



Update on Atlanta's Finances

September 12, 2012

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Agenda

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 - Fiscal Condition of the City
 - Mayor's Priorities and Initiatives
- Property Tax Information
- FY13 Revenue and Expense Assumptions
- General Fund Balance Projection and FY13 Budgeted Reserves Assumption
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- FY13 Revenue and Expense Adopted Budget
- FY13 General Fund Initiatives
- FY13 General Fund Adopted Budget by Department
- FY13 General Fund Adopted Budget by Account Type
- Conclusion/Questions



Introduction

Fiscal Condition of the City

- The City has made significant progress in the past three years and our financial position is much improved.
 - Hired more than 525 new police officers
 - Opened all of the City's recreation centers
 - Increased City's fund balance to more than \$94MM
- Continued progress will not occur without fiscal discipline. Improving the City's financial position is a long-term strategy requiring proactive decisions and actions over multiple years
 - We continue to face a challenging economic environment as we manage declining property tax revenues in the adopted FY2013 budget and slow revenue growth thereafter
 - Expenditures have been reduced as revenues have declined. The City of Atlanta is providing more services with fewer resources. The efficiency of service delivery is a key focus while addressing initiatives set forth by the Mayor



Introduction

Mayor Kasim Reed's adopted budget includes important priorities and investments for FY13

▪ **Public Safety**

- 41 additional sworn officers, increasing the police force to 2,000 officers
- 6 additional Code Compliance inspectors

▪ **Fiscal Stability**

- Reserve balance of ~20% of operating expenses (over \$100M)

▪ **Youth Development**

- 6 additional Recreation Facility Managers to ensure all facilities with after-school programming have a dedicated facility manager
- Reallocation of resources from contracting and energy savings to programs for seniors (\$200K)

▪ **Economic Development**

- Incremental \$1.1MM to Invest Atlanta (\$3M total) for job growth and economic development
- Establish an International Affairs Office to raise the international profile of the City
- Resources for street lighting (\$200K) and clean up crews (~\$1M) to beautify the city
- Invest \$250K in Arts and Cultural Affairs

▪ **Customer Service & Excellence**

- Investment in the Office of Sustainability, which will be grant-funded until 9/12
- Implementation of pay-in-class study findings for classification consolidation and alignment
- Consolidate and improve the customer service call center and services in Watershed (~\$1M)
- Growth of Hartsfield Jackson Airport with improved services and experience for all passengers



FY13 Revenue and Expense Assumptions

Revenue Assumptions

- FY13 property tax digest declines ~5% due to negative reassessments
- Dollar value of one mill continues to decline from \$20.5 million to \$16.8 Million in FY13. The City has elected not to adjust the millage rate to accommodate the continued decline
- Sales tax forecast assumption ranges from low of .5% to 1.5% per annum. Renegotiated sales tax allocation is factored in for latter six months of FY13
- Elastic sources of income of business license and hotel/motel are forecasted at 1-1.5% per annum; jobless recovery and the “new normal” results in minimal economic drivers for the revenue base
- Building permit revenue now recorded in an enterprise fund

Expense Assumptions

- FY13 Service Levels are funded based on FY12 budget
- FY13 health rate increased 5%, from \$7,339 to \$7,706 per position
- Pension rates were adjusted for all Defined Benefit plans to account for the Annual Required Contribution (ARC)
- Workers’ compensation requirement increased approximately ~\$200K
- Utilities (electricity and natural gas) decrease by approximately .15%, or \$60K
- Pay and Class funding for positions that were below the minimum of the new pay grade



