



**CITY OF ATLANTA  
DEPARTMENT OF FINANCE  
2025 FISCAL CONDITION OF THE CITY**

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# AGENDA

*Introduction*

*Economic Outlook*

*Forecasting Approach*

*Operating Budget Development*

*Revenues*

*Expenditures*

*5-year Lookahead*

*Trust Funds*

*Impact Fees*

*Fund Balance*

*Debt & Investments*

*Q&A*



# ECONOMIC OUTLOOK



# ECONOMIC OUTLOOK



***Outlook: Cautiously Optimistic – Expect increased revenues compared to last year, economic slowdown, closely monitor economic pressures***

Post pandemic economic expansion expected to slow, no further tightening of monetary policy assumed in 2024

- Federal Reserve's 2022 monetary policy to contain inflation
- Cool down the labor market with slight uptick in unemployment also dampened inflation without causing recession
- Inflation dropped from 8.0% in 2022 to 4.1% in 2023

Economists predict that inflation-adjusted GDP will decline by 0.2 percent on a national annual average basis.

Inflation will continue to drop, but not to the low levels experienced prior to the pandemic recession.

- Inflation expected to average about 2.5% per year compared to 2% per year prior to the pandemic
- Factors include supply chain problems, energy price shocks, less foreign immigration, recent retreat from globalization, lagged effects of unprecedented fiscal stimulus, and rapid growth of the money supply

We expect the economy to grow very slowly rather than contract because the labor market will remain resilient

- By late 2024/early 2025, the pace of the US economic growth will rise to its long-term potential rate of GDP of about 2%



# ECONOMIC OUTLOOK

## Consumer Spending

- On an inflation-adjusted basis, personal consumption expenditures will increase at an annual rate of 1 percent in 2024
- Lackluster, yet positive due to (1) exhaustion of most excess savings accumulated during the pandemic, (2) lagged effects of substantially higher interest rates, (3) slightly higher unemployment, (4) much less job hopping, (5) some erosion of the relatively strong economic and financial positions households achieved over 2021-23

## Labor Markets

- Some industries that suffered very large job losses during the pandemic recession will continue to add jobs (i.e., leisure and hospitality) but more slowly
- In 2024, the less widespread availability of jobs means the quit rate will drop as workers feel less confident in their ability to find better opportunities. The lower quit rate therefore should reduce inflationary pressures.
- U.S. unemployment rate will rise only modestly, from 3.6% in 2023 to 4.2% in 2024.

## Housing

- Home sales and homebuilding were important drivers of US GDP growth in 2020-21, but single-family housing activity subtracted from GDP growth in 2022-23.
- Substantially higher mortgage rates and the recent increases in home prices dramatically reduced housing affordability
- The pandemic likely caused a structural shift that favors owner-occupied housing over rental housing and low-density housing over high-density housing (i.e., telework at scale, distance education, more caregiving at home, health benefits of social distancing)



# ECONOMIC OUTLOOK - CITY OF ATLANTA

The City of Atlanta is expected to outperform Georgia and the U.S. National Outlook. Key economic drivers include its highly-educated workforce, strong domestic migration trends, and its strategic positioning as a hub for business in the Southeast.

## Atlanta MSA:

- Strong Demographic Trends:** Educational attainment exceeds the national average; proportions of younger residents are larger than national averages; net domestic migration ranks highly amongst the top 10 core-based statistical areas.<sup>1</sup>
- Job growth** is expected to exceed the rate for the nation and match that expected for the state – The Atlanta MSA ranked 9<sup>th</sup> amongst large metro areas in jobs added since the start of the pandemic.<sup>3</sup>

3<sup>rd</sup>

MOST FORTUNE 500  
COMPANY  
HEADQUARTERS<sup>2</sup>



#3

MARKET FOR  
EDUCATIONAL  
ATTAINMENT<sup>2</sup>



1.9M

JOBs TO BE  
CREATED BY  
2040<sup>2</sup>



***Atlanta's workforce pipeline and competitive business incentives suggest a positive employment and economic growth outlook compared to the national scenario.***

