

City of ATLANTA

POPULAR ANNUAL FINANCIAL REPORT 2023



ABOUT THE CITY



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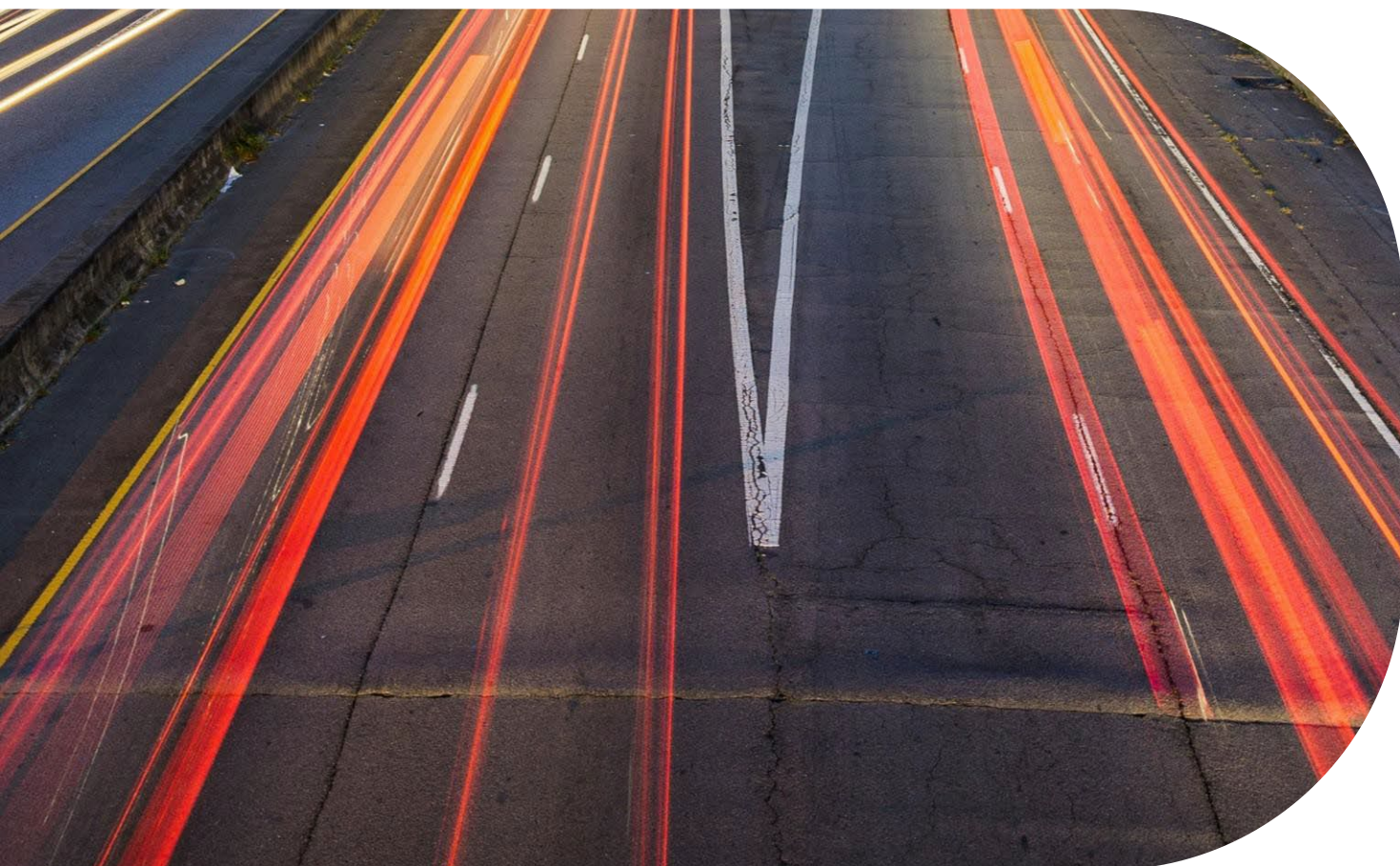
City introduction

