

2024

Second Quarter Financial Status Report

April 24, 2024

Department of Finance

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A photograph of the Atlanta skyline at dusk, featuring the SunTrust Building and a Ferris wheel. The image is framed by a large, stylized blue graphic element that resembles a thick, curved arrow pointing towards the right.

ATL
Moving Atlanta Forward

AGENDA

Quarterly Report Overview

Governmental Funds Overview

General Fund Summary

General Fund Revenues & Expenses

Proprietary Funds Overview

Enterprise Fund Revenues & Expenses

Debt/Investment Portfolio

Portfolios and Credit Ratings





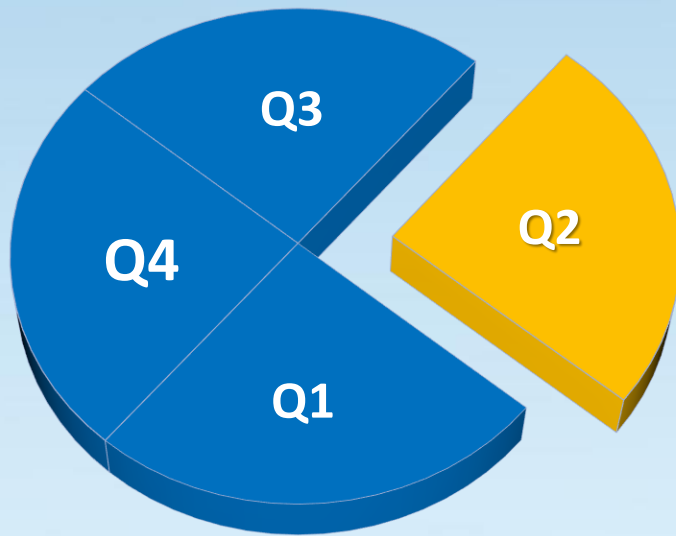
QUARTERLY FINANCIAL REPORT

FY2024 SECOND QUARTER FINANCIAL STATUS REPORT

AS OF DECEMBER 31, 2023



Quarterly Financial Report



- Q2 Report covers the Second Quarter of FY2024 (July – December 2023)
- Provides a summary analysis of the City of Atlanta’s budget to actual performance
- Forecasts projected revenue and expenditure activity with explanations of variances
- Identifies and addresses significant issues that may impact year-end performance
- Accounts for legislative items adopted and foreseen during the second quarter

GENERAL FUND YEAR TO DATE – REVENUES VS EXPENSES

(Q2 2024)



SUMMARY OF KEY POINTS

Revenues

- Property Tax, Public Utility and Alcohol Beverage & Taxes, Local Option Sales Taxes, and Licenses and Permits continue to outperform the budget.
- Local economic picture remains strong: transportation investments and population growth continue to spur job creation and retention, and residential building permits activity.

As of Q2, the year-end projected revenue surplus is **\$54.1M*** or 6.8% of the operating revenue budget.

Expenses

- Unprecedented Public Safety expenses continue to dominate the overruns expected for the year, primarily in Personnel: Overtime, Extra Help, and Salaries, Sworn.
- Salaries in DHR and DPR round out overruns in Personnel Services and Employee Benefits.

As of Q2, the year-end projected expense overrun is **\$27.8M** or 3.4% of the operating expense budget.

Early estimates indicate a year-end surplus of **\$26.3M**.

*Includes \$17.3M utilization of fund balance for mid-year budget amendment

The background features a large, faint, blue-tinted seal of the City of Atlanta. The seal is circular and contains an eagle with its wings spread, perched on a globe. The text "RESURG" is visible at the top of the seal, and "ATLANTA" is visible at the bottom. The year "1847" is also partially visible on the left side of the seal.

