



DEPARTMENT OF FINANCE
FY2022 THIRD QUARTER
FINANCIAL STATUS REPORT

MAY 25, 2022

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AGENDA

QUARTERLY REPORT OVERVIEW

GOVERNMENTAL FUNDS OVERVIEW

General Fund Revenues

General Fund Expenses

PROPRIETARY FUNDS OVERVIEW

Enterprise Funds

DEBT/INVESTMENT PORTFOLIOS





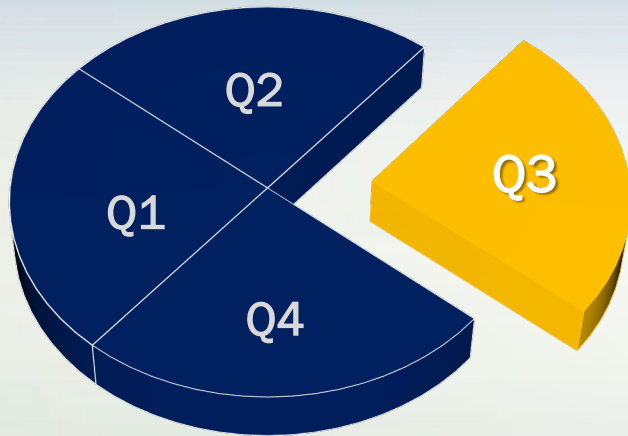
QUARTERLY FINANCIAL REPORT

FY2022 THIRD QUARTER FINANCIAL STATUS REPORT

As of March 31, 2022



Quarterly Financial Report



- Q3 Report covers the Third Quarter of FY 2022 (Jul - Mar 2022)
- 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 third quarter.



GOVERNMENTAL FUNDS OVERVIEW

GENERAL FUND YEAR TO DATE – REVENUES VS EXPENSES

(Q3 2022)



SUMMARY OF KEY POINTS

Revenues

- Property Tax and Local Option Sales Tax are on track to exceed forecasts.
- Two highly sensitive COVID-impacted revenue categories are expected to return to pre-COVID levels:
 - Alcoholic beverage taxes
 - Fines and penalties
- Hotel/Motel taxes continue to rebound but are not yet expected to meet pre-COVID levels
- Licenses and permits revenue is driven by deferred license renewals from FY21 into FY22

As of Q3, the year-end projected revenue surplus is **\$93.5M** or 14.5% of the operating revenue budget.

Expenses

- Three main expense categories are at risk of ending the year over budget:
 - Personnel and Employee Benefits
 - Purchased/Contract Services
 - Supplies

As of Q3, the year-end projected expense overrun associated with these risks is **\$7.0M** or 1.0% of the operating expense budget.

Year-end Look Ahead

	\$(M)
Projected surplus	
Projected Revenue Overrun	\$93.5
Projected Expense Overrun	(\$7.0)
	<hr/> \$86.5
Less: One-time transfers from Fund Balance	
Diversion Center	\$2.95
Park Pride	\$2.0
Cheshire Bridge	\$6.0
Partners for Home	\$3.5
Solid Waste MOU	\$19.0
Subtotal	<hr/> (\$33.5)
Anticipated year-end fund balance impact	\$53

FY22 GENERAL FUND REVENUE PROJECTION

(Q3 2022)