Property Tax Information

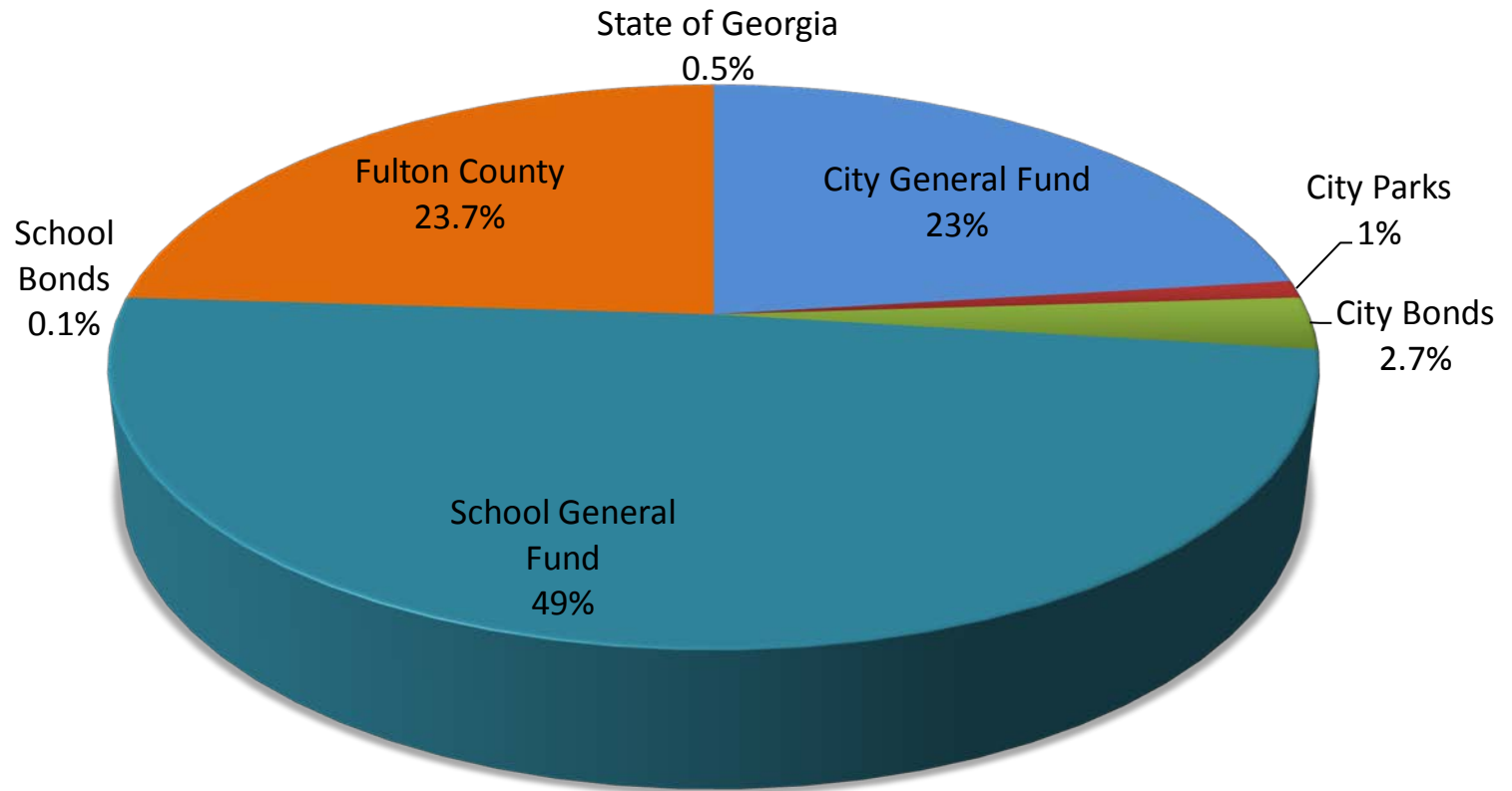
City Property Tax Rates

LEVY	PURPOSE	FY 2012 MILL RATE	FY 2013 MILL RATE	CHANGE	% CHANGE
Operating	To pay for general operating expenses of the City	10.24	10.24	-	0%
Bonds	To pay debt services on General Obligation Bonds issues for various City purposes	1.20	1.20	-	0%
Parks	To fund expenses related to City of Atlanta Parks	0.50	0.50	-	0%
ALL	Total of all property tax levies	11.94	11.94	-	0%



