

LOUISVILLE METRO GOVERNMENT

RECOMMENDED EXECUTIVE BUDGET FOR 2020-2021
MAYOR GREG FISCHER





Recommended Executive Budget FY21—UPDATED 6/15/20

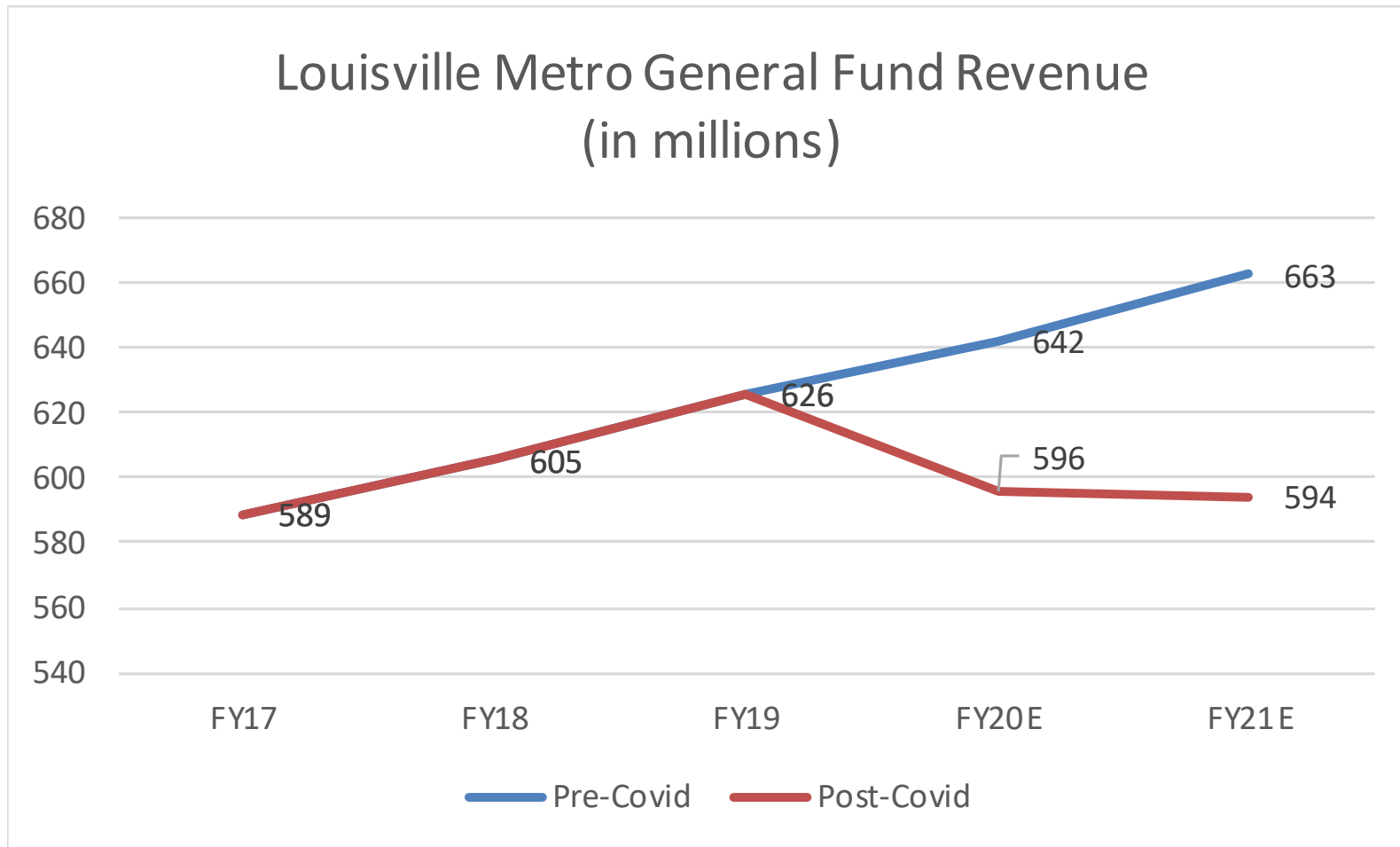
General Fund Revenue Update for FY20 & FY21

- April and May have closed
- Anticipate monthly revenue updates moving forward
- FY20 Estimate moving from \$596M to \$610M
 - Employee Withholdings (+\$6M)
 - Net Profits (+\$7.6M)
 - All other items (+\$0.4M)
- FY21 Estimate moving from \$594M to \$610M
 - Employee Withholdings (+\$17M)
 - All other items (-\$1.3M)



Recommended Executive Budget FY21

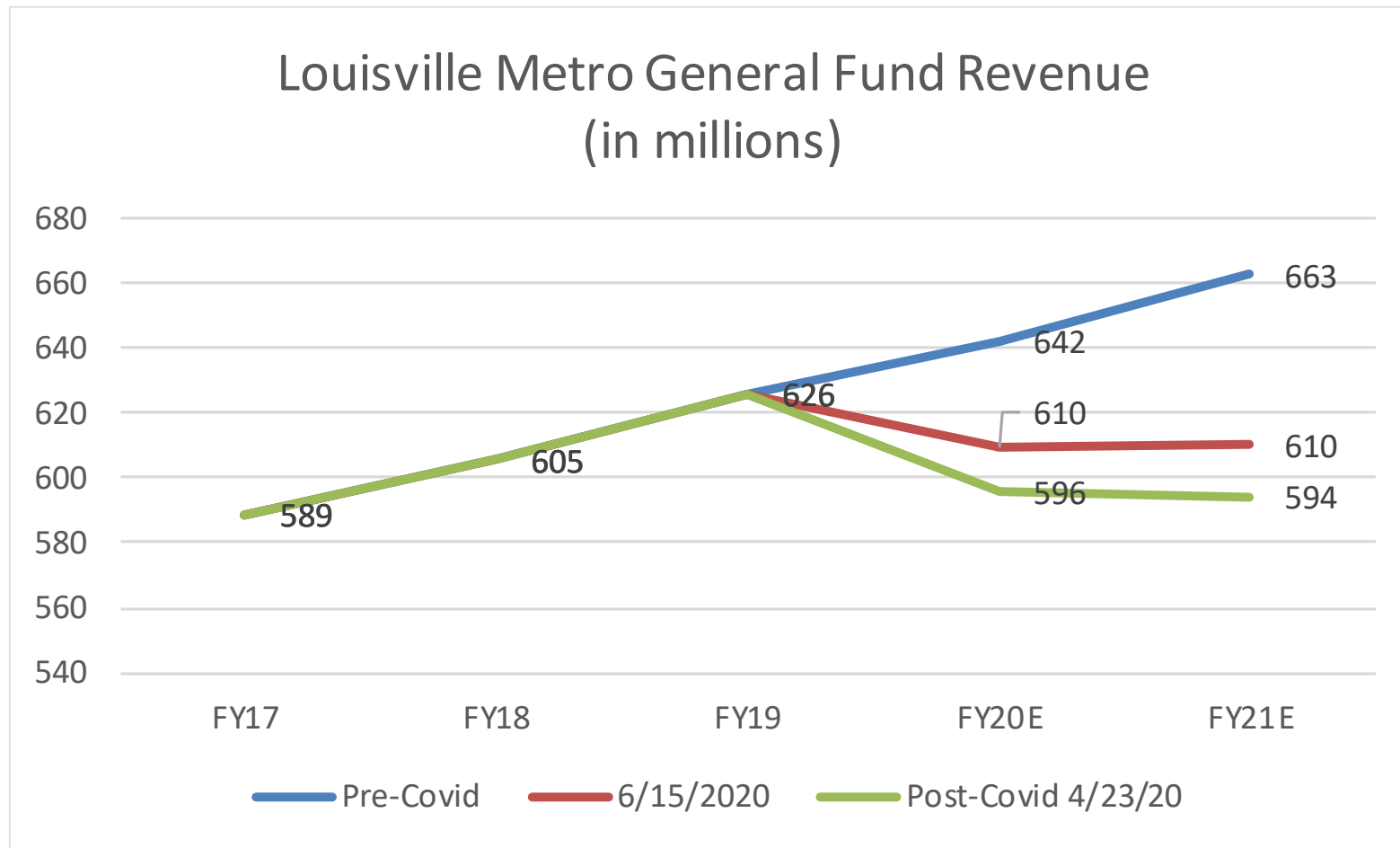
Local Economic Overview





Recommended Executive Budget FY21—UPDATED 6/15/20

Local Economic Overview





Recommended Executive Budget FY21

GF Unassigned Fund Balance

UNASSIGNED GENERAL FUND BALANCE PROJECTED ACTIVITY (In millions)		
	Amount	Note
6/30/11 Fund Balance	\$61.5	
6/30/12 Fund Balance	62.4	
6/30/13 Fund Balance	61.0	
6/30/14 Fund Balance	62.5	
6/30/15 Fund Balance	66.1	
6/30/16 Fund Balance	67.9	
6/30/17 Fund Balance	68.9	
6/30/18 Fund Balance	69.4	
6/30/19 Fund Balance	70.9	
Current FY20 Estimated Revenue General Fund Shortfall	(27.7)	This shortfall represents forecasted revenues of \$595.7 million vs. original budget of \$623.4 million due in part to Metro shifting the tax filing deadline from April 15 to July 15. Please note that Metro is continuing efforts to reduce current expenditures where possible.
Estimated 6/30/20 Fund Balance	\$43.2	This represents the fund balance at the end of FY20 assuming forecasted revenues materialize and expenditures remain on budget.
FY21 Interim Budget Proposal Shortfall	(19.0)	This shortfall represents available sources of revenues (\$602 million) versus total appropriations (\$621 million). Metro will continue to advocate for federal relief funding and/or coordinate with the Metro Council on revenues and expenses to bring the budget into balance.
Estimated 6/30/21 Fund Balance	24.2	This estimated fund balance is extremely likely to be adjusted by one of the two actions above listed.