Revenue Category	FY22 Funded Budget	FY22 Actuals (Jul-Mar)	FY22 % Variance	Projected Revenues (Apr-Jun)	Total Projected Revenues (Year-End)	FY22 Variance (Year-End)	FY22 % Variance (Year-End)
Property Taxes	227,940,084	244,764,727	107.4%	3,847,539	248,612,265	20,672,181	9.1%
Public Utility, Alcohol Beverage & Taxes	100,264,630	99,726,450	99.5%	11,345,030	111,071,480	10,806,850	10.8%
Local Option Sales Taxes	112,895,712	103,636,396	91.8%	28,197,950	131,834,346	18,938,634	16.8%
Licenses and Permits	107,642,510	120,036,246	111.5%	33,514,793	153,551,039	45,908,529	42.6%
Other Revenues	13,191,961	(2,752,987)	-20.9%	3,283,865	530,878	(12,661,083)	-96.0%
Charges For Services	4,584,803	2,742,882	59.8%	1,207,204	3,950,086	(634,717)	-13.8%
Fines and Penalties	6,131,091	11,460,277	186.9%	6,415,023	17,875,300	11,744,209	191.6%
Building Rentals and Concessions	5,370,027	3,304,738	61.5%	1,904,244	5,208,982	(161,045)	-3.0%
Indirect Cost Recovery	35,780,446	21,717,463	60.7%	7,239,153	28,956,616	(6,823,830)	-19.1%
Hotel & Motel Tax	12,018,090	11,596,706	96.5%	6,421,384	18,018,090	6,000,000	49.9%
PILOT & Franchise Fees	20,819,484	15,384,673	73.9%	5,173,323	20,557,996	(261,488)	-1.3%
Subtotal	646,638,838	631,617,570	97.7%	108,549,508	740,167,078	93,528,240	14.5%
Fund Balance (Bldg. Permit Fund)	16,299,937	-	-	-	16,299,937	-	-
Fund Balance (General Fund)	33,450,000	-	-	-	33,450,000	-	-
Federal Subsidies (General Fund)	55,043,768	-	-	-	55,043,768	-	-
Total Revenues	751,432,543	631,617,570	84.1%	213,343,213	844,960,783	93,528,240	12.4%

The FY22 budget of \$751M includes a \$55M Federal Subsidy, \$33M from uncommitted fund balance, and \$16M in committed fund balance from the Planning Dept.

3rd Qtr. (July – March) actuals were \$632M, which represents 84.1% of the total budget and 97.7% of the operational budget.

Projections for the remaining three (3) months of the fiscal year (Apr – Jun) are \$109M. The resulting FY22 YE operational forecast of \$740M is \$94M or (14.5% increase) above the FY22 operational budget of \$647M.

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

- **Property Taxes** are projected to exceed the budget by 9.1%
- **Public Utility, Alcohol Beverage, & Taxes** are projected to exceed the budget by 10.8%.
- **Local Option Sales Tax** is projected to exceed the budget by 16.8%.
- **License & Permits** are projected to exceed the budget by 42.6%
- **Fines & Penalties** are projected to exceed the budget by 191.6%
- **Hotel Motel** is projected to exceed the budget by 49.9%.

The two main contributors to the negative variances are as follows:

- **Other Revenues (-96%)**
Decline due to revenues from interest income.
- **Indirect Cost (-19.1%)**
Decline due to update to Indirect Cost calculation.

GENERAL FUND EXPENDITURE BUDGET PROJECTION

(Q3 2022)



Major Category	FY22 Funded Budget	FY22 Actuals (Jul - Mar)	FY22 % Variance	FY22 Projections (Apr - Jun)	FY22 Year-End Projections	FY22 Year-End Variance	FY22 Year-End Variance
Personnel Services and Employee Benefits	466,395,629	348,000,071	75%	124,419,692	472,419,763	(6,024,134)	(1.3%)
Purchased / Contracted Services	107,333,205	65,307,029	61%	44,925,826	110,232,855	(2,899,650)	(2.7%)
Supplies	34,687,528	25,930,469	75%	11,984,440	37,914,909	(3,227,381)	(9.3%)
Capital Outlays	7,140,243	203,487	3%	6,469,009	6,672,496	467,747	6.6%
Interfund / Interdepartmental Charges	20,054,336	12,682,965	63%	5,261,226	17,944,191	2,110,145	10.5%
Other Costs	44,200,172	28,991,957	66%	13,298,901	42,290,858	1,909,315	4.3%
Debt Service	28,700,737	4,320,097	15%	5,671,537	9,991,634	18,709,103	65.2%
Conversion / Summary	336,906	0	0%	0	0	336,906	100.0%
Other Financing Uses	42,583,787	51,273,387	120%	9,698,833	60,972,220	(18,388,433)	(43.2%)
Expenses	751,432,543	536,709,461	71%	221,729,464	758,438,925	(7,006,382)	(0.9%)

FY2022 Total Expenses as of March represent 71% of the \$751.4M Funded Budget. As of the Third Quarter, General Fund actual expenditures are tracking to be on par with budget. Full Year Projections indicate that Year-End Expenses will exceed the budget by **(\$7.0M)** or 1.0% over budget.