Property Tax Information

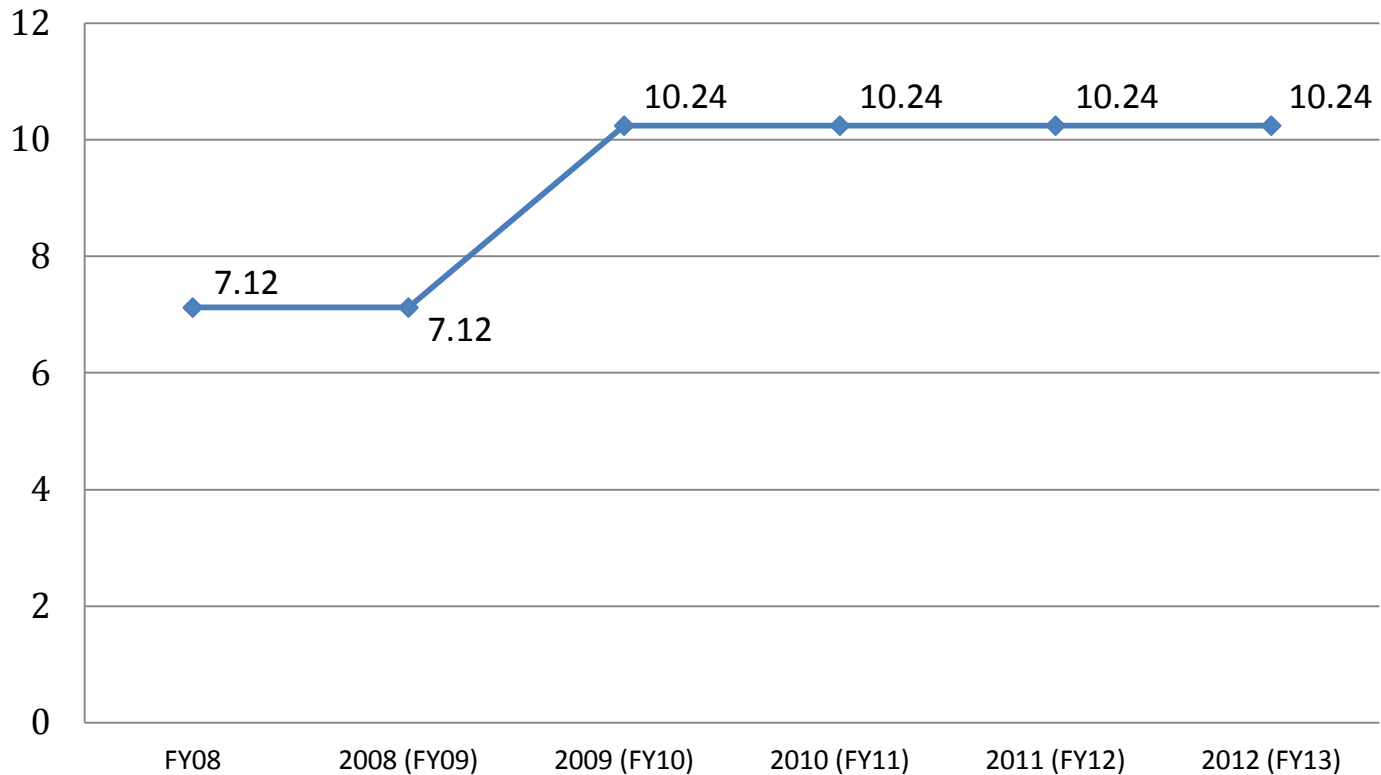
Property Tax Dollars by Levy





Property Tax Information

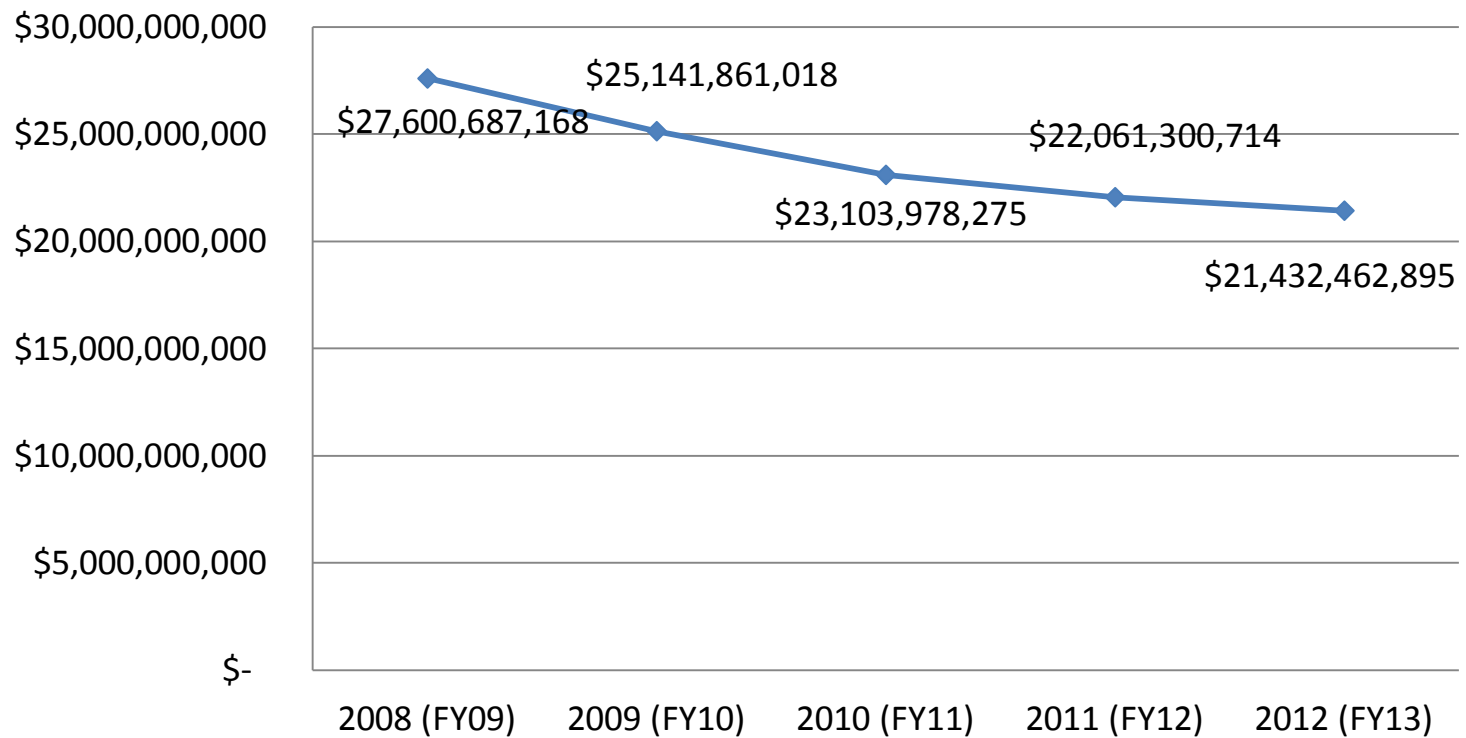
City of Atlanta Operating Levy





Property Tax Information

Tax Digest Changes





Property Tax Information

Tax Rates and Property Tax Revenue Trends

	MILL RATE	ASSESSED VALUE	COLLECTION RATE	PROPERTY TAX REVENUE
FY 2012	10.24	\$22 Billion	97%	\$176 Million-Unaudited
FY 2011	10.24	\$23 Billion	97%	\$190 Million-Audited
FY 2010	10.24	\$25.1 Billion	96%	\$209 Million-Audited
FY 2009	7.12	\$27.6 Billion	95%	\$144 Million-Audited



