



DEPARTMENT OF FINANCE
FY2022 THIRD QUARTER
FINANCIAL STATUS REPORT

JUNE 15, 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





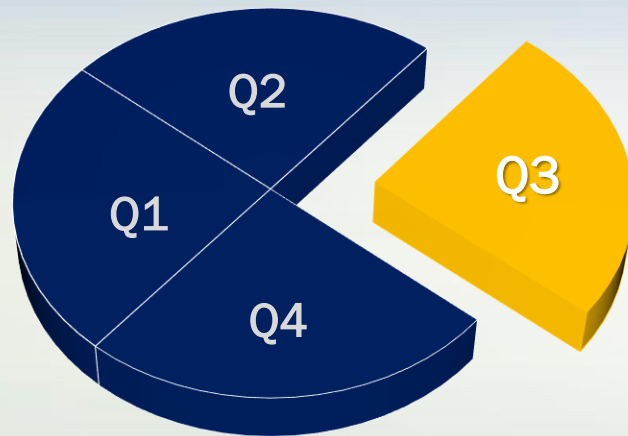
QUARTERLY FINANCIAL REPORT

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)
	\$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	(\$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.



PROPRIETARY FUNDS OVERVIEW

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

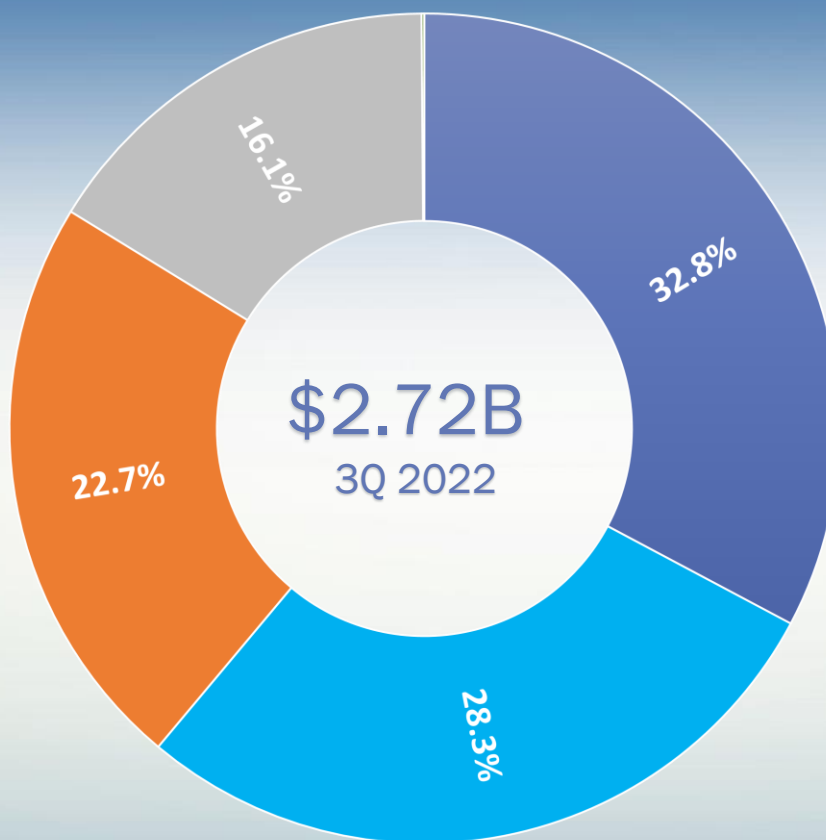


DEBT/INVESTMENT PORTFOLIOS



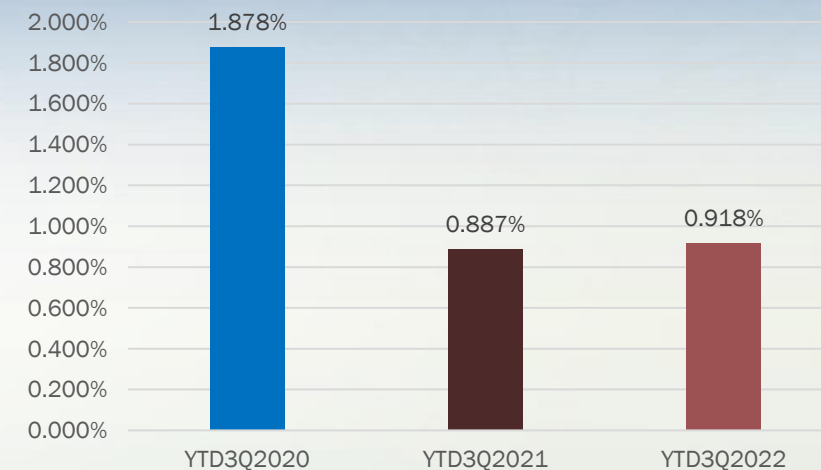
INVESTMENT PORTFOLIO OVERVIEW

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