Personnel Services and Employee Benefits expenses are expected to exceed budget by **(\$6M)**. Forecasted expenses account for current active employees plus net number of new hires inclusive of attrition. Main drivers for the projected overrun include:

- Overtime **(\$7.6M)**
- Extra Help Regular & Sworn **(\$8M)**
- Group Health Insurance **(\$5.9M)**
- ARP Premium Pay **(\$2.1M)**
- Salaries, Regular/Sworn & Part Time **\$12.9M**
- Worker's Comp **\$4.4M**

Purchased/Contracted Services is projected to be over budget by **(\$2.9M)** primarily attributed to Litigation and Telecommunication expenses.

Supplies are projected to be overbudget by **(\$3.2M)** primarily attributed to an increase in utility costs, uniforms, and equipment purchases as part of the efforts to reduce crime.

A portion of the **Other Financing Uses** charges are related to **Debt Service** payments and offset in the Debt Service category.

GENERAL FUND EXPENDITURE BUDGET PROJECTION

(Q3 2022)



Department	FY22 Funded Budget	FY22 Actuals (Jul - Mar)	FY22 % Variance	FY22 Projections (Apr - Jun)	FY22 Year-End Projections	FY22 Year-End Variance	FY22 Year-End Variance
City Council	13,378,492	7,682,886	57%	2,816,628	10,499,513	2,878,979	21.5%
Executive Offices	18,476,719	13,427,610	73%	5,085,654	18,513,264	(36,545)	(0.2%)
Department of Atlanta Information Management	30,783,479	21,826,768	71%	12,921,867	34,748,636	(3,965,157)	(12.9%)
Department Of Law	7,012,740	7,065,539	101%	3,402,546	10,468,085	(3,455,345)	(49.3%)
Department Of Corrections	13,950,111	10,838,993	78%	4,146,422	14,985,415	(1,035,304)	(7.4%)
Department Of Finance	16,741,047	12,132,465	72%	3,869,113	16,001,577	739,470	4.4%
Department Of Procurement	3,109,583	1,990,033	64%	778,247	2,768,280	341,303	11.0%
Dept of Parks & Recreation	43,643,931	32,350,594	74%	11,396,507	43,747,100	(103,169)	(0.2%)
Judicial Agencies	13,179,334	8,720,013	66%	4,015,417	12,735,430	443,904	3.4%
Non-Departmental	114,516,040	76,856,048	67%	38,305,466	115,161,514	(645,474)	(0.6%)
Department Of Human Resources	6,251,126	5,300,825	85%	1,440,301	6,741,126	(490,000)	(7.8%)
Department Of Fire Services	104,371,848	76,391,745	73%	27,422,742	103,814,487	557,361	0.5%
Department Of Police Services	231,334,324	165,735,107	72%	66,393,119	232,128,226	(793,902)	(0.3%)
Department of City Planning	29,668,678	23,376,356	79%	7,024,017	30,400,374	(731,696)	(2.5%)
Department Of The Solicitor	8,025,687	5,897,672	73%	2,175,356	8,073,029	(47,342)	(0.6%)
The Office of the Inspector General	2,990,222	1,225,190	41%	634,683	1,859,873	1,130,349	37.8%
Atlanta Citizens Review Board	1,422,060	803,944	57%	410,577	1,214,520	207,540	14.6%
Department Of Audit	2,009,252	1,337,766	67%	583,146	1,920,911	88,341	4.4%
Department Of Public Defender	4,646,286	2,974,241	64%	1,261,496	4,235,737	410,549	8.8%
Department Of Enterprise Asset Management	21,611,624	11,491,234	53%	9,509,576	21,000,810	610,814	2.8%
Department Of Customer Service	3,531,948	2,191,743	62%	902,620	3,094,363	437,585	12.4%
Atlanta Department of Transportation	59,490,028	46,300,448	78%	16,885,395	63,185,843	(3,695,815)	(6.2%)
Department of Grants and Community Development	1,287,984	792,242	62%	348,569	1,140,812	147,172	11.4%
Total City Wide	751,432,543	536,709,461	71%	221,729,464	758,438,925	(7,006,382)	(0.9%)

Fiscal Year 2022 Total Expenses as of March represent 71% of the \$751.4M Funded Budget. However, Full Year Projections as of the Third Quarter indicate that Year-End Expenses will exceed the budget by **(\$7.0M)** or 1.0% over budget.