2

Citizen's Data &
Organizational Chart

3

Achievements

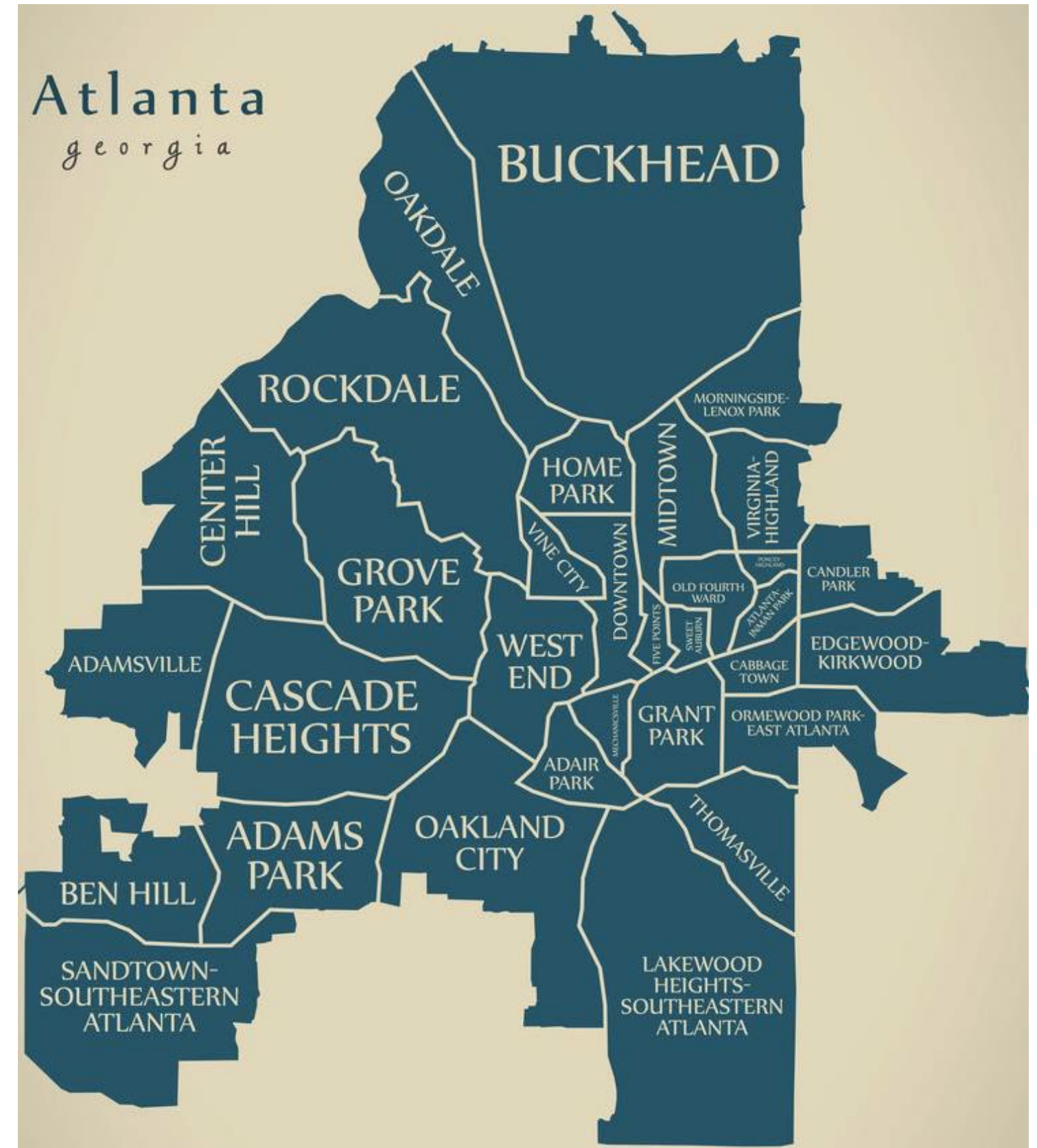


CITY INTRODUCTION

Atlanta is the capital of the U.S. state of Georgia and eighth most populous city in the Southeast, with a population of 510,823 living within the city limits. It was founded in 1837 as the end of the Western & Atlantic railroad line, from which the name of “Atlanta” is derived and that represents the city’s growing reputation as a major hub of transportation not just for the country but also for the world since its airport (*Hartsfield-Jackson Atlanta International Airport*) is the world’s busiest in daily passengers flights coming from all over the world.

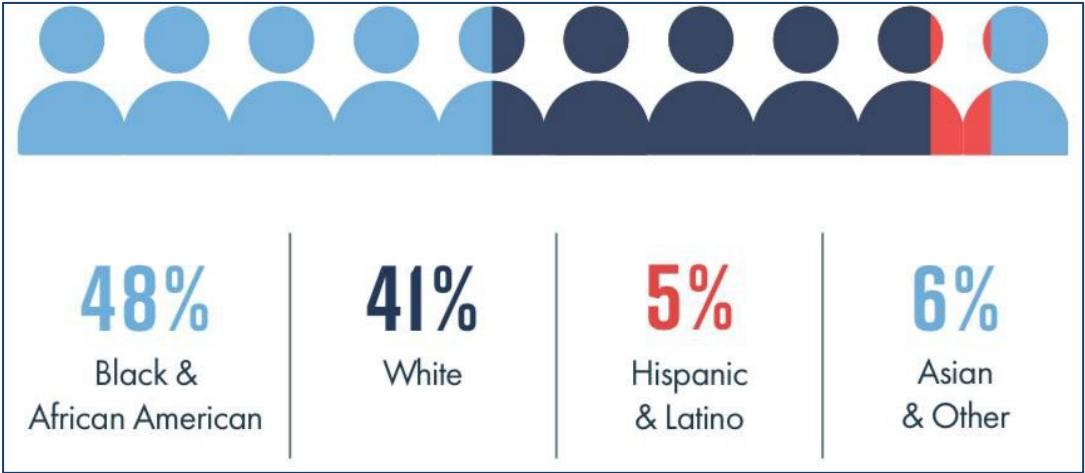
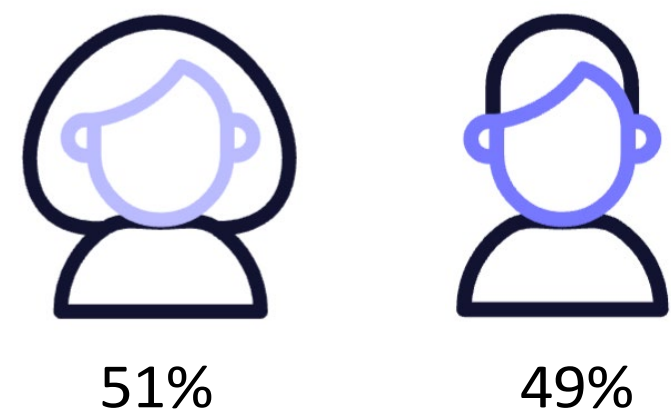
Atlanta as the 11th-largest economy among cities in the U.S. and the 22nd-largest in the world with a nominal gross domestic product (GDP) of \$473 billion in 2021. its economy is considered diverse with different dominant sectors in industries such as for example transportation, finance, aerospace.

As for today, Atlanta has been linked, for more than four decades, to the civil rights movement and became a fast-paced modern city which helped to open its doors to the 1996 Olympics.



342,9 km²

GENDER, RACE & ETHNICITY



ORGANIZATIONAL CHART



ACHIEVEMENTS

City priorities and accomplishments



Ethics and procurement integrity

- Atlanta Police department's promotion policies and practices are fair and non-discriminatory.
- Provided cost-of-living adjustments (COLA) for city employees.
- Continued increase in contributions to the city's reserves.



Neighborhood empowerment

- Revenue recovery for the support of watershed's capital improvements, administrative programs and financial standing.
- A lot of investments are made for park operations and maintenance.
- Increase in investments for Art and Culture.



