



**City of Atlanta
COMPREHENSIVE FINANCIAL REPORT OVERVIEW OF KEY ITEMS**

March 11, 2009

City's Financial Position as of 6/30/2008

City's Financial Position as of 6/30/2008

- Good News!
 - Aviation and DWM financial positions have improved

- Concerns
 - General Fund balance
 - Funds in a deficit position
 - Governmental Funds deficit in Cash Pool
 - Deficit spending

City's Financial Position as of 6/30/2008

Key Governmental Funds - General Fund Balance

	(\$M)
Ending Balance FY 2007	94.4
<u>Unaudited Loss</u>	<u>(42.1)</u> Presented to Council
FY2008 Unaudited Fund Balance	52.3
 Prior Period Adjustments:	
Delinquent Water Bills and 2007 Interfund Adjustment	(23.3)
<u>Write Off of Unsubstantiated Interfund Receivable from Pension Fund</u>	<u>(25.3)</u>
Subtotal	(48.6)
 Subsequent Adjustments:	
Kreher Settlement	(7.3)
<u>Auditor Adjustments</u>	<u>13.7</u>
Subtotal	6.4
 <u>2008 Audited Fund Balance</u>	 <u>10.1</u>

Note: Of this \$10.1M Fund Balance, approximately \$4.4M is Reserved and \$5.7M is Unreserved

City's Financial Position as of 6/30/2008
Key Governmental Subsidized Funds - E911 Fund Balance

	(\$M)
2007 Ending Balance	(34.1)
Operating Deficit	(6.6)
<u>Transfer from General Fund</u>	<u>7.2</u>
<u>2008 Ending Balance</u>	<u>(33.5)</u>

Revenue has never been sufficient to cover expenses and must be subsidized by General fund.

City's Financial Position as of 6/30/2008

Key Governmental Subsidized Funds – Underground Atlanta

	(\$M)
2007 Ending Balance	(12.8)
Loss before Transfer	(8.0)
<u>Transfer from General Fund</u>	<u>7.5</u>
<u>2008 Ending Balance</u>	<u>(13.3)</u>

Revenue from Underground is not sufficient to cover expenses and must be subsidized by General Fund. There is \$52M of government backed bonds associated with this project.

City's Financial Position as of 6/30/2008

Key Governmental Subsidized Funds – Solid Waste

	(\$M)
2007 Ending Balance	(67.2)
<u>Correction of Prior Year Error</u>	<u>10.5</u>
Beginning of Year Restated	(56.7)
<u>Operating Surplus</u>	<u>2.1</u>
<u>2008 Ending Balance</u>	<u>(54.6)</u>

This fund is beginning to show a surplus. However, the billing for services is 8-9 months in arrears which causes an additional cash flow problem to the negative fund balance.

City's Financial Position as of 6/30/2008
Key Governmental Subsidized Funds – Capital Finance Fund

	(\$M)
2007 Ending Balance	(29.7)
<u>2008 Purchases</u>	<u>(16.5)</u>
<u>2008 Ending Balance</u>	<u>(46.2)</u>

For 2008, it was anticipated we would apply for \$20M in GMA Financing and the sale of City Hall East would close. These two events would have eliminated the deficit.

City's Financial Position as of 6/30/2008
Negative Fund Balances

	(\$M)
E911	(33.5)
Underground	(13.3)
Solid Waste	(54.6)
<u>Capital Finance</u>	<u>(46.2)</u>
<u>2008 Ending Balance</u>	<u>(147.6)</u>

Note: \$27M of Solid Waste is Non-Cash

The Cash Pool – What is it?

- This is a pooling of all Enterprise and Government Fund's cash
- These balances change daily
- Effectively used by many government entities to:
 - Reduce cost of multiple bank accounts
 - Improve efficiency of staff performing treasury functions
 - Facilitate short-term borrowing between funds
- Must be balanced out monthly
- Cannot be used as a substitute for cash management of funds
- Short-term borrowings should be paid back

City's Financial Position as of 6/30/2008

Cash Pool – Governmental Funds Balance

	(\$M)
2007 Ending Balance	(106.0)
<u>2008 Ending Balance (Per MOU)</u>	<u>(116.2)</u>
Increase in Negative Balance	10.2

In 2008, this balance ranged from (\$7M) to (\$116.2M)

Auditors requested that the City enter into a MOU to repay annually \$10M per year plus applicable interest. We determined that the correct interest rate would be 3%.