GOVERNMENTAL FUNDS OVERVIEW

FY24 GENERAL FUND REVENUE PROJECTION

(Q2 2023)



Revenue Category	FY24 Funded Budget	FY24 Actuals (Jul-Dec)	FY24 % Budget	Projected Revenues (Jan-Jun)	Total Projected Revenues (Year-End)	FY24 Variance (Year-End)	FY24 % Variance (Year-End)
Property Taxes	289,930,245	283,986,944	98.0%	23,690,893	307,677,837	17,747,592	6.12%
Public Utility, Alcohol Beverage & Taxes	130,158,595	77,206,295	59.3%	61,664,147	138,870,442	8,711,847	6.69%
Local Option Sales Taxes	137,528,239	75,081,640	54.6%	76,391,064	151,472,704	13,944,465	10.14%
Licenses and Permits	115,300,197	39,606,475	34.4%	79,956,964	119,563,439	4,263,242	3.70%
Other Revenues	13,909,029	9,208,990	66.2%	8,972,064	18,181,055	4,272,026	30.71%
Charges For Services	9,315,674	1,864,236	20.0%	7,420,184	9,284,420	(31,254)	-0.34%
Fines and Penalties	17,188,453	9,263,741	53.9%	8,650,870	17,914,611	726,158	4.22%
Building Rentals and Concessions	13,028,361	9,841,675	75.5%	3,869,850	13,711,525	683,164	5.24%
Indirect Cost Recovery	30,300,000	16,053,849	53.0%	15,736,127	31,789,976	1,489,976	4.92%
Hotel & Motel Tax	22,132,110	11,644,613	52.6%	11,848,062	23,492,675	1,360,565	6.15%
PILOT & Franchise Fees	22,412,390	12,914,298	57.6%	10,428,627	23,342,925	930,535	4.15%
Subtotal	801,203,293	546,672,756	68.2%	308,628,853	855,301,609	54,098,316	6.8%
Fund Balance (Building Permit)	1,858,923	-	-	-	1,858,923	-	-
Fund Balance (General Fund)	21,239,340	-	-	-	21,239,340	-	-
Total Revenues	824,301,556	546,672,756	66.3%	308,628,853	878,399,872	54,098,316	6.6%

The revenue categories for the favorable contributors to the overall projected year-end are as follows:

- **Property Tax** revenue projections are trending ahead of the budget by \$17.7M
 - Due to a rise in property values.
- **Public Utility, Alcohol Beverage & Tax** revenues are projected to exceed the budget by \$8.7M.
 - Due to increased revenues from alcohol sales, title ad valorem, and insurance premium taxes..
- **Local Option Sales Tax** revenue projections are trending ahead of the budget by \$13.9M.
 - Due to rising cost of goods and services.
- **Licenses and Permits** revenues are projected to exceed the budget by \$4.3M.
 - Due to business license revenue collections from prior years.
- **Other Revenue** projections are trending ahead of the budget by \$6.7M.
 - Due to increases in investment earnings from the current high interest rate environment.
- **Indirect Cost Recovery** revenues are projected to exceed the budget by \$1.5M.
 - Due to an increase in indirect cost plan revenues.
- **Hotel & Motel Tax** revenues are projected to exceed the budget by \$1.4M.
 - To align with current trends.

FY2024 GENERAL FUND EXPENDITURE PROJECTION

(Q2 2024)