S.A.F.E streets

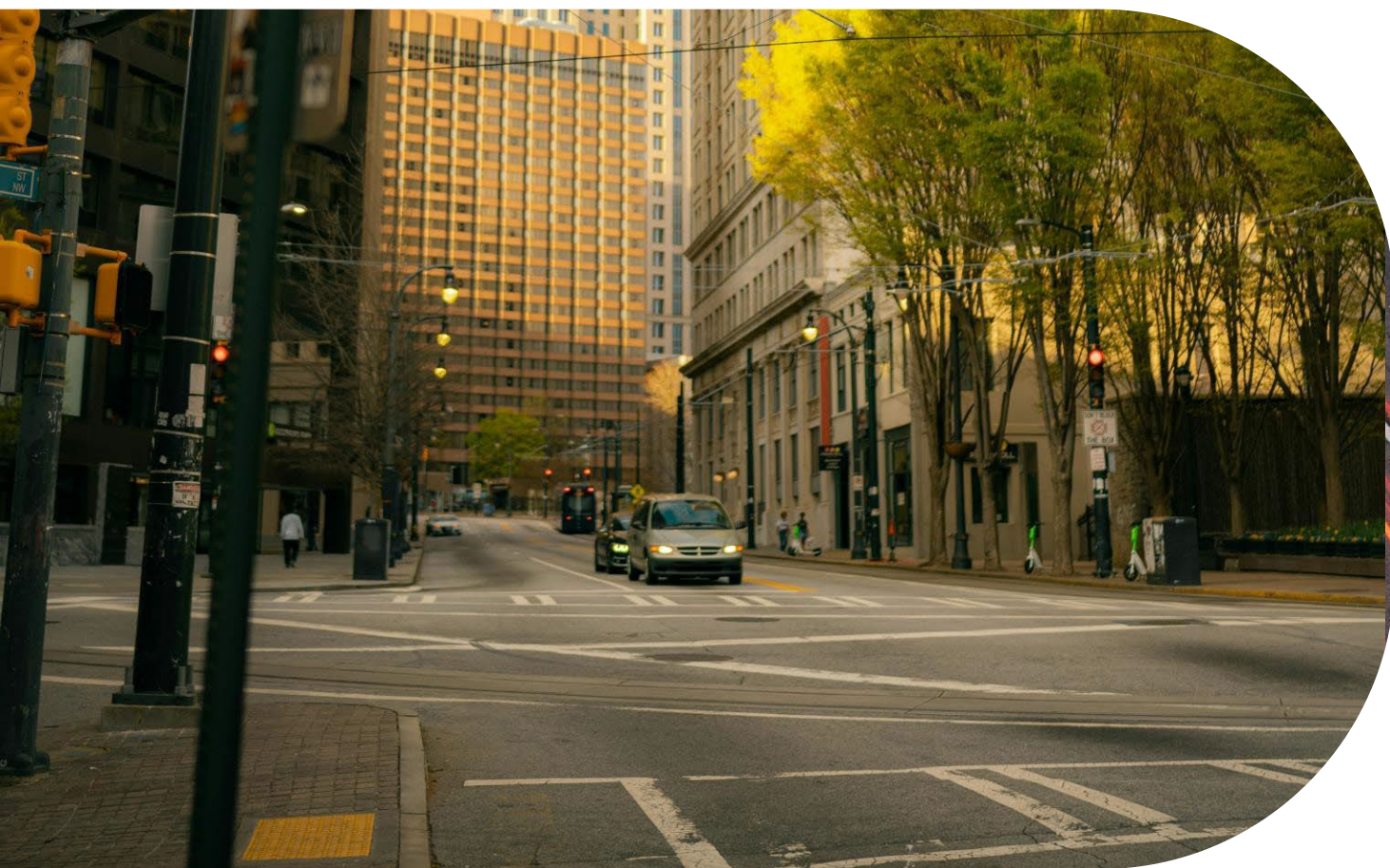
- Reduction of crime and traffic accidents, lights are repaired or added and costs and carbon footprint are reduced.
- Incrementation of funds allocated to hire police officers and to ensure the maintenance of police precincts.



Youth and education

- Development of a strong character among youth and young adults through violence prevention and youth stability programs and activities.

CITY FINANCES



1

Budget process

2

Financial summary

3

Fund Balance

4

Government fund revenues

5

Government fund expenses

BUDGET PROCESS

Budget review calendar

December - January	All departments prepare, enter and upload data
March	Budget kick-off
April	Updates to budget Proposed budget book draft review & finalization
May	Budget overview Department briefings Budget amendments Public hearings for property tax millage rate
June	Budget commission meets to approve anticipations Full City Council votes to adopt budget ordinance Mayor approves adopted ordinance
July 1	New fiscal year begins

One of the main roles of the city council is the preparation of the budget. The City adopts annual budgets for the General Fund, Special Revenue Funds, and Debt Service Funds, with legal budgetary control established at the fund level by the City Council.

The process of creating and finalizing the city’s budget involves four key entities:

The Mayor prepares and presents the proposed budget to the City Council by May, incorporating recommendations from the Finance/Executive Committee.

The City Council holds public hearings, advertises them in a local newspaper, and can amend the proposed budget. It must adopt the final budget by the end of June, ensuring compliance with legal and Charter requirements.

The Budget Commission consists of the Mayor, CFO, Finance/Executive Committee Chair, and two other City Council members. The Commission provides revenue projections to assist with budget preparation, and these projections are binding but do not require Council approval.

The Chief Financial Officer provides a complete, detailed budget to the City Council at least five days before the formal budget presentation meeting.



FINANCIAL SUMMARY

Statements of position June 30, 2023

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL 2023	TOTAL 2022	TOTAL 2021
Current Assets	\$ 2,234,931	\$ 3,771,560	\$ 6,006,491	\$ 5,591,332	\$ 4,981,593
Capital assets, Net of Depreciation and Amortization	1,338,355	13,186,568	14,524,923	14,053,723	13,715,437
Deferred Outflows of Resources	622,440	490,642	1,113,082	744,790	682,277
TOTAL ASSETS AND DEFERRED OUTFLOWS	4,195,726	17,448,770	21,644,496	20,389,845	19,379,307
Current Liabilities	452,659	955,751	1,408,410	1,578,046	1,450,702
Non-Current Liabilities	3,098,902	6,810,096	9,908,998	8,998,178	9,289,439
Deferred Inflows of Resources	293,587	221,008	514,595	963,926	487,150
TOTAL LIABILITIES AND DEFERRED INFLOWS	3,845,148	7,986,855	11,832,003	11,540,150	11,227,291
Net Investment in Capital Asset	155,573	6,948,835	7,104,408	7,012,883	6,943,242
Restricted Net Position	1,707,679	1,170,154	2,877,833	2,285,408	1,930,493
Unrestricted Net Position	(1,512,674)	1,342,926	(169,748)	(448,596)	(721,719)
TOTAL NET POSITION	\$ 350,578	\$ 9,461,915	\$ 9,812,493	\$ 8,849,695	\$ 8,152,016

The statement of Net Position present information on all of the City's Assets and Liabilities, Deferred Outflows and Inflows.

