K-12 Public Education	13,917	2	2.36%	13,467	2	2.25%
Humana, Inc.	Healthcare	9,854	3	1.67%	4,665	10	0.78%
Norton Healthcare, Inc.	Healthcare	7,978	4	1.35%	5,877	5	0.98%
Jewish Hospital & St. Mary's Healthcare, Inc.	Healthcare	6,203	5	1.05%	4,995	7	0.83%
Ford Motor Company	Automotive Manufacturer	5,929	6	1.01%	9,832	3	1.64%
University of Louisville	Higher Education	5,866	7	1.00%	4,898	8	0.82%
Louisville Metro Government	Government Services	5,639	8	0.96%			
GE Consumer & Industrial	Household Appliance Manufacturer	5,000	9	0.85%	7,446	4	1.24%
The Kroger Company	Retail Grocer	4,784	10	0.81%	4,700	9	0.78%
Kentucky State Government	Government Services				5,405	6	0.90%
Total		85,730		14.55%	77,623		12.94%

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, 2009 (1)

	Full-Time Equivalent Employees as of June 30, (2) (5)					
	2004	**2005**	**2006**	**2007**	**2008**	**2009**
General Government:						
Metro Council	80	81	85	80	79	82
Mayor's Office	33	31	31	29	28	27
Policy and Strategic Planning	6	6	7	4	7	6
County Attorney	106	104	102	96	94	90
Other Elected Officials	69	67	64	64	64	40
Public Protection:						
Fire (3)	646	624	553	547	529	538
Emergency Medical Services (3)	131	186	278	253	257	266
Emergency Management (4)	26	26	171	160	169	180
Corrections	524	545	569	582	577	563
Youth Detention Services	130	128	129	129	130	133
Animal Control Services	37	37	41	48	48	45
Criminal Justice Commission	6	5	5	5	5	4
Public Protection Cabinet	1	1	1			
Police (4)	1,547	1,605	1,514	1,480	1,511	1,502
Economic Development:						
Metro Development Authority	54	67	66	63	65	76
Redevelopment Authority	2	2	1			
Air Pollution Control	57	57	62	65	63	66
Community Development	15	15	12	7		
Codes & Regulations:						
Inspections, Permits and Licenses	138	141	138	132	127	121
Planning and Design Services	59	62	64	64	50	49
Parks & Recreation	612	593	576	566	476	529
Housing & Family Services:						
Housing	58	56	58	58	51	52
Human Services	189	183	173	155	107	80
Community Action Partnership	94	99	96	94	92	118
Public Health & Wellness	320	320	321	302	288	280
Neighborhoods	41	48	44	44	75	46
Public Works & Assets:						
Public Works	274	257	223	221	228	263
General Services Administration	203	197	220	223	209	202
Solid Waste Management Services	252	244	243	238	216	216
Information Technology	49	49	59	66	68	69
Finance & Administration	124	116	114	113	107	105
Human Resources	53	49	49	44	47	43
Related Agencies:						
Human Relations Commission	19	18	17	16	15	17
Kentuckiana Works (6)	18	14	11	12	14	
Louisville Free Public Library	283	287	289	276	268	237
Louisville Zoological Gardens	189	187	180	184	193	235
Internal Audit	8	8	8	8	8	5
Waterfront Development Corporation	14	14	67	112	66	77
Total	6,467	6,529	6,641	6,540	6,331	6,362

(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) 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%.

(6) In 2009, Kentuckiana Works was brought under the Metro Development Authority.

LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT
MISCELLANEOUS OPERATING INDICATORS AND CAPITAL ASSET INFORMATION
June 30, 2009 (1)

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

	2004	2005	2006	2007	2008	2009
Public Works						
Miles of streets maintained	3,000	3,000	3,000	3,000	3,025	2,540
Miles of streets paved	125	138	153	231	175	42
Number of potholes filled	21,618	29,809	30,000	14,000	18,175	15,098
Overlay and pavement repairs (sq ft) (2)				203,000	123,274	71,147
General Services Administration						
Number of vehicles maintained (3)				2,587	2,590	2,578
Number of buildings maintained	67	67	67	67	68	73
Solid Waste Management Services						
Tons recycled	15,844	18,724	19,761	21,149	18,597	10,462
Tons composted	20,149	20,594	16,570	19,507	13,085	9,582
Tons landfilled	136,900	146,521	200,455	206,556	206,146	96,754
Inspections, Permits and Licenses						
Number of inspections performed	90,961	160,023	162,545	164,467	179,118	183,330
Number of permits issued (4)		48,351	48,351	40,942	49,464	44,845
Planning and Design Services (5)						
Number of zoning adjustments					135	96
Number of plans submitted					1,179	1,340
Parks						
Community centers	17	17	17	17	17	15
Number of parks	123	123	123	123	123	124
Park acreage	14,000	14,000	14,000	14,000	14,000	15,000
Golf courses	9	9	9	9	9	9
Swimming pools	12	12	12	11	5	5
Tennis courts	172	172	172	172	172	155
Number of walking trails/bike paths	40	40	40	40	41	33
Zoo and Louisville Nature Center						
Total acreage	151	151	151	151	151	151
Area developed in acres	90	90	90	90	90	88
Number of animals	1,300	1,300	1,300	1,300	1,300	1,747
Number of visitors	783,657	757,517	741,930	810,546	818,129	835,807
Libraries						
Number of branches	16	16	16	16	16	16
Number of library card holders	325,524	343,043	358,927	470,000	457,979	460,247
Number of computers	402	410	470	455	470	495
Number of items in circulation	1,291,907	1,348,846	1,348,747	1,288,941	1,264,123	1,418,570
Number of items borrowed	3,807,578	3,827,835	4,065,233	4,193,574	4,427,416	4,104,396
Fire Protection (Urban Service District)						
Number of stations	22	22	22	22	22	21
Number of incidents (calls answered)	11,198	10,960	9,488	11,478	11,654	14,777
Number of medical runs	11,481	9,090	7,923	9,850	13,063	21,904
Number of fires extinguished	2,400	1,829	1,995	1,975	1,829	1,856
Number of home inspections conducted	12,316	12,132	11,053	13,470	13,474	18,245
Number of building inspections conducted	9,740	11,024	7,708	8,992	8,343	5,833
Police Protection						
Number of active patrol units	802	802	802	848	859	885
Number of incidents (calls answered) (6)				494,140	535,550	512,847
Number of arrests	29,746	38,919	46,726	52,024	47,315	55,349
Number of citations	92,997	80,728	86,426	81,780	88,497	106,347
Corrections						
Number of prisoners	39,046	39,242	35,375	45,000	46,105	45,570
Number of beds	1,919	1,919	1,919	1,919	1,919	1,961
Youth Detention						
Number of youth monitored	792	780	828	852	964	799
Number of youth housed	1,682	1,980	2,104	2,045	1,790	1,674
Health						
Number of clinics	12	12	12	12	12	12
Number of services provided	314,696	445,676	454,022	429,610	422,634	401,690

(continued)

LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT
MISCELLANEOUS OPERATING INDICATORS AND CAPITAL ASSET INFORMATION
June 30, 2009 (1)

	2004	2005	2006	2007	2008	2009
EMS						
Number of dispatches	93,195	92,816	111,627	140,086	136,977	129,684
Number of transports	51,420	52,913	54,073	60,282	64,901	62,200
Animal Services						
Licensed pets	67,293	63,310	58,510	85,000	72,995	63,136
Number of animals spayed/neutered	899	1,063	2,058	1,800	3,886	3,776
Number of pets adopted	899	1,063	1,943	1,200	1,395	2,453
Housing						
Number of downtown market rate housing units	1,726	1,777	1,912	2,004	2,047	2,218
Community Action Partnership						
Number of families assisted	16,562	17,892	18,479	14,849	15,722	20,887
Number of individuals assisted	40,117	42,760	44,187	33,981	36,500	48,170
Louisville Water Company						
Number of residential customers	235,906	238,893	241,938	244,478	246,145	245,649
Annual residential consumption (1,000 Gallons)	15,655,594	17,089,874	17,089,874	15,305,832	17,479,922	16,390,030
Number of commercial and industrial customers	22,593	22,708	22,940	23,546	23,825	24,571
Annual comm. and ind. consumption (1,000 Gallons)	19,660,093	19,501,479	19,968,030	18,823,270	20,303,307	19,327,579
Number of fire hydrants	18,882	19,471	19,931	20,467	20,809	21,120
Parking Authority of River City, Inc.						
Number of PARC garages	11	12	12	12	12	12
Number of PARC surface lots	4	4	4	4	3	3
Number of parkers	7,055	7,067	7,345	7,332	8,322	8,777
Transit Authority of River City						
Total ridership	15,286,298	14,657,752	15,835,796	16,280,662	16,364,856	15,070,578
Total miles driven	11,482,333	11,909,817	12,163,639	12,167,757	12,072,337	12,169,443
Total hours driven	757,968	766,821	784,215	812,549	810,921	781,544
Buses in service	270	274	265	277	276	249
Number of hybrid buses (7)						12
Number of routes	55	55	53	52	51	54
Metropolitan Sewer District						
Miles of sewers	2,959	3,035	3,099	3,133	3,200	3,197
Number of treatment plants	25	25	23	21	21	21
Number of service connections	216,551	220,599	222,698	224,654	226,430	226,711
Daily average treatment (mgd)	143	145	155	134	152	127
Daily treatment capacity (mgd)	162	162	173	172	174	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	98,999
Number of elementary schools	87	87	87	87	89	89
Number of middle schools	23	22	22	22	22	23
Number of high schools	20	19	19	19	19	19
Number of instructors (8)			5,267	5,383	5,363	5,468

