

FY23 Metro Budget Overview

MAY 9, 2022



AGENDA

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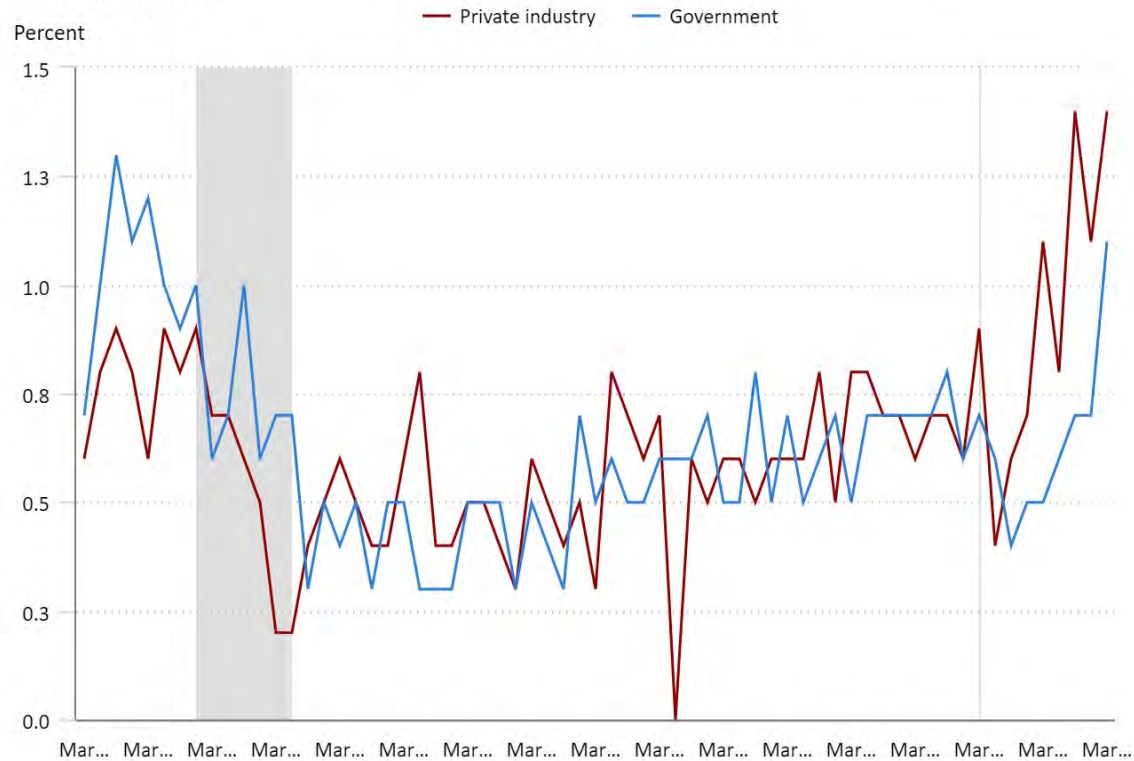
Question & Answer

INTRODUCTION



Economic Updates

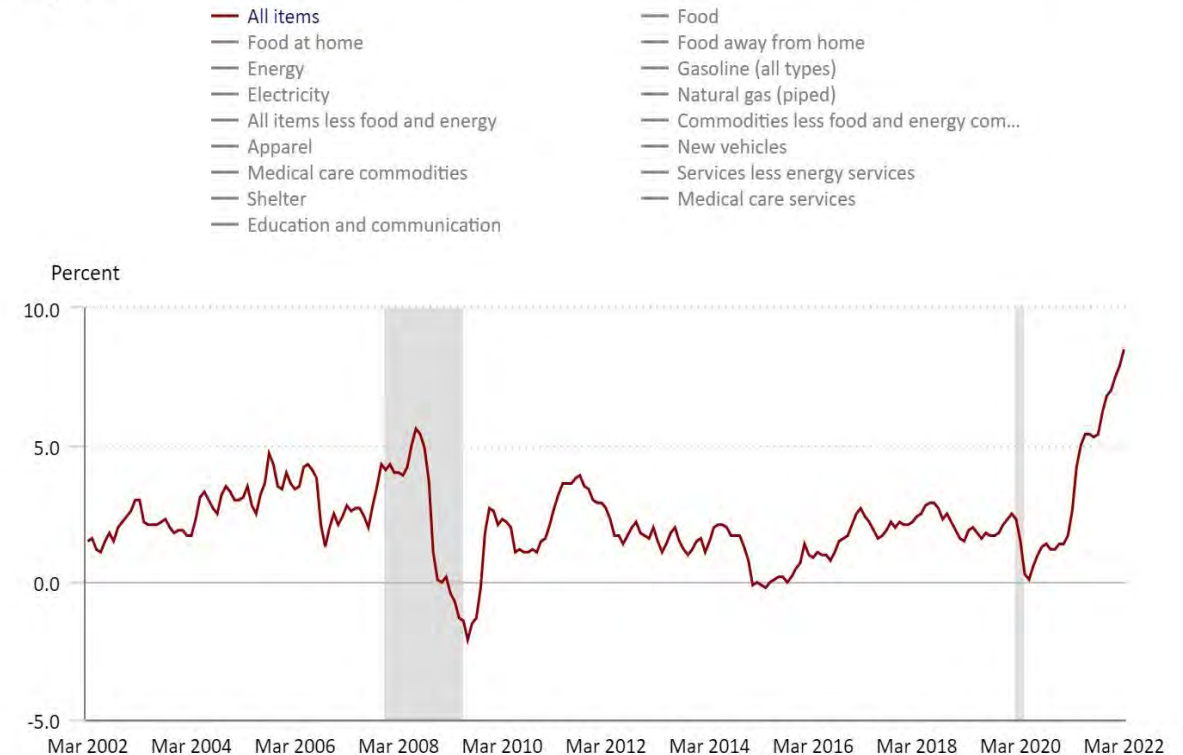
Compensation in private industry and state and local government, 3-month percent change, seasonally adjusted



Hover over chart to view data.
 Note: Shaded area represents recession, as determined by the National Bureau of Economic Research.
 Source: U.S. Bureau of Labor Statistics.



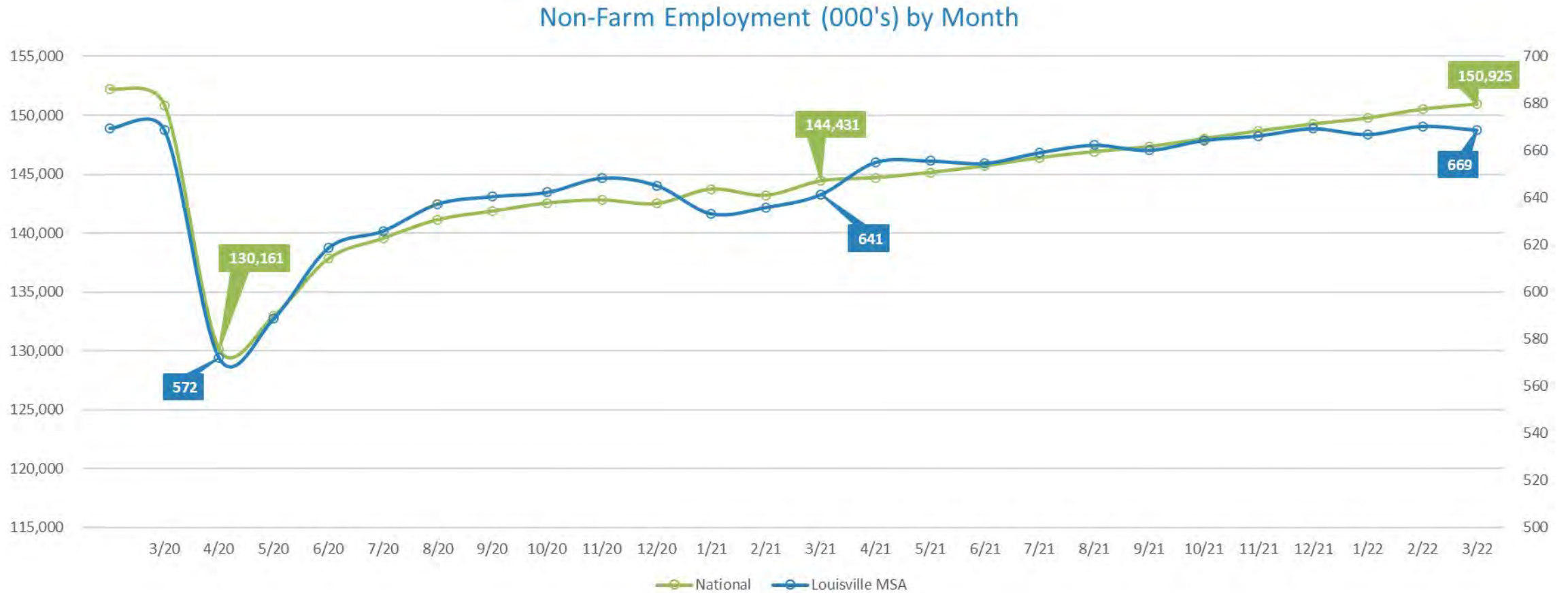
12-month percentage change, Consumer Price Index, selected categories, not seasonally adjusted



Hover over chart to view data.
 Note: Shaded area represents recession, as determined by the National Bureau of Economic Research.
 Source: U.S. Bureau of Labor Statistics.