Property Tax Information

Declining Dollar Value of One Mill

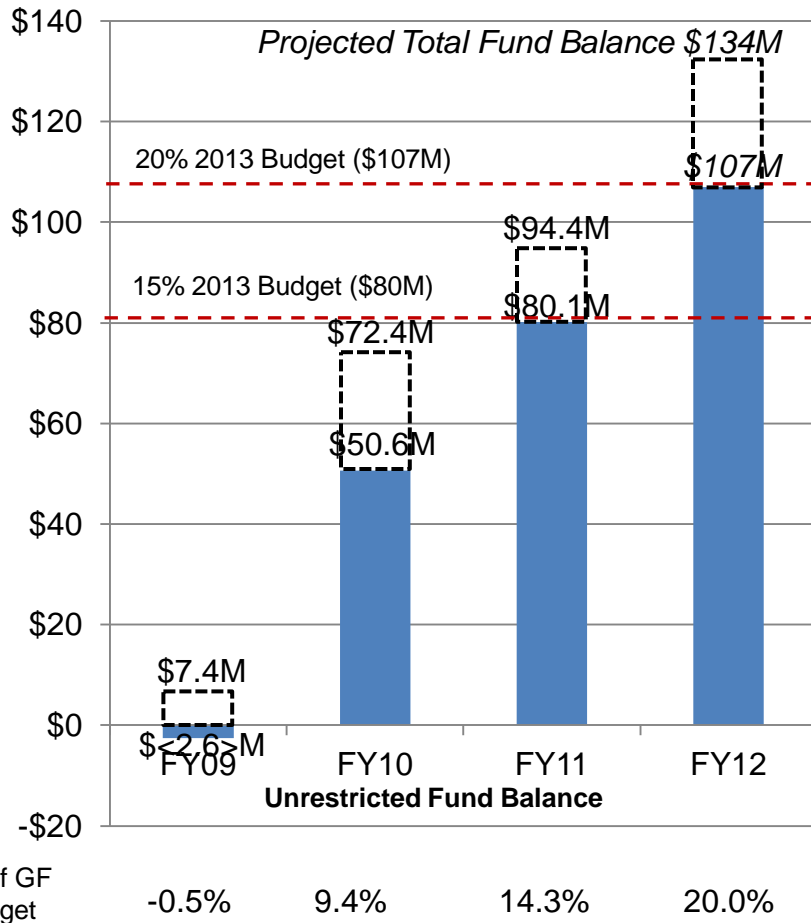
	MILL RATE	PROPERTY TAX REVENUE	DOLLAR VALUE OF ONE MILL
FY 2013	10.24	\$162 Million-Anticipation	\$15.8 Million
FY 2012	10.24	\$176 Million-Unaudited	\$17.2 Million
FY 2011	10.24	\$190 Million-Audited	\$18.5 Million
FY 2010	10.24	\$209 Million-Audited	\$20.4 Million
FY 2009	7.12	\$144 Million-Audited	\$20.2 Million



FY13 will be the first year the City will have ~20% in unrestricted fund balance

Forecast unrestr. fund balance to start FY13 is \$107M, or ~20% of the General Fund budget