The difference between this two components, what the city owns and what the city owes, is called **Net Position**.

FUND BALANCE

Key Points in the 2023 Budget:

1. General Funds highlight

- Pay raises for Atlanta firefighters and to hire additional police officers.
- Pay increases for front-line city employees, such as corrections officers, 311 representatives, and employees of the Parks and Recreation Department and the Atlanta Department of Transportation.

2. Allocations and Initiatives.

- Youth and Community Programs: Grants for at-promise youth centers to deepen their reach and effectiveness.
- Small Business Support: Funds allocated to Small Business Associations in each council and at-large districts, and the Council President.
- House Proud Atlanta and Housing Equity: More resources to help seniors with home repairs, plus steps to boost affordable housing.

TOTAL FUND BALANCE

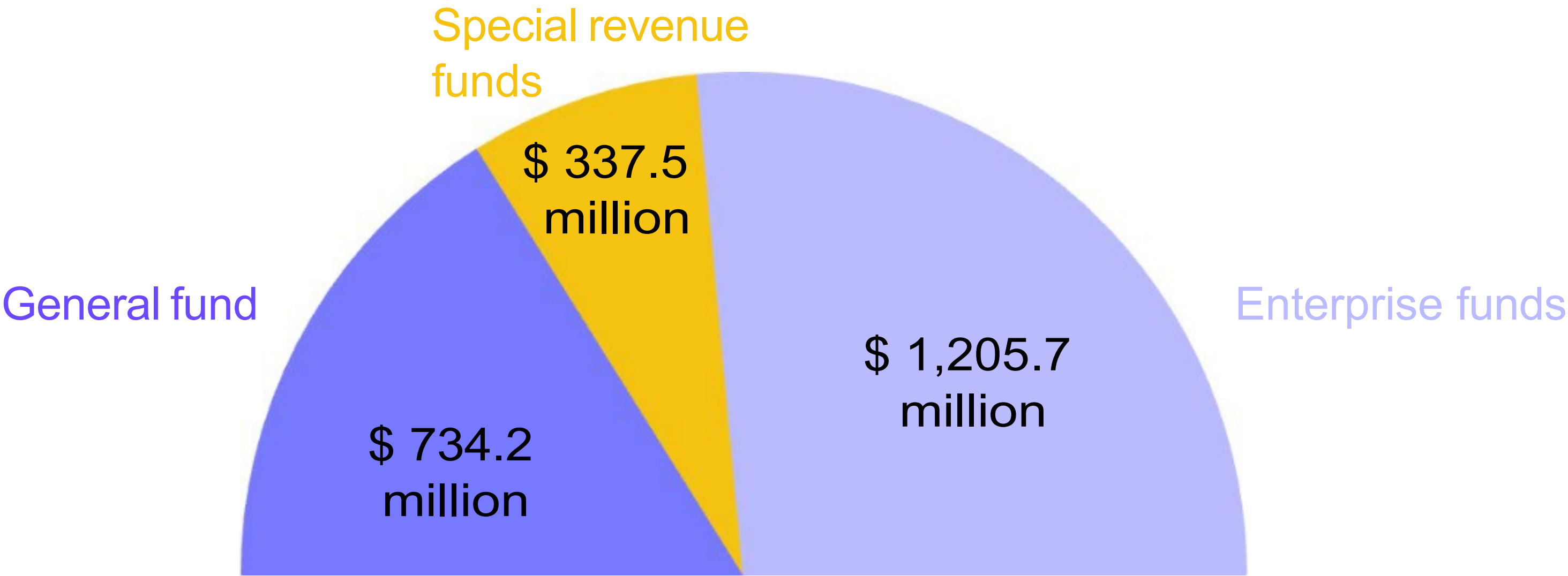
\$ 2,277.4 Billion

3. Infrastructure

- Invest funds to promote transportation and interaction with the community.
- Sustainability and environmental projects are put forward.

4. Legislative changes

- Tax collection and providing health services.
- Promotion in inclusivity with gender equality both in employment and public accommodation.