Recommended Executive Budget FY21-UPDATED 6/15/20

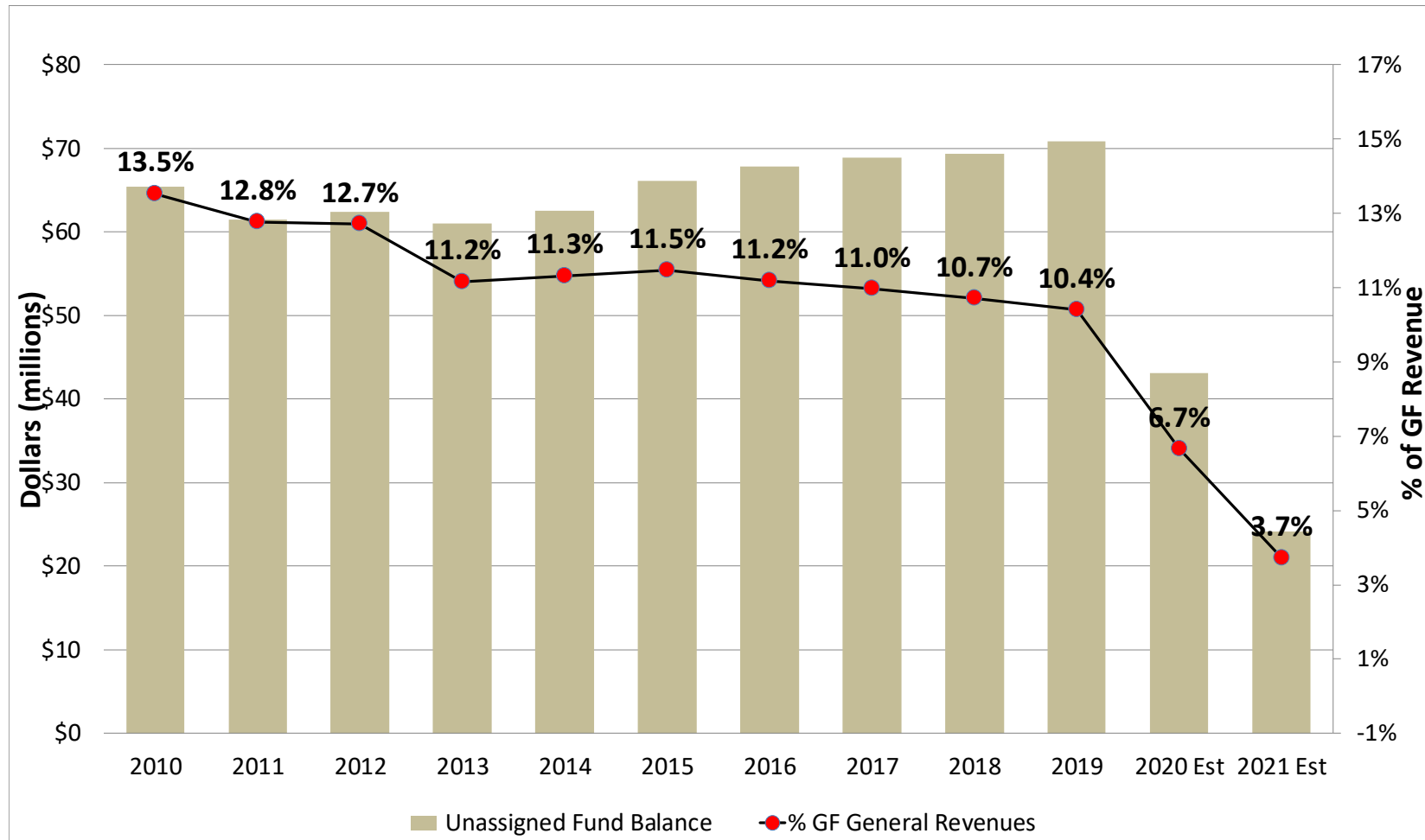
GF Unassigned Fund Balance

UNASSIGNED GENERAL FUND BALANCE PROJECTED ACTIVITY (In millions)		
	Amount	Note
6/30/11 Fund Balance	\$61.5	
6/30/12 Fund Balance	62.4	
6/30/13 Fund Balance	61.0	
6/30/14 Fund Balance	62.5	
6/30/15 Fund Balance	66.1	
6/30/16 Fund Balance	67.9	
6/30/17 Fund Balance	68.9	
6/30/18 Fund Balance	69.4	
6/30/19 Fund Balance	70.9	
Current FY20 Estimated Revenue General Fund Shortfall	(13.7)	This shortfall represents forecasted revenues of \$609.7M vs. original budget of \$623.4M due in part to Metro shifting the tax filing deadline from April 15 to July 15.
Current add'l FY20 exp. savings/ CARES Reimbursement for substantially dedicated personnel	6.0	
Estimated 6/30/20 Fund Balance	63.2	This represents the fund balance at the end of FY20 assuming forecasted revenues materialize and expenditures remain on budget.
Eligible CARES Reimbursement for substantially dedicated personnel	11.0	
FY21 Interim Budget Proposal Shortfall	(3.3)	This shortfall represents available sources of revenues (\$610.1M current estimate + \$7.6M non-recurring) versus total appropriations (\$621M). Metro will continue to advocate for federal relief funding and/or coordinate with the Metro Council on revenues and expenses to bring the budget into balance.
Estimated 6/30/21 Fund Balance	70.9	This estimated fund balance is extremely likely to be adjusted by one of the two actions above listed.