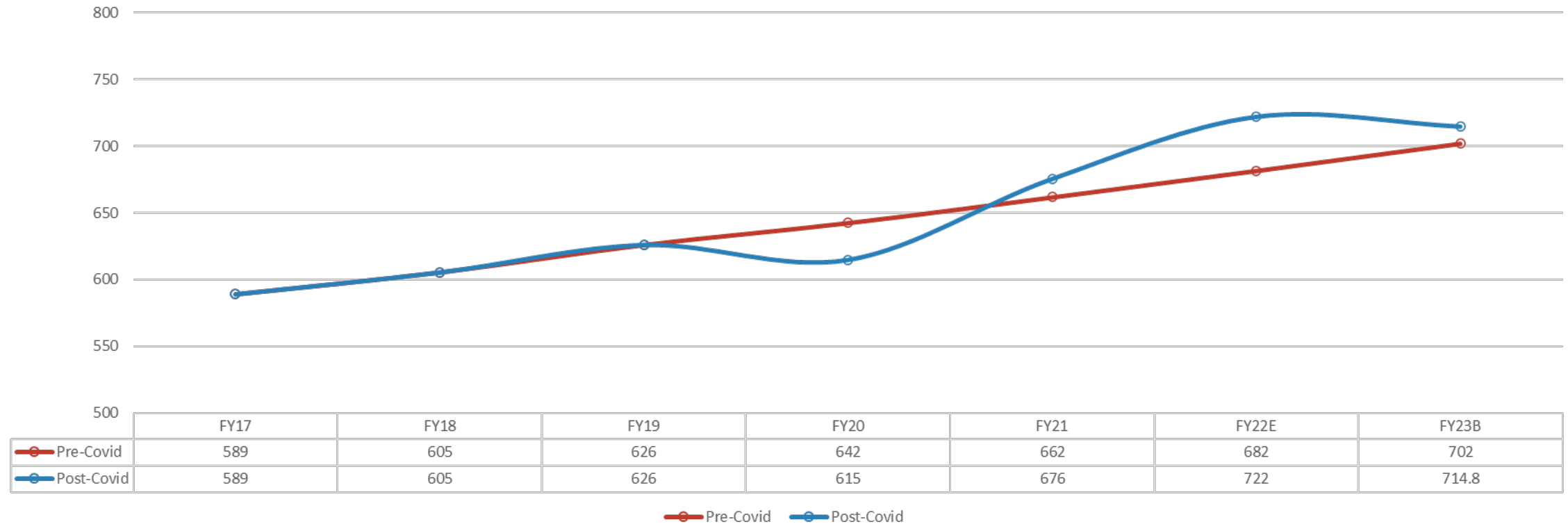


National Economic Overview



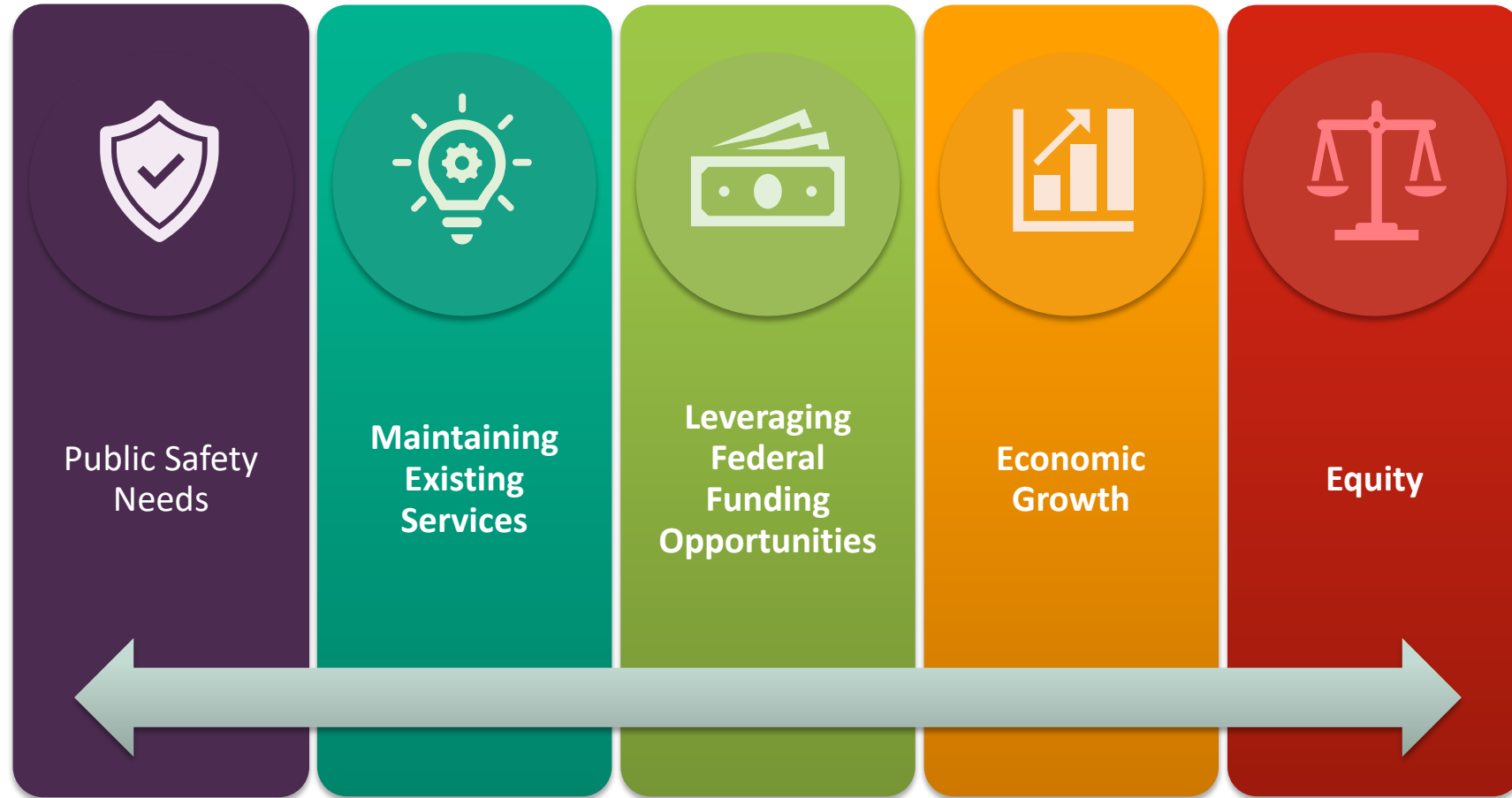
Local Economic Overview

Louisville Metro General Fund Revenue (in millions)









Pre-Covid estimates are FY20 Q2 Actual; FY21 to FY23 shown at 3% annual growth rate.

FY23 Budget Focus



Federal Funds Update

-  **\$133.8M of Coronavirus Aid, Relief, and Economic Security Act (CARES) funding received in March 2020 fully expended**
-  **\$103M of Emergency Rental Assistance Program (ERAP 1 & 2) funding forecasted to be fully expended before October 2022**
-  **\$388.3M of American Rescue Plan (ARP) all funds expected to be distributed by June 2022.
Expenditures must be obligated by 12/31/24. Appropriations through proposed fourth round total \$335.3M.**
-  **Home funding for housing related projects.**
-  **Numerous other federal funding sources available to Metro and to the broader Louisville community through ARP**
-  **BIL Funding opportunities in excess of hundreds of millions through formula and competitive grants.**