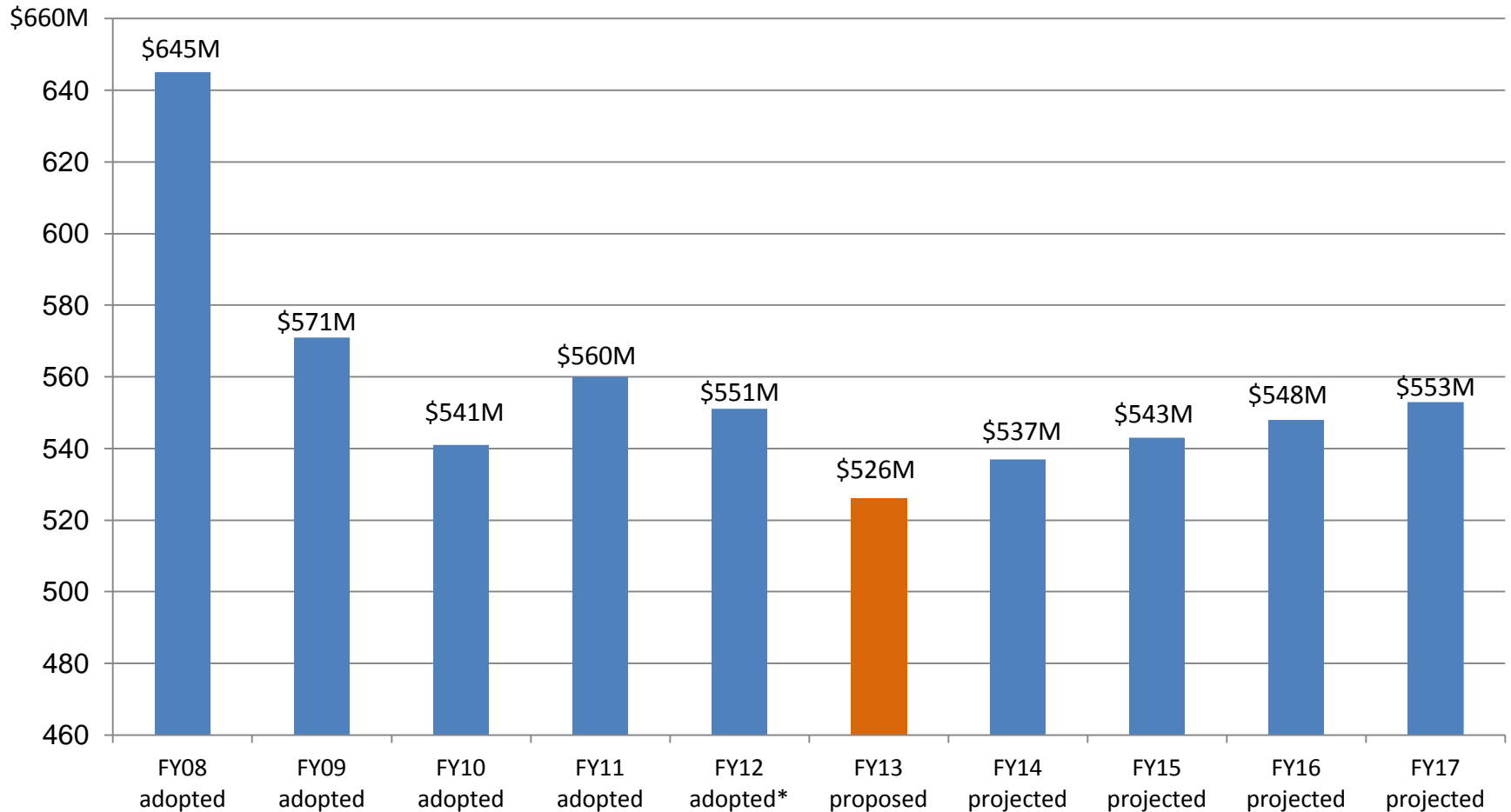
The FY13 adopted budget will maintain a ~20% unrestricted reserve by reducing the set aside



- The City has traditionally set aside ~5% of the General Fund budget in each cycle based on a charter requirement
- During FY12, the City's charter was amended to establish a GASB 54 fund balance policy that set a minimum (15%) unrestricted fund balance and specified replenishment time frames if below
- Budgeted reserves can now be flexible as long as minimum unrestricted fund balance is above 15%
- Unrestricted fund balance above 20% may be available for one-time investments after any deficit fund balances are cured