Recommended Executive Budget FY21

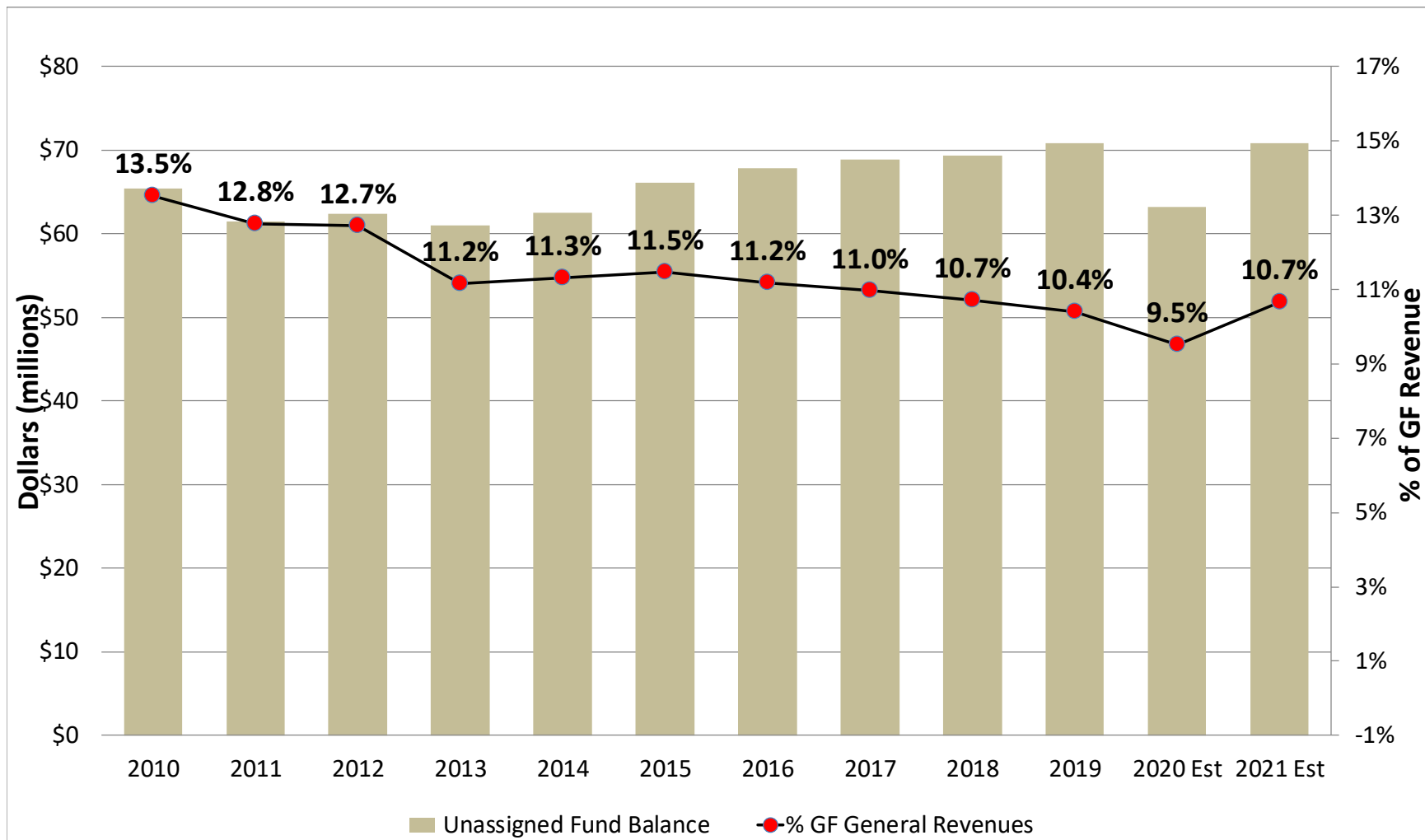
GF Unassigned Fund Balance





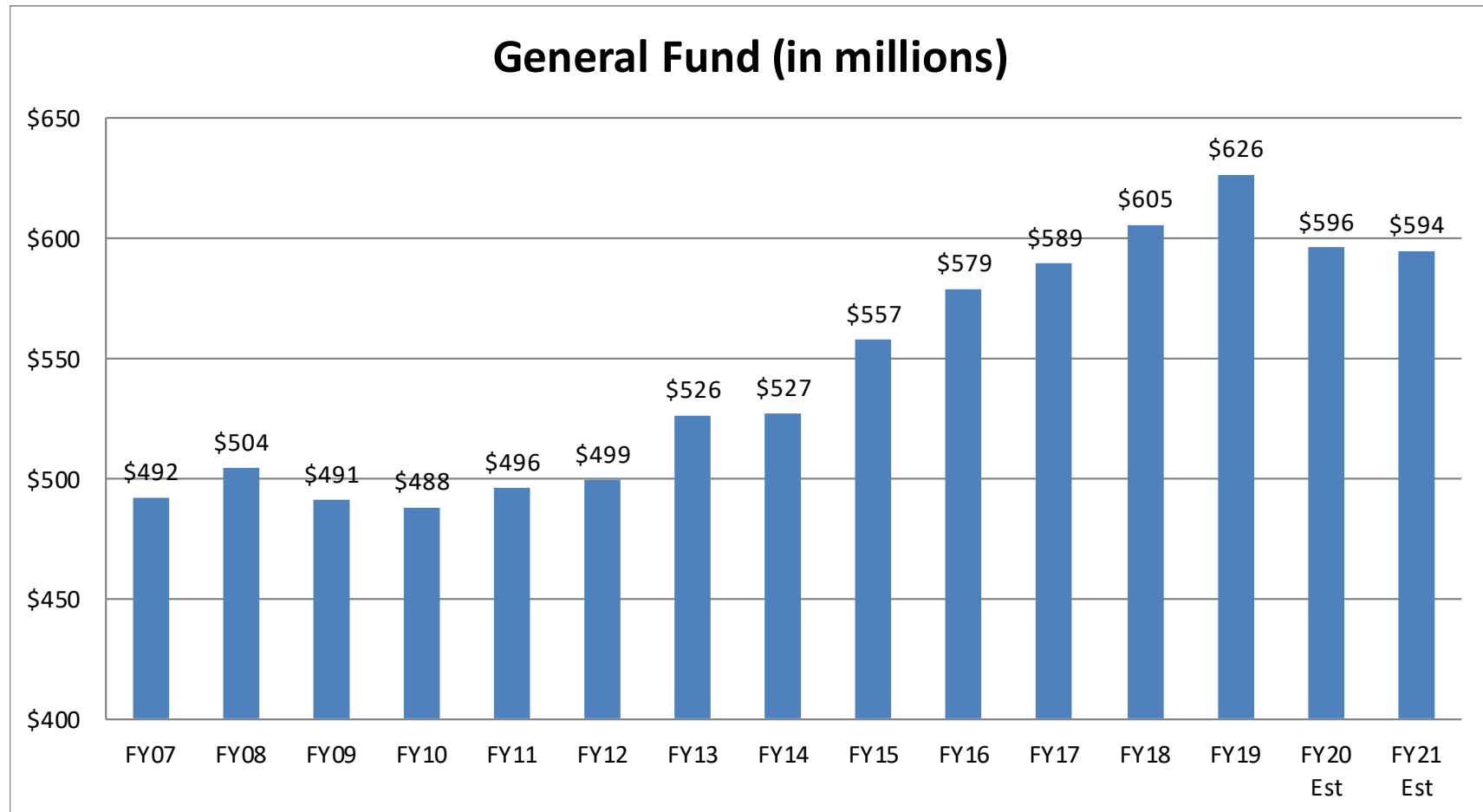
Recommended Executive Budget FY21-UPDATED 6/15/20

GF Unassigned Fund Balance



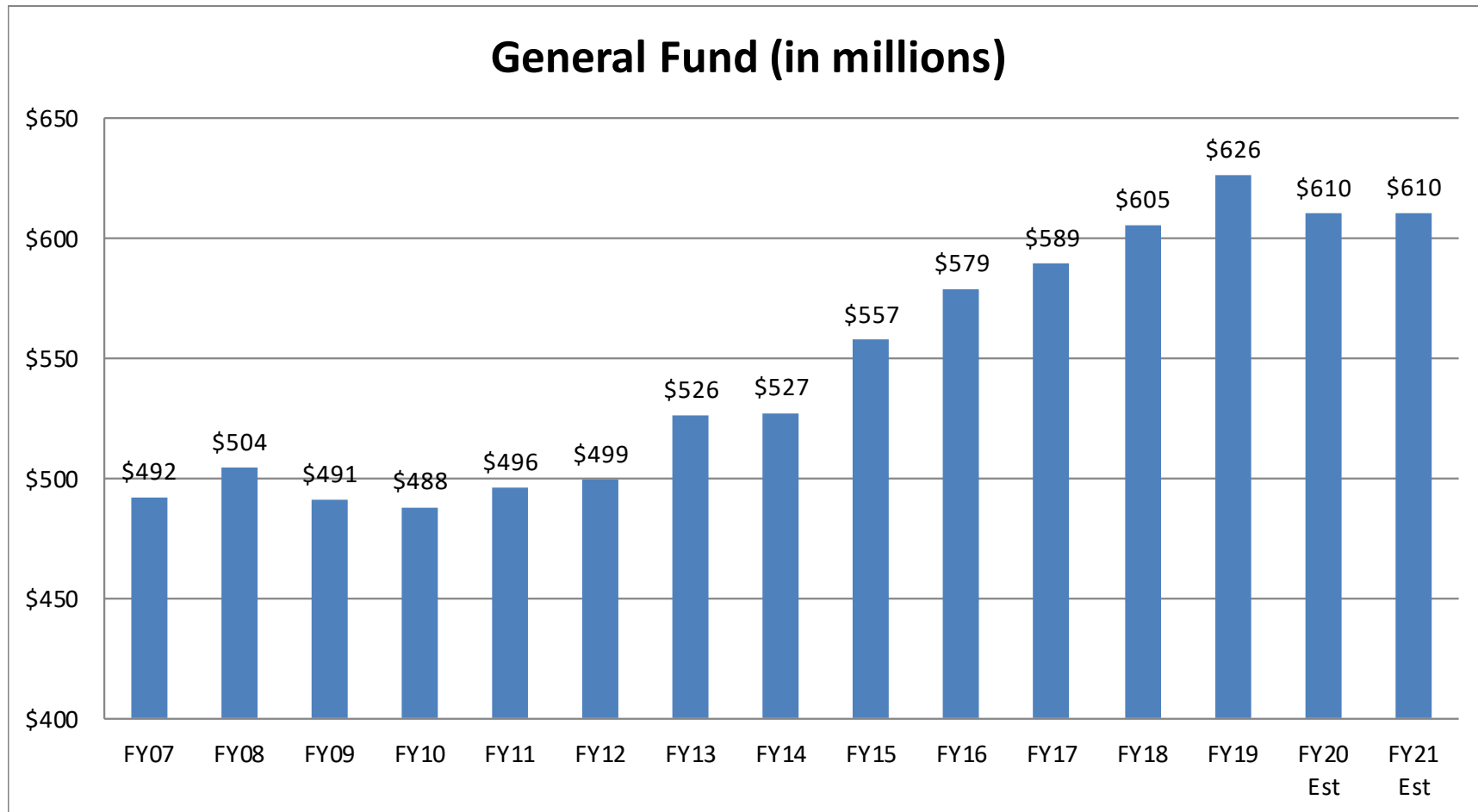


Recommended Executive Budget FY21





Recommended Executive Budget FY21-UPDATED 6/15/20





Recommended Executive Budget FY21

FY21 GF Revenue (in \$000s) Growth Forecast

	FY20 Est	FY21 Forecast	Growth Forecast	% Growth	*CAGR 5 %
R&P Property	\$147,500	\$153,890	\$6,390	4.3%	3.3%
Payroll	295,900	273,300	(22,600)	(7.6%)	4.6%
Net Profits	37,000	56,100	19,100	51.6%	5.4%
Insurance	65,380	64,720	(660)	(1.0%)	4.4%
Water Co.	18,710	19,640	930	5.0%	(1.0%)
Other	31,190	26,768	(4,422)	(14.2%)	(3.8%)
Total GF	\$595,680	\$594,418	(\$1,262)	(0.2%)	3.5%
Net Profits w/o \$20M shift FY20-->FY21	57,000	36,100	(20,900)	(36.7%)	5.4%
Total GF	\$615,680	\$574,418	(\$41,262)	(6.7%)	3.5%
*CAGR 5% is the Compound Average Growth Rate for the past 5 years, FY14-FY19					