Major Category	FY24 Funded Budget	FY24 Actuals (Jul-Dec)	FY24 % Budget	FY24 Projections (Jan-Jun)	FY24 Year-End Projections	FY24 Variance (Year-End)	FY24 % Variance (Year-End)
Personnel Services and Employee Benefits	522,439,183	277,904,914	53%	274,577,269	552,482,183	(30,043,001)	(5.8%)
Purchased/Contracted Services	123,458,900	65,825,711	53%	60,249,008	126,074,719	(2,615,819)	(2.1%)
Supplies	38,764,724	22,207,263	57%	18,008,753	40,216,016	(1,451,292)	(3.7%)
Capital Outlays	3,436,910	2,950,391	86%	422,568	3,372,959	63,951	1.9%
Interfund/Interdepartmental Charges	18,481,410	10,372,190	56%	9,859,961	20,232,150	(1,750,741)	(9.5%)
Other Costs	44,874,595	21,805,943	49%	19,236,553	41,042,496	3,832,099	8.5%
Debt Service	35,174,830	24,826,633	71%	(18,899,841)	5,926,792	29,248,038	83.2%
Other Financing Uses	33,580,030	24,916,546	74%	37,776,646	62,693,192	(29,113,162)	(86.7%)
Conversion/Summary	4,090,975	0	0%	0	0	4,090,975	100.0%
Total Expenses	824,301,556	450,809,591	55%	401,230,917	852,040,508	(27,738,952)	(3.4%)

FY2024 Total Expenses as of December represent 55% of the \$824.3M Funded Budget. As of the Second Quarter, General Fund Full Year Projections indicate that Year-End Expenses will exceed the budget by **(27.8M)** or 3.4%.

Personnel Services and Employee Benefits expenses are expected to end the fiscal year with an overrun of **(30M)** primarily attributed to the following main drivers:

- Overtime **(12.1M)**
- Extra Help Regular and Sworn **(9.2M)**
- Salaries, Sworn **(9.1M)**

Purchased/Contracted Services are projected to be over budget by **(2.6M)**, primarily attributed to the increase in AXON contract and investments in public safety technology.

Supplies are projected to be over budget by **(1.5M)** primarily attributed public safety equipment and computer purchases.

Interfund/Interdepartmental Charges are projected to be overbudget by **(1.8M)** primarily attributed to repair/maintenance costs associated with the City's fleet of vehicles and equipment.

FY2024 GENERAL FUND EXPENDITURE PROJECTION

(Q2 2024)



Department	FY24 Funded Budget	FY24 Actuals (Jul-Dec)	FY24 % Budget	FY24 Projections (Jan-Jun)	FY24 Year-End Projections	FY24 Variance (Year-End)	FY24 % Variance (Year-End)
City Council	14,066,030	5,147,570	37%	5,349,806	10,497,377	3,568,654	25.4%
Executive Offices	26,744,132	13,871,692	52%	14,044,464	27,916,156	(1,172,024)	(4.4%)
Department of Atlanta Information Management	33,762,079	15,426,053	46%	20,040,648	35,466,700	(1,704,621)	(5.0%)
Department Of Law	10,756,401	5,800,688	54%	4,324,086	10,124,774	631,627	5.9%
Department Of Corrections	21,019,651	8,719,478	41%	10,738,499	19,457,977	1,561,674	7.4%
Department Of Finance	18,865,081	8,775,352	47%	9,851,806	18,627,158	237,923	1.3%
Department Of Procurement	2,744,160	2,508,140	91%	210,338	2,718,478	25,683	0.9%
Department Of Public Works	20,342,810	7,463,811	37%	11,160,124	18,623,934	1,718,875	8.4%
Department of Parks & Recreation	51,738,868	30,164,280	58%	24,308,668	54,472,949	(2,734,081)	(5.3%)
Judicial Agencies	15,350,643	6,879,781	45%	7,751,402	14,631,183	719,461	4.7%
Non-Departmental	112,571,827	73,119,689	65%	41,393,757	114,513,446	(1,941,619)	(1.7%)
Department Of Human Resources	7,734,137	4,989,366	65%	4,898,307	9,887,673	(2,153,536)	(27.8%)
Department Of Fire Services	111,481,231	64,542,964	58%	57,720,148	122,263,112	(10,781,881)	(9.7%)
Department Of Police Services	251,506,440	139,734,156	56%	128,285,338	268,019,494	(16,513,054)	(6.6%)
Department of City Planning	25,882,064	12,260,909	47%	13,624,267	25,885,176	(3,112)	(0.0%)
Department Of The Solicitor	10,258,033	5,482,574	53%	5,001,313	10,483,887	(225,853)	(2.2%)
Department of Ethics	1,432,041	526,817	37%	632,885	1,159,702	272,339	19.0%
Atlanta Citizens Review Board	1,655,648	578,425	35%	1,052,086	1,630,510	25,138	1.5%
Department Of Audit	1,967,344	1,021,381	52%	884,107	1,905,487	61,857	3.1%
Department Of Public Defender	4,651,489	2,570,637	55%	2,697,123	5,267,759	(616,270)	(13.2%)
Department Of Enterprise Asset Management	19,896,924	8,761,280	44%	11,278,241	20,039,521	(142,598)	(0.7%)
Department Of Customer Service	4,257,618	1,650,358	39%	1,791,617	3,441,975	815,642	19.2%
Atlanta Department of Transportation	51,536,857	28,881,098	56%	21,865,357	50,746,455	790,402	1.5%
Department of Grants & Community Development	2,103,613	1,325,581	63%	1,505,794	2,831,375	(727,762)	(34.6%)
Department of Labor & Employment Services	517,500	16,740	3%	254,751	271,491	246,009	47.5%
Department of the Inspector General	1,458,932	590,772	40%	565,985	1,156,758	302,174	20.7%
Total City Wide	824,301,556	450,809,591	55%	401,230,917	852,040,508	(27,738,952)	(3.4%)