GF Unassigned Fund Balance

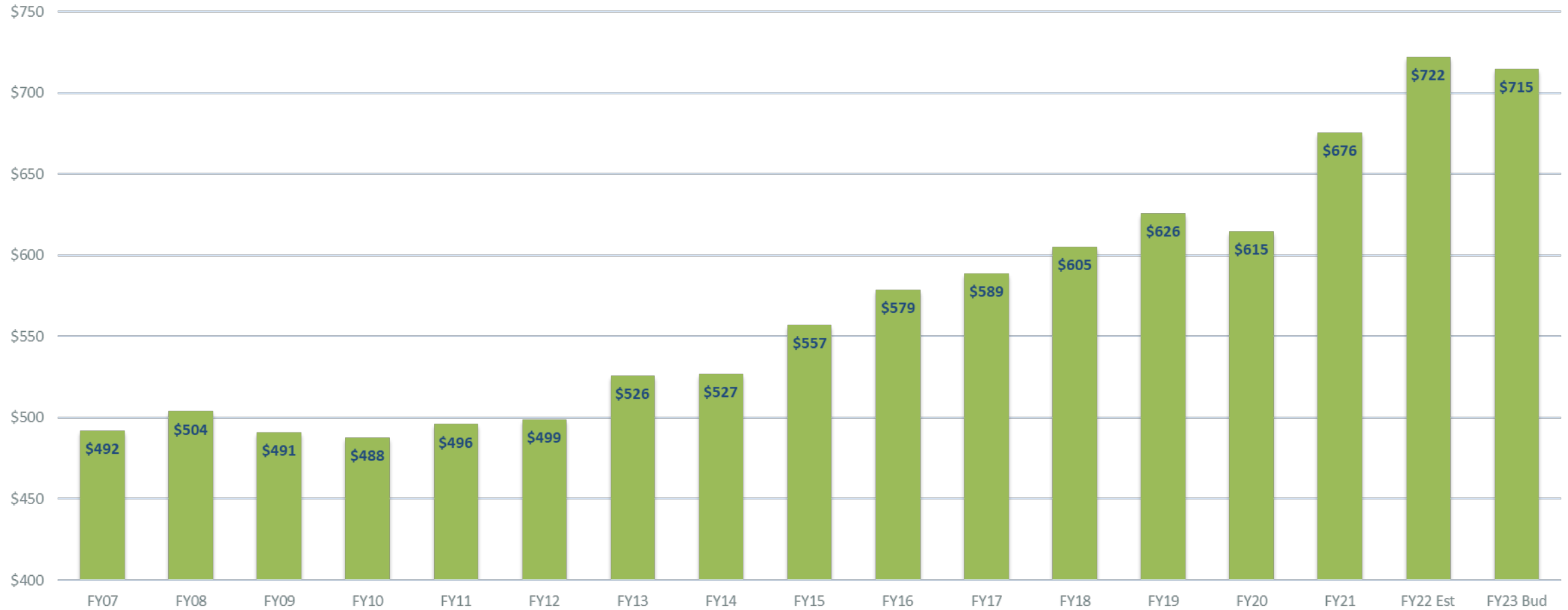


REVENUE OVERVIEW



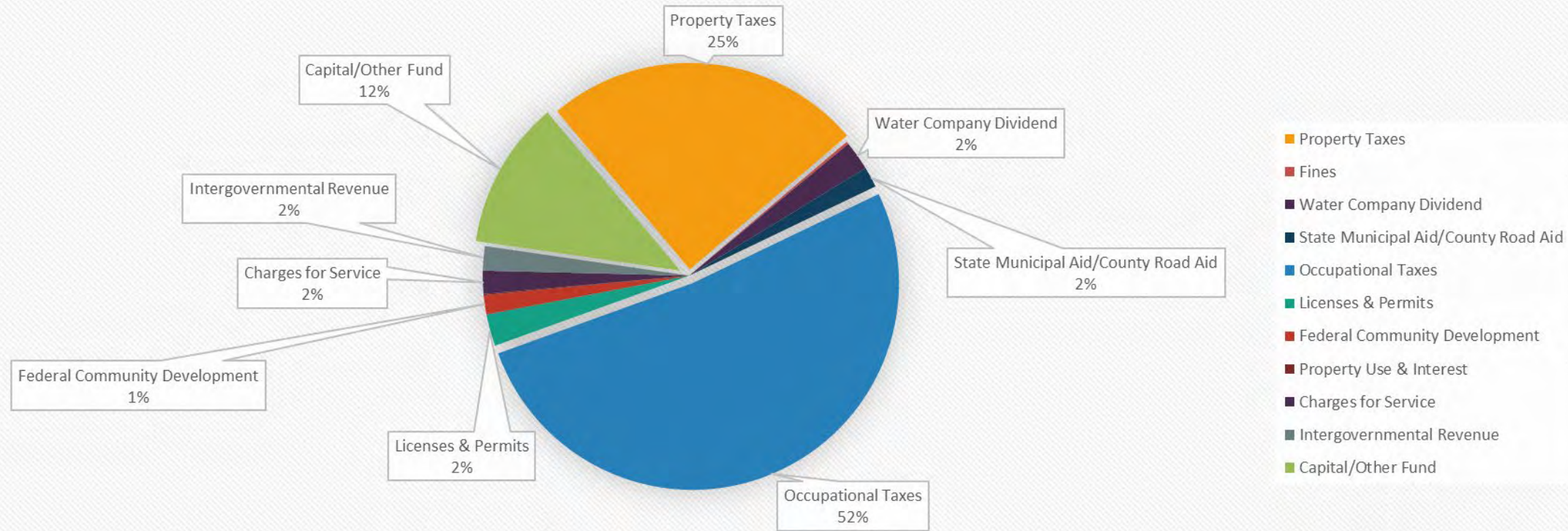
General Fund

General Fund (in millions)



LOUISVILLE METRO SOURCES OF REVENUE FISCAL YEAR 2022-2023

General Fund - Municipal Aid/County Road Aid Community Development Fund - Capital/Other Fund

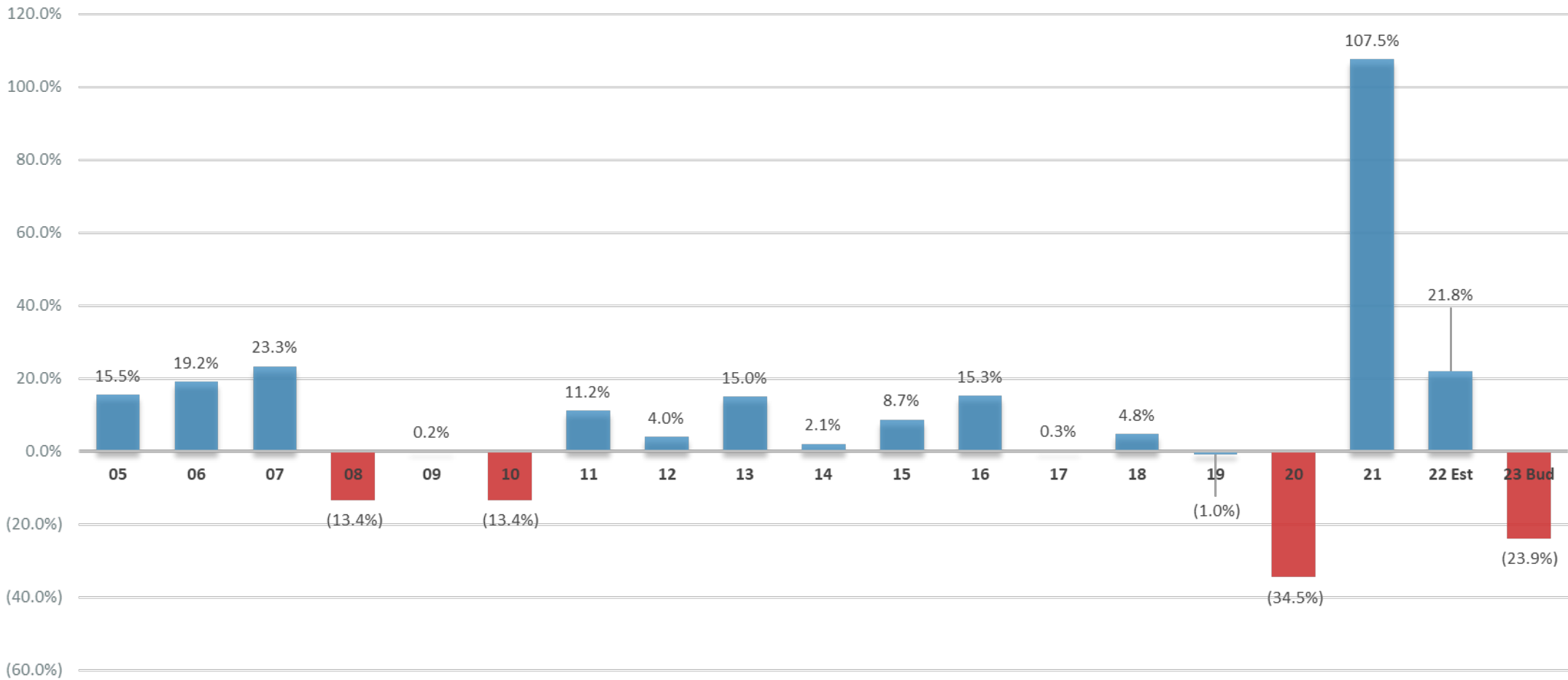


FY23 GF Revenue (in \$000s) Growth Forecast

	FY22 Est	FY23 Budget	Growth		
			Forecast	% Growth	*CAGR 5 %
R&P Property	\$164,200	\$170,770	\$6,570	4.0%	6.7%
Payroll	322,260	335,360	13,100	4.1%	0.3%
Net Profits	112,850	85,930	(26,920)	(23.9%)	107.5%
Insurance	70,230	71,980	1,750	2.5%	3.2%
Water Co.	18,490	19,630	1,140	6.2%	(4.3%)
Other	34,061	31,120	(2,941)	(8.6%)	1.3%
Total GF	\$722,091	\$714,790	(\$7,301)	(1.0%)	9.9%