Cash Pool Deficit Causes

1. Timing of General Fund revenues – June is a low point
2. E911, Underground, and Capital Finance – Each fund's negative balance has a direct impact on cash
3. Solid Waste
 - Negative cash fund balance directly affects the cash pool
 - The billing in arrears requires the pool to subsidize solid waste expenses for 8-9 months

Cash Pool Recommendations to Fix Deficit

1. Issue Tax Anticipation Notes (TANS) annually to institute cash management on a fund basis.
2. Capital Finance Fund
 - Finance through GMA those items still eligible
 - Sell City Hall East
3. Solid Waste – Institute some form of advance billing
4. Repayment of remaining negative fund balances from General Fund
5. Target 20% surplus for General Fund over next 4 years (\$100M)
 - Implement tax and fee increases
 - Hold spending levels down, even when revenues increase



City of Atlanta SUMMARY OF KEY FINANCIALS

Appendix

Governmental Activities (\$M)

	2008	2007	% Change
Current Assets	171.9	167.8	2.4
Total Assets	1,571.7	1,697.9	(7.4)
Current Liabilities	212.4	182.4	16.4
Long Term Debt and Liabilities	1,089.8	942.9	15.6
<u>Total Debt and Liabilities</u>	<u>1,302.2</u>	<u>1,125.3</u>	<u>15.7</u>
Net Assets	269.5	572.6 / 341.9*	(21.2)
Revenues	699.2	680.6	1.2
<u>Expenses</u>	<u>771.6</u>	<u>727.7</u>	<u>5.9</u>
Surplus/Deficit	(72.4)	(47.1)	(53.1)
Borrowing from Cash Pool	103.7 / 116.2	106.0	

*2008 Adjustment to 2007 of \$230.7 for transfer of assets to DWM

Department of Watershed (\$M)

	2008	2007	% Change
Current Assets	265.7	462.2	(42.5)
Total Assets	5,071.3	4,558.7	11.2
Current Liabilities	283.7	442.9	(35.9)
Long Term Debt and Liabilities	2,702.3	2,683.4	0.7
<u>Total Debt and Liabilities</u>	<u>2,986.0</u>	<u>3,126.3</u>	<u>(4.4)</u>
Net Assets	2,085.2	1,432.2	45.6
Revenues	442.1	458.4	(3.6)
<u>Expenses</u>	<u>307.7</u>	<u>326.1</u>	<u>(5.5)</u>
Surplus/Deficit	134.4	132.3	1.5
Cash Pool Balance & Due from Governmental Funds	224.8	160.6	40.0

Aviation (\$M)