FY2024 Total Expenses as of December represent 55% of the \$824.3M Funded Budget. As of the Second Quarter, General Fund Full Year Projections indicate that Year-End Expenses will exceed the budget by **(27.8M)** or 3.4%.

The departments primarily contributing to the overall projected year-end overrun:

- **APD (16.5M)**
 - Salaries, Extra Help - Regular & Sworn (2.9M)
 - Overtime (6.9M)
 - Public Safety AXON Contract (3.8M)
 - Computers and Equipment (2.9M)
- **AFR (10.7M)**
 - Salaries, Sworn (7.7M); Salaries, Regular (0.7M)
 - Overtime (1.1M)
 - PM/Repairs and Maintenance (1.2M)
- **DPR (2.7M)**
 - Salaries, Regular (1.6M)
 - Salaries, Extra-Help (1.5M)
 - Utilities, Water/Sewer (0.9M) and Electricity (0.5M)
 - Retirement Contributions 1.7M
- **DHR (2.2M)**
 - Salaries, Regular (1.3M)
 - Salaries, Extra-Help (0.6M)
 - Retirement Contributions (0.3M)



PROPRIETARY FUNDS OVERVIEW

FY2024 ENTERPRISE FUND PROJECTION

(Q2 2024)



Enterprise Funds	FY24 Funded Budget	Actuals Y-T-D (Dec)	Projected Revenues/Expenses	Total Projected Revenues/Expenses	Variance (\$)	Variance (%)
Aviation Revenue Fund						
Revenues	696,075,000	336,972,838	353,834,090	690,806,928	(5,268,072)	(0.8%)
Expenses	696,075,000	258,579,421	409,838,568	668,417,989	27,657,011	4.0%
Water & Wastewater Revenue Fund						
Revenues	650,559,624	408,523,607	342,476,393	751,000,000	100,440,376	15.4%
Expenses	650,559,624	304,666,899	293,286,612	597,953,511	52,606,113	8.1%
Solid Waste Services Revenue Fund						
Revenues	53,070,216	51,273,870	4,614,880	55,888,750	2,818,534	5.3%
Expenses	53,070,216	30,478,690	26,859,292	57,337,982	(4,267,766)	(8.0%)

Aviation Revenue Fund

Revenues are projected to be under budget by \$5.3M due to Airline Concession Credits exceeding anticipations.