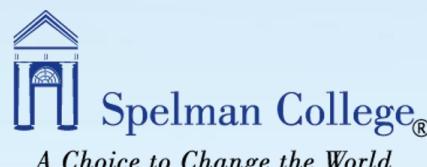
# ATLANTA'S ECONOMY



## A Hub for Higher Education

The region has 57 colleges and universities with more than 275,000+ students enrolled each year

- **#1 best Tech Job City in the U.S.** (Courserreport, 16 Best Tech Job Cities 2023)
- **#3 startup ecosystem in the U.S. (#8 globally)** (Business Facilities, 2023)
- **#1 fastest growing talent market in the U.S.** (CBRE Atlanta Report, 2023)
- **#1 most biomedical engineering bachelor's degrees awarded** (CBRE Atlanta Report, 2023)





# ATLANTA'S ECONOMY

## One of the Fastest Growing and Diverse Cities in the Nation

The current population of the city is 499,000+ and is projected to grow to 7.9 million by 2050, currently 6<sup>th</sup> largest MSA (Metro Atlanta Chamber, 2023)

- *#2 job growth among large metropolitan areas in the U.S. (Bureau of Labor Statistics, 2022)*
- *#1 largest center for Black entrepreneurs in the U.S. (Rice, 2023)*
- *The City of Atlanta actively promotes full and equal business opportunities with many women and minority-owned businesses enriching the landscape*

Metric	City of Atlanta	Metro Atlanta
Population	499,127	6,307,261
Median Age	33.6	36.1
% population +25yo w/Bachelor's	57.3%	37%
Foreign-born Population	8.2%	14%
Labor Force	233,306	2,836,322
Median Household Income	\$77,695	\$83,251

# ATLANTA'S ECONOMY



## A High-Quality Workforce

Atlanta is home to a highly-skilled and well-educated talent pool

- **#6 market for Tech Degree Completions** (*The National Center for Education Statistics (Region)*, May 2023)
- **#4 largest Tech Entrepreneurship Center in the U.S.** (*Atlanta Tech Village*, 2023)
- **#2 job growth among large metropolitan areas** (*Bureau of Labor Statistics*, 2022)

Workforce Data	City of Atlanta
Best Tech Job Cities - 2023	<b>#1</b> ( <i>Coursereport, 16 Best Tech Job Cities 2023</i> )
Tech Talent Growth Among Major Metros (CBRE)	<b>#3</b> ( <i>CBRE Atlanta Report, 2023</i> )
Percentage of 25yo+ w/Bachelor's	<b>57.3%</b> ( <i>U.S. Census Bureau, 2021</i> )
Rank for Educational Attainment (CBRE)	<b>#3 (48.9%)</b> ( <i>CBRE Atlanta Report, 2023</i> )
Rank for U.S. metro Tech Diversity	<b>#1</b> ( <i>CompTIA, 2022</i> )
Rank for State's Workforce Training Program	<b>#1</b> ( <i>Area Development, 2023</i> )
Rank for most Biomedical Engineering Degrees Awarded	<b>#1</b> ( <i>CBRE Atlanta Report, 2023</i> )
Projected Growth in Life Sciences Workforce 2022 - 2032	<b>+10%</b> ( <i>Niche, 2023</i> )

# FORECASTING APPROACH





# EXECUTIVE SUMMARY

- Last year, the consensus forecast for 2024 was a strong possibility of a recession, but it was generally believed that it would be shallow and brief. Predictions included:
  - Bankrate.com's July 2023 survey of economists suggested a 59% chance of a recession by July 2024.
  - The Federal Reserve Bank of Philadelphia's survey of professional forecasters (SPF) for the second quarter of 2023 identified a 49.4% chance of a negative quarter of GDP growth in 2023.
  - The University of Georgia's Terry College of Business 2023 Market Outlook projected a two-quarter recession in 2023.
- **To date, the U.S. economy has continued to perform above these expectations**, with strong employment growth, low unemployment, and growth in real wages.
- **Consensus forecasts are now generally not predicting a recession 2024 or 2025**
  - The current forecast from the Terry College of Business also projects strong growth for both the State of Georgia and the Atlanta MSA for 2024-2025.
  - Deloitte's baseline projection (70% forecast probability) is for growth to moderate but stay positive.