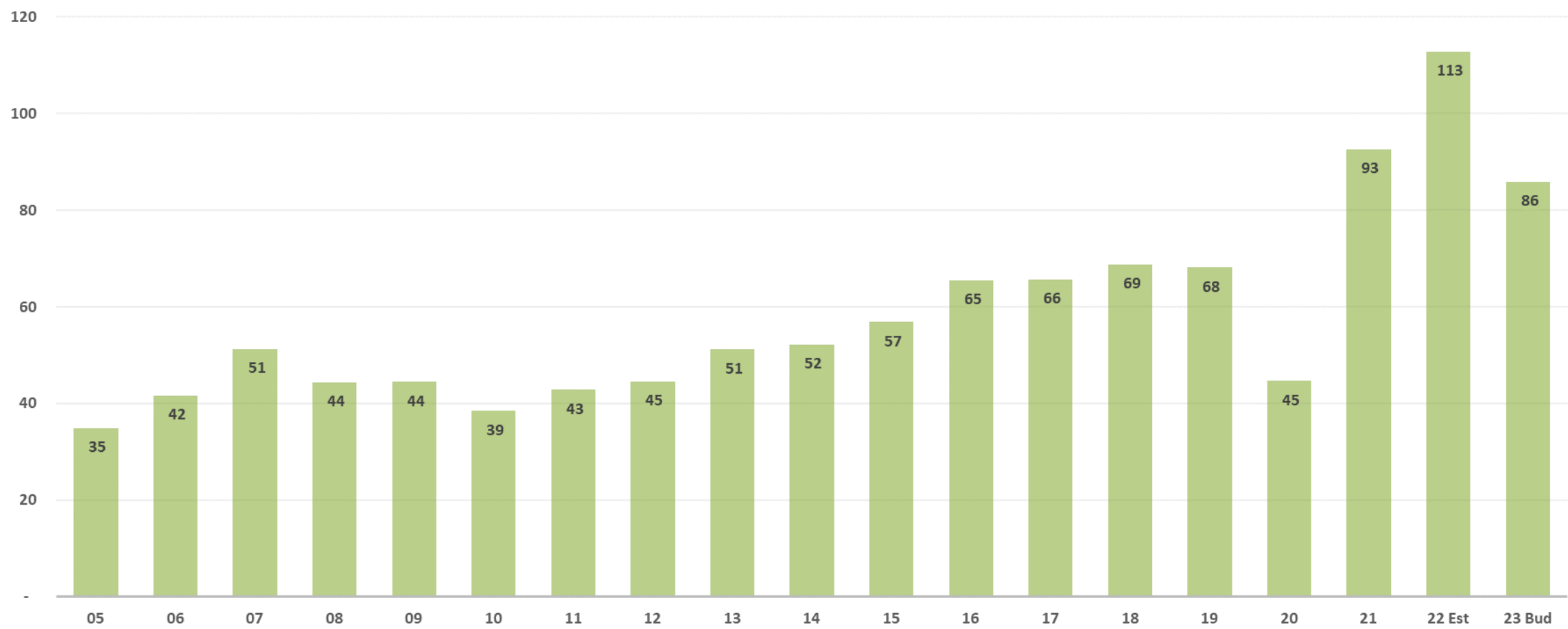
***CAGR 5% is the Compound Average Growth Rate for the past 5 years, FY18-FY23**

Metro Net Profits Growth Rate by Fiscal Year



Display reflects actual collections. Due to delay of tax filing deadline approximately \$11.5M that would have been paid on 4/15/20 was received 7/15/20

Metro Net Profits by Fiscal Year



Display reflects actual collections. Due to delay of tax filing deadline approximately \$11.5M that would have been paid on 4/15/20 was received 7/15/20

Requested Quarterly Revenue Spread

	Q1	Q2	Q3	Q4	FY23 TOTAL
Employee Withholdings	80,010,000	81,780,000	87,550,000	86,020,000	335,360,000
Net Profits	14,370,000	7,860,000	13,160,000	50,540,000	85,930,000
Insurance Premiums	18,050,000	18,100,000	17,570,000	18,260,000	71,980,000
Water Co. Dividend	4,750,000	4,860,000	5,010,000	5,010,000	19,630,000
1 Real & Personal Property	1%	95%		4%	170,770,000
2 All Other	25%	25%	25%	25%	31,120,000

TOTAL:

714,790,000

- 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 95% of this line item is received during Q2 & Q3. This is demonstrated by a review of the last 11 fiscal years' receipts including swings of up to -45% and +111% by quarter.
- 2 The remaining line items are not forecasted on a quarterly basis, but have been evenly divided, per the Council's request.

Requested Quarterly Revenue Spread

	Q1	Q2	Q3	Q4	FY23 TOTAL
Employee Withholdings	\$80,010,000	\$81,780,000	\$87,550,000	\$86,020,000	\$335,360,000
Net Profits	14,370,000	7,860,000	13,160,000	50,540,000	85,930,000
Insurance Premiums	18,050,000	18,100,000	17,570,000	18,260,000	71,980,000
Water Co. Dividend	4,750,000	4,860,000	5,010,000	5,010,000	19,630,000
Real & Personal Property	1,710,000	81,120,000	81,120,000	6,820,000	170,770,000
All Other	7,780,000	7,780,000	7,780,000	7,780,000	31,120,000
TOTAL:	\$126,670,000	\$201,500,000	\$212,190,000	\$174,430,000	\$714,790,000

	Q1 YTD	Q2 YTD	Q3 YTD	FY23 TOTAL
Employee Withholdings	\$80,010,000	\$161,790,000	\$249,340,000	\$335,360,000
Net Profits	14,370,000	22,230,000	35,390,000	85,930,000
Insurance Premiums	18,050,000	36,150,000	53,720,000	71,980,000
Water Co. Dividend	4,750,000	9,610,000	14,620,000	19,630,000
Real & Personal Property	1,710,000	82,830,000	163,950,000	170,770,000
All Other	7,780,000	15,560,000	23,340,000	31,120,000
TOTAL:	\$126,670,000	\$328,170,000	\$540,360,000	\$714,790,000