Expenses are projected to be under budget by \$27.7M:

- \$ 10.5M Other Financing Uses
- \$ 10.9M Contractual Services
- \$ 2.8M Personnel Services
- \$ 3.2M Supplies

Water & Wastewater Revenue Fund

Revenues are projected to exceed budget by \$100.4M due to higher than anticipated Water/Sewer and MOST revenue.

Expenses are projected to be under budget by \$52.6M:

- \$ 33.8M Fund Wide Reserves
- \$ 11.6M GEFA Loan Reserves
- \$ 4.5M Contractual Services
- \$ 2.9M Personnel Services

Solid Waste Services Revenue Fund

Revenues are projected to exceed budget by \$2.8M.

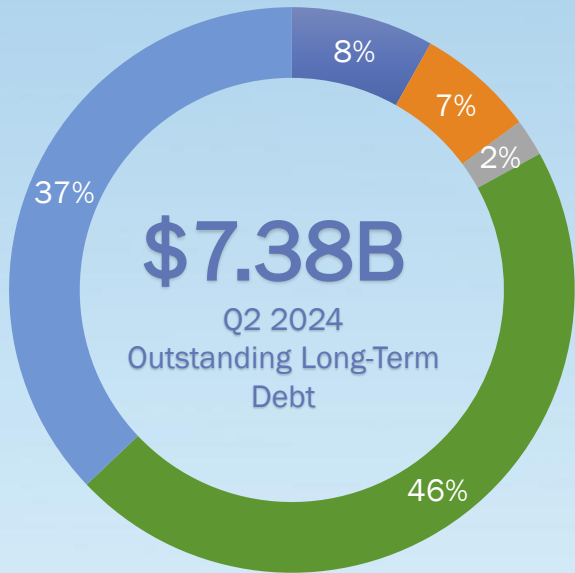
Expenses are projected to be over budget by \$4.3M:

- (\$ 3.6M) Personnel Services
- (\$ 0.9M) Fuel/PM Repairs
- (\$ 0.7M) Supplies
- \$ 0.8M Contractual Services



DEBT AND INVESTMENTS

DEBT PORTFOLIO OVERVIEW



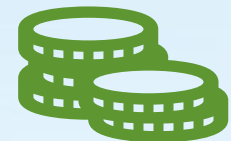
- General Obligation
- General Fund
- Tax Allocation Districts
- Aviation
- Water & Wastewater

	General Obligation	General Fund & Other	Tax Allocation Districts	Dept of Aviation	Dept of Watershed
Q2 FY23	\$633,425	\$368,544	\$254,848	\$2,926,404	\$2,828,155
Q2 FY24	\$602,880	\$496,239	\$157,430	\$ 3,392,040	\$2,739,264
	(\$30,545)	\$127,695	(\$97,418)	\$465,636	(\$88,891)
	(4.82%)	7.5%	(3.83%)	15.91%	(3.14%)