Sources: 1) [Bankrate.com](#) 2) [Federal Reserve Bank of Philadelphia](#) 3) [The Conference Board](#) 4) [ITR Economics](#) 5) [Conference Board](#) 6) [SPF](#) 7) [Terry College of Business](#) 8) [Deloitte](#) 9) [Business Insider](#)



# FY2025 REVENUES: GROWTH RATE RISKS, THREATS, AND STABILIZING FACTORS

Growth rate risks relate to the inherent volatility or unpredictability of a revenue source because of base, rate, or collection rate issues.

- For example, *higher sales tax rates than surrounding cities* may reduce taxable sales because of cross-border sales.

Growth rate threats relate to **external factors that are outside the city's control**.

- The most obvious recent example was the *COVID-19 shutdowns*, which dramatically reduced sales tax and excise tax as well as license fee revenue.
- A more mundane example would be that an *unseasonably cool summer* might reduce utility consumption.

Revenue threats

- Significant increase in **commercial office vacancy rates** may reduce rents, leading to reduced real property assessments.
- **Continued work from home and hybrid working arrangements reduces downtown economic activity**, which negatively impacts on sales tax and alcoholic beverage tax revenue.
- **Broad-based economic downturn** reduces consumption tax revenue because of reduced earnings from city residents and visitors.

Stabilizing factors

- **Real property taxes** are a stable source of revenue, and the millage rate can be adjusted if necessary.
- **Insurance premium and utility taxes** are viewed as stable, counter-cyclical taxes, as they tax what are generally seen as necessities.
- These three sources are projected to raise \$397 million in FY 2024, about 46 percent the city's \$858 million in projected general fund revenue from all sources.



# FY2025 EXPENDITURES: GROWTH RATE RISKS AND THREATS

Growth rate risks relate to the *inherent volatility or unpredictability of an expenditure* category related to city policies or procedures.

- For example, *lack of a full complement of sworn officers* requires higher expenditures for overtime pay.

Growth rate threats relate to external factors that are **outside the city's control**.

- For example, *high inflation* within the regional, state, and national economy may lead to significant increases in employee compensation costs.
- *Risks and threats are often interconnected.*

## Expenditure risks

- **Overtime costs** continue to be a risk. The city faces hiring challenges given the low unemployment in the metro area and the difficulty with competing with the private sector on wages. This is exacerbated by other labor market factors.
- **Salary pressures** are also a continued risk in light of resource constraints. Even with significant pay increases in recent years, worker expectations for increases are generally high. In a national survey of local government leaders, 51 percent of respondents say too few staff due to limited resources is an obstacle. Given that approximately two-thirds of the budget is comprised of personnel costs, this is a significant concern.

## Expenditure threats

- **Continued tight labor markets.** In a national survey of local government leaders, 52% of respondents say hiring challenges is their greatest challenge.
- **Energy cost increases.** According to the U.S. Energy Information Administration retail gasoline prices will increase 3.1 percent in 2024 and 3.8 percent in 2025.



## FY2025 FISCAL IMPACT CONSIDERATIONS

If current national, state, and regional economic trends persist, the City of Atlanta will likely experience:

- Continued, strong non-residential investment activity.
- Increased **construction spending** (private, non-residential) and **manufacturing activity**, much of it underwritten by federal funding opportunities.
- Strong **employment growth** and job retention.
  - Atlanta region will gain about 2,300 jobs per month, on average, between this year and **2050**.<sup>1</sup>
- Continued **increases** in inflation-adjusted wages for workers.
- Diminishing growth in inflation for goods, which increases buying power for businesses and consumers.