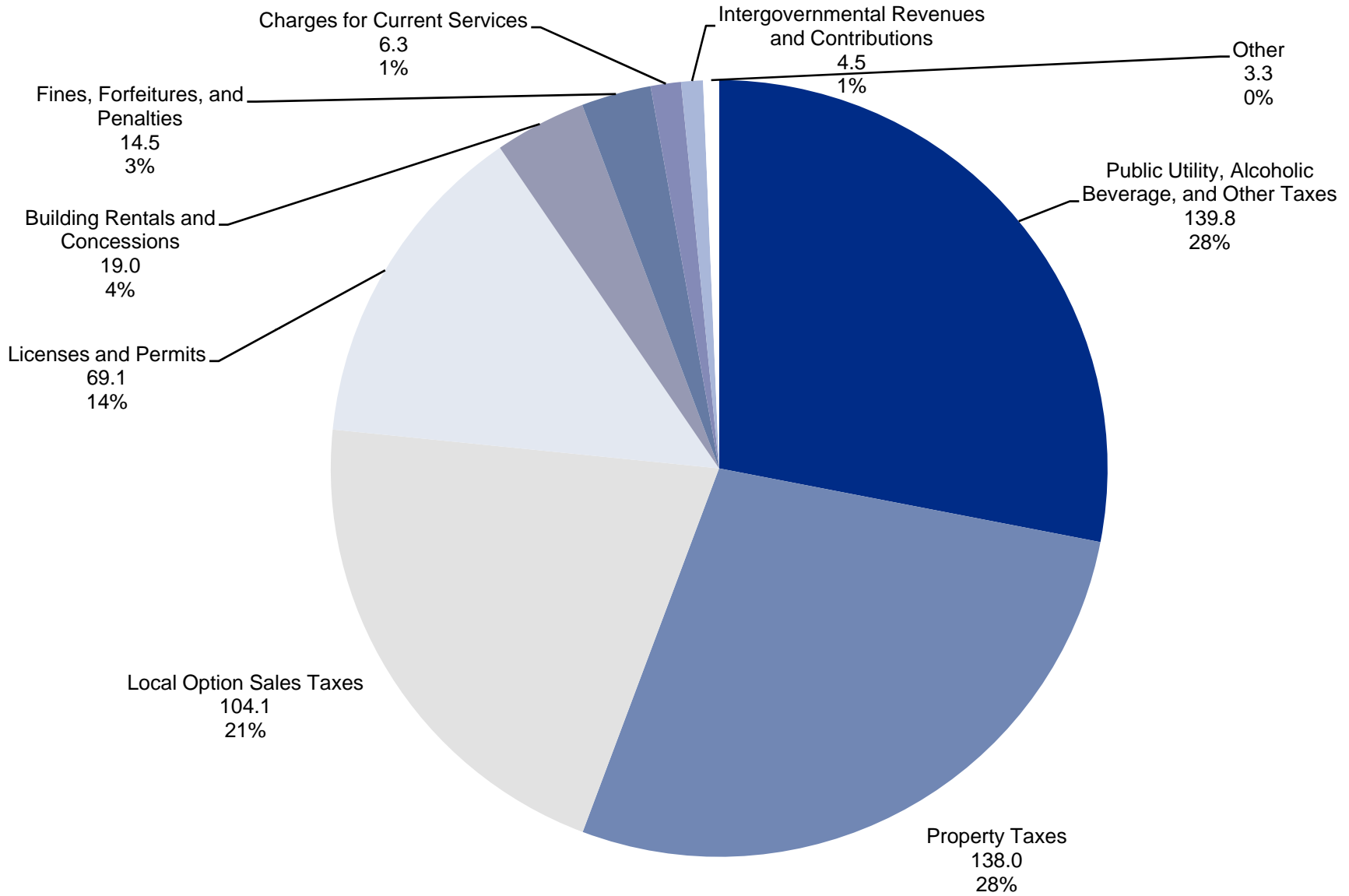
	2008	2007	% Change
Current Assets	589.9	856.3	(31.1)
Total Assets	6,577.2	6,910.1	(4.8)
Current Liabilities	325.3	554.8	(41.4)
Long Term Debt and Liabilities	2,396.9	2,858.0	(16.1)
<u>Total Debt and Liabilities</u>	<u>2,722.2</u>	<u>3,412.8</u>	<u>(20.2)</u>
Net Assets	3,855.0	3,497.3	10.2
Revenues	549.2	497.1	10.5
<u>Expenses</u>	<u>273.8</u>	<u>213.7</u>	<u>28.1</u>
Surplus/Deficit	275.4	283.4	(2.8)
Cash Pool Balance	506.2	440.1	15.0

General Fund (\$M)