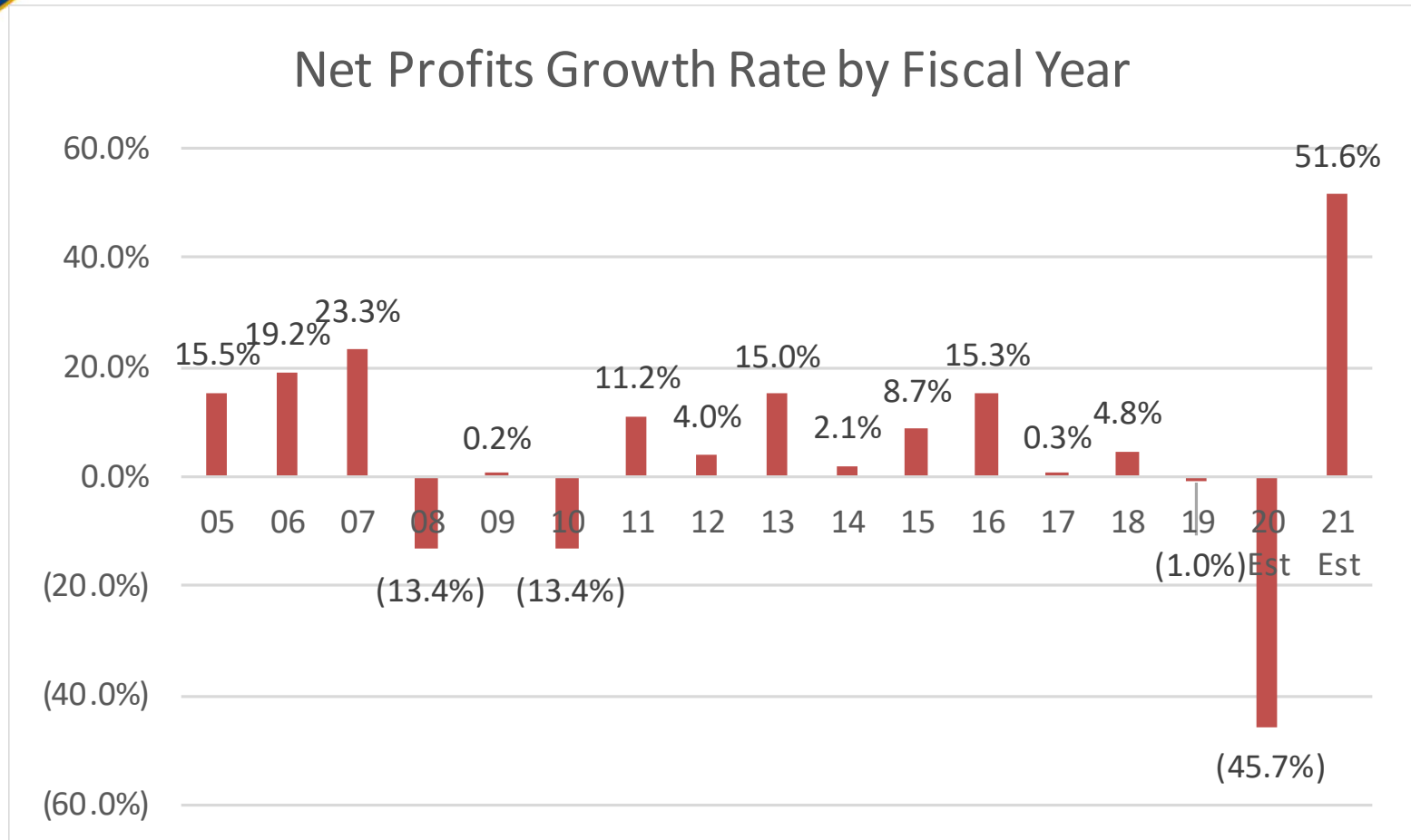
Recommended Executive Budget FY21-UPDATED 6/15/20

FY21 GF Revenue (in \$000s) Growth Forecast

	FY20 Est	FY21 Forecast	Growth Forecast	% Growth	*CAGR 5 %
R&P Property	\$147,500	\$153,890	\$6,390	4.3%	3.3%
Payroll	301,920	290,300	(11,620)	(3.8%)	4.6%
Net Profits	44,620	55,700	11,080	24.8%	5.4%
Insurance	65,750	64,720	(1,030)	(1.6%)	4.4%
Water Co.	18,710	19,530	820	4.4%	(1.0%)
Other	31,250	25,987	(5,263)	(16.8%)	(3.8%)
Total GF	\$609,750	\$610,127	\$377	0.1%	3.5%
Net Profits w/o \$11.5M shift FY20-->FY21	56,120	44,200	(11,920)	(21.2%)	5.4%
Total GF	\$621,250	\$598,627	(\$22,623)	(3.6%)	3.5%
*CAGR 5% is the Compound Average Growth Rate for the past 5 years, FY14-FY19					



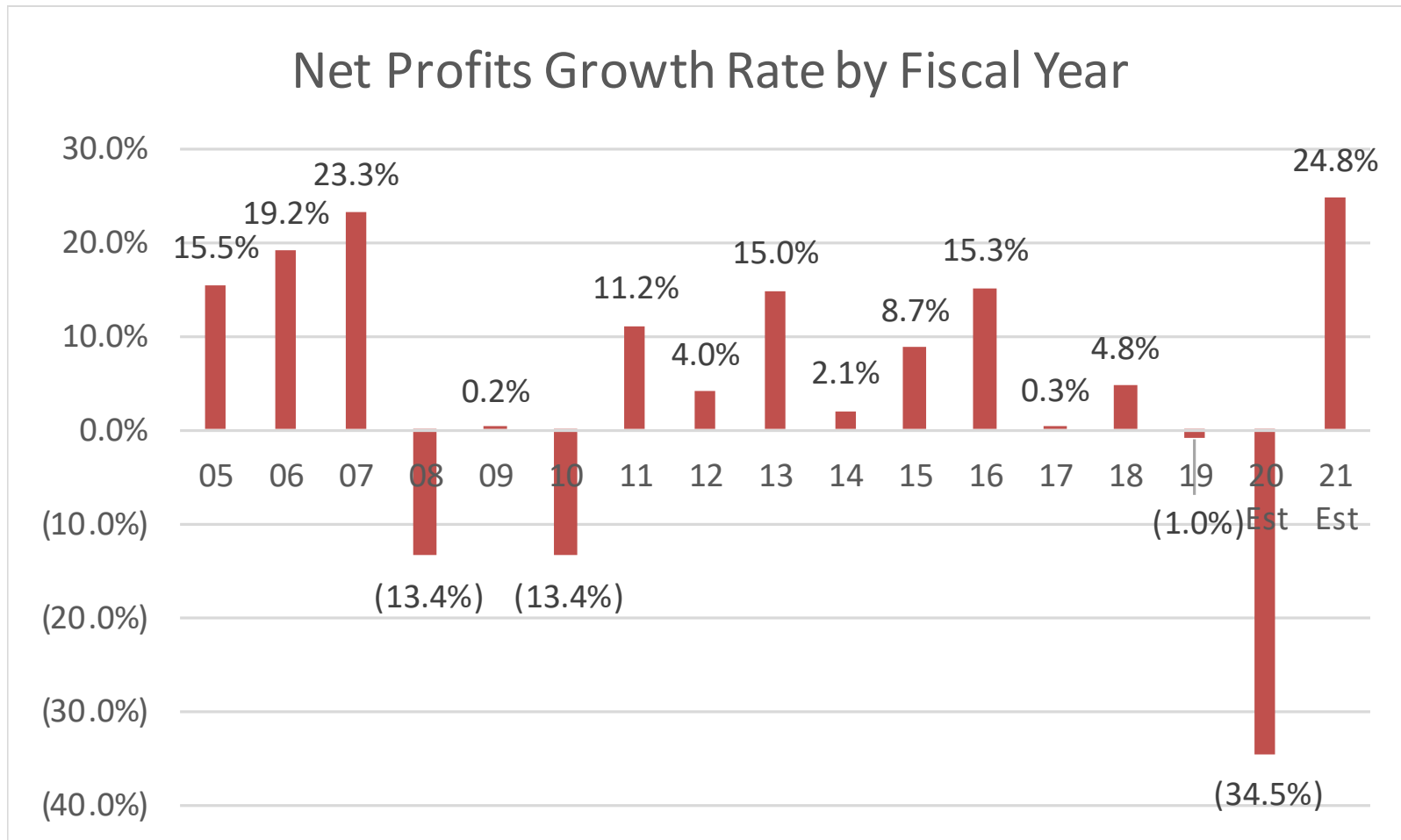
Recommended Executive Budget FY21



Display shows shifting of \$20M from 4/15/20 deadline into FY21 due to 7/15/20 revised deadline