(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) 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'.
(3) Fiscal year 2007 was the first year information related to number of vehicles maintained has been included with Metro Government's financial reports. Due to system limitations, information for fiscal years 2004-2006 was not available and therefore has not been included.
(4) Fiscal year 2005 was the first year information related to number of permits issued has been included with Metro Government's financial reports. Due to system limitations, information for fiscal years 2004 was not available and therefore has not been included.
(5) Fiscal year 2008 was the first year information related to Planning and Design Services has been included with Metro Government's financial reports. Due to system limitations, information for fiscal years 2004-2007 was not available and therefore has not been included.
(6) Fiscal year 2006 was the first year that number of incidents have been included with Metro Government's financial reports. Archived information was not transferred to the new dispatch system and therefore information for fiscal years 2004-2005 was not available.
(7) Transit Authority of River City added hybrid buses in 2008.
(8) This information was not archived prior to fiscal year 2006 and therefore is not reported.

APPENDIX D

Parking Authority of River City Inc. Outstanding Debt Service

Louisville/ Jefferson County Metro Government

Parking Authority of River City (PARC), Inc.

Series 2010A & Series 2010B

OUTSTANDING DEBT SERVICE

Fiscal Year	Existing Debt Service Principal	Interest	Total
2010	$ 3,235,000	$ 3,568,231	$ 6,803,231
2011	3,835,000	3,448,613	7,283,613
2012	3,965,000	3,316,258	7,281,258
2013	4,100,000	3,177,903	7,277,903
2014	4,255,000	3,031,244	7,286,244
2015	4,410,000	2,873,174	7,283,174
2016	3,285,000	2,717,826	6,002,826
2017	1,975,000	2,615,145	4,590,145
2018	2,070,000	2,533,045	4,603,045
2019	2,140,000	2,446,725	4,586,725
2020	2,230,000	2,356,675	4,586,675
2021	2,335,000	2,262,081	4,597,081
2022	1,810,000	2,174,194	3,984,194
2023	1,895,000	2,088,325	3,983,325
2024	1,985,000	1,994,488	3,979,488
2025	2,085,000	1,896,125	3,981,125
2026	2,185,000	1,792,875	3,977,875
2027	2,295,000	1,684,613	3,979,613
2028	2,410,000	1,568,238	3,978,238
2029	2,530,000	1,446,113	3,976,113
2030	2,655,000	1,317,863	3,972,863
2031	2,790,000	1,177,663	3,967,663
2032	2,935,000	1,024,319	3,959,319
2033	1,700,000	862,800	2,562,800
2034	1,795,000	762,319	2,557,319
2035	1,900,000	656,088	2,556,088
2036	2,010,000	547,444	2,557,444
2037	2,120,000	436,450	2,556,450
2038	2,230,000	319,544	2,549,544
2039	2,350,000	196,456	2,546,456
2040	2,480,000	66,650	2,546,650
Total:	$ 79,995,000	$ 56,359,481	$ 136,354,481

Outstanding Debt Service includes, Series 2001 Bonds, Series 2002 Bonds and the Series 2009 Bonds.

APPENDIX E

Parking Authority of River City Inc. Summaries of Parking Garage Agreements

THE PARKING SYSTEM

The Issuer operates and maintains, on behalf of Louisville Metro, the Riverfront Parking Garage, the Seelbach Parking Garage, the 4th Street Live Garage, the Kentucky Center for the Arts Parking Garage, the Brown Hotel/Theater Square Parking Garage, the 120 South Sixth Street Garage, , the Fifth Street Parking Garage, the Eighth & Main Parking Garage, the First & Main Garage and the Muhammad Ali Garage (the "Consolidated Project"). The Issuer also operates and maintains, on behalf of Louisville Metro, certain of Louisville Metro's surface parking lots located within Louisville Metro limits. The Consolidated Project constitutes a public Project within the meaning of Chapter 58 of the Kentucky Revised Statutes. The Consolidated Project is available to the public on a first-come, first-served basis for both monthly and daily or hourly parking. The day-to-day management of each of the Issuer's Garages is conducted by private corporations pursuant to short-term management contracts let on a competitive basis. See "Appendix E - Summaries of Parking Garage Agreements" to this Official Statement.

The Riverfront Parking Garage

Originally financed with bond proceeds in 1970 and later refinanced with a portion of the proceeds of the Series 1977 Bonds, the present Riverfront Parking Garage was completed in 1972. The facility is located between Fourth and Sixth Streets and Main Street and River Road along the riverfront development in downtown Louisville, Kentucky. The 714-room Galt House Hotel, which was opened in 1972, is at Fourth Street and River Road adjacent to the Riverfront Parking Garage.

The office buildings, One Riverfront Plaza and the American Life and Accident Insurance Company, are also adjacent to the Riverfront Parking Garage on Main Street and the 38-floor First National Tower and the 27-floor Humana Building are directly across Main Street from the Riverfront Parking Garage. There is an open-air Belvedere situated on top of the Garage, which is landscaped with trees, plantings and fountains. The Belvedere is well lighted and maintained, and is a very popular attraction in the downtown Riverfront area. Numerous attractions, including concerts, festivals and various other activities, are held throughout the warm months.

The three level Riverfront Parking Garage is constructed of reinforced concrete, containing approximately 1,925 lined parking spaces. Supporting columns 56 feet apart, providing a free span, and there are no obstructions in the driving lanes and parking area. There are three combination elevator-stairway towers and seven stairway towers leading front the first level of parking to the Belvedere level on top of the Riverfront Parking Garage.

The entire parking structure is completely illuminated by high-pressure sodium fixtures throughout with entrance and exit ramps in five separate locations. These ramps are intensively illuminated to reduce the transition between inside and outside lighting. Entrances and exits are on both Fourth and Sixth Streets and the 3rd level of the Riverfront Parking Garage has an entrance and exit from the Fourth Street elevated ramp. The Galt House Hotel is adjacent to and at the east end of the Riverfront Parking Garage and has a main lobby entrance from the Fourth Street ramp with a porch extending over the ramp.
Traffic circulation within the Riverfront Parking Garage is counterclockwise, with two "up" ramps on each of the first and second levels at the south side of the Riverfront Parking Garage, and two "down" ramps from each of the second and third levels located on the north side of the Riverfront Parking Garage. All driving lanes, parking bays, garage levels; elevator-stairway towers and stairways are brightly lighted with metal halite fixtures and signs to provide for security and easy recognition from a distance. All parking spaces in the Riverfront Parking Garage are within 150 feet of an elevator or stairway.

The Riverfront Parking Garage is equipped with modern sophisticated ticket dispensing machines, automatic counting devices and cashier booths to minimize the delays for cars entering and exiting during peak rush hours. The Riverfront Parking Garage is managed and operated pursuant to short-term management contract.

Seelbach Parking Garage

A portion of the bond proceed from the Series 1977 Bonds was used to purchase an existing 318 space parking garage located at Fifth and Muhammad Ali Boulevard known as the Seelbach Parking Garage. The Seelbach Parking Garage has been expanded to a total parking capacity of 952 spaces. This expansion was financed from the proceeds of the Series 1980 Bonds.

The Seelbach Parking Garage is adjacent to the Seelbach Hotel, which has been completely renovated and is in the immediate vicinity of the Galleria shopping area. The Seelbach Parking Garage is managed and operated pursuant to a short-term management contract.