Net Increase
\$376.5M
Outstanding Debt

\$49.2M
Total NPV Savings
On Refunded Debt during
FY24

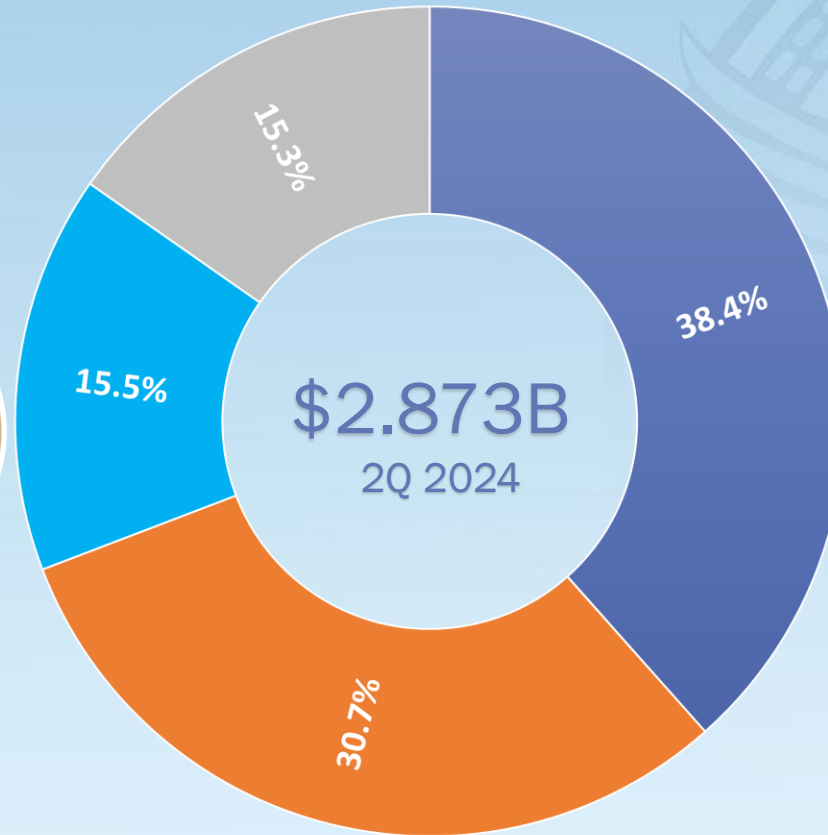
\$115.6M
Energy Savings
Performance
Contracts



INVESTMENT PORTFOLIO OVERVIEW

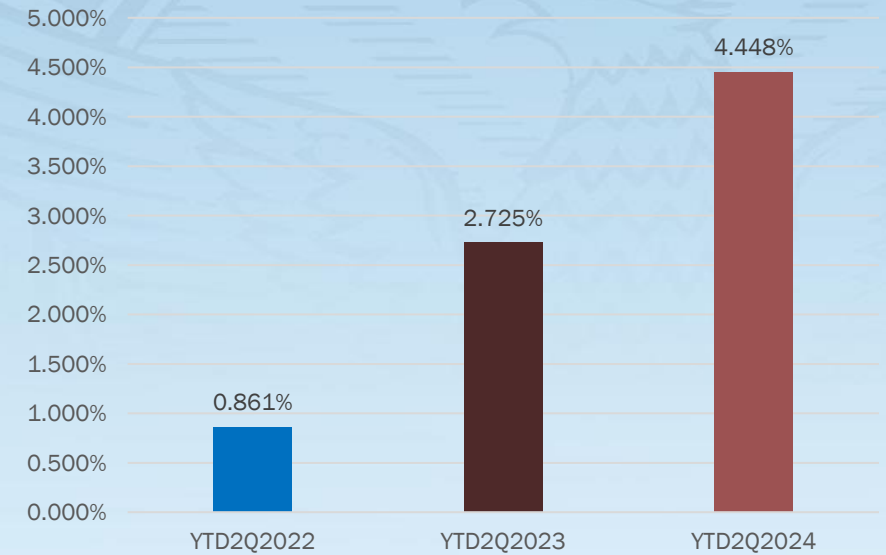


Portfolio Objectives



■ US Agencies ■ Muni's ■ GF1 ■ US Treasuries ■ CD's ■ Currency*

Portfolio Yield



Net increase
\$140.245 M
 Compared to 2Q 2023

ATLANTA CREDIT RATINGS



CITY OF ATLANTA MUNICIPAL BOND RATINGS

	Moody's	Standard & Poor's	Fitch	Kroll
General Obligation Bonds	Aa1	AA+	AA+	
Water and Wastewater Revenue Bonds	Aa2	AA-	AA	
Airport Revenue Bonds - Senior Lien GARBs	Aa3	AA-	AA-	AA+
Airport Revenue Bonds- PFC/Subordinate Lien GARBs	Aa3	AA-	AA-	AA+
Airport Revenue Bonds Senior Lien Customer Facility Charge	A2	A	A	



QUESTIONS/ANSWERS