QUESTION AND ANSWER

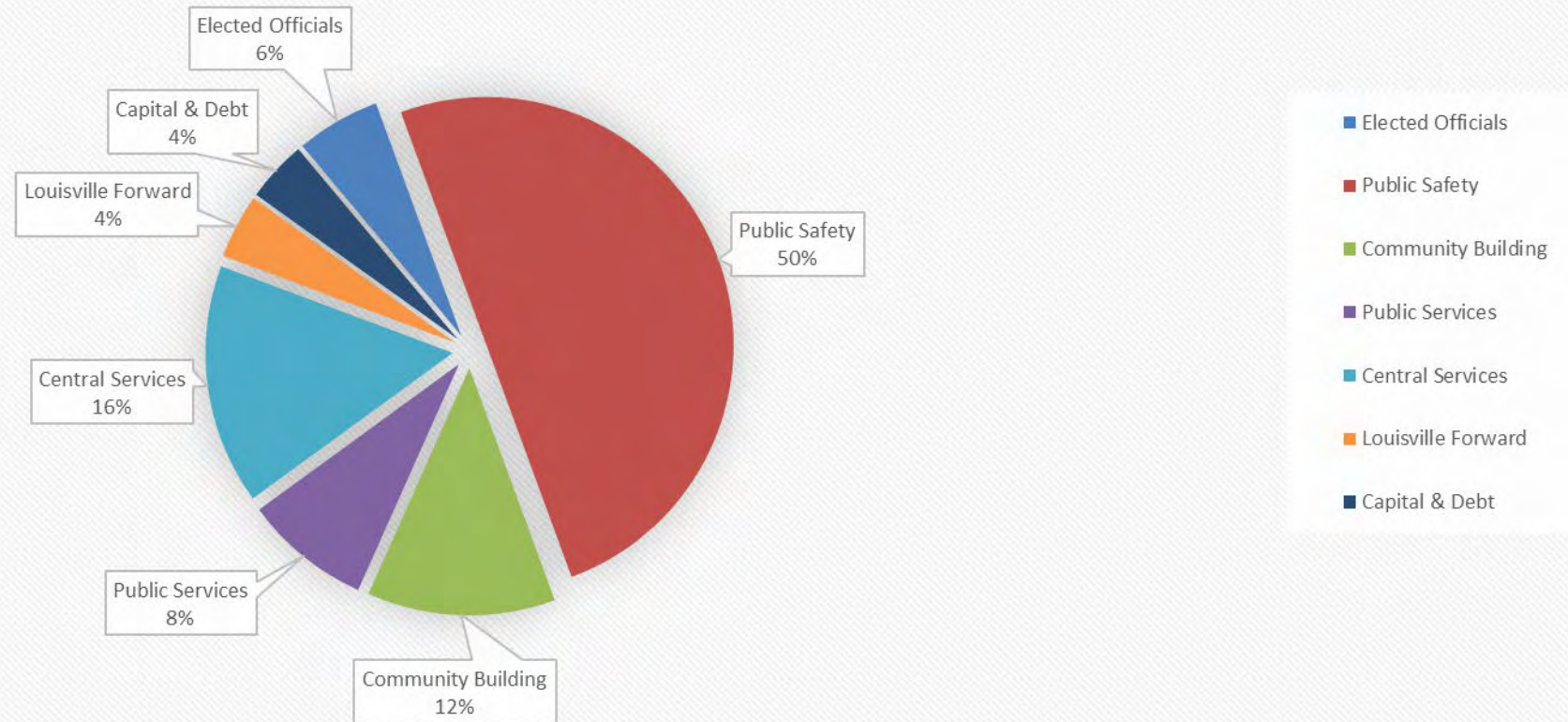


OPERATING OVERVIEW

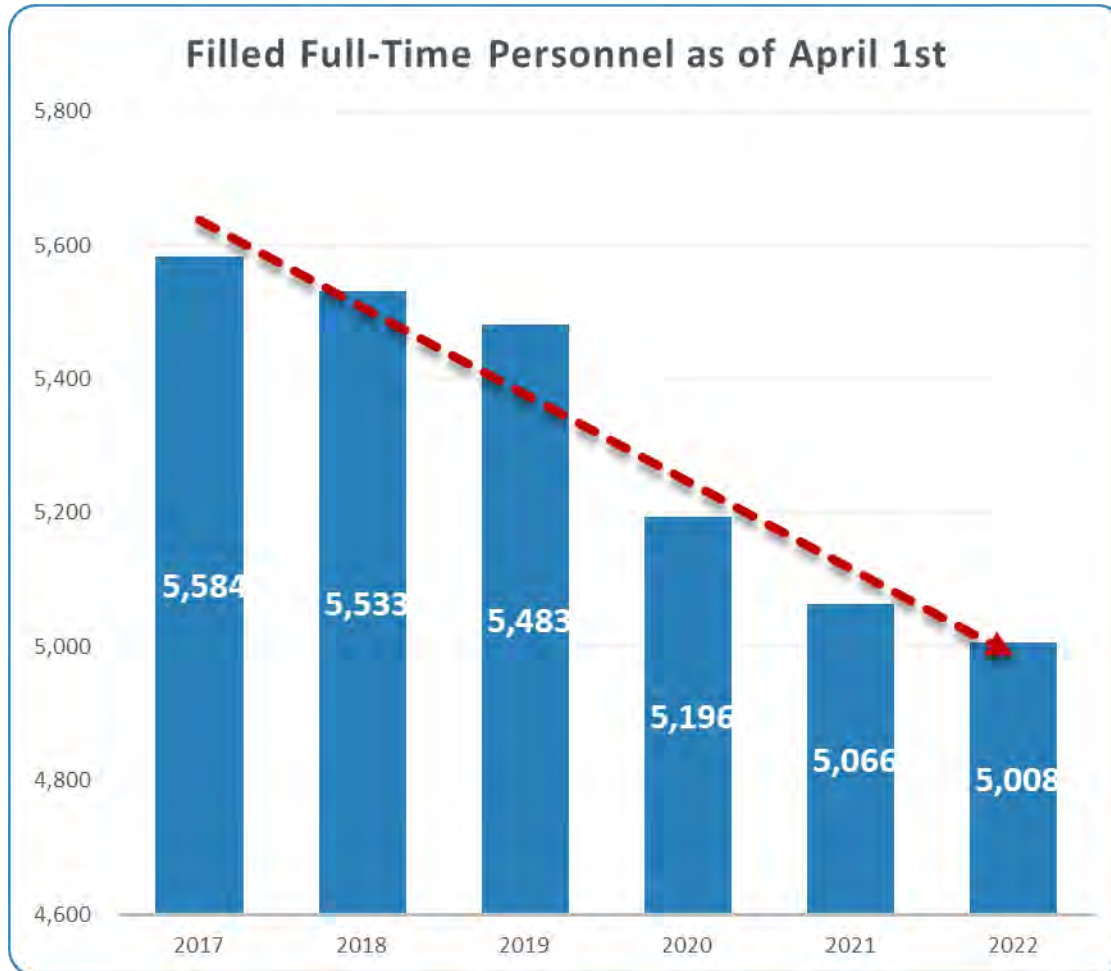


LOUISVILLE METRO EXPENDITURES (BY CATEGORY) FISCAL YEAR 2022-2023

General Fund - Municipal Aid/County Road Aid Community Development Fund - Capital/Other Fund



Personnel



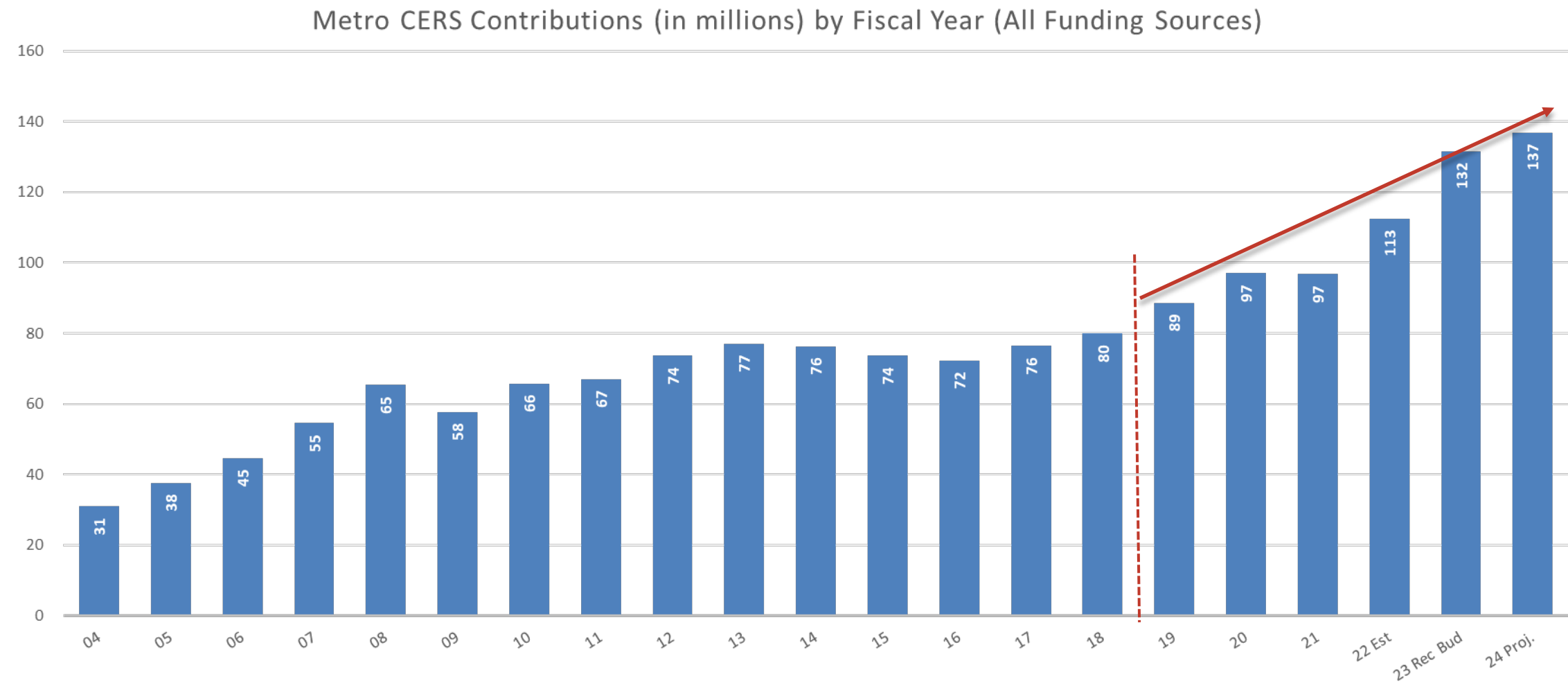
Filled Position Comparison

	Full-Time	Part-Time	Other	Total
4/1/2022	5,008	280	132	5,420
4/1/2021	5,066	263	134	5,463
4/1/2020	5,196	284	133	5,613
4/1/2019	5,483	318	136	5,937
4/1/2018	5,533	316	185	6,034
4/1/2017	5,584	285	190	6,059
Net	(576)	(5)	(58)	(639)