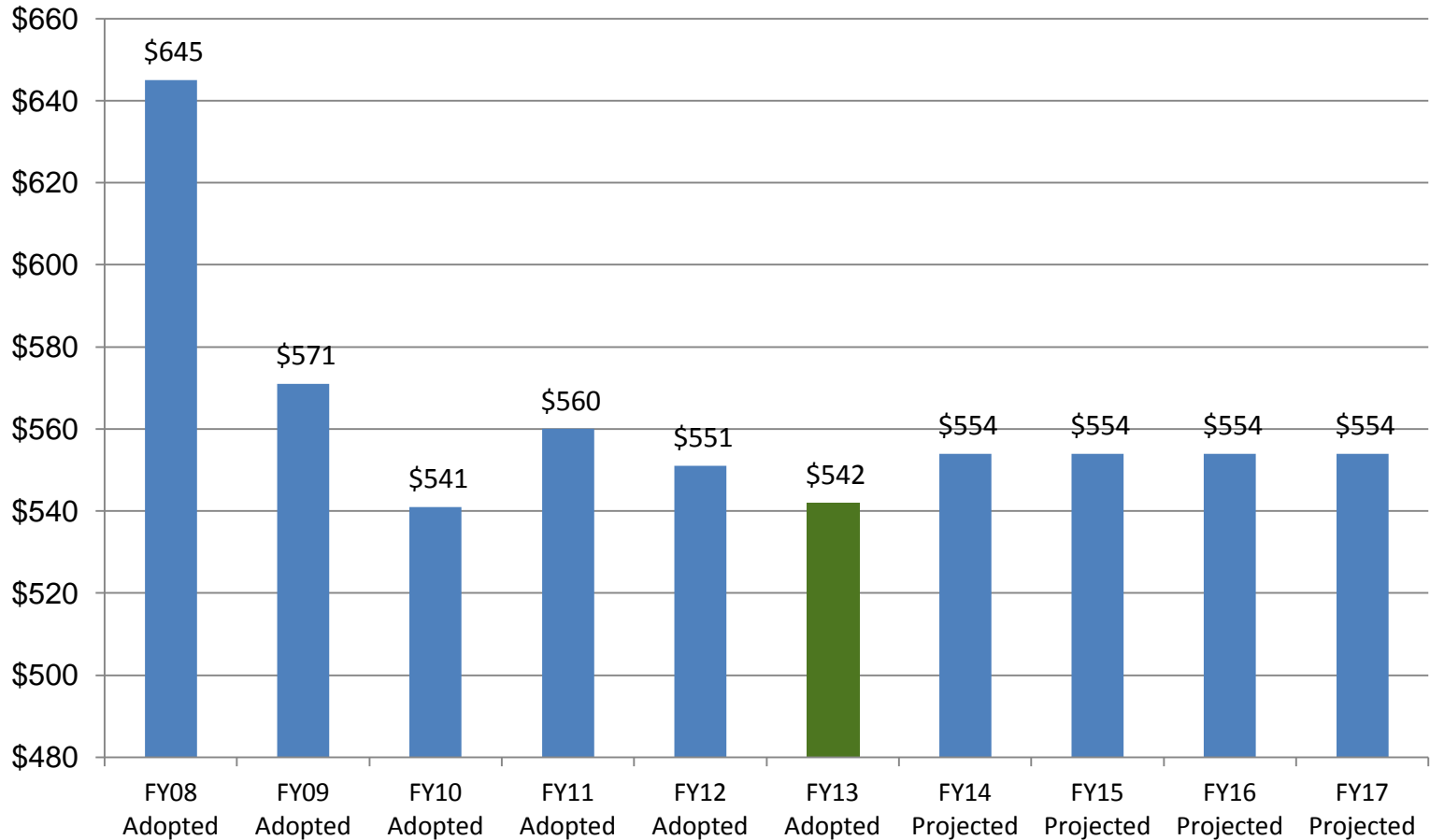
While FY13 revenues are projected to be the lowest in ten years, nearly ~120M below FY08