FUND REVENUES

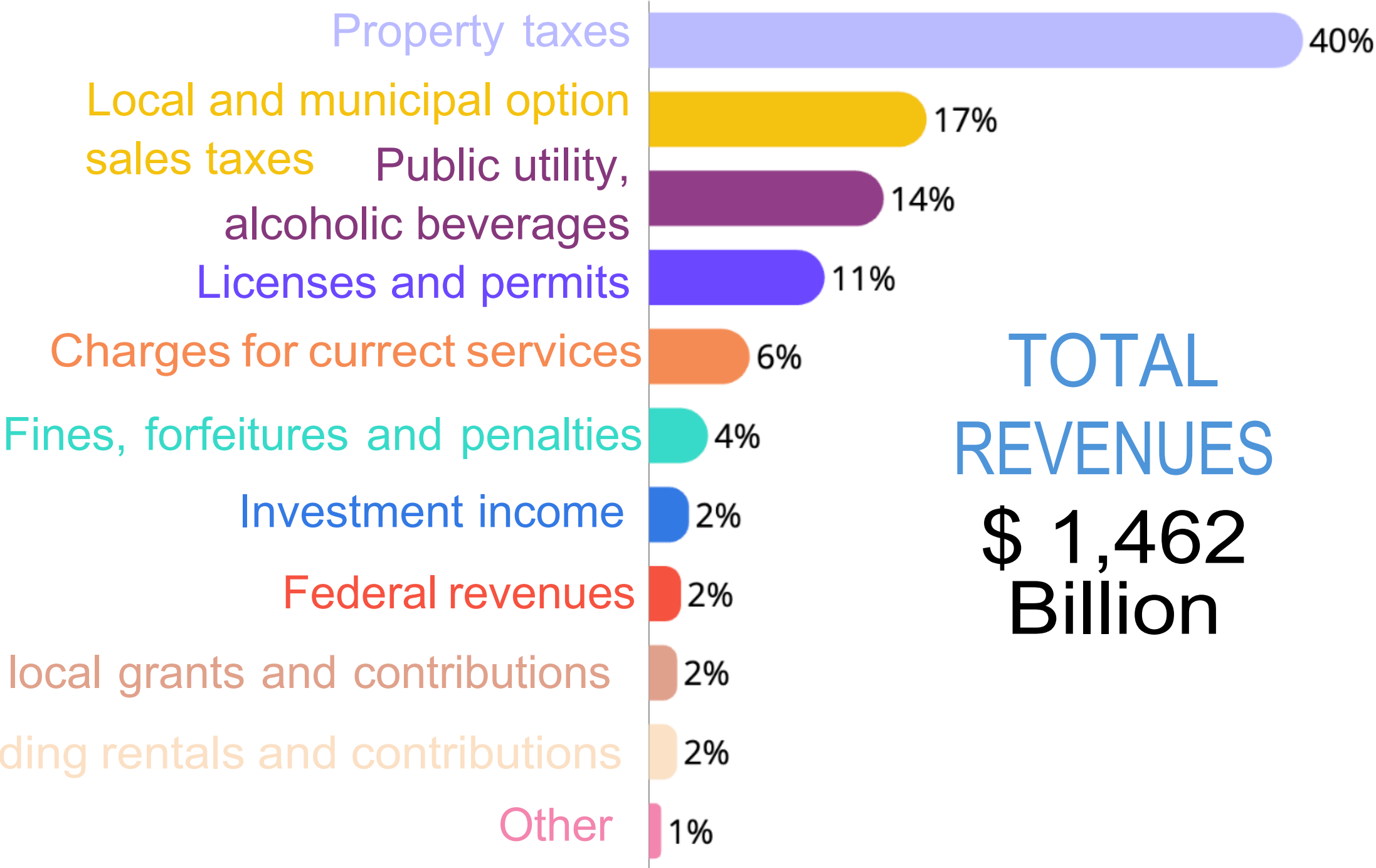
In 2023, the City of Atlanta generated revenues mainly through taxes, fees, and service charges to support its \$2,28 billion budget.

Main Revenue Sources for the City of Atlanta in 2023:

1. Property Taxes: Property taxes are Atlanta’s primary revenue source, about \$582 million, and make up a substantial portion of the general fund. They fund key services such as public safety, parks, public works, and general government operations.

2. Sales Taxes: Another significant revenue source is sales tax, which includes both a standard sales tax and a Special Purpose Local Option Sales Tax (SPLOST). SPLOST funds are restricted for capital projects like infrastructure upgrades and public facility improvements, contributing to the city’s broader development goals.

3. Alcoholic Beverage Tax: This tax applies to the sale of alcoholic drinks within city limits, encompassing both retail and wholesale distributions. The revenue from this tax is used in part to manage regulatory requirements, fund enforcement measures for liquor-related ordinances, and contribute to city services like public safety. Each year, Atlanta hosts a license renewal season for businesses dealing in alcohol, which further supports compliance and revenue growth.