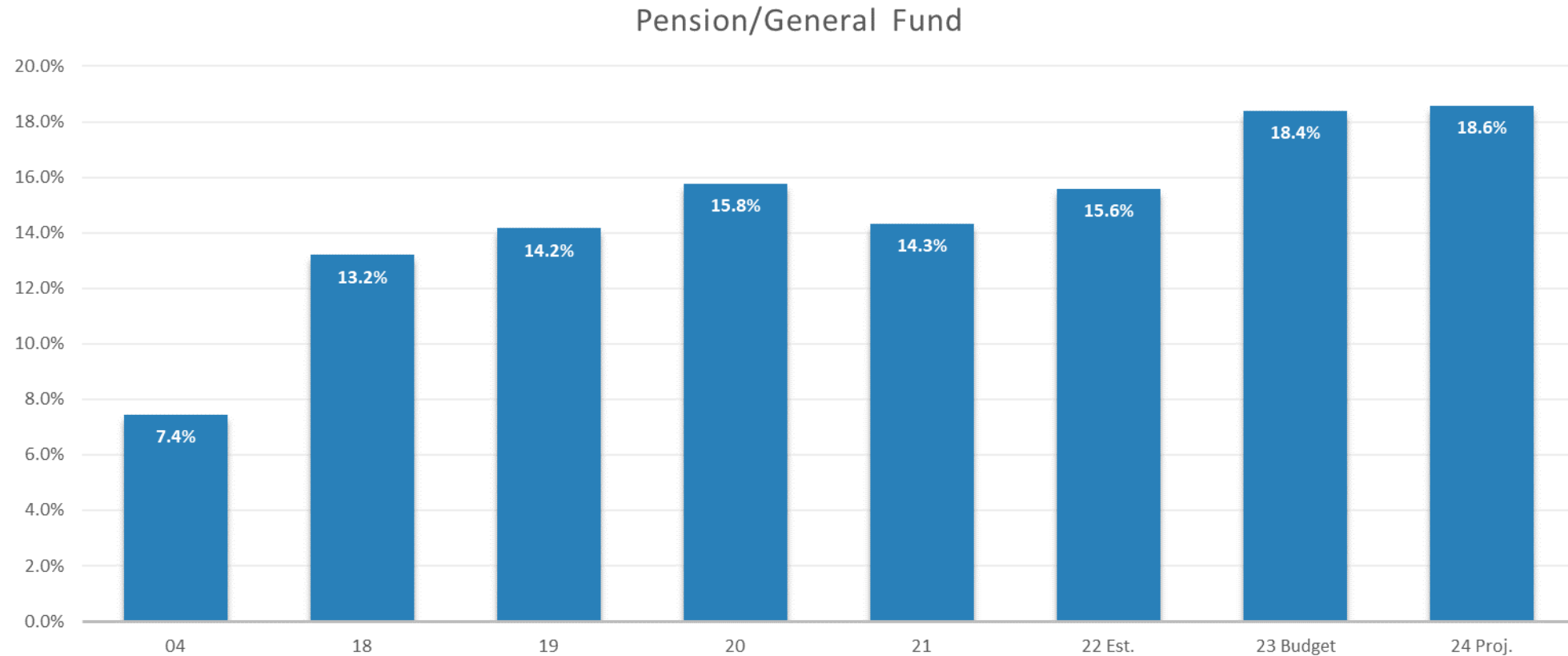
CERS Rate History

<u>Hazardous Duty</u>				<u>Non-Hazardous Duty</u>			
<u>Year</u>	<u>Rate</u>	<u>% Change from Prior Year</u>	<u>Cumulative % Change since FY04</u>	<u>Year</u>	<u>Rate</u>	<u>% Change from Prior Year</u>	<u>Cumulative % Change since FY04</u>
FY04	18.51	13.7%		FY04	7.34	15.8%	
FY05	22.08	19.3%	19%	FY05	8.48	15.5%	16%
FY06	25.01	13.3%	35%	FY06	10.98	29.5%	50%
FY07	28.21	12.8%	52%	FY07	13.19	20.1%	80%
FY08	33.87	20.1%	83%	FY08	16.17	22.6%	120%
FY09	29.50	(12.9%)	59%	FY09	13.50	(16.5%)	84%
FY10	32.97	11.8%	78%	FY10	16.16	19.7%	120%
FY11	33.25	0.8%	80%	FY11	16.93	4.8%	131%
FY12	35.76	7.5%	93%	FY12	18.96	12.0%	158%
FY13	37.60	5.1%	103%	FY13	19.55	3.1%	166%
FY14	35.70	(5.1%)	93%	FY14	18.89	(3.4%)	157%
FY15	34.31	(3.9%)	85%	FY15	17.67	(6.5%)	141%
FY16	32.95	(4.0%)	78%	FY16	17.06	(3.5%)	132%
FY17	31.06	(5.7%)	68%	FY17	18.68	9.5%	154%
FY18	31.55	1.6%	70%	FY18	19.18	2.7%	161%
FY19	35.34	12.0%	91%	FY19	21.48	12.0%	193%
FY20	39.58	12.0%	114%	FY20	24.06	12.0%	228%
FY21	39.58	0.0%	114%	FY21	24.06	0.0%	228%
FY22	44.33	12.0%	139%	FY22	26.95	12.0%	267%
FY23	49.59	11.9%	167.9%	FY23	26.79	(0.6%)	265%
FY24	46.66	(5.9%)	152.1%	FY24	25.18	(6.0%)	243%

Metro CERS Contributions (in millions) by Fiscal Year (All Funding Sources)