For the City of Atlanta's budget, this economic environment is likely to lead to:

- Continued revenue increases from **real/personal property taxes**, Atlanta's local option sales tax, and **building permits**.
- Continued **spending pressure for personnel costs**.
- Continued spending growth for **electricity and utilities**, given current energy prices inflation.
  - In March 2024, electricity and gasoline price inflation continued to outpace broader CPI inflation.<sup>2</sup>

<sup>1</sup> <https://atlantaregional.org/atlanta-region/population-employment-forecasts/>, PFMGC analysis

<sup>2</sup> <https://www.reuters.com/world/us/us-electricity-gasoline-prices-push-up-energy-sector-inflation-2024-04-10/>

# OPERATING BUDGET DEVELOPMENT





## FY23 HIGHLIGHTS





# ADMINISTRATION PRIORITIES



One Safe City



A City of  
Opportunity  
for All



A City Built for  
The Future



Effective &  
Ethical  
Government

# FY25 BUDGET DEVELOPMENT OBJECTIVES



**Key Investments in infrastructure, public safety and city service delivery**

**Key Investments in city team to be a model employer**

**Strategic Partnerships to Support Year of the Youth**

**Target investments to catalyze affordable housing and economic mobility**

**Maintain a strong financial position and healthy fund balance reserves**

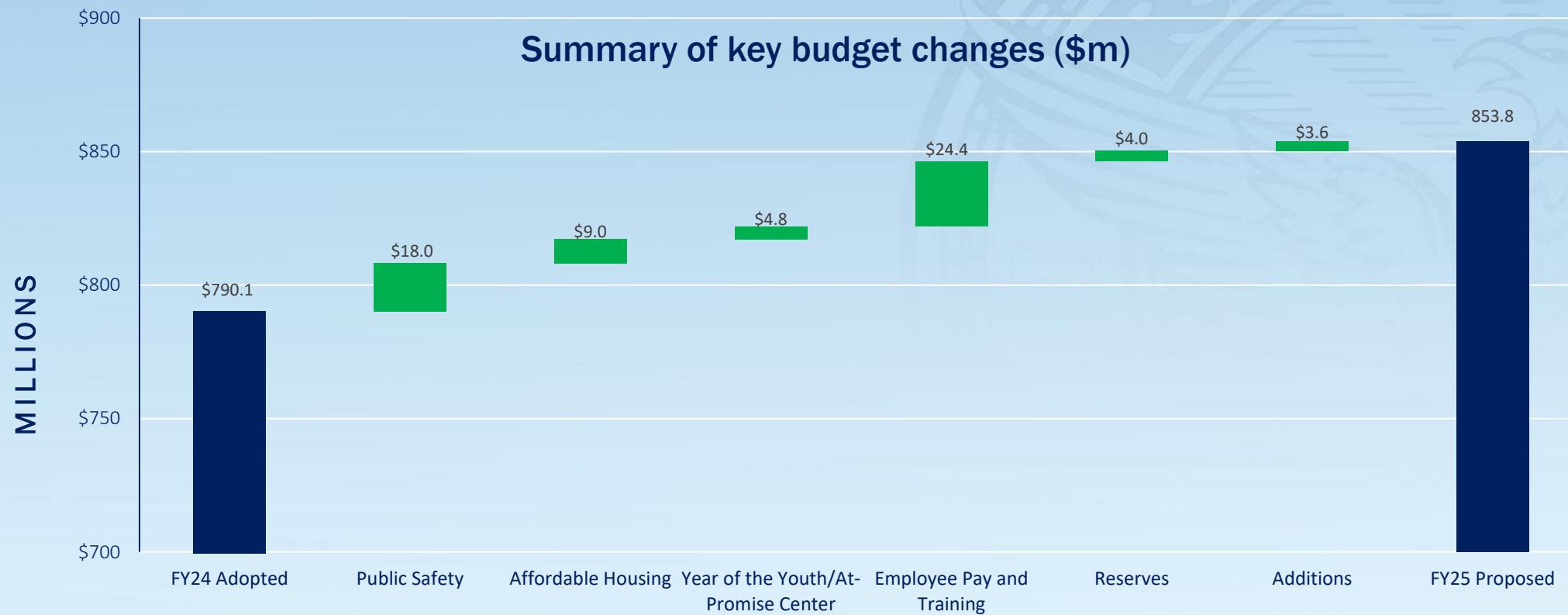


## FY25 BUDGET INCREASES

- Public Safety (Police vehicle take-home program and equipment)
- Public Safety (Fire equipment)
- DPR Year of the Youth Investments
- Affordable Housing
- Technology and Innovation
- Employee Compensation, Maintain Benefits and Premium Pay
- Department of Labor
- Capital Improvements