4th Street Live Garage

Construction began in late 1979 on a new shopping and office complex on River City Mall (now Fourth Street between Liberty Street and Muhammad Ali Boulevard), containing an area of 218,700 square feet of land.

The 4th Street Live Garage was constructed approximately mid-way between Liberty Street and Muhammad Ali Boulevard, on the east side of Fifth Street. A total of 729 spaces are located on ten sloping floors.

Entrance to the garage is at street level. One-way traffic circulation is provided on the scissored sloping levels having crossovers at each parking level. Automatic gates, card reader, and ticket spitters are used to control the garage access and insure revenue collection. An automatic "Full" indicator is used at the entrance to prevent entry to the parking facility when all spaces are occupied.

Pursuant to a Development Agreement dated August 11, 2008 entered into among Center City Master Developer, Inc., Louisville Metro, the Metro Development Authority and the Issuer, Louisville Metro has agreed to cause the Issuer to convey marketable fee simple title to the 4th Street Live Garage to Center City Master Developer, Inc. for a purchase price of $2,700,000. This conveyance, however, is subject to numerous contingencies and is part of an expansion and revitalization of an urban retail/entertainment/office complex area known as “Center City” in downtown Louisville Metro.

Kentucky Center for the Arts Parking Garage

The Kentucky Center for the Arts, located at the northeast corner of Main and Sixth Streets, provides the Commonwealth of Kentucky and Louisville Metro of Louisville with a facility for increased professionalism in the performing arts. This facility is primarily utilized for performances by the Kentucky Opera Association, the Louisville Children's Theatre, the Louisville Orchestra, The Louisville Ballet, The Louisville Theatrical Association and touring Broadway and other shows. Special requirements identified by the artists and administrators of the local performing arts groups are incorporated in the design of the Kentucky Center for the Arts to provide a facility that is used for rehearsals and performances.

Construction of the Kentucky Center for the Arts Parking Garage to serve the general public was financed with proceeds of bond anticipation notes in 1981 and refinanced with proceeds of the Series 1983 Bonds. The facility is located underground and contains 341 parking spaces on two levels. The two levels are accessed from the street by a single entrance and two exists located on level two. A total of 195 spaces are located on level one, the lower level, and 146 spaces on level two.

Ramps are used with flat decks to provide a basic one-way operation having 60-degree angle parking. Pedestrian access from the parking decks into the Kentucky Center for the Arts is provided by both elevators and stairways. The Kentucky Center for the Arts Parking Garage is managed and operated pursuant to short-term management contract.

Brown Hotel/Theater Square Parking Garage

The Series 1984 Bonds were issued to provide the construction of the 494-space parking garage near Broadway between Fourth Street and Third Street. The Brown Hotel/Theatre Square Parking Garage is a 158,600 square foot, post-tensioned concrete structure containing parking spaces on four and one-half levels. The Brown Hotel/Theatre Square Parking Garage is linked to the Brown Hotel with an 840 square foot elevated, glass enclosed, pedestrian walkway. Other features of the Brown Hotel/Theatre Square Parking Garage include a decorative brick and limestone facade on the west elevation, two stair towers, and two elevators at the elevated pedway. The demand for this garage has been generated from redevelopment of the Broadway area, which was approximately a $40,000,000 project financed by the Commonwealth of Kentucky, the County of Jefferson, Louisville Metro and others. The development consisted of the renovation of the historic Brown Hotel, retail shopping areas and a public square. The Brown Hotel/Theatre Square Parking Garage is managed and operated pursuant to a short-term management contract.

120 South Sixth Street Garage

A portion of the Series 1985 Bond proceeds was used to provide for the construction of a public parking garage with two bays and 519 parking spaces and located at 120 South Sixth Street in downtown Louisville. A third bay was completed with a portion of the proceeds of the Series 1989 Bonds increasing the total number of parking spaces in the garage to 772. The 120 South Sixth Street Garage is designed with dual-lane vehicular entrances and exists on Sixth Street (east side) with the expectation of future provisions for single-lane entrance and exit to Seventh Street. The 120 South Sixth Street Garage is managed and operated pursuant to a short-term management contract.

Fifth Street Parking Garage

The construction of the Fifth Street Parking Garage began September 1, 1990 and opened August 21, 1991. The 671-space garage sets between Fifth and Fourth Streets. The first level of the Fifth Street Parking Garage has approximately 16,000 square feet of retail space which houses a day care center in approximately 9,700 square feet and will house a restaurant, Cunningham's, in the remaining 6,300 square feet. The day care lease with AEGON USA was renewed on May 1, 2001 and will expire April 30, 2006. The Cunningham's restaurant lease is currently under negotiation. The Issuer purchased the Fifth Street Parking Garage from the Paragon Group after its completion as a design-build project for approximately $6,600,000, raised through the sale of revenue bonds. The Fifth Street parking Garage is to serve primarily the headquarters of the Kindred Health Care Group located at Fifth and Broadway. The Fifth Street Parking Garage is managed and operated pursuant to a short-term management contract.

Eighth & Main Parking Garage

The construction of the Eighth & Main Parking Garage started in late 1995 and began operation in May of 1996. The Eighth & Main Parking Garage was constructed without the issuance of additional bonds. The 506-space garage sets behind the Hillerich & Bradsby Bat Museum and Factory on the corner of Eighth and Main Streets. A 120-foot tall model of the famed Louisville Slugger baseball bat stands at the entrance to the Louisville Slugger Museum and Visitor Center. The new entertainment center is the focal point on the rejuvenated historic warehouse area on West Main Street. In addition to the Museum and bat factory, the center includes a theater, a museum gift shop, restaurant and, the corporate office of Hillerich & Bradsby.

First & Main Parking Garage

The First & Main Parking Garage is located at 101 East Main Street. Construction began in the fall of 2001 and began operation in December, 2002. The parking structure contains approximately 12,000 square feet of retail space located on the first floor, which houses the University of Louisville Fine Arts Studio and classroom space. The facility contains 647 parking stalls of which 100 parking stalls are owned by Humana Incorporate. The garage construction was reliant on PARC obtaining land that was owned by Humana Incorporated, therefore, as compensation for the land Humana Incorporated was guaranteed a number of parking spaces equal to the value of the land

County Parking Garage and Louisville Gardens Parking Garage

Upon the merger of City of Louisville and Jefferson County Government in 2003 PARC assumed the operation of the County Parking Garage, located at 536 West Market Street and the Louisville Gardens Parking Garage located at 415 South 6th Street . Prior to merger of the two governments, these two facilities were owned and operated by Jefferson County Government. The County Garage has six levels and 560 parking stalls, serving both transient and monthly parking. The Louisville Gardens Garage has nine levels and 512 parking stalls. This garage provides parking for events held at the Louisville Gardens venue as well as, offering transient and monthly parking.

Muhammad Ali Garage

The Muhammad Ali Garage is a six level 340 space parking garage near Sixth and Main Streets that will serve as the foundation for the Muhammad Ali Center. The garage consists of five levels 344 public parking stalls and 90 parking stalls owned by the Muhammad Ali Center. As it was critical that the design of the parking garage was coordinated with the design of the Muhammad Ali Center, the Center funded the design and project management of the garage construction in return for the ownership and control of 90 parking stalls. The garage provides daily and event parking for the Muhammad Ali Center as well as monthly parking for surrounding businesses.

Surface Parking Lots

The Issuer controls four surface parking facilities. These lots are known as the Life Savers Lot (formerly Ninth & Washington Lot) the Happy Birthday Lot, and the Wharf Parking Lot.
The Life Savers Lot is located at 901 West Washington Street. The Life Savers Lot began operation in March 1994 and contains 125 parking spaces. The name was changed in August 2002 from the Ninth & Washington Lot to the Life Savers Lot. The lot provides daily and event parking for the Frazier Historical Arms Museum as well as provides monthly parking for employees of the Museum and surrounding businesses. The Happy Birthday Lot began operation in August 2002. The Happy Birthday Lot is located at 920 West Main Street and contains 17 monthly parking spaces. The lot was dedicated to the Hill sisters who wrote the
Happy Birthday song. The Wharf Parking Lot is located at 131 River Road and is part of the Waterfront Development Project. The Wharf Parking Lot began operations in March 1994 and contains 276 parking spaces, which are used primarily for short-term transient parking.
All of the surface lots are managed and operated pursuant to a short-term management contract.