TOTAL REVENUES
\$ 1,462 Billion

FUND EXPENSES

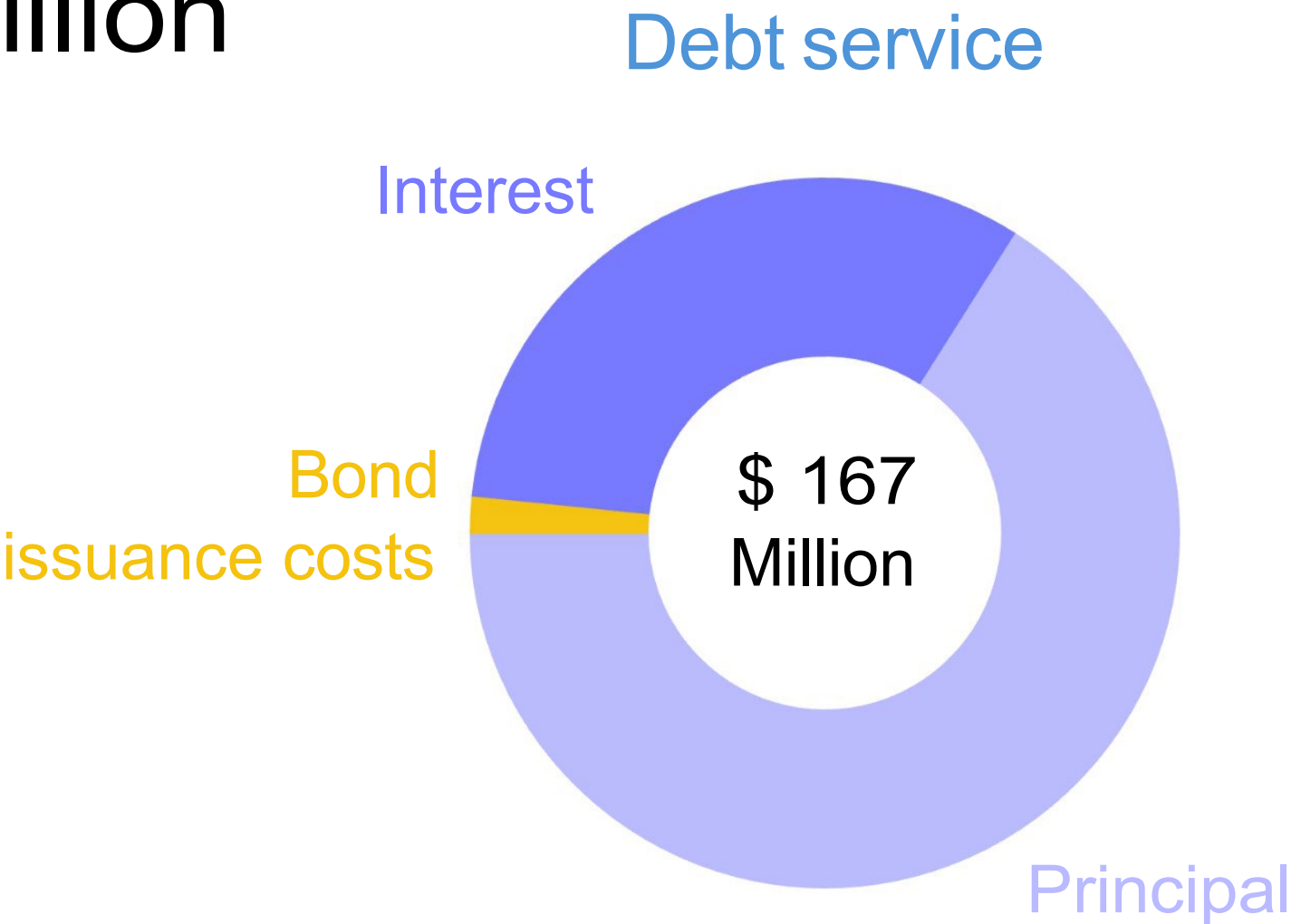
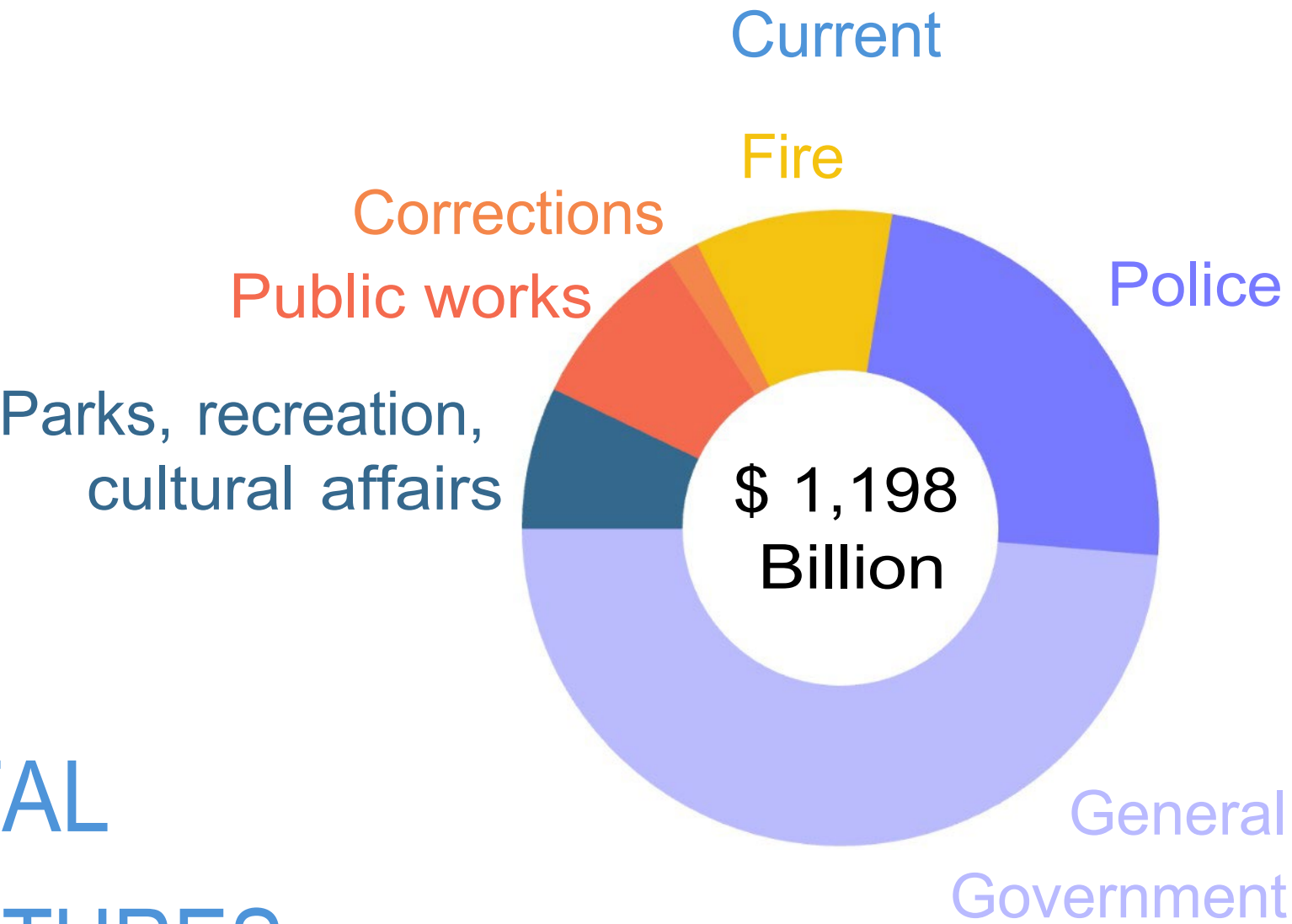
The City of Atlanta's 2023 expenditures provide insight into its fiscal priorities, with a total outlay of approximately \$1,365 billion. Key areas funded in this budget focus on public safety, housing, transportation, and parks, alongside personnel needs across various departments.

Public safety receives significant funding, with approximately \$284 million allocated to the Atlanta Police Department, which includes funds to increase police staffing and enhance community policing efforts. Firefighter pay raises and a cost-of-living adjustment for other employees were also funded.



