

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2007

5. Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 287,445,282	\$ 3,900,366	\$ (2)	\$ 291,345,646
Land improvements	3,837,067			3,837,067
Construction in progress	36,108,691	16,440,954	(3,311,048)	49,238,597
Works of art	255,000			255,000
Total capital assets not being depreciated	<u>327,646,040</u>	<u>20,341,320</u>	<u>(3,311,050)</u>	<u>344,676,310</u>
Other capital assets:				
Land improvements	78,191,578	2,440,654		80,632,232
Buildings	344,528,356	4,338,110	(2,569,601)	346,296,865
Machinery and equipment	64,849,964	3,175,163	(7,335,927)	60,689,200
Vehicles	89,155,279	18,756,749	(4,757,725)	103,154,303
Collections & Works of art	33,475,637	3,828,777	(4,064,667)	33,239,747
Infrastructure	885,192,171	8,490,005	(24,158)	893,658,018
Total other capital assets at historical cost	<u>1,495,392,985</u>	<u>41,029,458</u>	<u>(18,752,078)</u>	<u>1,517,670,365</u>
Less accumulated depreciation for:				
Land improvements	(31,967,927)	(3,418,666)		(35,386,593)
Buildings	(122,900,773)	(7,276,559)	910,010	(129,267,322)
Machinery and equipment	(48,309,875)	(4,762,414)	6,699,462	(46,372,827)
Vehicles	(67,897,192)	(7,523,562)	3,570,965	(71,849,789)
Collections & Works of art	(22,684,322)	(2,839,377)	4,046,467	(21,477,232)
Infrastructure	(711,155,570)	(39,520,621)		(750,676,191)
Total accumulated depreciation	<u>(1,004,915,659)</u>	<u>(65,341,199)</u>	<u>15,226,904</u>	<u>(1,055,029,954)</u>
Other capital assets, net	<u>490,477,326</u>	<u>(24,311,741)</u>	<u>(3,525,174)</u>	<u>462,640,411</u>
Governmental activities capital assets, net	<u>\$ 818,123,366</u>	<u>\$ (3,970,421)</u>	<u>\$ (6,836,224)</u>	<u>\$ 807,316,721</u>

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2007

5. Capital Assets, continued

Depreciation expense was charged to governmental activities as follows:

General Government	
Metro Council	\$ 991
Mayor's Office	33,236
Board of Elections	510,733
County Clerk	4,282
Finance Department	1,067
Information Technology	1,654,747
Police Department	754,042
Fire Department	846,716
Emergency Medical Services	2,401,839
Emergency Management Agency	454,614
Corrections Department	84,115
Youth Detention Services	13,199
Public Works Department	40,055,567
General Services Administration	9,108,768
Solid Waste Management Services	16,029
Inspections, Permits and Licenses	25,121
Animal Control Services	20,479
Department of Neighborhoods	3,697
Parks Department	1,102,737
Louisville Free Public Library	2,909,188
Louisville Zoological Gardens	895,618
Metro Development Authority	1,896,349
Planning and Development Services	3,942
Housing Department	2,596
Air Pollution Control	88,144
Waterfront Development Corporation	2,209,391
Redevelopment Authority	1,102
Health Department	235,135
Human Services	509
Kentuckiana Works	6,673
Community Action Partnership	573
Total depreciation expense	<u>\$ 65,341,199</u>

In addition, depreciation on capital assets held by the government's internal service funds is allocated to the various functions based on the percentage of function expenditures to total expenditures.

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2007

5. Capital Assets, continued

Capital asset activity for the LWC for the year ended December 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 7,340,275		\$ (160,652)	\$ 7,179,623
Construction in progress	54,874,025	\$ 74,427,744	(78,329,733)	50,972,036
Total capital assets not being depreciated	62,214,300	74,427,744	(78,490,385)	58,151,659
Other capital assets:				
Buildings	80,778,414	4,120,859	(3,037,507)	81,861,766
Machinery and equipment	43,768,073	4,294,467	(1,672,799)	46,389,741
Infrastructure	766,653,547	65,329,570	(11,600,579)	820,382,538
Total other capital assets at historical cost	891,200,034	73,744,896	(16,310,885)	948,634,045
Less accumulated depreciation for:				
Buildings	(29,628,993)	(1,751,701)	1,876,165	(29,504,529)
Machinery and equipment	(25,268,849)	(4,172,900)	1,653,279	(27,788,470)
Infrastructure	(193,310,328)	(15,254,529)	5,174,732	(203,390,125)
Total accumulated depreciation	(248,208,170)	(21,179,130)	8,704,176	(260,683,124)
Other capital assets, net	642,991,864	52,565,766	(7,606,709)	687,950,921
Capital assets, net	\$ 705,206,164	\$ 126,993,510	\$ (86,097,094)	\$ 746,102,580