The three main departments contributing to the overall projected year-end deficit include:

- **AIM (\$3.9M)**
Primarily related to Telecommunication expenses (Telephone & Wireless)
- **Law (\$3.1M)**
Primarily related to costs associated with outside counsel and litigation expenses.
- **ADOT (\$3.6M)**
Primarily related to expanding personnel capacity to address mobility strategy, planning, and performance and transportation infrastructure.



FY2022 ENTERPRISE FUND PROJECTION (Q3 2022)



Enterprise Funds	FY22 Funded Budget	Actuals Y-T-D (Mar)	Projected Revenues/Expenses	Total Projected Revenues/Expenses	Variance (\$)	Variance (%)
Aviation Revenue Fund						
Revenues	453,108,983	293,788,338	157,265,168	451,053,506	(2,055,477)	(0.5%)
Expenses	453,108,983	222,042,788	182,674,812	404,717,600	48,391,383	10.7%
Water & Wastewater Revenue Fund						
Revenues	577,255,955	488,961,044	163,402,386	652,363,429	75,107,474	13.0%
Expenses	577,255,955	351,077,001	139,761,991	490,838,992	86,416,962	15.0%
Solid Waste Services Revenue Fund						
Revenues	66,905,286	38,717,636	32,093,862	70,811,498	3,906,212	5.8%
Expenses	66,905,286	49,341,361	19,887,145	69,228,506	(2,323,220)	(3.5%)

Aviation Revenue Fund

- **Revenues** are projected to be slightly under budget.
- **Expenses** are projected to be under budget by \$48.3M
 - \$ 34.7M Contractual Services
 - \$.2M Other Financing Uses
 - \$ 8.9M Personnel Services
 - \$ 2.6M Supplies
 - \$.3M Other Costs

Water & Wastewater Revenue Fund

- **Revenues** are projected to exceed budget due to higher than anticipated MOST revenue.
- **Expenses** are projected to be under budget by \$86.4M
 - \$ 27.9M Contractual Services
 - \$ 20.6M GEFA Loan Reserves
 - \$ 18.7M Bad Debt Reserves
 - \$ 11.5M Fund Wide Reserves
 - \$ 7.0M Supplies/Interfund Charges
 - \$.7M Personnel Services

Solid Waste Services Revenue Fund

- **Revenues** are projected to exceed budget by \$3.9M.
- **Expenses** are projected to be over budget by \$2.3M
 - (\$ 9.7M) Contractual Services
 - (\$ 0.9M) Supplies/Other Costs
 - \$ 5.5M Personnel Services
 - \$ 2.8M Interfund Charges