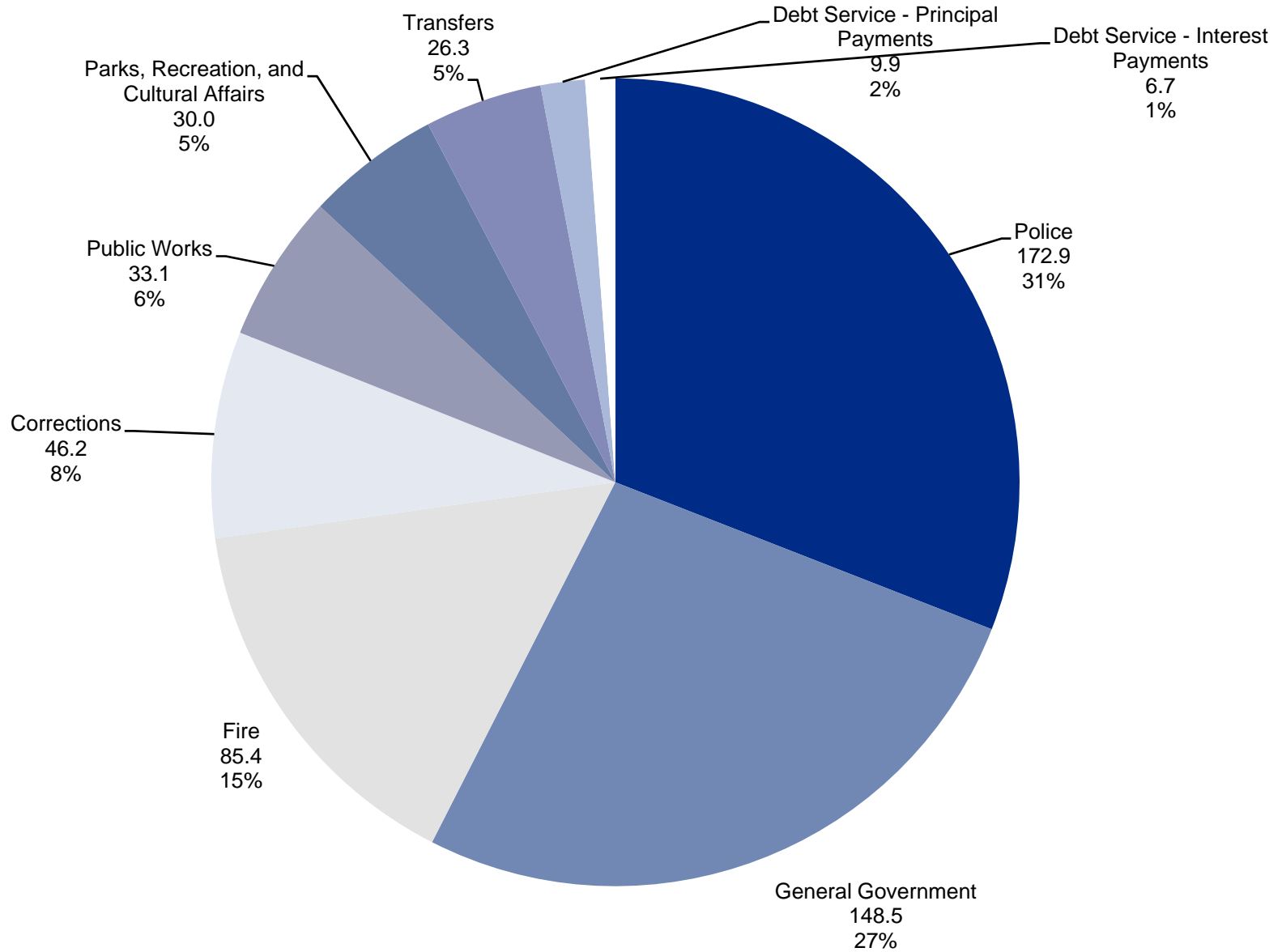
	2008	2007	% Change
Total Assets	248.8	238.1	4.5
Total Debt and Liabilities	238.7	143.6	66.2
Fund Balance	10.1	94.2 / 69.9*	(85.3)
Revenues	499.9	511.1	(2.2)
<u>Expenses & Transfers</u>	<u>558.8</u>	<u>517.2</u>	<u>8.0</u>
Surplus/Deficit	(58.9)	(6.1)	(865.5)

*Prior period adjustment for \$25.3M receivable write off

FY08 General Fund Revenue Sources by Category (\$M)



FY08 General Fund Expenditures by Category (\$M)



Capital Projects Fund (\$M)

	2008	2007	% Change
Total Assets	164.9	126.1	30.8
Total Debt and Liabilities	84.2	61.9	36.0
Fund Balance	80.7	114.1	(29.3)
Revenues and Financing Sources	105.0	88.3	18.9
<u>Expenses</u>	<u>138.4</u>	<u>71.5</u>	<u>93.6</u>
Surplus/Deficit	(33.4)	16.8	

Solid Waste (\$M)

	2008	2007	% Change
Total Assets	31.1	19.8	57.1
Total Debt and Liabilities	85.6	87.0	1.6
Fund Balance	(54.5)	(67.2) / (56.7)*	3.9
Revenues	49.8	48.0	3.8
<u>Expenses</u>	<u>47.7</u>	<u>50.6</u>	<u>(5.7)</u>
Surplus/Deficit	2.1	(2.6)	

*Prior period accrual for revenue 1/1/2006-6/30/2006