TOTAL
EXPENDITURES
\$ 1,365 Billion

 + \$97 Million
Excess of revenues over expenditures



CITY FINANCES

PT.2



1 Capital assets

2 Long term obligations

3 Cash and Investments



CAPITAL ASSETS

The City of Atlanta’s capital assets in 2023 cover a range of infrastructure and property investments, supporting transportation, public safety, parks, and utilities. This includes:

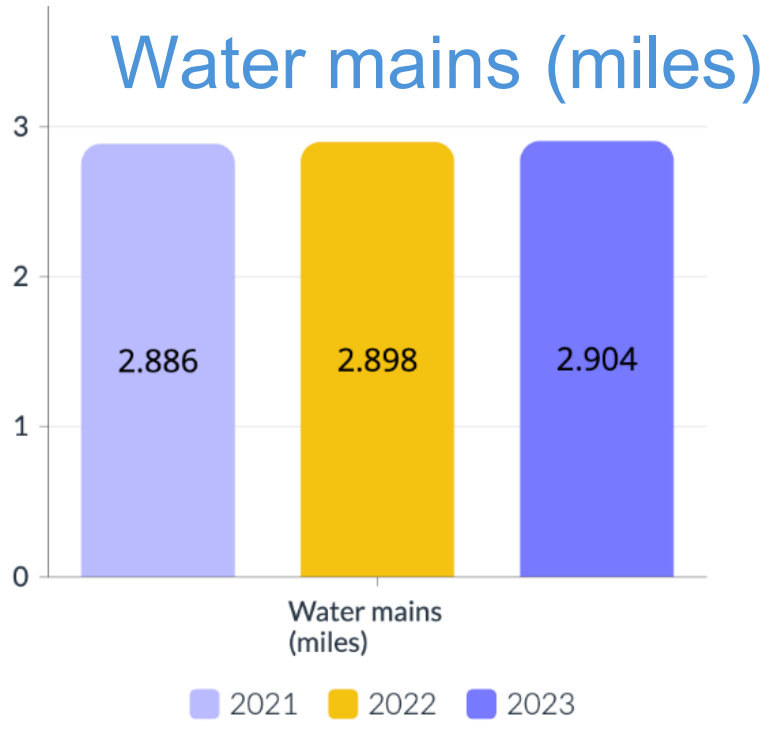
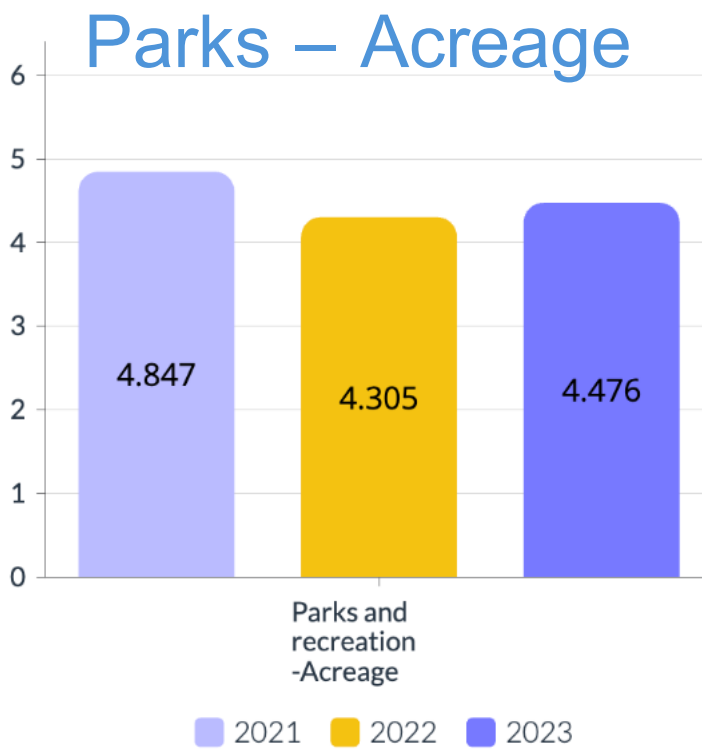
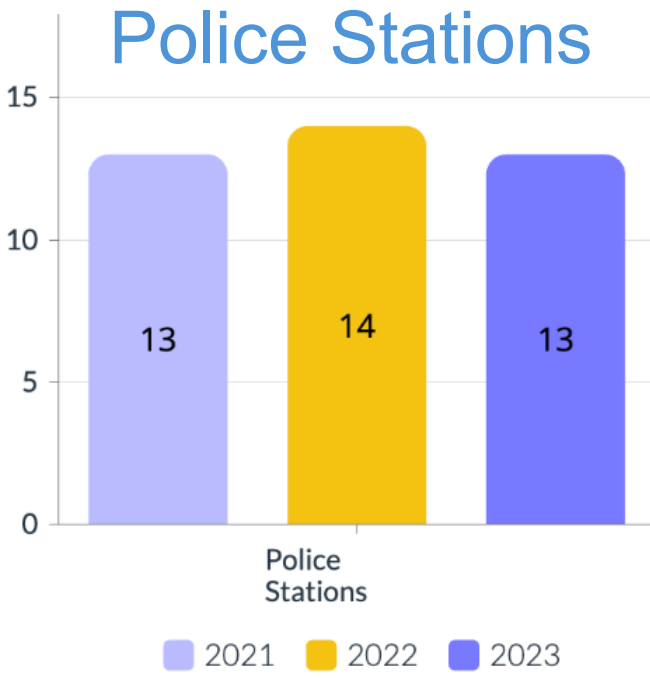
1.Transportation Assets: Significant resources go into roadways, bridges, and public transit infrastructure managed by Atlanta’s Department of Transportation. These investments aim to improve mobility and address the city’s growth, with new initiatives for pedestrian safety and efficient traffic flow.

2.Parks and Recreation Facilities: Atlanta’s Department of Parks and Recreation maintains numerous parks, green spaces, and recreational facilities. The capital budget supports renovation and expansion projects to enhance public spaces and access to recreational amenities.

3.Public Safety Facilities: Investments also fund Atlanta’s police and fire departments, providing updated facilities, equipment, and technology to support effective public safety operations across the city.

4.Water and Sewer Infrastructure: Managed by the Department of Watershed Management, Atlanta's capital projects include maintenance and upgrades to water and sewer systems, which are critical to the city’s environmental sustainability and public health.

These capital assets contribute to both the quality of life for residents and the long-term sustainability of city services, with funding sourced through bonds, federal grants, and local taxes.



LONG TERM OBLIGATIONS

The long-term obligations of the City of Atlanta on June 30, 2023, was \$ 429,355,386. To make sure that the City of Atlanta can continue to provide services, infrastructure, and future obligations, it has several long-term obligations.

The table that is given below displays the long-term financial commitments of Atlanta City focusing mainly on debt and inter-fund obligations needed to support City-based initiatives and provisions. The short-term portions of these obligations that need settlement within the financial year are represented by “Amount due within one year”.