On-Street Parking Facilities

Substantially all available curb parking spaces in the central downtown areas of Louisville are metered. Of the total number of meters, 58% have a one-hour maximum time; and limits run from 15 minutes to 10 hours. Although none of the meters and none of the metered curb-parking spaces are a part of the Consolidated Project, Louisville Metro has pledged the net revenues derived from all of its on-street parking meters as security for the Bonds

222 Jefferson Garage

PARC has entered into a Purchase and Sale Agreement to purchase the 222 Jefferson Centre garage. It is anticipated this purchase will be closed in January, 2010. This was a turnkey facility, PARC will be paying approximately $8.2 million for the garage and will pay from existing funds; we will not be issuing bonds for the purchase of the facility. This facility serves a newly renovated doctor's office building. In addition to employee and patron parking, its close proximity to the convention centre and hotel will provide convenient guest, transient, and event parking. The garage is 427 parking spaces and will serve a doctor's office building as well as provide monthly and transient parking. The guaranteed maximum price is $7.8 million.

Arena Garage

PARC has entered into a Purchase and Sale Agreement with the Arena Authority, Inc. to purchase the Louisville Arena Parking Garage. The arena garage is located at 3rd & River Road and is currently under construction. It is a 650 space parking garage built as the foundation of a 22,000 seat arena. The garage will remain closed to the public until the completion of the construction of the arena which is anticipated as opening in November 2010. The parking in the garage will accommodate both monthly and transient parking in the daytime business hours and event parking in the evening and weekend hours. PARC has commitments from both the Louisville Arena Authority and the University of Louisville Athletic Association which will ensure the garage is filled to capacity during games and events hosted by the University.

APPENDIX F

Parking Authority of River City Inc. Certain Provision of the Indenture and Lease

APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LEASE

The following is a summary of certain provisions of the Indenture and the Lease. Certain capitalized words and terms used in this summary are defined in the Indenture or the Lease and shall have the same meanings herein as contained therein. The following statements are in all respects subject to and qualified in their entirety by reference to the Indenture and the Lease.

DEFINITIONS

"*Aggregate Bond Service*" for any period means, as of any date of calculation and with respect to all Outstanding Bonds and Bond Anticipation Notes, the sum of the amounts of Bond Service for such period.

"*Aggregate Net Bond Service*" for any period means, as of any date of calculation and with respect to all Outstanding Bonds and Bond Anticipation Notes, the Aggregate Bond Service for such period less any amounts on deposit in the Bond Service Account and available or expected to be available for the payment of Bond Service for such period.

"*Bond Reserve Requirement*" means an amount equal to the maximum Aggregate Net Bond Service in the current or any future bond year.

"*Bond Service*" for any period means, as of any date of calculation and with respect to any series, an amount equal to the sum of [i] interest accruing during such period on Bonds of such series or Bond Anticipation Notes issued in anticipation of the Bonds of such series and [ii] that portion of each Principal Installment for such series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such series (or, if there shall be no such preceding Principal Installment due date, from a date one year preceding the due date of such Principal Installment). Such interest and Principal Installments for such series shall be calculated on the assumption that no Bonds of such series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof, and such interest on such Bond Anticipation Notes shall be calculated on the assumption that all such Bond Anticipation Notes shall be retired upon the maturity date or dates thereof. The calculation of interest on Bonds bearing a variable rate of interest shall be made on the assumption that such Bonds bear interest at a fixed rate equal to the maximum rate permissible for such Bonds or, if no such maximum rate exists, at the rate borne by such Bonds on the date of calculation.

"*Bonds*" means any bonds authenticated and delivered pursuant to the Indenture.

"*City*" means the Louisville/Jefferson County Metro Government.

"*Consolidated Project*" means the public parking and garage facilities financed with the proceeds of Bonds issued under the Indenture or otherwise dedicated as a part of the Consolidated Project as security under the Indenture.

"*Current Expenses*" means the reasonable and necessary current expenses of maintenance, repair and operation of the Consolidated Project, and shall include, without limiting the generality of the foregoing, all ordinary and usual expenses of maintenance, repair and operation, which may include expenses not annually recurring, all administrative and engineering expenses, any reasonable payments to pension or retirement funds properly chargeable to the Consolidated Project, insurance premiums, fees and expenses of the Trustee and of the Paying Agents, legal fees and expenses, accounting fees and expenses, fees and expenses of consulting engineers, fees and expenses of architects, interest on any indebtedness issued for the Consolidated Project as parity Bonds under the Indenture or with a lien subordinate to the lien of all Outstanding Bonds, and any other expenses required to be paid by the Issuer or the City under the provisions of this Indenture or by law, but shall not include any reserves for extraordinary maintenance or repair or Capital Expenditures, or any allowance for depreciation, or any deposits or transfers to the credit of the Bond Fund or the Depreciation Fund.

"*Government Obligations*" means direct obligations of, or guaranteed by, the United States of America and, to the extent permitted by law, any certificate or other evidence of an ownership interest in any such securities or in specified portions thereof consisting of the principal thereof or the interest thereon or any combination thereof.

"*Indenture*" means the Mortgage and Trust Indenture dated as of December 1, 1985, as from time to time supplemented or amended in accordance with its terms.

"*Investment Securities*" means [i] Government Obligations and, to the extent permitted by law, obligations the principal of and interest on which are fully secured thereby or by a first lien thereon; [ii] to the extent permitted by law, obligations issued by any of following agencies: Export-Import Bank, Government National Mortgage Association, Farmers Home Administration, the Federal National Mortgage Association to the extent that such obligations are guaranteed by the Government National Mortgage Association, and any federal agency to the extent that such obligations are backed by the full faith and credit of the United States; [iii] to the extent permitted by law, public housing bonds issued by public housing authorities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America, or project notes issued by public housing authorities, or project notes issued by local public agencies, in each case, fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America; [iv] to the extent permitted by law, deposits in interest bearing time deposits or certificates of deposit or similar arrangements issued or provided by any bank, trust company or national banking association, including the Trustee, which is a member of the Federal Reserve System and has a capital stock and surplus of at least $20,000,000; [v] to the extent permitted by law, fixed income securities (including securities with variable rates of interest or no interest) of any corporation organized and existing under the laws of any state of the United States of America or the District of Columbia which are rated not less than AAA or Aaa or their equivalents by Standard & Poor's Corporation and Moody's Investors Service, Inc., respectively, or their successors; [vi] to the extent permitted by law, commercial paper or finance company paper of an issuer which is rated not less than A-I or prime-one or the rating equivalent as the highest rating category by Standard & Poor's Corporation and Moody's Investors Service, Inc.; [vii] to the extent permitted by law, direct obligations of the World Bank; and [viii] to the extent permitted by law, repurchase agreements with any bank, trust company or national banking association described in clause [iv] hereof, including the Trustee; provided, however, that any such repurchase agreement must include the following terms: [a] any purchases or sales made thereunder shall include only investments that are direct obligations of, or obligations guaranteed by, the United States of America; [b] at all times subsequent to the Trustee's initial entry into any such agreement and prior to the repurchase by and delivery of such securities to a banking entity described above, title to such securities shall vest in the Trustee; [c] if the banking entity chooses to deliver certificates representing securities purchased under the agreement, rather than to effect delivery and the transfer of title through the "Book Entry System" at one of the Federal Reserve Banks, then such certificates shall be in bearer form; [d] if certificates representing the securities purchased under the agreement are to be delivered, the Trustee or its paying agent shall release payment for the securities only upon receipt of delivery of the certificates; and [e] all payments of any interest becoming due on securities purchased under the agreement during the term of the agreement shall be made directly to the entity who holds title to the securities at the time such interest becomes due.

"*Lease*" means the lease dated as of December 1, 1985, between the Issuer, as lessor, and the City, as lessee, as the same may be amended from time to time and all supplements thereto, including, in respect of the Series 2010 Bonds, Supplemental Lease No. 7, dated as of January 1, 2010.

"*Net Revenue*" means the total of [i] all amounts collected by the City during a period from public parking meters installed within the boundaries of the City, less all costs paid, or incurred by the City during such period as Current Expenses respecting such public parking meters (including a reasonable reserve for the cost of acquisition and installation of additional parking meters in previously unmetered areas and to replace worn-out, defective or obsolete parking meters), subject to the right of the City in the exercise of its police powers to sell, lease, dispose of or remove any public parking meters to the extent deemed necessary or appropriate, and [ii] all amounts collected by the City during any period as a result of its leasehold interest in and operation of the Consolidated Project, including without limitation all fees and charges collected for parking within the Consolidated Project and all rental payments collected by the City from the sublease of all or any portion of the Consolidated Project, without reduction for any Current Expenses with respect to the Consolidated Project paid or incurred by the City during such period.

