

## Independent Auditors' Report



Honorable Jerry Abramson, Mayor and  
The Louisville Metro Council

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Louisville/Jefferson County Metro Government ("Metro Government") as of and for the year ended June 30, 2007, which collectively comprise Metro Government's basic financial statements, as listed in the accompanying table of contents. These financial statements are the responsibility of the Metro Government's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We did not audit the financial statements of some of the entities 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 entities, is based on the reports of the other auditors. Those entities were:

- Governmental Funds – Capital Projects Corporation (included within the Debt Service Funds)
- Fiduciary Funds – Mass Transit (included within Agency Funds)
- Component Units – Parking Authority of River City, Inc., Transit Authority of River City, Inc., Louisville and Jefferson County Riverport Authority, and the Louisville Science Center

Those financial statements reflect total assets and revenues as follows:

	<u>Percent of Assets</u>	<u>Percent of Revenues</u>
Government-Wide Financial Statements:		
Primary Government - Governmental Activities		1%
Component Units	8%	25%
Fund Financial Statements		1%
Fiduciary Funds (Agency Funds)	31%	23%
Component Units	8%	24%

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.

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 governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Metro Government, as of June 30, 2007, 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, the budgetary comparison information on page 79, and the pension information related to funding progress on page 80 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 2007 on our consideration of the Metro Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

STROTHMAN & COMPANY PSC

Louisville, Kentucky  
December 21, 2007