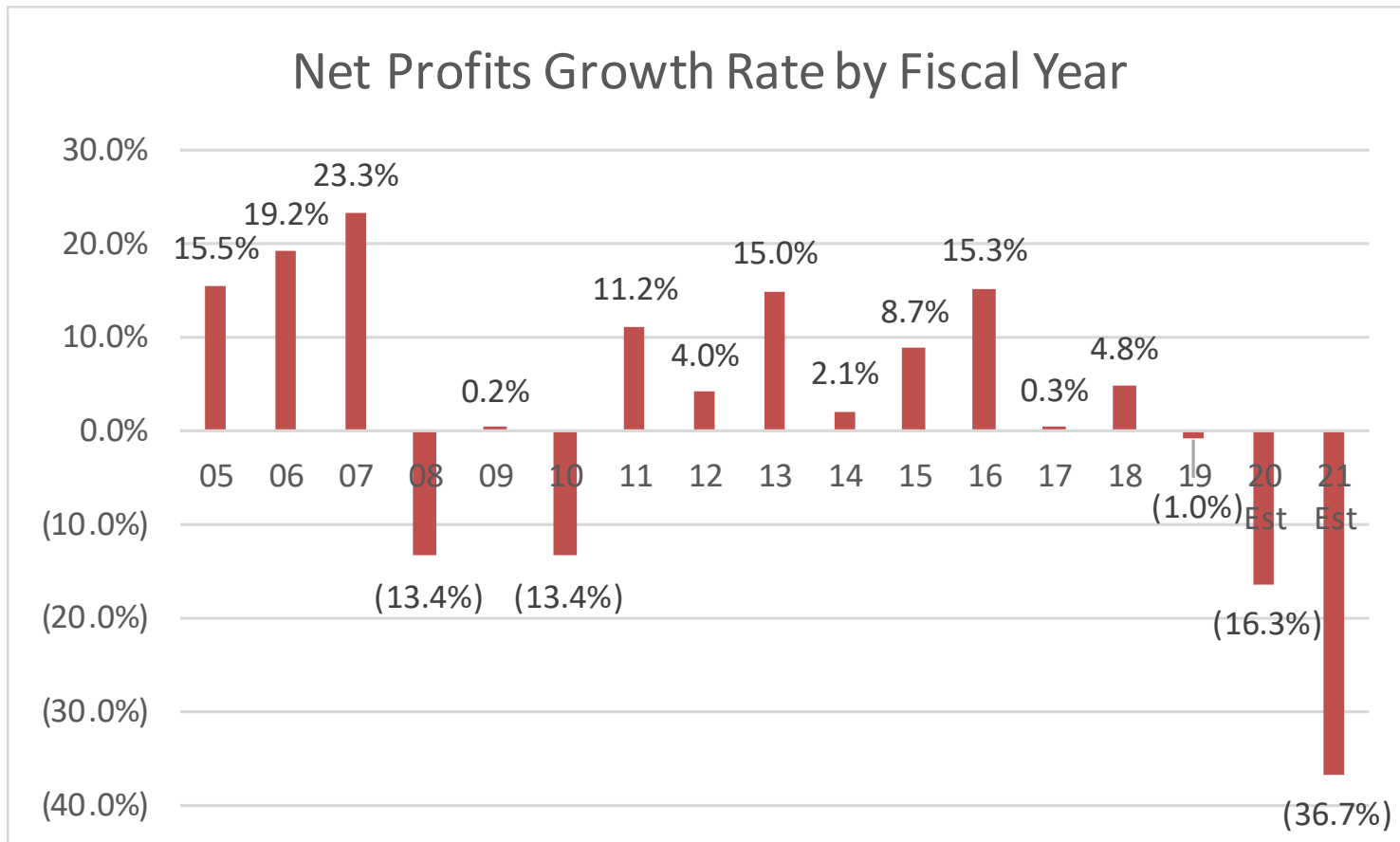
Recommended Executive Budget FY21-UPDATED 6/15/20



Display shows shifting of \$11.5M from 4/15/20 deadline into FY21 due to 7/15/20 revised deadline



Recommended Executive Budget FY21

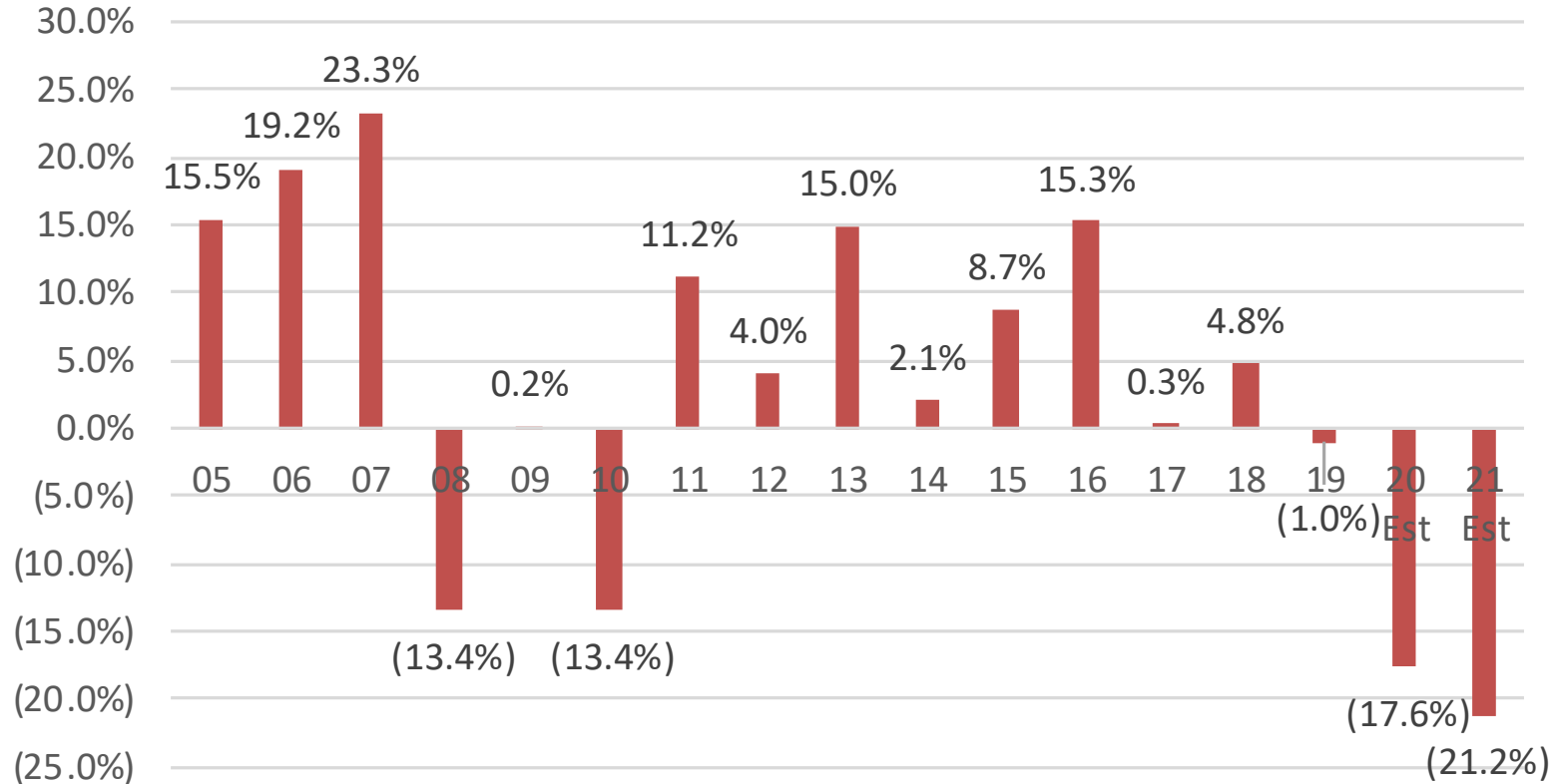


Display shows percentages without the effect of shifting \$20M from 4/15/20 to 7/15/20