Capital asset activity for PARC for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 9,304,855			\$ 9,304,855
Construction in progress	1,485,881	\$ 4,608,161	\$ (3,924,487)	2,169,555
Total capital assets not being depreciated	10,790,736	4,608,161	(3,924,487)	11,474,410
Other capital assets:				
Buildings and Improvements	79,784,386	3,639,754		83,424,140
Machinery and equipment	3,832,319	249,945		4,082,264
Total other capital assets at historical cost	83,616,705	3,889,699		87,506,404
Total accumulated depreciation	(34,434,902)	(3,498,596)	-	(37,933,498)
Other capital assets, net	49,181,803	391,103	-	49,572,906
Capital assets, net	\$ 59,972,539	\$ 4,999,264	\$ (3,924,487)	\$ 61,047,316

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
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5. Capital Assets, continued

Capital asset activity for TARC for the year ended June 30, 2007 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	23,811,186	\$ 120,146		23,931,332
Vehicles	66,943,074	2,022,596	\$ (1,005)	68,964,665
Capitalized leased vehicles	4,734,946			4,734,946
Machinery and equipment	10,512,654	899,584		11,412,238
Total other capital assets at historical cost	106,001,860	3,042,326	(1,005)	109,043,181
Less accumulated depreciation	(59,791,373)	(6,974,135)		(66,765,508)
Other capital assets, net	46,210,487	(3,931,809)	(1,005)	42,277,673
Capital assets, net	<u>\$ 49,388,269</u>	<u>\$ (3,931,809)</u>	<u>\$ (1,005)</u>	<u>\$ 45,455,455</u>

Capital asset activity for Riverport for the year ended June 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land and improvements	\$ 8,122,600		\$ (20,614)	\$ 8,101,986
Other capital assets:				
Buildings	29,551,076	\$ 411,314	(288,830)	29,673,560
Other	171,342	1,545		172,887
Total other capital assets at historical cost	29,722,418	412,859	(288,830)	29,846,447
Less accumulated depreciation for:				
Buildings	(13,986,078)	(852,023)	211,731	(14,626,370)
Other	(124,159)	(13,520)		(137,679)
Total accumulated depreciation	(14,110,237)	(865,543)	211,731	(14,764,049)
Other capital assets, net	15,612,181	(452,684)	(77,099)	15,082,398
Capital assets, net	<u>\$ 23,734,781</u>	<u>\$ (452,684)</u>	<u>\$ (97,713)</u>	<u>\$ 23,184,384</u>

Capital asset activity for MSD for the year ended June 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 211,761,000	\$ 73,678,000	\$ (92,019,000)	\$ 193,420,000
Other capital assets:				
Infrastructure	2,049,762,000	101,347,000	(1,329,000)	2,149,780,000
Less accumulated depreciation	(527,799,000)	(52,055,000)	1,210,000	(578,644,000)
Other capital assets, net	1,521,963,000	49,292,000	(119,000)	1,571,136,000
Capital assets, net	<u>\$ 1,733,724,000</u>	<u>\$ 122,970,000</u>	<u>\$ (92,138,000)</u>	<u>\$ 1,764,556,000</u>

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2007

5. Capital Assets, continued

Capital asset activity for the LSC for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Exhibits in progress	\$ 69,306	\$ 77,515		\$ 146,821
Other capital assets:				
Leasehold improvements	4,830,867	6,046		4,836,913
Machinery and equipment	838,279	18,409		856,688
Museum exhibits	17,966,283	542,214		18,508,497
Total other capital assets				
at historical cost	23,635,429	566,669	-	24,202,098
Less accumulated depreciation	(13,076,373)	(1,572,660)		(14,649,033)
Other capital assets, net	10,559,056	(1,005,991)	-	9,553,065
Capital assets, net	<u>\$ 10,628,362</u>	<u>\$ (928,476)</u>	<u>\$ -</u>	<u>\$ 9,699,886</u>

6. Land Held for Development

Land held for development at June 30, 2007 is summarized as follows:

	Riverport Authority
Land held for development	<u>\$ 8,047,549</u>

7. Risk Management

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

- A. Automobile Liability: Self-insured up to \$500,000 per occurrence. Excess coverage is purchased through the Louisville Area Governmental Self-Insurance Trust ("LAGIT").
- B. Worker's Compensation (covering all employees): Self-insured up to \$1,000,000 per occurrence with a \$1,000,000 corridor. Excess coverage is purchased above this retained level.
- C. Unemployment Compensation: Completely self-insured.
- D. Group Health Coverage: Prior to January 1, 2007, Metro Government offered various health insurance programs, including two Health Maintenance Organizations ("HMO") and two Preferred Provider Organizations ("PPO"), which were available as options to all eligible Metro Government employees. Effective January 1, 2007, the HMO plans were terminated and Metro Employees were eligible to receive benefits through six PPO

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