"*Outstanding*" when used with reference to a Bond or Bonds of a series, means, as of any date, a Bond or Bonds of such series theretofore or thereupon being authenticated and delivered under the Ordinance except:

[1] any Bonds cancelled by the Trustee at or prior to such date;

[2] Bonds for the, payment or redemption of which moneys (other than moneys on deposit in the Sinking Fund) equal to the principal amount or redemption price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held by one or more Fiduciaries in trust for such purpose, provided that if such Bonds are to be redeemed, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice;

[3] Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered; and

[4] Bonds deemed to have been paid as provided in the defeasance provisions of the Indenture.

"*Permitted Encumbrances*" means and includes [i] liens for taxes or assessments or governmental charges or levies not yet due or delinquent, or which can thereafter be paid without penalty, or which are being contested in good faith in accordance with the Indenture; [ii] unfiled inchoate mechanics' and material men's liens for construction work in progress; [iii] workmen's, repairmen's, warehousemen's, and carriers' liens and other similar liens, if any, arising in the ordinary course of business; [iv] all of the following, if, in the opinion of legal counsel or consulting engineers retained by the Issuer, they do not individually or in the aggregate materially impair the use of the Consolidated Project or any part thereof or materially detract from the value thereof to the occupants of the Consolidated Project, viz: -- any easements, restrictions, mineral, oil, gas, and mining rights and reservations, zoning laws, and defects in title; [v] any lien for the satisfaction and discharge of which a sum of money deemed adequate by the Trustee is on deposit with the Trustee; [vi] liens created by or resulting from any litigation or other proceedings, including liens arising out of judgments or awards against the Issuer or the City with respect to which the Issuer or the City is in good faith prosecuting an appeal or proceeding for review; [vii] other liens of a nature comparable to those described in clauses [i] through [vi] above which do not, in the opinion of legal counsel retained by the Issuer, materially interfere with or impair the use of the Consolidated Project or any part thereof or materially detract from the value thereof; [viii] the mortgage and security interest in the Consolidated Project created under the Indenture and under any Supplemental Indenture permitted or authorized by the Indenture; [ix] the security interest created under the Lease and under any Supplemental Lease permitted or authorized by the Indenture; **[[x] the mortgage and security interest created pursuant to the Letter of Credit and Reimbursement Agreement; [xi] the mortgage by Home Supply Company, of record in Mortgage Book 1244, Page 410, in the office of the County Clerk of Jefferson County, Kentucky; and [xii] the lease to Home Supply Company, of record in Deed Book 4384, Page 564, in the office of the Clerk aforesaid.] [are these still in place?]**

"*Principal*" or "*principal*" means [a] as such term references the principal amount of a discount bond or discount bonds, the accreted value thereof, and [b] as such term references the principal amount of any other Bond or Bonds, the principal amount at maturity of such Bond or Bonds.

"*Principal Installment*" means, as of the date of calculation and with respect to any series, so long as any Bonds thereof are Outstanding, [i] the principal amount of Serial Bonds Outstanding of such series due on a certain future date and the principal amount of Term Bonds due on a certain future date payable by reason only of the maturity of such Term Bonds, or [ii] the Sinking Fund Installment due on a certain future date for Term Bonds of such series, or [iii] if such future dates coincide, the sum of such principal amount and of such Sinking Fund Installment due on such future date; in each case in the amounts and on the dates as provided in the ordinance of the City or the resolution of the Issuer authorizing such series regardless of any retirement of Bonds.

"*Project*" means any project directly or indirectly related to public parking within the City and its environs which may from time to time be dedicated as part of the Consolidated Project and is permitted by law.

"*Revenues*" means all revenues, rates, fees, charges, rents and other income and receipts, as derived by or for the account of the Issuer in connection with this Indenture, including all rental payments received under the Lease and all Net Revenue pledged as security for such rentals pursuant to the Lease, and including income on amounts in any Fund or Account, all as determined in accordance with generally accepted accounting principles; provided, however, that Revenues shall not include customer deposits and contributions in aid of construction.

"*Supplemental Indenture*" means any trust indenture supplemental to or amendatory of the Indenture, entered into in accordance with the Indenture.

"*Supplemental Lease*" means any lease supplemental to or amendatory of the Lease, entered into in accordance with the Indenture.

THE INDENTURE

Conditions for Issuance of Bonds

Bonds for a Project. In addition to the original Series 1985 Bonds, one or more series of Bonds may be issued for the purpose of paying all or a portion of the cost of acquisition, construction and installation of one or more Projects in an amount that will provide the Issuer with funds not in excess of the estimated cost of such Project as estimated by the Issuer's consulting engineers upon the issuance of the first such, series of Bonds issued in respect of such Project or paying or providing for the payment of the principal of and interest on any Bond Anticipation Note. After the initial issuance of Bonds for a Project, one or more additional series of Bonds may be issued, in each case so that the amount of such additional series will provide the Issuer with funds not in excess of the amount necessary as nearly as practicable to complete payment of the cost of such Project.

Bond Anticipation Notes. Bond Anticipation Notes may be issued in anticipation of the issuance of any series of Bonds, in a principal amount not exceeding the authorized principal amount of such series of Bonds. The principal amount of such series of Bonds shall not exceed, when combined with the principal amount of Bonds previously issued to pay the cost of acquisition, construction and installation of the Project for which the proceeds of the Bond Anticipation Notes will be applied, the estimated cost of such acquisition, construction and installation or the amount necessary and sufficient to complete the payment of the cost of such acquisition, construction and equipping of such Project. The principal of and, unless payable out of the Bond Fund, interest on such Bond Anticipation Notes and renewals thereof shall be payable from the proceeds of the sale of the series of Bonds in anticipation of which such Bond Anticipation Notes are issued. Such proceeds may be pledged for the payment of the principal of and interest on such Bond Anticipation Notes and any such pledge shall have priority over any other pledge created by the Indenture. The proceeds of sale of Bond Anticipation Notes shall be applied to the purposes for which the Bonds anticipated by such Bond Anticipation Notes are authorized and shall be deposited in the appropriate Fund or Account established for such purposes; provided, however, that the Issuer may provide for the payment of interest on such Bond Anticipation Notes from the proceeds of sale of such Bond Anticipation Notes.

Covenants

Covenant as to Use of Revenues and Permitted Indebtedness. The Issuer covenants and agrees that none of the Revenues will be used for any purpose other than as provided in the Indenture, and that no contract or contracts will be entered into or any action taken by which the rights of the Trustee or of the Bondholders might be impaired or diminished. However, nothing contained in the Indenture prevents the Issuer or the City from issuing bonds, notes, or any other obligations for the Consolidated Project under another and separate ordinance, indenture or resolution so long as the charge or lien created thereby is not prior or equal to the charge or lien created by the Indenture.

Sale or Lease of Properties. The Issuer covenants that, except as otherwise permitted in the Indenture or the Lease, neither the Issuer nor the City will sell, lease or otherwise dispose of or encumber the Consolidated Project or any part thereof. The Issuer may, however, from time to time, sell any machinery, fixtures, apparatus, tools, instruments or other movable property acquired by the Issuer or the City in connection with the Consolidated Project, or any materials used in connection therewith, if the Issuer shall determine that such articles are no longer needed or are no longer useful in connection with the operation or maintenance of the Consolidated Project, and the proceeds thereof shall be applied to the replacement of the properties so sold or disposed of or shall be deposited to the credit of the Revenue Fund. The Issuer or the City may from time to time sell or lease such other property forming part of the Consolidated Project which it or they may determine is not needed or serves no useful purpose in connection with the maintenance and operation of the Consolidated Project, if the Issuer's consulting engineers shall in writing approve such sale or lease; the proceeds of any such sale shall be disposed of as the proceeds of the sale or disposal of movable property. The proceeds of any lease as described above shall be treated as Revenues of the Consolidated Project.

Nothing shall prevent the Issuer from transferring for nominal consideration real property that is not needed or is no longer useful in connection with the operation or maintenance of the Consolidated Project to the City for the exclusive use and enjoyment of the City. Nothing shall prevent the City from selling, leasing, disposing of or removing any public parking meters to the extent deemed necessary or appropriate by the City in the exercise of its police powers.