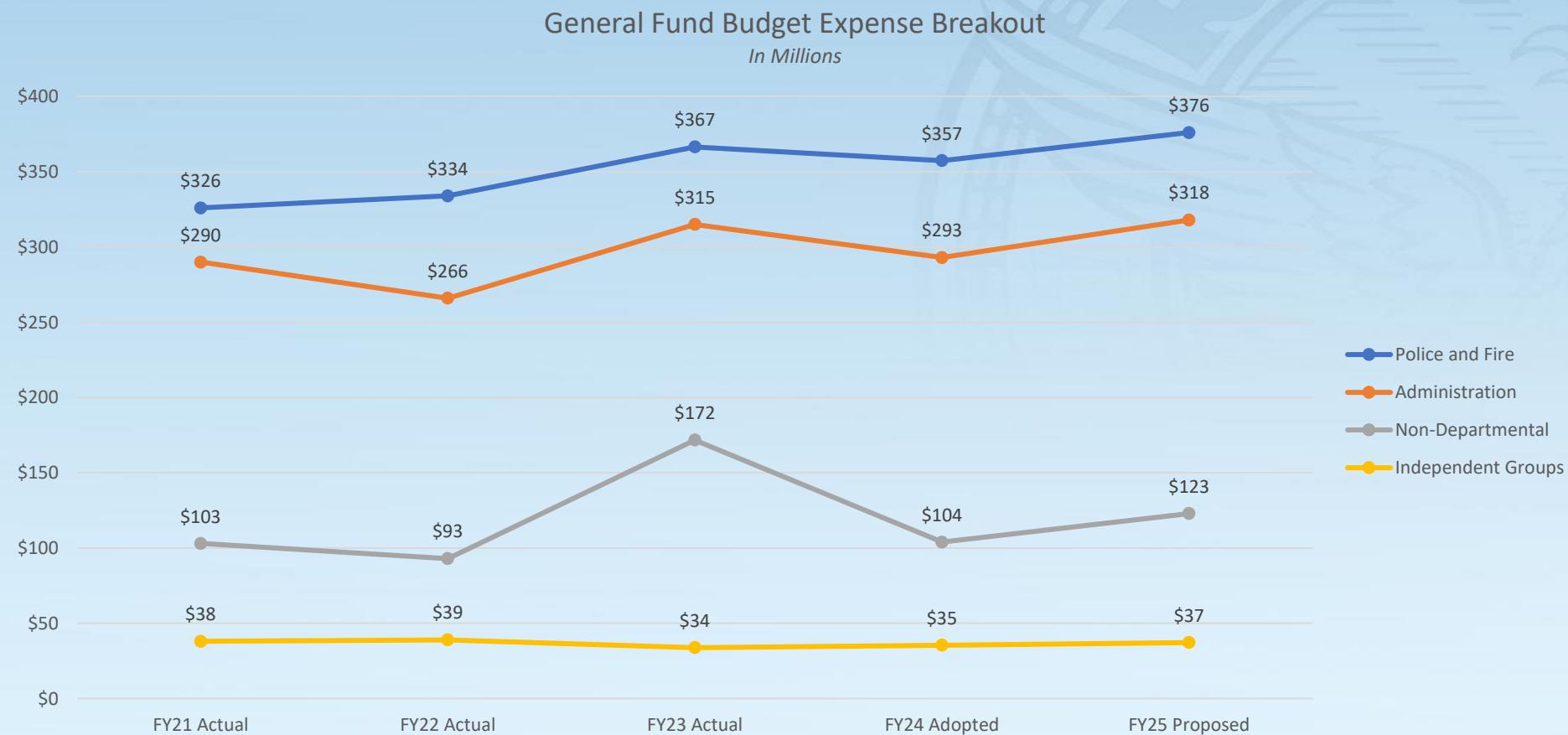


# FY25 GENERAL FUND OPERATING BUDGET SUMMARY





# FY25 BUDGET EXPENSE BREAKOUT BY FUNCTION



# REVENUES





# CITY REVENUE BUDGET DEVELOPMENT RESOURCES

EXAMPLES OF SOME OF THE RESOURCES USED IN PREPARING BUDGETS



# FY25 GENERAL FUND REVENUE ASSUMPTIONS



- **Property Tax**, the largest revenue category in the budget, continues to exhibit stable growth which is attributed to soaring property values from market demands. The metro area's home prices are overvalued, but despite the overvaluation, are expected to hold steady in 2024.
- **Local Option Sales Tax**, the second largest revenue source, has continued to outperform expectations and is anticipated to continue to remain stable in FY2025 due to favorable consumer shopping trends.