Recommended Executive Budget FY21-UPDATED 6/15/20

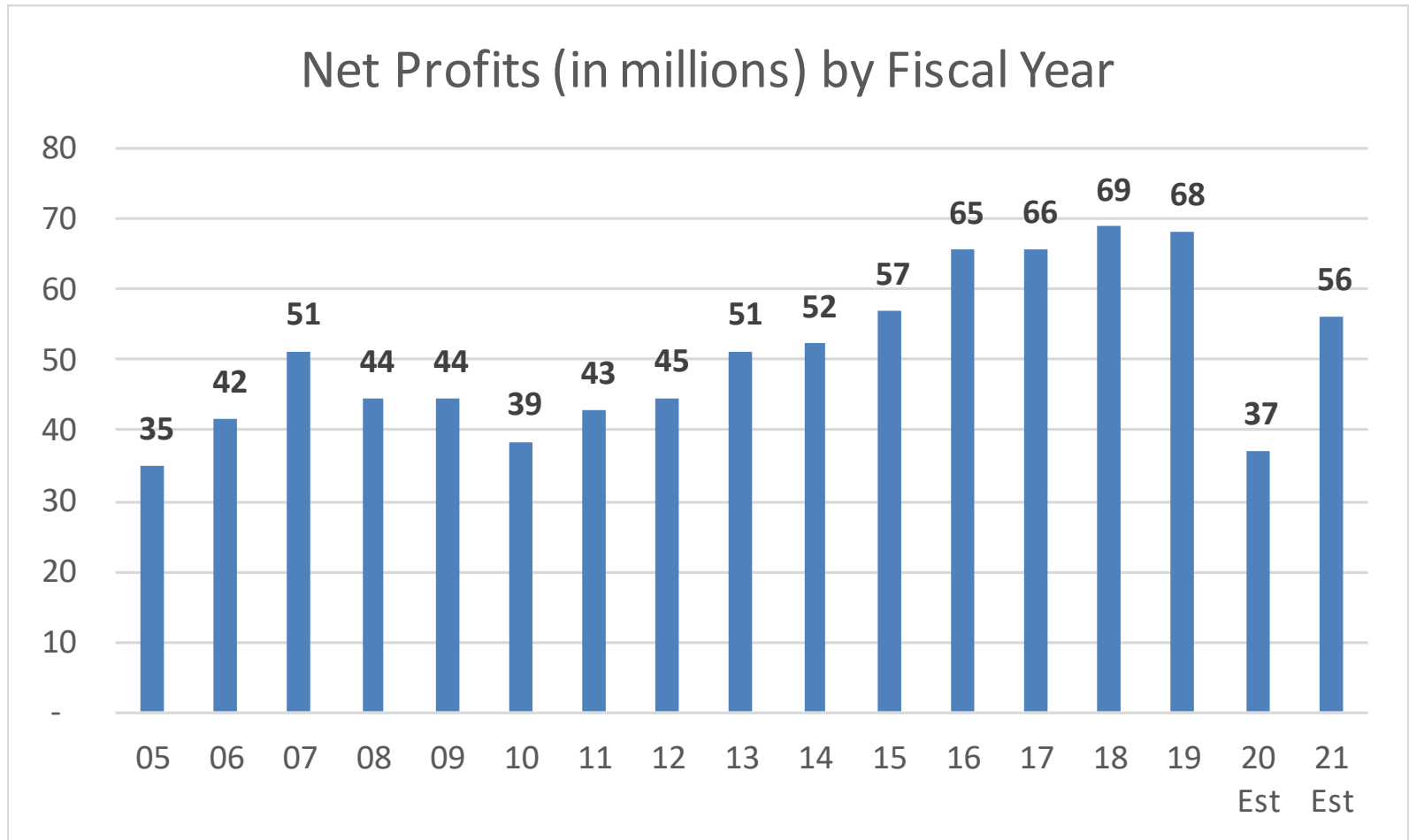
Net Profits Growth Rate by Fiscal Year



Display shows percentages without the effect of shifting \$11.5M from 4/15/20 to 7/15/20



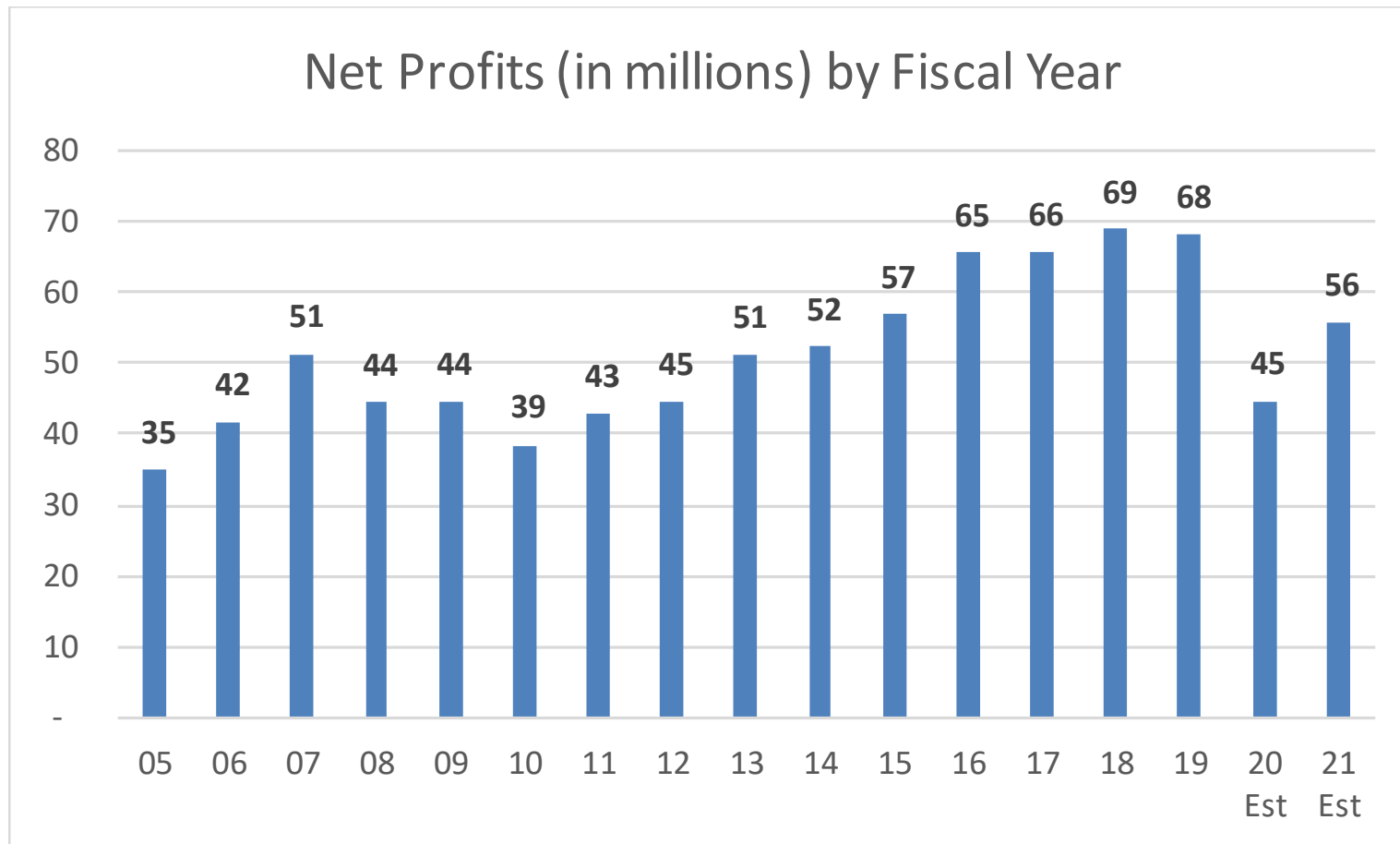
Recommended Executive Budget FY21



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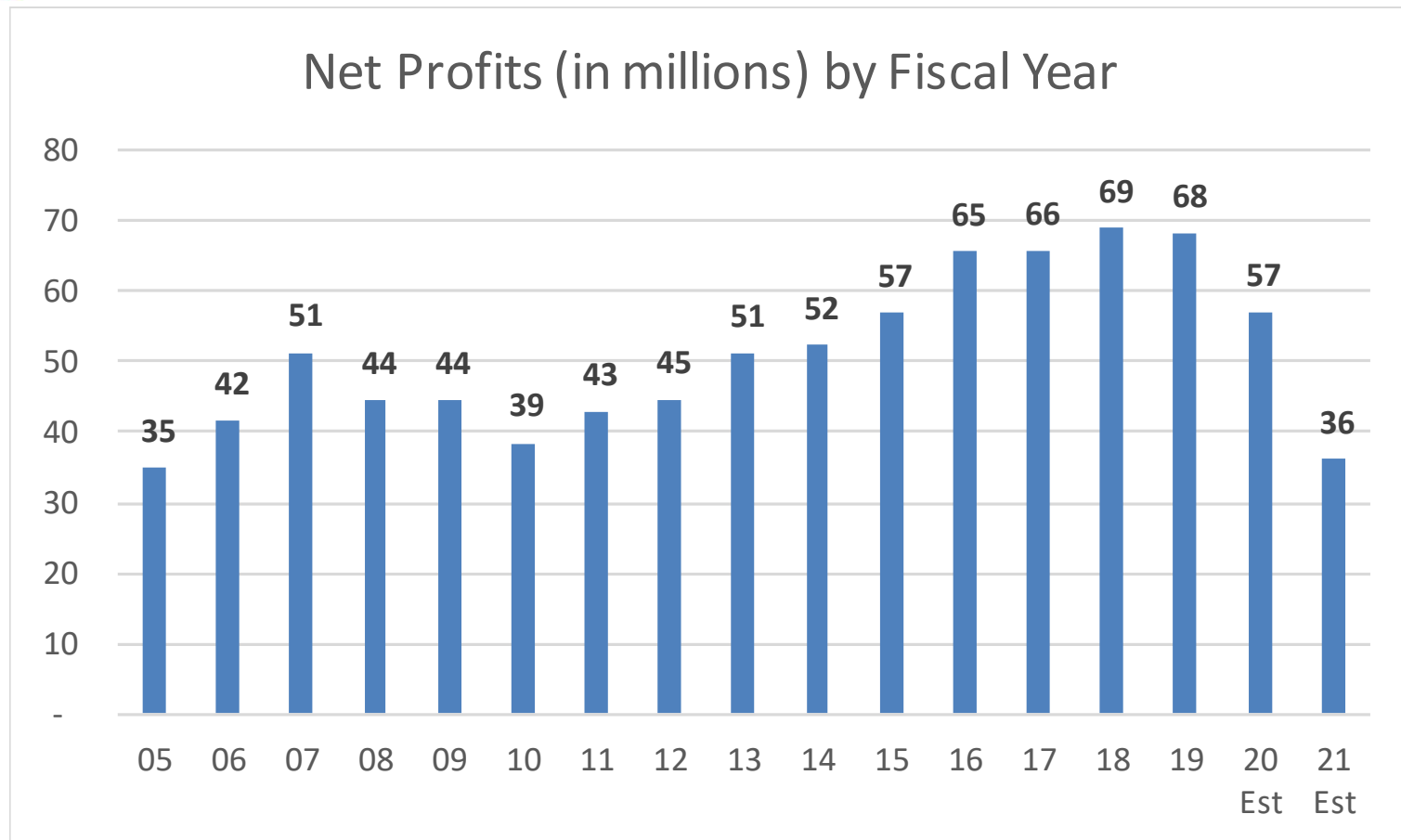
Recommended Executive Budget FY21-UPDATED 6/15/20