Supplemental Indentures and Leases

Any of the provisions of the Indenture or the Lease may be amended by a Supplemental Indenture or a Supplemental Lease, upon the consent of the holders of at least 60% in principal amount in each case of [i] all Bonds then Outstanding, and [ii] if less than all of the several series of Bonds then Outstanding are affected, the Bonds of each affected series, and [iii] if the amendment changes the terms of any sinking fund installment, the Bonds of the series and maturity entitled to such sinking fund installment (excluding, in each case, from such consent, and from the calculation of Outstanding Bonds, the Bonds of any specified series and maturity if such amendment by its terms will not take effect so long as any of such Bonds remain Outstanding); provided that no such amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the Principal Installment or redemption price thereof or in the rate of interest thereon without the consent of the owner of such Bond or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such amendment without the written consent of the affected holders.

The Issuer and the Trustee may enter into a Supplemental Indenture, and the Issuer and the City may enter into a Supplemental Lease, without the consent of any holders of the Bonds, to provide for the issuance of a series of Bonds permitted by the Indenture, to add to the restrictions contained in the Indenture or the Lease upon the issuance of additional indebtedness; to add to the covenants and agreements of, or limitations and restrictions on, the Issuer or the City which are not inconsistent with the Indenture or the Lease; to surrender any right, power or privilege reserved to or conferred upon the Issuer or the City by the Indenture or the Lease; to confirm any pledge under the Indenture of Revenues or any other moneys; to modify any provisions of the Indenture or the Lease (but no such modification may be effective until all Bonds theretofore issued are no longer Outstanding); to make provisions for the issuance of Bonds in coupon form payable to bearer, provided that obligations of the Issuer may then be issued in coupon form payable to bearer with interest thereon exempt from federal income taxes; to modify any provisions of the Indenture or the Lease in any other respect whatever, provided that such modification does not materially adversely affect the rights of the Bondholders; or to cure any ambiguity or correct any defect or inconsistent provision in the Indenture or the Lease.

Default and Remedies on Default

Each of the following events shall constitute an "Event of Default" under the Indenture: [i] failure to make due and punctual payment of any interest installment on any Bond or any Principal Installment or any Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise, or failure to make due and punctual payment of any required deposit to the Reserve Account, when and as the same shall become due and payable; or [ii] failure of the Issuer to perform or observe any other of the covenants, agreements or conditions on its part contained in the Indenture, the Lease or the Bonds, and such default shall have continued for a period of 30 days after written notice of such default shall have been given to the Issuer and the City by the Trustee or to the Issuer and the City and the Trustee by the Holders of not less than

25% in aggregate principal amount of the Outstanding Bonds (or in, the case of a default which cannot with due diligence be cured within such 30 day period, then for such longer period of time as may be required if the Issuer or the City shall proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence, it being intended in connection with a default not susceptible of being cured with due diligence within the 30 days that the time of the Issuer or the City within which to cure the same shall be extended for such period as may be necessary to complete the curing of the same with due diligence); or [iii] the dissolution or liquidation of the Issuer or failure by the Issuer promptly to lift any execution, garnishment or attachment which will impair its ability to carry out its obligations under this Indenture; or if the Issuer becomes insolvent or bankrupt, or makes an assignment for the benefit of its creditors, or consents to the appointment of a trustee or receiver for the Issuer or for the greater part of its properties; or a trustee or receiver is appointed for the Issuer or for the greater part of its properties without its consent and is not discharged within 45 days; or bankruptcy, reorganization, or liquidation proceedings are commenced by or against the Issuer, and if commenced against the Issuer are consented to by it or remain undismissed for 45 days; or [iv] occurrence of an Event of Default under the Lease; or [v] surrender or termination of the Lease, for any reason; or [vi] receipt by the Trustee of notice from the Bank of the occurrence of an Event of Default under the Letter of Credit and Reimbursement Agreement (or any of the "Collateral Documents" as defined in the Letter of Credit and Reimbursement Agreement).

The Trustee may, and upon written request of the Holders of not less than 25% in aggregate principal amount of the Outstanding Bonds shall, enforce its rights by any one or more of the following remedies:

A. Declare the entire principal of and accrued interest on the Bonds to be immediately due and payable, subject, however, to rescission of such declaration and annulment of the default upon the remedying thereof.

B. Bring legal action upon the Bonds.

C. Commence judicial proceedings to enforce the Indenture or the Lease.

D. Accelerate the obligation and enforce the lien on all or any part of the Consolidated Project in the manner provided by Kentucky law (provided, however, that no deficiency judgment thereunder shall lie against the Issuer or the City), and the Trustee may become the purchaser at any judicial sale if the highest bidder. The Issuer, taking into account that the value of the Consolidated Project may be inextricable from the management, maintenance, and general operation of the Consolidated Project, consents, to the extent it may legally do so, to appointment of a receiver or to possession by the Trustee of the Consolidated Project and control and collection of income, rents, and profits of the Consolidated Project during: the pendency of such proceedings.

E. Pursue any other available remedy to enforce payment of the Bonds, including, without limitation, mandamus.

F. If the principal of and interest accrued on the Bonds shall have been declared immediately due and payable pursuant to the Indenture, declare all rental payments due under the Lease to be immediately due and payable, whereupon such rental payments shall become immediately due and payable.

G. Re-enter and take possession of all or any part of the Consolidated Project without terminating the Lease and sublease the Consolidated Project for the account of the City, holding the City liable for the difference between the rent and other amounts payable by the sublessee in such subleasing and the rentals payable by the City under the Lease, including all costs and expenses incurred in reentering, taking possession, and subleasing the Consolidated Project.

H. Terminate the Lease, exclude the City from possession of the Consolidated Project, and use its best efforts to lease or sell all or any part of the Consolidated Project to another for the account of the City, holding the City liable for all rental payments and other payments due up to the effective date of such termination.

I. Petition a court of competent jurisdiction for the appointment of a receiver to take possession of and manage and operate all or any part of the Consolidated Project and the other Security for the benefit of the Issuer and the Bondholders.

J. Take whatever action at law or in equity as may appear necessary or desirable to collect the rental payments then due and thereafter to become due or to enforce performance and observance by the City of any obligation or condition under the Lease.

K. Have access to and inspect, examine and make copies of the books and records of the Issuer and the City insofar as they relate to the Consolidated Project and the other Security or the Event of Default and the remedying thereof.

The Issuer covenants that if an Event of Default shall have happened and shall be continuing, the Issuer, upon demand of the Trustee, will pay over to the Trustee all Revenues and other moneys, securities and funds pledged or held under the Indenture.

If an Event of Default shall happen and shall not have been remedied, then the Trustee may protect and enforce its rights and the rights of the holders of the Bonds under the Indenture by a suit in equity or at law, whether for the specific performance of any covenant contained in the Indenture, or in aid of the execution of any power therein granted, or for an accounting against the Issuer or the City as if the Issuer or the City were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce its rights or to perform its duties under the Indenture. No holder of any Bond has any right to institute any suit to enforce any provision of the Indenture or the execution of any trust thereunder unless such holder shall have previously given to the Trustee written notice of the happening of an Event of Default and the holders of at least 25% in principal amount ‘of the Bonds then Outstanding shall have filed a written request with the Trustee and offered adequate indemnity to the Trustee who shall have refused to comply with such request within a reasonable time.

Defeasance

If the Issuer shall pay or cause to be paid to the holders of all Bonds then Outstanding the principal and interest and redemption price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then, at the option of the Issuer, the lien established by the Indenture, the covenants, agreements and other obligations of the Issuer and the City to the Bondholders shall be discharged and satisfied. All Outstanding Bonds of any series shall, prior to the maturity or redemption date thereof, be deemed to have been paid if [i] in the case of Bonds to be redeemed prior to their maturity, the Issuer shall have given to the Trustee irrevocable instructions to mail therefor notice of redemption, it being permissible for such instructions to state that Bonds are to be redeemed during a certain period only upon the happening of a subsequent event, [ii] there shall have been deposited with the Trustee either [a] moneys in an amount which shall be sufficient, or [b] Government Obligations or [c] obligations [1] validly issued by or on behalf of a state or political subdivision thereof, [2] exempt as to the interest thereon from federal income taxation pursuant to Section 103(a) of the Internal Revenue Code, as amended, and [3] fully secured by a first lien on Government Obligations, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the' same time, shall be sufficient to pay when due the principal or redemption price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and [iii] if such Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Issuer shall have given the Trustee irrevocable instructions to mail, as soon as practicable, in accordance with the Indenture, a notice to the holders of such Bonds that the above deposit has been made and that such Bonds are deemed to have been paid and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, and interest on such Bonds or stating, if such dates are not then known, that a notice of any redemption date shall be subsequently mailed, no later than 45 days prior to the date of redemption as provided by the Indenture.