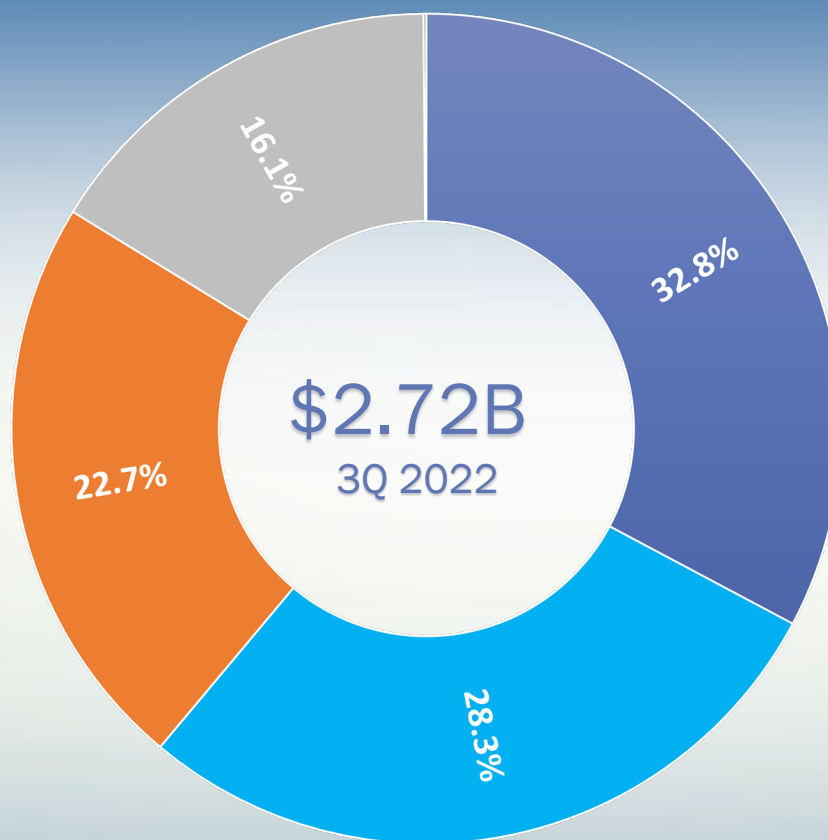


DEBT/INVESTMENT PORTFOLIOS



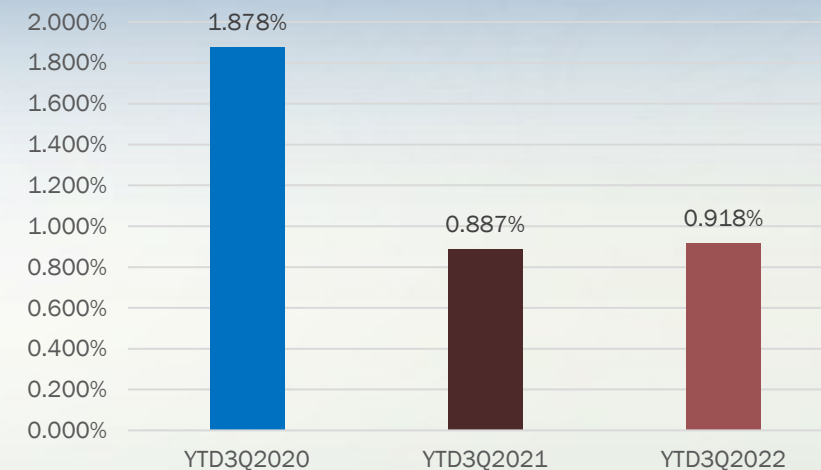
INVESTMENT PORTFOLIO OVERVIEW

Portfolio Objectives



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

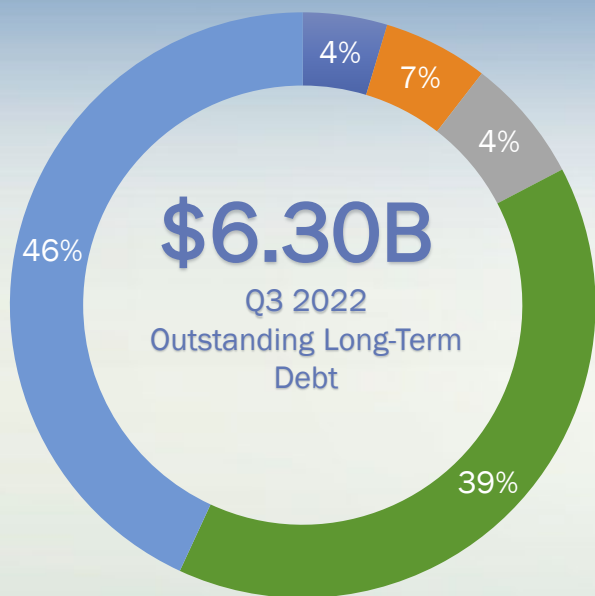
Portfolio Yield



Net increase
\$176.7 M
Compared to 3Q 2021



Debt Portfolio Overview



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

	General Obligation	General Fund & Other	Tax Allocation Districts	Dept of Aviation	Dept of Watershed
Q3 FY21	\$244,195	\$344,165	\$290,205	\$2,571,359	\$3,040,164
Q3 FY22	\$243,950	\$412,685	\$255,973	\$2,434,646	\$2,950,204
	(\$245)	\$68,520	(\$34,232)	(\$136,713)	(\$89,960)
	(0.10%)	19.91%	(11.79%)	(5.32%)	(2.96%)

Net Decrease
\$192.6M
Outstanding Debt

0%
Variable Rate
Debt

\$136.1M
Total NPV Savings
On Refunded Debt
during FY22

\$136.7M
Energy Savings
Performance
Contracts



Atlanta Credit Ratings



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



QUESTIONS/ANSWERS SESSION