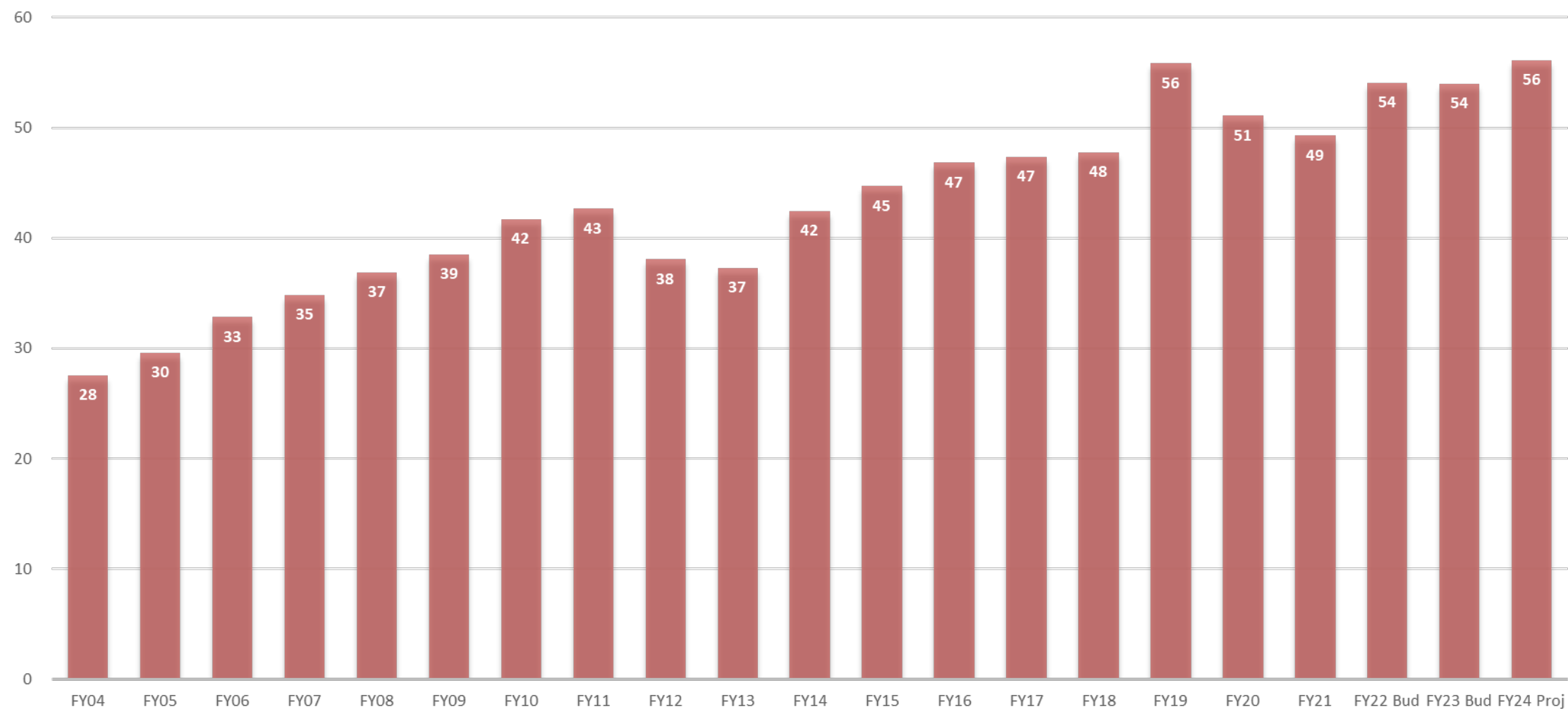


Pension as a Percentage of General Fund Revenues by Fiscal Year



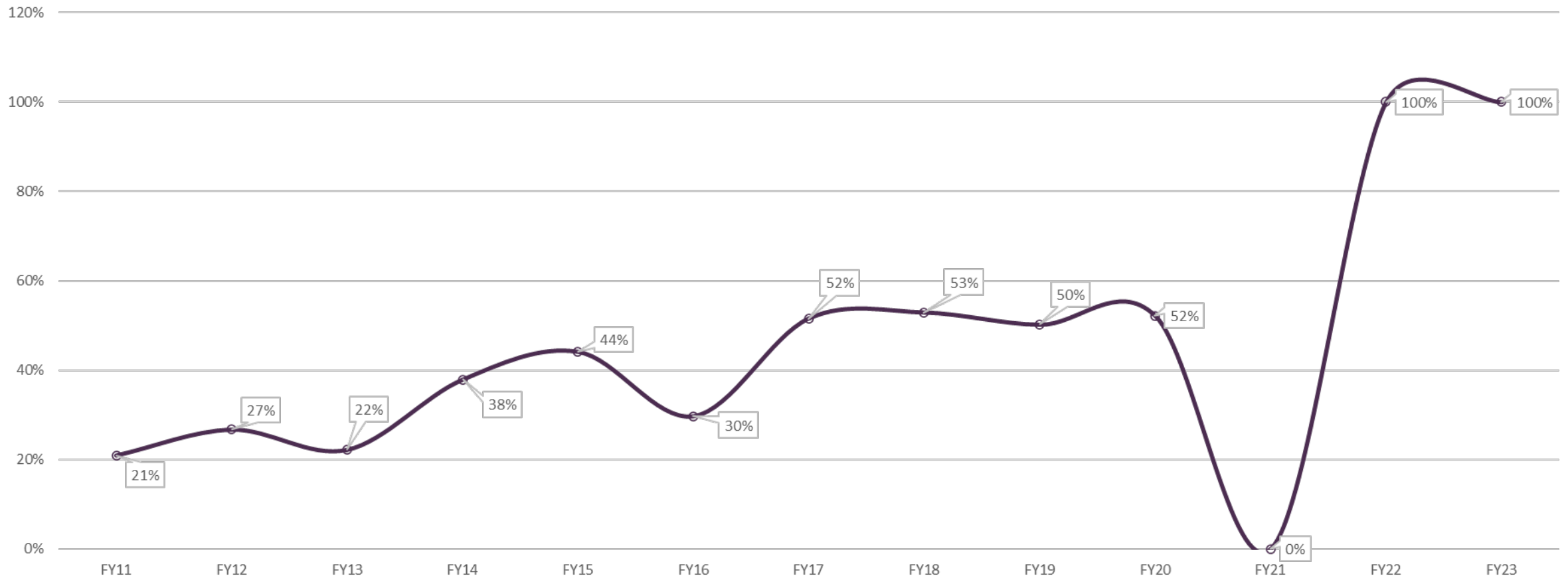
FY24 Projection assumes General Fund revenue growth of 3%, CERS pension reduction of 6% and 3% wage growth.

Metro Health Insurance Costs



Note: FY24 assumes a 4% increase over the prior year

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



	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
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	-	12,210,000	12,840,000
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	\$ 12,210,000	\$ 12,840,000

LOUISVILLE METRO SUMMARY OF ANNUAL FUND APPROPRIATIONS

FISCAL YEARS 2020 - 2025

	FY20 Budget	FY21 Budget	FY22 Budget	FY23 Budget		FY24 Forecast	FY25 Forecast
Available Funds	623,445,800	613,267,600	658,160,000	714,790,000		739,807,650	765,700,918
Non-Recurring Funding Sources		10,698,100	89,966,200	83,530,900		15,000,000	-
Transfer To/From Capital Fund	650,100	(30,100)	(30,105,400)	(8,742,600)			
Committed for Unassigned Fund Balance		(20,800)	(1,300,000)	(11,000,000)			
	624,095,900	623,914,800	716,720,800	778,578,300		754,807,650	765,700,918
Appropriations to Operating Budget	623,609,400	622,928,300	716,234,300	778,091,800		824,777,308	874,263,946
Appropriations to Capital Budget	-	-	-	-		-	-
Appropriations to Debt Service	486,500	986,500	486,500	486,500		486,500	486,500
	624,095,900	623,914,800	716,720,800	778,578,300		825,263,808	874,750,446
Funding Need	-	-	-	-		(70,456,158)	(109,049,529)

Key Assumptions:

- 1 Assumes revenue growth of 3.5% in FY24 and FY25
- 2 Assumes Operating Budget growth of 6% in FY24 and FY25
- 3 Assumes accessing \$15 million of ARP restricted funds for use in FY24; Without this funding source, the funding need would be \$85 million
- 4 Assumes revenues and expenditures balance at end of fiscal year
- 5 Assumes no transfer to the Capital Fund
- 6 Assumes no funding considered Committed for Unassigned Fund Balance

QUESTION AND ANSWER

The background of the image is a dark, textured surface. It is decorated with several large, spherical, ribbed lanterns in shades of light blue and white, which are hanging from above. In the upper left corner, there are strings of small, warm-toned lights that create a bokeh effect.

DEBT MANAGEMENT OVERVIEW



Louisville Metro Debt Service FY 2022-2023

FY23 Debt Service Paid by the Office of Management & Budget				
Issue	Gross Debt Service	External Source of Debt Service	Net Debt Service	Budgeted Amount
2007A	4,325,594	4,239,082	86,512	86,600
Line of Credit	400,000	-	400,000	400,000
SUBTOTAL:	4,725,594	4,239,082	486,512	486,600
FY23 Debt Service Paid by the Revenue Commission				
Issue	Gross Debt Service	External Source of Debt Service	Net Debt Service	Budgeted Amount
2009A	790,500	-	790,500	790,500
2009F	8,337,211	1,309,482	7,027,730	7,027,700
2010C	733,199	241,306	491,893	491,900
2010D	2,855,800	950,000	1,905,800	1,905,900
2010E	679,000	-	679,000	679,100
2013A	676,581	-	676,581	676,600
2013B	1,823,798	-	1,823,798	1,823,800
2014D	746,650	-	746,650	746,700
2014F	2,393,400	-	2,393,400	2,393,400
2015A	1,791,175	460,000	1,331,175	1,331,200
2015B	685,528	-	685,528	685,500
2015B Ctr City	1,820,646	763,020	1,057,626	1,057,600
2016A	4,414,900	-	4,414,900	4,414,900
2016B	4,184,294	1,144,680	3,039,614	3,039,600
2017A	9,351,444	207,390	9,144,054	9,144,100
2017B	262,795	-	262,795	262,800
2018A	588,994	-	588,994	589,000
2018B	1,566,507	-	1,566,507	1,566,500
2019A	5,792,400	-	5,792,400	5,792,400
2020A	4,984,775	-	4,984,775	4,984,800
2022A	12,628,358	61,288	12,567,070	12,567,100
SUBTOTAL:	\$67,107,955	5,137,166	\$61,970,790	\$61,971,100
FY23 TOTAL:	\$71,833,549	\$9,376,247	\$62,457,302	\$62,457,700

Outstanding Debt Level

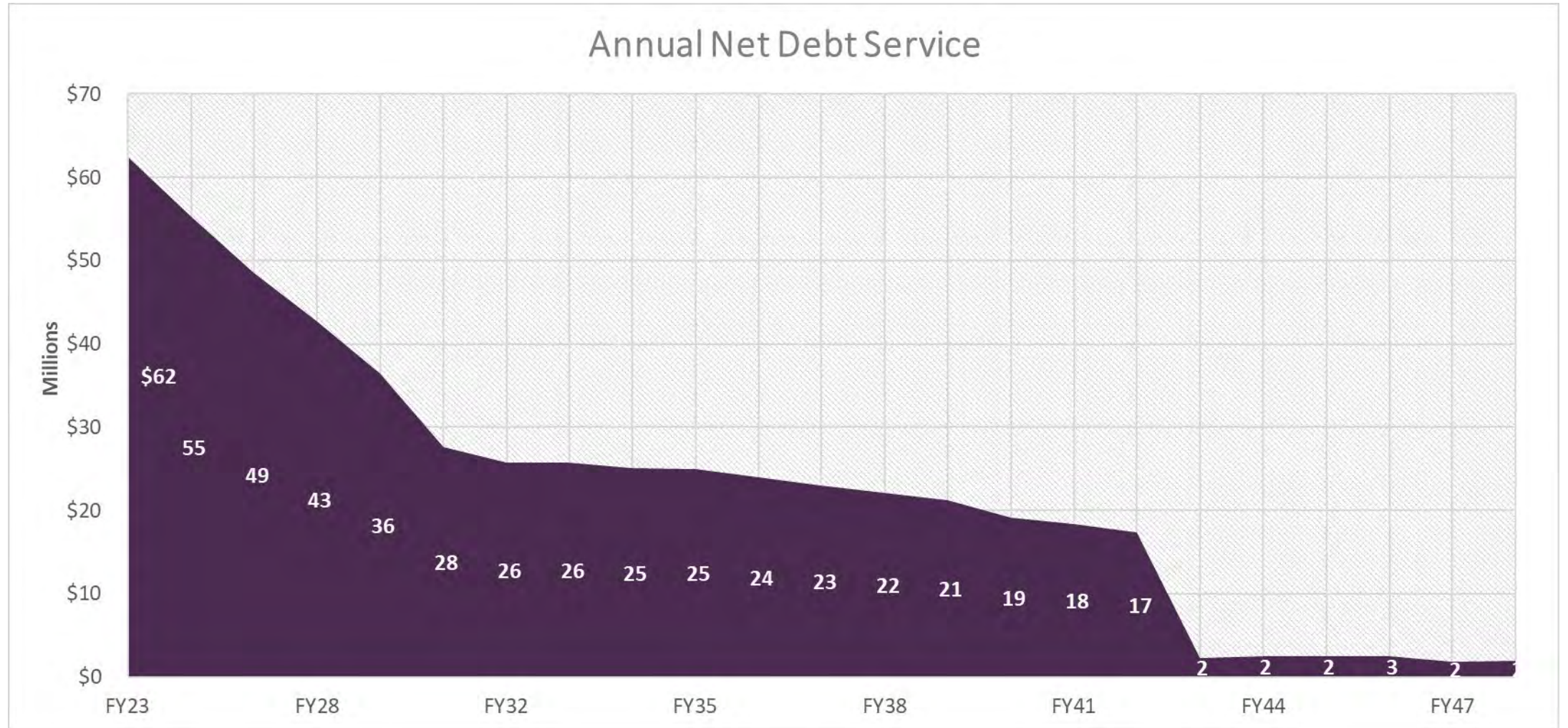
Outstanding Debt as a Percentage of Budgeted General Fund Revenue