THE LEASE

Lease of Consolidated Project

The Issuer has leased and rented to the City, and the City leases and rents from the Issuer, the land and improvements comprising the Consolidated Project, for an initial term commencing as of December 1, 1985 and expiring on June 30, 1986, and for successive annual renewal terms continuing automatically thereafter, unless the City elects, to terminate the Lease at the end of any then current term thereof by at least 60 days' prior written notice to the Issuer, commencing on July 1 of each year and ending on June 30 of the next succeeding year, with a final term commencing on July 1, 2039 and ending on June 30, 2040.

Rental Payments

During the term of the Lease, the City shall pay to or for the account of the Issuer as rent, as consideration for the use and occupancy of the Consolidated Project, rental payments in amounts sufficient to make payments required under the Indenture which shall be sufficient to pay the principal of and Redemption Price, if applicable, and interest on the Bonds as and when the same become due, whether at stated maturity, by acceleration, or upon optional redemption or otherwise, and to duly and punctually satisfy all sinking fund installments, if any, applicable to the Bonds. The City agrees to deposit such rentals directly into the Revenue Fund established in the Indenture at the times specified therein. Such obligations are full faith and credit obligations of the City during each annual period during which the Lease is renewed by the City.

As additional rent under the Lease, the City agrees during the term of the Lease to make deposits into the Revenue Fund established in the Indenture in the amounts and at the times specified in the Indenture to enable the Issuer to establish or restore the amount on deposit in the Reserve Account to the amount of the Bond Reserve Requirement established in the Indenture.

As additional rent due under the Lease, the City agrees during the term of the Lease to make deposits into the Revenue Fund established in the Indenture in the amounts and at the times specified therein in order to enable the Issuer to establish or restore the amount on deposit in the Depreciation Fund to the amount required under the Indenture.

The City shall be entitled to a credit against the rentals and additional rentals described above for all amounts of Net Revenue previously deposited into the Revenue Fund. Notwithstanding the preceding sentence, however, if on the fifteenth (15th) day preceding the date when any payment of principal of or Redemption Price, if any, or Sinking Fund Installment, if any, or interest on the Bonds is required to be made, there are insufficient funds on deposit in the Bond Fund described in the Indenture to make such payment, the City shall immediately deposit into the Bond Fund, as rentals due under the Lease, the additional amount required to enable the Trustee to make such payment. The City shall also be entitled to a credit against the rentals last due under the Lease for the amount on deposit in the Reserve Account available to pay an equal amount to the last maturing Principal Installment of the Bonds and interest thereon as and when the same shall become due.

Pledge of Net Revenue and Funding of Operation Fund

To secure the payment and performance of its obligations under the Lease, the City pledges, assigns, and grants a security interest in the Net Revenue to the Trustee, as assignee of the Issuer under the Lease.

The City shall deposit the Net Revenue collected during each month directly, into the Revenue Fund established under the Indenture on or before the fifteenth (15th) day of the succeeding month, to be applied as a credit against the rental payments. (including additional rentals) due as described above, and then to be applied as additional rent due under the Lease, to the credit of the Operation Fund to be applied in accordance with the Indenture.

Insurance

The City shall continuously during the term of the Lease insure against such risks and in such amounts with respect to the Consolidated Project as are generally insured against with respect to properties of like size and character, including at least, but not limited to [i] hazard insurance to the extent of the full insurable value of the Consolidated Project (recognizing that certain portions thereof may not be exposed to certain risks) for loss or damage by fire, with standard extended coverage, vandalism, and malicious mischief endorsements, and [ii] public liability insurance with reference to the Consolidated Project, in minimum amounts of One Million Dollars ($1,000,000.00) for personal injury or death and One Million Dollars ($1,000,000.00) for property damage, in respect of each occurrence; provided that nothing in the Lease prohibits the City from maintaining one or more self-insurance programs to the extent the City in its reasonable judgment and in furtherance of its governmental and public purposes deems necessary or appropriate.

Any insurance policies shall be with insurance companies qualified to do business in the Commonwealth of Kentucky, shall name the Issuer and the Trustee as additional insureds as their interests may appear, and may be written with exceptions and exclusions comparable to those in similar policies carried by others with respect to properties of similar size, character, and other respects to the Consolidated Project. Any third-party insurance shall be written so as not to expire or be cancelled or materially changed except upon thirty (30) days' prior written notice to the City, the Issuer and the Trustee. The required insurance may be in the form of blanket insurance policies and may be provided by so-called umbrella coverage. All insurance claims may be adjusted by the City alone, but all insurance proceeds from third-party insurers for loss or damage to the Consolidated Project shall be deposited to the credit of the Revenue Fund.

Maintenance

The City shall, during the term of the Lease, at its own expense, maintain the Consolidated Project in good condition, repair, and working order and shall pay all utility charges and other costs incurred in the operation, maintenance, use, and occupancy of the Consolidated Project and, at its own expense, make or cause to be made from time to time all necessary repairs, renewals, and replacements thereof, ordinary wear and tear and obsolescence excepted. If the Consolidated Project is damaged so that: it or any portion thereof becomes unusable for the purposes intended, such destruction shall not operate as a surrender or cancellation of the Lease and shall not relieve the City from any obligations thereunder, but the Issuer agrees to repair or restore the, Consolidated Project to the condition which existed prior to such destruction, to the extent that insurance proceeds are sufficient for such purposes, and if and to the extent that the, insurance proceeds are insufficient, the City agrees to repair or restore the Consolidated Project to a usable condition with the City's own funds, to the extent funds are legally available for such purpose.

Modifications and Improvements

The City may, at it own cost and expense, remodel the Consolidated Project or make modifications or improvements thereon or thereto from time to time as it, in its discretion, may deem to be desirable for its uses and purposes.

Assignment of Lessor's Interest

As security for the payment of the Bonds and interest thereon, the Issuer in the Lease assigns to the Trustee all of the Issuer's right, title, and interest under the Lease. Except for such assignment and as otherwise permitted under the Indenture, the Issuer agrees not to grant, convey, assign or otherwise dispose of the Consolidated Project or its interest in the Lease during the term hereof nor shall it create any lien, encumbrance or charge thereon.

Assignment and Subleasing by the City

The City may assign its interest in the Lease or sublet the Consolidated Project or portions thereof, without the consent of the Issuer or the Trustee, provided, however, that the City shall nevertheless remain primarily liable for the payment of the rentals due under the Lease and for the full performance and observance of all the obligations of the City under the Lease. The City shall provide the Issuer and the Trustee with a copy of any assignment made by the City of its interest in the Lease or any sublease of the Consolidated Project or any portion thereof within 30 days after the delivery of any such assignment or sublease.

To further secure the payment of the rentals due under the Lease and the performance of all of its other obligations under the Lease, the City assigns, pledges, and grants a security interest to the Trustee, as assignee of the Issuer under the Lease, of all the City's right, title and interest in all subleases of the Consolidated Project or any portion thereof and all rents, profits and income thereunder.

Obligations of City Unconditional

The obligations of the City to make the rental payments due under the Lease during each rental period, shall be an absolute and unconditional full faith and credit obligation and shall not be subject to any diminution by right of set-off, counterclaim, recoupment, or otherwise. During the term of the Lease, the City shall not suspend or discontinue any rental payments due under the Lease, and, except as otherwise permitted by the Lease, shall not terminate the Lease for any cause, including, without limiting the generality of the foregoing, failure to complete the acquisition and construction of any portion of the Consolidated Project, defect in title to the Consolidated Project, any acts or circumstances which may constitute failure of consideration, eviction, or constructive eviction, destruction or damage to or condemnation of the Consolidated Project, commercial frustration of purpose, or any failure of the Issuer to perform and observe any obligation or condition arising out of or connected with the Lease.

Events of Default and Remedies

The occurrence of any of the following events will constitute an "Event of Default" under the Lease: [i] failure by the City to pay the rentals (including additional rentals) in the amounts and at the times provided in the Lease; or [ii] failure by the City to perform any other obligation on its part to be performed or observed pursuant to this Lease for a period of 30 days after written notice by the Issuer or the Trustee to the City specifying such failure and requesting that it be remedied; provided, however, that if such failure is such that it cannot be corrected within such period, it shall not constitute an Event of Default hereunder if corrective action is instituted by the City within such period and diligently pursued until such failure is corrected; or [iii] the dissolution or liquidation of the City; or failure by the City promptly to lift any execution, garnishment or attachment which will impair its ability to carry out its obligations under the Lease; or if the City becomes insolvent or bankrupt, or makes an assignment for the benefit of its creditors, or consents to the appointment of a trustee or receiver for the City or for the greater part of its properties; or a trustee or receiver is appointed for the City or for the greater part of its properties without its consent and is not discharged within 45 days; or bankruptcy, reorganization, or liquidation proceedings are commenced by or against the City, and if commenced against the City are consented to by it or remain undismissed for 45 days.