- **Public Utility, Alcoholic Bev. & Tax**, is another major revenue contributor, and is due to the recent uptick in Insurance Premium taxes which are driven by rising premiums.
- **License and Permits**, major revenue contributor is Business Licenses. Business License revenue is anticipated to increase due to improved collection activities.



# TAXABLE PROPERTY VALUES

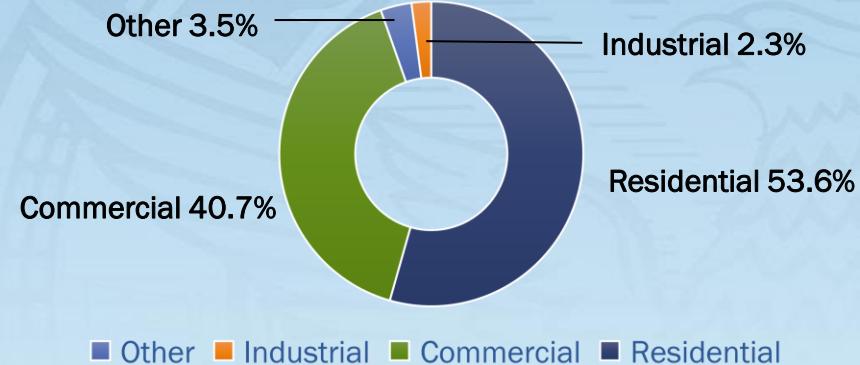
TAXABLE ASSESSED VALUE (FY 2020 – FY 2024)



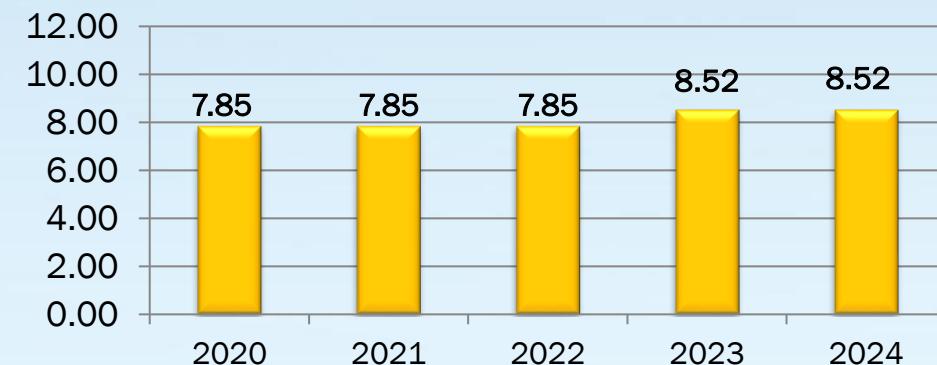
ACTUAL TAXES COLLECTED (FY 2020– FY 2024)



TAX BASE BY LAND USE (2023)



OPERATING MILLAGE RATES (FY 2020– FY 2024)