	Totals in Millions												<u>Est FY22</u>	<u>Est FY23</u>
	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21		
Outstanding Debt (Audit)	\$450	\$428	\$393	\$371	\$340	\$331	\$468	\$494	\$544	\$502	\$494	\$491	\$699	\$696
General Fund Table (Budget)	\$488	\$496	\$499	\$526	\$527	\$557	\$579	\$589	\$605	\$626	\$615	\$676	\$722	\$715
Debt as a % of General Fund:	92%	86%	79%	71%	65%	59%	81%	84%	90%	80%	80%	73%	97%	97%

Debt Service as a Percentage of Budgeted General Fund Revenue

	Totals in Millions												<u>Est FY22</u>	<u>Est FY23</u>
	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21		
GF Budgeted Revenue	\$488	\$496	\$499	\$526	\$527	\$557	\$559	\$583	\$605	\$626	\$615	\$676	\$722	\$715
Contra Addback	\$18	\$24	\$25	\$25	\$29	\$33	\$38	\$44	\$47	\$49	\$49	\$53	\$58	\$62
Total Revenue	\$506	\$520	\$523	\$550	\$556	\$590	\$597	\$627	\$652	\$675	\$664	\$728	\$780	\$777
Budgeted Net Debt Service	\$37	\$43	\$45	\$45	\$44	\$48	\$50	\$52	\$55	\$56	\$56	\$52	\$60	\$62
Net Debt Service/Total Rev:	7.4%	8.2%	8.6%	8.2%	8.0%	8.1%	8.4%	8.2%	8.4%	8.3%	8.5%	7.1%	7.8%	8.0%

Long-Term Debt Service



Metro Credit Ratings

Metro Louisville Bond Ratings				
	Pre-Merger County	Pre-Merger City	Merger	Current
Fitch	N/A	N/A	N/A	AAA
S&P	AA	AA-	AA	AA
Moody's	Aa2	Aa3	Aa2	Aa1

In an excerpt from a Metro Press Release March 30, 2022:

Fitch's AAA rating was based on their view that Louisville Metro Government is "expected to manage through the current economic downturn" and will continue to "maintain a strong level of fundamental financial flexibility." Fitch also stated LMG's "solid revenue growth" and its "low overall debt and pension liability" as contributors to the credit rating. Fitch provided a stable outlook for the city's credit rating.

The Moody's Investors Services report cited a credit strength of a sizable and growing tax base along with "positive operating trends leading to sound reserves" in affirming its second highest rating of Aa1. Moody's also provided a stable outlook for the city's credit rating.

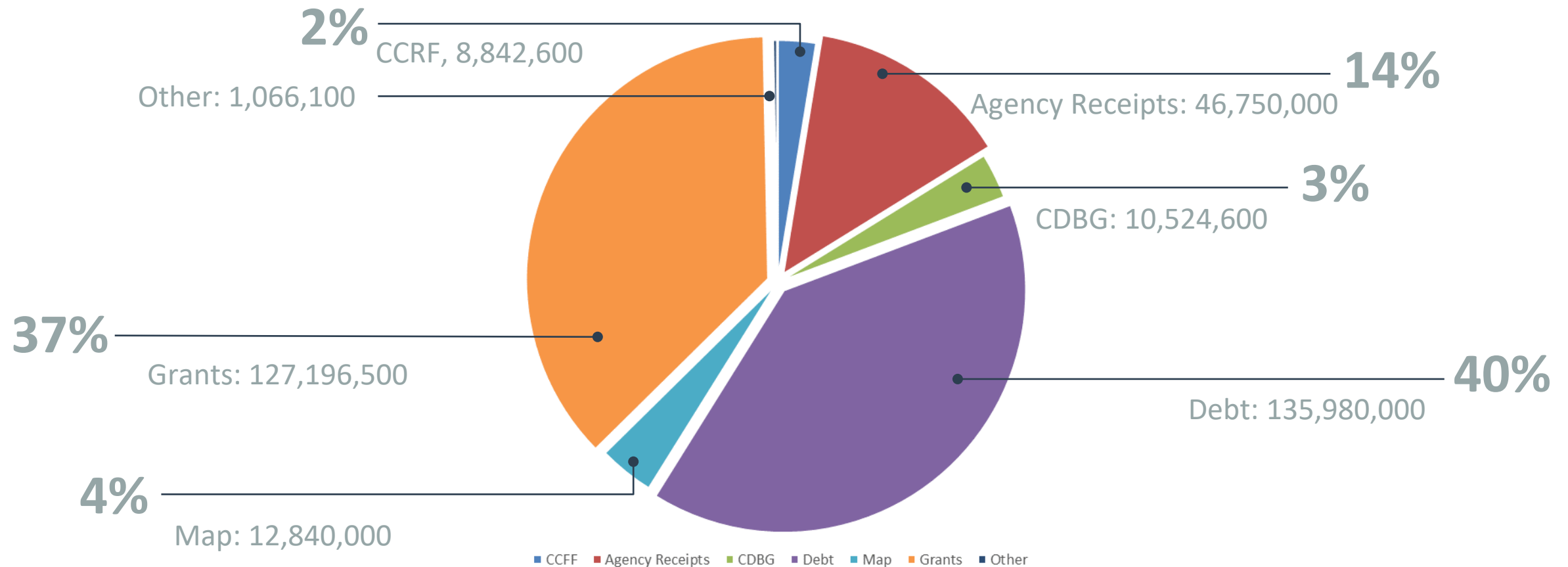
<https://louisvilleky.gov/government/management-budget/credit-rating-agency-reports>

QUESTION AND ANSWER

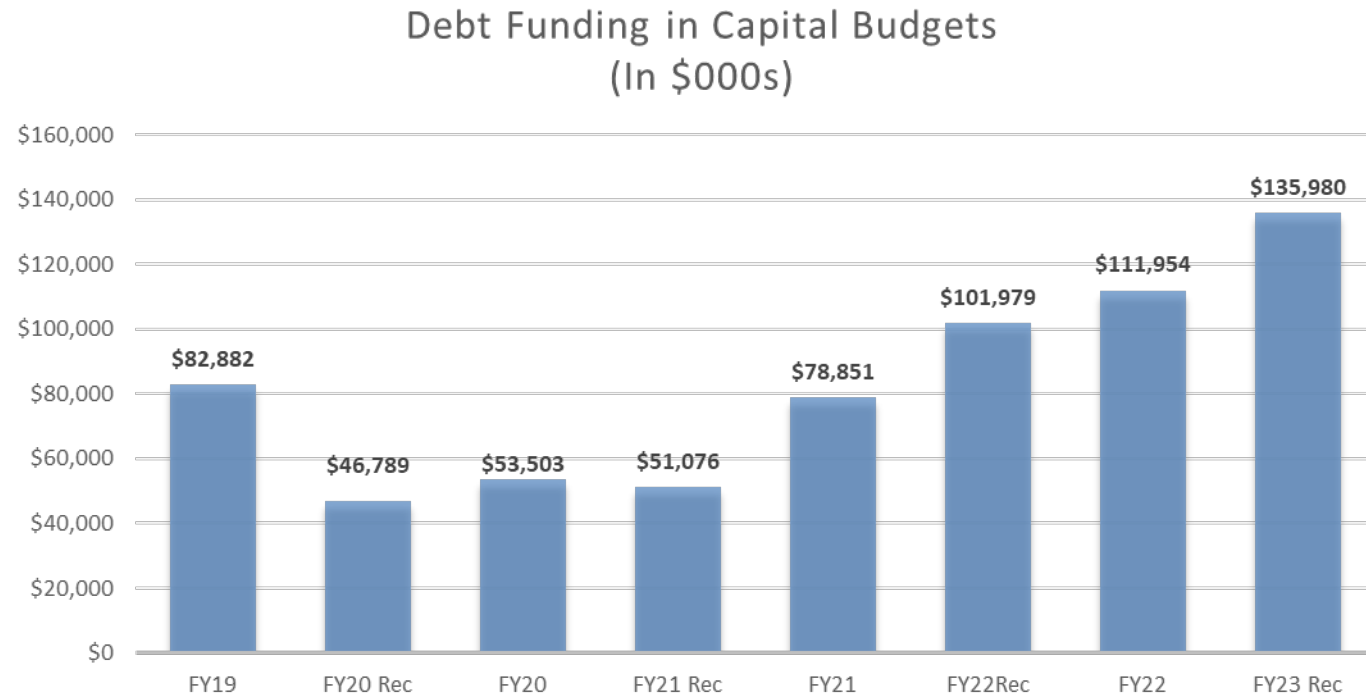
CAPITAL OVERVIEW



Capital Funding Sources FY 2023



Capital Debt FY19 to FY23



DEBT	
10-Year Bond	\$121,530,000
Note	14,450,000
TOTAL:	\$135,980,000

QUESTION AND ANSWER