Whenever any Event of Default shall have occurred and be continuing, the Issuer or the Trustee may exercise any one or more of the following remedies:

A. Declare all rental payments due under the Lease to be immediately due and payable, whereupon the same shall be immediately due and payable.

B. Enforce and collect upon the assignments, pledges, and security interests granted under the Lease by the City.

C. Re-enter and take possession of the Consolidated Project without terminating the Lease and sublease the Consolidated Project or any portion thereof for the account of the City, holding the City liable for the difference between the rent and other amounts payable by any sublessee in such subleasing and the rentals and other amounts payable by the City under the Lease; provided, however, that until the

Issuer or the Trustee has entered into a firm agreement for the subleasing of the Consolidated Project, the City may at any time pay all accrued rentals (exclusive of any accelerated rentals) and fully cure all defaults, whereupon the City shall be restored to its use, occupancy, and possession of the Consolidated Project.

D. Have access to and inspect, examine, and make copies of the books and records of the City insofar as they relate to the Consolidated Project or the Event of Default and the remedying thereof.

E. Take whatever action at law or in equity as may appear necessary or desirable to collect the rental payments then due and thereafter to become due or to enforce performance and observance of any obligation of the City under the Lease.

F. Repair the Consolidated Project in order to better sublease or re-let the Consolidated Project, and the costs and expenses of such repair will become a debt due by the City to the Issuer or the Trustee, and the City will be entitled to reimbursement for such costs and expenses from the first revenues of such sublease or re-letting.

Option and Right to Acquire Consolidated Project

The Issuer in the Lease grants to the City the option to purchase, subject to any prior rights of the Commonwealth of Kentucky in the Kentucky Center for the Arts Garage, the Consolidated Project at any time during the term of the Lease by directing the Issuer to exercise immediately its option to redeem all of the Outstanding Bonds on the earliest possible date permitted under the terms thereof and by paying directly to the Trustee the Redemption Price due upon such redemption. In any event, upon the full payment and retirement (or provision therefor) of all Bonds (and interest thereon) issued under the Indenture, in accordance with the defeasance provisions of the Indenture, and payment of all other amounts due under the Lease, the Lease shall automatically terminate and the Issuer agrees to convey the Consolidated Project, subject to any prior rights of the Commonwealth of Kentucky, to the City at the earliest practicable time.

APPENDIX G

Form of Bond Counsel Opinion

____________________, 2010

Louisville/Jefferson County Metro Government
527 West Jefferson Street
Louisville, Kentucky 40202

Parking Authority of River City Inc.
517 South 4th Street
Louisville, Kentucky 40202

Re: $19,700,000 Louisville/Jefferson County Metro Government
Parking Authority of River City Inc. First Mortgage Revenue Bonds, Series 2010
Or First Mortgage Revenue Bonds, Series 2010 (Taxable Build America Bonds)

Ladies and Gentlemen:

We have examined a certified copy of the transcript of proceedings of the Louisville/Jefferson County Metro Government, a consolidated city of the Commonwealth of Kentucky (the "Louisville Metro"), and the Parking Authority of River City Inc. (the "Issuer"), a no-stock, nonprofit corporation, organized and existing under the provisions of Chapters, 58 and 273 of the Kentucky Revised Statutes, acting as an agency and instrumentality and as the constituted authority of Louisville Metro, precedent to and in the authorization, issuance and validity of $19,700,000 principal amount of the Issuer's First Mortgage Revenue Bonds, Series 2010A, and First Mortgage Revenue Bonds, Series 2010B (Taxable Build America Bonds) each dated ______________, 2010, (the "Series 2010 Bonds").

The Series 2010 Bonds have been authorized and issued by the Issuer in accordance with (i) a Mortgage and Trust Indenture dated as of December 1, 1985, as heretofore supplemented (the "1985 Indenture') by and between the Issuer and Bank One, Kentucky, NA (formerly known as Liberty National Bank and Trust Company of Louisville), as trustee (the 'Trustee') and a Supplemental Mortgage and Trust Indenture No. 8 dated as of January 1, 2010 (the "2010 Supplemental Indenture") (hereinafter the 1985 Indenture and the 2010 Supplemental Indenture shall be collectively referred to as the "Indenture"), (ii) an Ordinance of Louisville Metro enacted on December 17, 2009 (the "Ordinance"); (iii) a Resolution of the Issuer adopted on November 9, 2009 (the "Resolution"); and (iv) the laws and Constitution of the Commonwealth . The Series 2010 Bonds are being issued for the purpose of providing funds for financing the acquisition and construction of a parking garage located at 615 South Fourth Street containing approximately 330 parking spaces and a parking garage located at 838 West Market Street containing approximately 427 parking spaces located in Louisville Metro and related expenditures.

Pursuant to the authority of the Indenture, Louisville Metro and the Issuer entered into a Lease Agreement dated as of December 1, 1985 as heretofore supplemented (the "1985 Lease') and a Supplemental Lease No. 7, dated as of January 1, 2010 (the "2010 Supplemental Lease" and together with the 1985 Lease and the 2010 Supplemental Lease, the "Lease"), whereby Louisville Metro leases the public parking and garage facilities financed with the proceeds of bonds issued under the Indenture or otherwise dedicated as a part of the Consolidated Project, as defined in the Lease for successive one-year fiscal periods. The Lease has been assigned to the Trustee as security for the payment of the Series 2010 Bonds and all bonds issued on a parity therewith under the Indenture.

In our capacity as Bond Counsel 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. We have also relied upon the opinion of James T. Carey, Esq., Assistant Jefferson County Attorney for Louisville Metro, with respect to certain matters. As to certain questions of fact, we have relied upon statements and certifications of certain officers, officials, directors, employees and agents of the Issuer, Louisville Metro and other public officials.

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 assumed that parties other than the Issuer and Louisville Metro had the requisite power and authority to enter into and perform all obligations of all documents to which they are parties. We have assumed the due authorization by all requisite action, and the execution and delivery by such other parties of such documents, and the validity and binding effect thereof on such other parties. We have relied for purposes of the opinions set forth below on the representations and warranties made in such documents by all parties thereto.

Based on the foregoing, 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, we are of the opinion, as follows:

1. The Issuer is duly organized and existing under Section 58.180 and Sections 273.161 to 273.390, inclusive, of the Kentucky Revised Statutes, as amended, to act as the agency and instrumentality and the constituted authority of Louisville Metro, a consolidated city of the Commonwealth of Kentucky.

2. The Series 2010 Bonds constitute valid obligations of the Issuer in accordance with their respective terms.

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 Series 2010 Bonds, interest on the Series 2010 Bonds is excludable from gross income for federal and Kentucky income tax purposes. Interest on the Series 2010 Bonds is not an item of tax preference in determining "alternative minimum taxable, income" under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Series 2010 Bonds is includable in computing "adjusted current earnings" for purposes of determining the alternative minimum taxable income of a corporation under the Code. The Series 2010 Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

4. The Series 2010 Bonds are exempt from ad valorem taxation by the Commonwealth and all of its political subdivisions and taxing authorities.

The opinion that the interest on the Series 2010 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 Series 2010 Bonds in order that the interest on the Series 2010 Bonds be and continue to be excludable from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Series 2010 Bonds to be included in gross income retroactive to the date hereof. The Issuer has covenanted 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 Series 2010 Bonds.

We express no opinion on the value of or title to any property, or on the investment quality of the Series 2010 Bonds or the Indenture. We have not furnished, nor been asked to pass on, any facts respecting the Issuer, and we are not passing 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 Series 2010 Bonds or otherwise. Our opinion is limited to the questions of law set forth herein. We express no opinion herein on any other question of law that may be presented by the facts outlined above. Finally, and 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 Series 2010 Bonds or any other offering material relating to the Series 2010 Bonds, and we express no opinion with respect thereto.

It is to be understood that the enforceability of the Series 2010 Bonds and the Indenture, respectively, including the 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.

Very truly yours,

FROST BROWN TODD LLC

By: ________________________________
Member

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