*Includes use of unassigned fund balance



General Fund Expense Historical Data and Projections

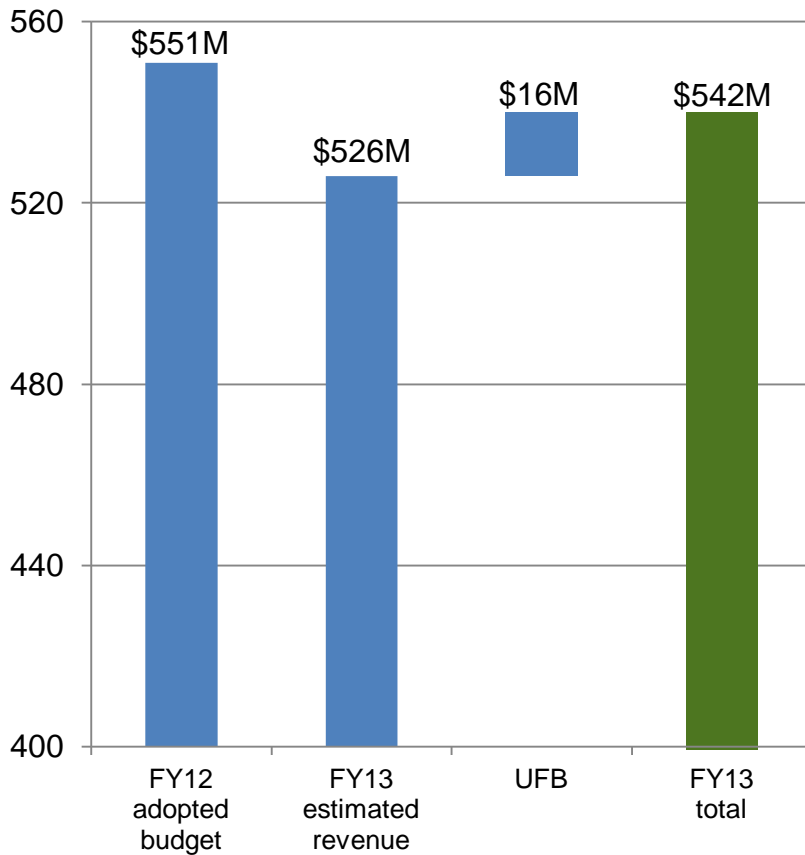




The General Fund budget for FY13 is ~\$542M

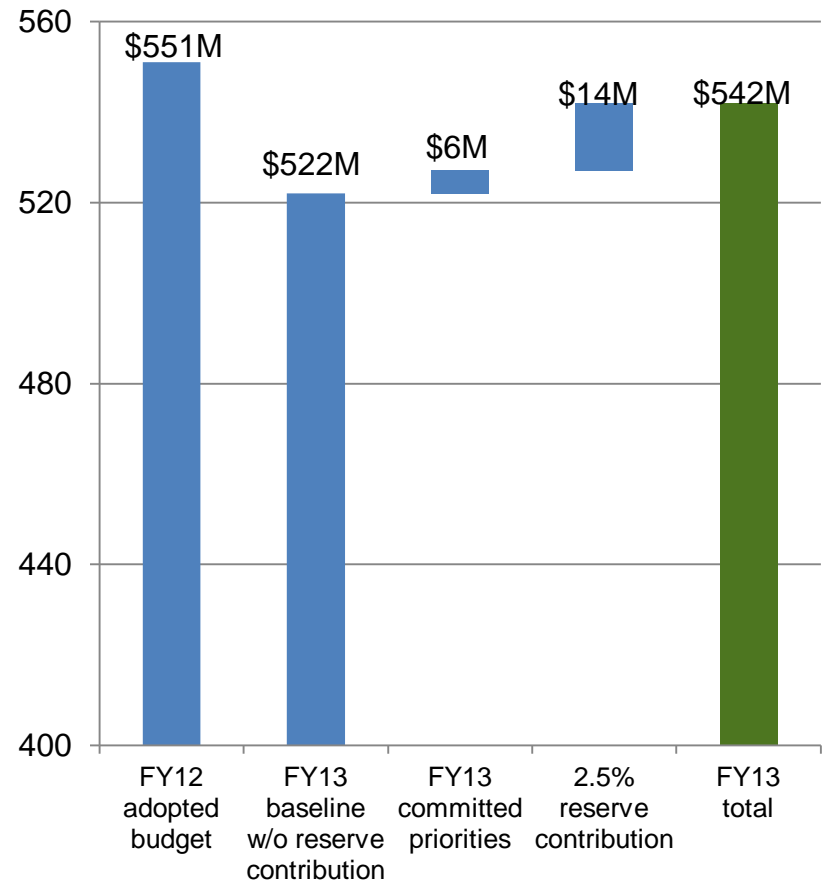
Revenue

FY13 anticipations are down ~\$25M, offset by use of ~\$16M unassigned fund balance



Expense

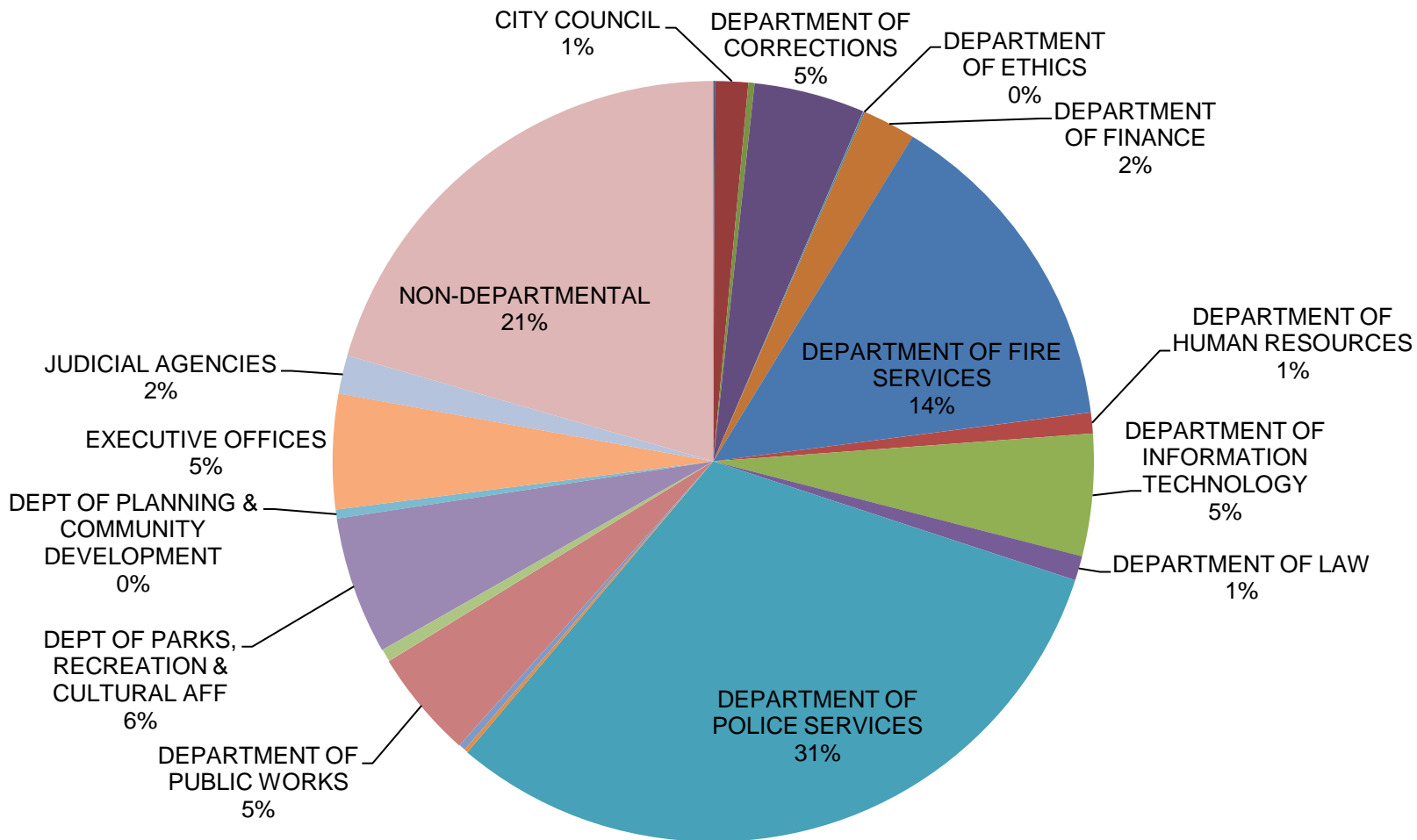
FY13 baseline expenses w/o reserve are ~\$522M, or \$528M with the committed priorities