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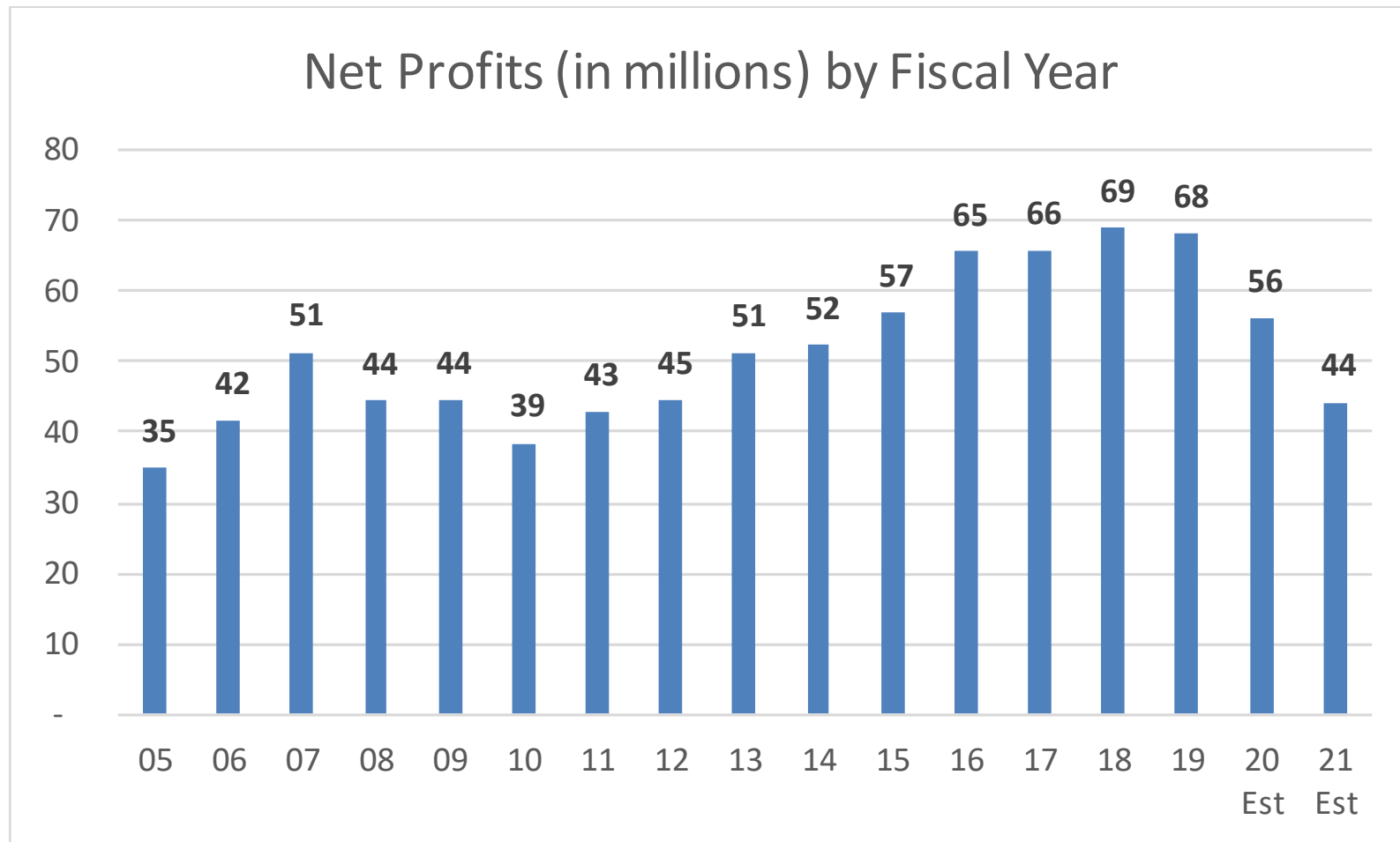
Recommended Executive Budget FY21



Display shows totals without the effect of shifting \$20M from 4/15/20 to 7/15/20



Recommended Executive Budget FY21-UPDATED 6/15/20



Display shows totals without the effect of shifting \$11.5M from 4/15/20 to 7/15/20



Recommended Executive Budget FY21

Requested Quarterly Revenue Spread

	Q1	Q2	Q3	Q4	FY21 TOTAL
Employee Withh	66,600,000	65,700,000	71,800,000	69,100,000	273,200,000
Net Profits	26,700,000	5,700,000	6,100,000	17,600,000	56,100,000
Insurance Premi	16,600,000	16,500,000	15,200,000	16,420,000	64,720,000
Water Co. Divide	5,110,000	4,850,000	4,840,000	4,840,000	19,640,000
1 Real & Personal P	1%	96%		3%	153,890,000
2 All Other	25%	25%	25%	25%	26,867,600

TOTAL:

594,417,600

1 As the Council is aware, Real & Personal Property taxes are due by 12/31 of each year, leading to large swings in the amount of revenue recorded in each quarter, but overall approximately 96% of this line item is received during Q2 & Q3. This is demonstrated by a review of the last nine fiscal years' receipts (in millions):

	Q2	Q3	Q2 & Q3
FY11	75.6	35.7	111.3
FY12	52.5	59.2	111.7
FY13	80.2	33.4	113.6
FY14	44.4	70.4	114.8
FY15	49.7	67.1	116.8
FY16	56.1	67.2	123.3
FY17	59.0	69.3	128.3
FY18	59.6	71.9	131.5
FY19	57.2	77.8	135.0
FY20	60.0	81.6	141.6
% Change from Prior Year			
	Q2	Q3	Q2 & Q3
FY12	(30.6%)	65.8%	0.4%
FY13	52.8%	(43.6%)	1.7%
FY14	(44.6%)	110.7%	1.1%
FY15	12.0%	(4.7%)	1.8%
FY16	12.8%	0.2%	5.6%
FY17	5.2%	3.1%	4.0%
FY18	1.0%	3.8%	2.5%
FY19	(4.0%)	8.2%	2.7%
FY20	4.9%	4.8%	4.9%

2 The remaining line items are not forecasted on a quarterly basis, but have been evenly divided, per the Council's request.



Recommended Executive Budget FY21-UPDATED 6/15/20

Requested Quarterly Revenue Spread

	Q1	Q2	Q3	Q4	FY21 TOTAL
Employee Withholdings	69,610,000	71,460,000	75,280,000	73,950,000	290,300,000
Net Profits	18,410,000	6,230,000	6,250,000	24,810,000	55,700,000
Insurance Premiums	16,600,000	16,500,000	15,200,000	16,420,000	64,720,000
Water Co. Dividend	5,110,000	4,850,000	4,790,000	4,780,000	19,530,000
1 Real & Personal Property	1%	96%		3%	153,890,000
2 All Other	25%	25%	25%	25%	25,987,600

TOTAL: **610,127,600**

¹ As the Council is aware, Real & Personal Property taxes are due by 12/31 of each year, leading to large swings in the amount of revenue recorded in each quarter, but overall approximately 96% of this line item is received during Q2 & Q3. This is demonstrated by a review of the last nine fiscal years' receipts (in millions):

	Q2	Q3	Q2 & Q3
FY11	75.6	35.7	111.3
FY12	52.5	59.2	111.7
FY13	80.2	33.4	113.6
FY14	44.4	70.4	114.8
FY15	49.7	67.1	116.8
FY16	56.1	67.2	123.3
FY17	59.0	69.3	128.3
FY18	59.6	71.9	131.5
FY19	57.2	77.8	135.0
FY20	60.0	81.6	141.6
% Change from Prior Year			
	Q2	Q3	Q2 & Q3
FY12	(30.6%)	65.8%	0.4%
FY13	52.8%	(43.6%)	1.7%
FY14	(44.6%)	110.7%	1.1%
FY15	12.0%	(4.7%)	1.8%
FY16	12.8%	0.2%	5.6%
FY17	5.2%	3.1%	4.0%
FY18	1.0%	3.8%	2.5%
FY19	(4.0%)	8.2%	2.7%
FY20	4.9%	4.8%	4.9%

² The remaining line items are not forecasted on a quarterly basis, but have been evenly divided, per the Council's request.



