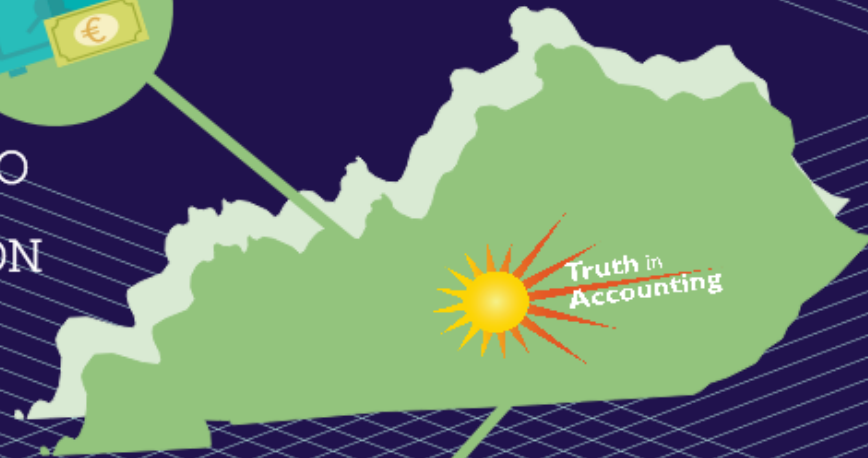


# Financial state of the city

# LOUISVILLE



MONEY  
AVAILABLE TO  
PAY BILLS:  
\$126.6 MILLION



\$700  
TAXPAYER  
SURPLUS

# THE FINANCIAL STATE OF LOUISVILLE

## Why did Louisville's reported pension debt increase by \$646.2 million this year?

Because of a new accounting rule, Louisville now has to report its pension debt on its balance sheet. As a result, the city's reported pension debt grew from \$0 in 2014 to \$646.2 million in 2015. However, the city is still hiding \$103.1 million of pension debt from taxpayers.

For years, Truth in Accounting has called for this financial reporting change, and we welcome the shift towards more transparent accounting.

### The city's assets exceed its bills

Assets	\$6,155,001,000
Minus: Capital assets	-\$4,476,132,940
Restricted assets	-\$296,026,661
Assets available to pay bills	\$1,382,841,399
Minus: Bills	-\$1,256,235,502
Money available to pay future bills	\$126,605,897
<b>Each taxpayer's share of surplus</b>	<b>\$700</b>

Louisville has \$6.2 billion in assets, but most of these assets are not available to pay city bills.

The \$4.5 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$296 million of the assets is restricted by law or contract.

That leaves \$1.4 billion of the city's assets available to pay \$1.3 billion of bills as they come due.



Truth in Accounting is committed to educating and empowering citizens with understandable, reliable, and transparent government financial information.

To be knowledgeable participants in their government and its budget process, citizens need to be provided with truthful and transparent financial information.

## Key findings

- Louisville has \$1.4 billion available to pay \$1.3 billion worth of bills. Therefore, the city has a \$126.6 million surplus.
- Louisville has a taxpayer surplus of 700, which is each taxpayer's share of the city's excess funds.
- Despite reporting most of its pension debt, the city still understates the liability by \$103.1 million because the financial report was prepared using an outdated pension valuation.

### The bills Louisville has accumulated

Bonds	\$2,328,210,000
Other liabilities	\$631,712,000
Minus: Debt related to capital assets	-\$2,453,038,498
Unfunded pension benefits	\$749,352,000
Unfunded retiree health care benefits	\$0
<b>Bills</b>	<b>\$1,256,235,502</b>

The city has accumulated bonds of \$2.3 billion and other liabilities of \$631.7 million. The calculation of assets available to pay bills does not include capital assets, so \$2.5 billion of related debt is removed from the calculation of city bills.

Unfunded employees' retirement benefits represent 60% of city bills. These unfunded liabilities have accumulated because city employees have been promised \$749.4 million of pension benefits. Unlike most states, Louisville has the assets needed to pay these liabilities.

Louisville's elected officials seem to promise only the amount of benefits they can afford to pay.

Data is derived from the city of Louisville's June 30, 2015 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

Number of taxpayers is based on an estimation of the city's population with a federal tax liability.

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