* FY13 baseline includes restoration of FY12 budget hold

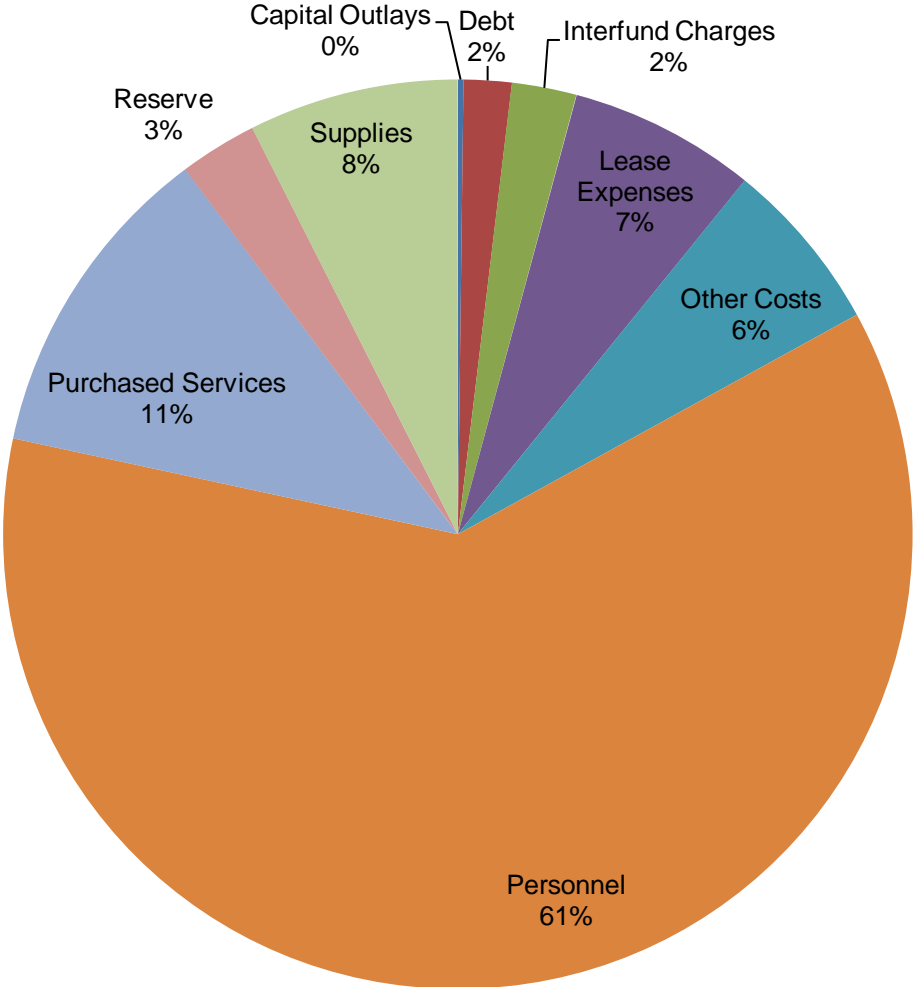


General Fund Budget by Department





General Fund by Account Group





FY13 - Other Operating Funds

DEPARTMENT	FY2013 ADOPTED BUDGET
Water and Wastewater Revenue Fund	\$537,684,870
Airport Revenue Fund	\$483,507,353
Group Insurance Fund	\$121,977,062
Solid Waste Services Revenue Fund	\$47,992,189
Fleet Services Fund	\$32,368,886
Emergency 911 Fund	\$15,922,500
Underground Atlanta Revenue Fund	\$11,223,117
Permit Fund	\$7,501,420
Civic Center Revenue Fund	\$1,770,884
Parks Facilities Revenue Fund (Cyclorama)	\$476,953



Conclusion/Questions?