Long-term obligation type	Ending balance	Amount due within one year
Bonds, Notes and Loans payable	\$407,268,071	\$15,925,000
Accrued Rent	\$799,964	-
Unearned revenue	\$3,323,648	-
Advances from Tax Allocation Districts	\$7,477,285	-
Advances from other funds	\$3,201,300	-
Lease Liability	\$1,746,163	-
Total Long-term Obligations	\$429,355,386	\$15,925,000

Detailed analysis of long-term liabilities

Bonds, Notes, and Loans Payable (\$407, 268,071)

- General Obligation Bonds: These bonds which are issued by the city and backed by its credit can finance major public projects such as building new facilities or improving existing infrastructure.
- Revenue Bonds: Specific revenue sources secure these bonds instead of relying on the City's credit. These are especially used for projects that generate income like utilities or transit improvements.

Accrued Rent (\$799,964)

- These highlight the rental payments that Atlanta must pay in the future for city facilities or leased spaces.

Unearned Revenue (\$3,323,648)

- These represent funds received but not yet earned. For instance, this includes payments made in advance for any services or grants that are allocated for future projects.

Advances from Tax Allocation Districts (TADs) (\$7,477,285)

- TADs advance these funds for city enhancements. Tax earnings are reinvested in TADs which are special districts for public infrastructure projects and economic development.

Advances from other funds (\$3,201,300)

- These include funds that are borrowed from other city accounts or money allocated to certain projects. Over time, these payments must be repaid.

Lease liability (\$1,746,163)

- As defined by the accounting rules, lease obligations under GASB 87 comprise of payments for right-to-use assets like city buildings or equipment which are distributed across the lease term.

These elements support Atlanta City's investment in facilities, infrastructure, and public services while also complying with future financial and legal obligations.



LONG TERM OBLIGATIONS

In Financial Year 2023, as part of the “Moving Atlanta Forward” initiative, the City of Atlanta issued \$410 million in infrastructure bonds. \$369 million of those were set aside as Social Bonds to support community projects. It is the Bond Buyer who named this project as the Southeast "Deal of the Year".

Credit Ratings

The three major rating agencies include **Moody's**, **Standard & Poor's (S&P)**, and **Fitch Ratings**. These rating agencies grade many issuers and their municipal bonds. These organizations help investors understand the underlying risk and the reliability that has with municipal debts by grading the bonds with ratings such as AAA and AA. These ratings ensure that financial markets allocate resources and support investment decisions considering the level of risk.

Bond Credit Rating

The “Big Three” agencies, Moody’s, S&P, and Fitch Ratings dominate the ratings industry globally with approximately 95% market share.

An upgrade to **AAA** from Fitch Ratings in recent times, together with an **Aa1** rating from Moody’s and an **AA+** from S&P, indicates that Atlanta has sound financial health and is resilient. What that means for these ratings is that the City of Atlanta can issue bonds at lower interest rates and, therefore, can ensure those taxpayer dollars to go to work effectively in major infrastructure and community development initiatives.



CITY of ATLANTA BOND RATINGS

Series 2023 Infrastructure Bonds

Aa1
Moody’s

AA+
Standard
and Poor’s

AAA
Fitch
Ratings



CASH AND INVESTMENTS

TYPES of RISK

Interest Rate Risk

This is the risk that the fair value of the City of Atlanta's investments will decrease because of an increase in interest rates. The City limits this risk by focusing on investments with shorter maturities, which really helps in maintaining liquidity and reducing potential losses in value due to rising rates.

Credit Rate Risk

The risk that the City will not recover its investment due to a failure by an issuer to meet their obligation. The City minimizes this risk through investment in high-credit-quality securities and by diversifying the investment portfolio.

Custodial Rate Risk

This risk occurs when the issuer defaults and the City does not recover deposits, investments, or collateral placed with a third-party custodian. This risk is minimized by ensuring that securities are held in the City's name through a third-party custodian.

WAYS the CITY MITIGATES RISKS

The City's Investment Policy provides limitations on exposure to fair value losses due to rising interest rates by generally restricting the maturity of most investments to five years or less, which is consistent with its liquidity needs and reduces its long-term interest rate exposure.

The Investment Policy adopted by the City encourages diversification between various types of investments, so as not to over-concentrate on any type of investment or issuer. It sets single-investor and investment-category limits to make sure that no single asset represents an outsized portion of the portfolio.

The City's Investment Policy requires that all securities must be registered in the name of the City and held by a third-party custodian approved in the policy; such custodian shall also ensure that collateral received, if any, will be properly identified as an asset of the City.

The investment portfolios of the City of Atlanta should be diversified to limit market and credit risk under the following institutions

Investment type	Max Maturity	Ratings	Portfolio limitation	
			MIN	MAX
U.S. Treasuries	5 years	S&P> AA/A-2 Moody's> Aa2/P-1 Fitch> AA/A-2	15%	100%
U.S. Agencies/ Instrumentalities	5 years	S&P> AA/A-2 Moody's> Aa2/P-1 Fitch> AA/A-2	0%	75%
Obligations of other political subdivisions	5 years	S&P> AA/A-2 Moody's> Aa2/P-1 Fitch> AA/A-2	0%	25%
Other Municipal securities	5 years	S&P> AA/A-2 Moody's> Aa2/P-1 Fitch> AA/A-2	0%	25%
Repurchase agreements (Repos)	180 days	S&P> AA/A-2 Moody's> Aa2/P-1 Fitch> AA/A-2	0%	50%
Banker's Acceptance	270 days	S&P> AA/A-2 Moody's> Aa2/P-1 Fitch> AA/A-2	0%	10%
Local government Investment Pools.	Not applicable	S&P> AA/A-2 Moody's> Aa2/P-1 Fitch> AA/A-2	0%	40%
Certificates of deposit.	3 years	S&P> AA/A-2 Moody's> Aa2/P-1 Fitch> AA/A-2	0%	25%

This work was completed as part of the Public Management course at the School of Management course at the School of Advanced Studies (SAA), University of Turin, under the supervision of Prof. Valerio Brescia. The elements presented in the assignment have been developed in accordance with the guidelines defined by Professors Paolo Biancone, Silvana Secinaro, Valerio Brescia, and Davide Calandra.