Recommended Executive Budget FY21

Requested Quarterly Revenue Spread

	Q1	Q2	Q3	Q4	FY21 TOTAL
Employee Withholdings	\$66,600,000	\$65,700,000	\$71,800,000	\$69,100,000	\$273,200,000
Net Profits	26,700,000	5,700,000	6,100,000	17,600,000	56,100,000
Insurance Premiums	16,600,000	16,500,000	15,200,000	16,420,000	64,720,000
Water Co. Dividend	5,110,000	4,850,000	4,840,000	4,840,000	19,640,000
Real & Personal Property	1,540,000	73,100,000	73,100,000	6,150,000	153,890,000
All Other	6,720,000	6,720,000	6,720,000	6,707,600	26,867,600
TOTAL:	\$123,270,000	\$172,570,000	\$177,760,000	\$120,817,600	\$594,417,600

	Q1 YTD	Q2 YTD	Q3 YTD	FY21 TOTAL
Employee Withholdings	\$66,600,000	\$132,300,000	\$204,100,000	\$273,200,000
Net Profits	26,700,000	32,400,000	38,500,000	56,100,000
Insurance Premiums	16,600,000	33,100,000	48,300,000	64,720,000
Water Co. Dividend	5,110,000	9,960,000	14,800,000	19,640,000
Real & Personal Property	1,540,000	74,640,000	147,740,000	153,890,000
All Other	6,720,000	13,440,000	20,160,000	26,867,600
TOTAL:	\$123,270,000	\$295,840,000	\$473,600,000	\$594,417,600



Recommended Executive Budget FY21-UPDATED 6/15/20

Requested Quarterly Revenue Spread

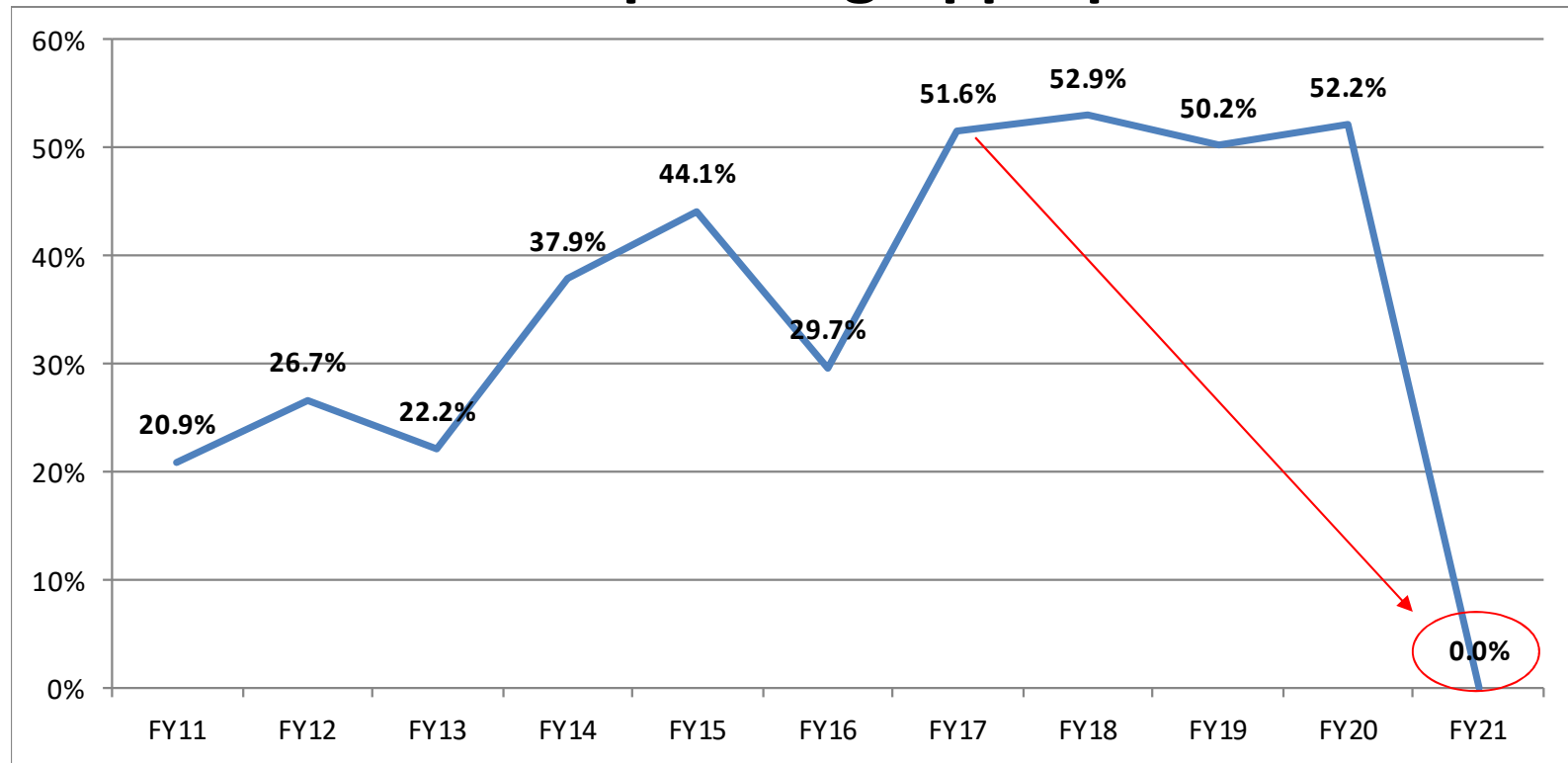
	Q1	Q2	Q3	Q4	FY21 TOTAL
Employee Withholdings	\$69,610,000	\$71,460,000	\$75,280,000	\$73,950,000	\$290,300,000
Net Profits	18,410,000	6,230,000	6,250,000	24,810,000	55,700,000
Insurance Premiums	16,600,000	16,500,000	15,200,000	16,420,000	64,720,000
Water Co. Dividend	5,110,000	4,850,000	4,790,000	4,780,000	19,530,000
Real & Personal Property	1,540,000	73,100,000	73,100,000	6,150,000	153,890,000
All Other	6,500,000	6,500,000	6,500,000	6,487,600	25,987,600
TOTAL:	\$117,770,000	\$178,640,000	\$181,120,000	\$132,597,600	\$610,127,600

	Q1 YTD	Q2 YTD	Q3 YTD	FY21 TOTAL
Employee Withholdings	\$69,610,000	\$141,070,000	\$216,350,000	\$290,300,000
Net Profits	18,410,000	24,640,000	30,890,000	55,700,000
Insurance Premiums	16,600,000	33,100,000	48,300,000	64,720,000
Water Co. Dividend	5,110,000	9,960,000	14,750,000	19,530,000
Real & Personal Property	1,540,000	74,640,000	147,740,000	153,890,000
All Other	6,500,000	13,000,000	19,500,000	25,987,600
TOTAL:	\$117,770,000	\$296,410,000	\$477,530,000	\$610,127,600



Recommended Executive Budget FY21

Road Funding (MAP) Historical Ratios of Capital and Operating Appropriations



	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Operating \$	9,463,700	10,693,700	11,641,000	9,441,000	8,541,000	8,541,000	6,000,000	6,000,000	6,500,000	6,500,000	\$ 12,270,000
Capital	2,502,700	3,896,300	3,319,000	5,759,700	6,749,000	3,609,000	6,400,000	6,750,000	6,550,000	7,090,400	-
Total \$	11,966,400	14,590,000	14,960,000	15,200,700	15,290,000	12,150,000	12,400,000	12,750,000	13,050,000	13,590,400	\$ 12,270,000



Structural Budget Issues Remain

- In FY21, there are no funds from CARES after 12/30/20 should the immediate response, public health response, human service response, and small business response need to be maintained
- In FY22, there are likely four primary issues to address:
 - FY21 Budget is using \$7.6M of non-recurring funds for operations
 - FY21 Budget is using \$5.8M of MAP funding in operating budget that would otherwise normally go toward the capital budget
 - FY21 Budget is using \$11.5M of Net Profit shifted from FY20 into FY21 (this will be non-recurring in FY22)
 - FY22 Budget is likely to see the resumption of 12% pension (CERS) increases whereas FY21 had a 0% increase



Recommended Executive Budget FY21

QUESTION AND ANSWER