# NET TAX DIGEST & MILLAGE VALUES



Fiscal Year	Assessed Value	Mill Rate	CY Property Tax Revenue	Dollar Value of One Mill
2024	\$44.8 Billion	8.52	\$297.7 Million (Projected)	\$34.9 Million
2023	\$40.2 Billion	8.52	\$272.0 Million (Audited)	\$31.9 Million
2022	\$37.4 Billion	7.85	\$233.7 Million (Audited)	\$29.7 Million
2021	\$35.0 Billion	7.85	\$221.3 Million (Audited)	\$28.1 Million
2020	\$33.4 Billion	7.85	\$208.8 Million (Audited)	\$26.6 Million
2019	\$32.4 Billion	7.85	\$207.6 Million (Audited)	\$26.4 Million
2018	\$26.7 Billion	8.84	\$192.4 Million (Audited)	\$21.8 Million
2017	\$25.6 Billion	8.88	\$187.5 Million (Audited)	\$21.1 Million
2016	\$25.0 Billion	8.89	\$180.9 Million (Audited)	\$20.4 Million
2015	\$22.5 Billion	9.75	\$179.4 Million (Audited)	\$18.4 Million
2014	\$21.7 Billion	10.05	\$174.8 Million (Audited)	\$17.4 Million

Source: City of Atlanta Department of Finance, Office of Revenue

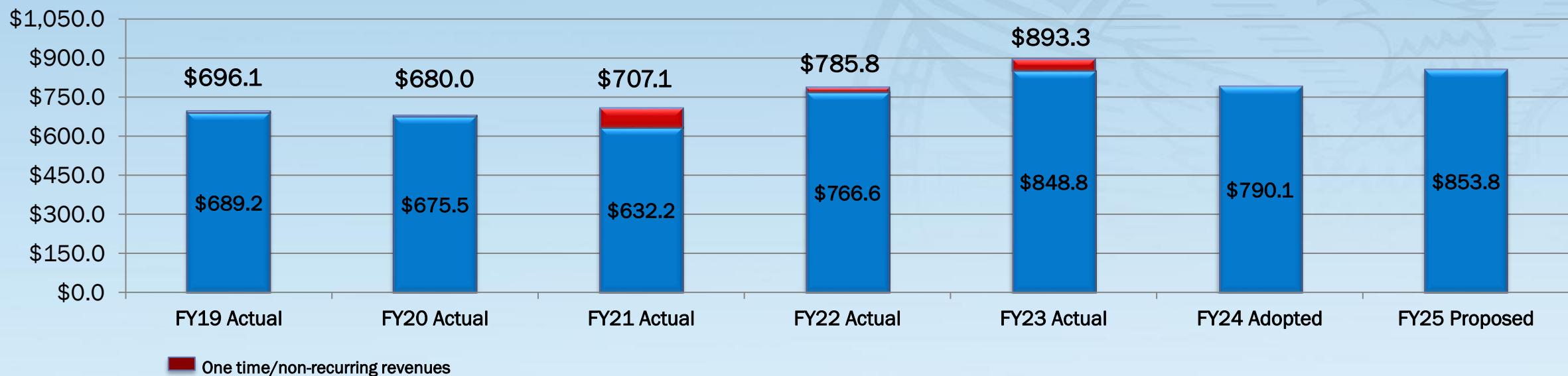


## REVENUE COMPARISON BY CATEGORY

Revenue Category	FY2023	FY2024	FY2025	BUDGET	% CHANGE
	ACTUALS	ADOPTED BUDGET	PROPOSED BUDGET	FY25 vs. FY24	FY25 vs. FY24
Property Taxes	\$280.61	\$289.93	\$315.67	\$25.74	8.88%
Public Utility, Alcohol Beverage & Taxes	\$142.38	\$130.16	\$135.70	\$5.54	4.26%
Local Option Sales Taxes	\$150.24	\$137.53	\$148.89	\$11.36	8.26%
Licenses and Permits	\$155.48	\$111.15	\$130.41	\$19.26	17.33%
Other Revenues	\$7.15	\$7.41	\$7.67	\$0.27	3.58%
Charges For Services	\$4.65	\$4.68	\$4.18	-\$0.50	-10.71%
Fines, Forfeitures and Penalties	\$19.95	\$17.19	\$16.90	-\$0.29	-1.70%
Building Rentals and Concessions	\$9.41	\$17.18	\$13.61	-\$3.57	-20.77%
Indirect Cost Recovery	\$31.22	\$30.30	\$30.71	\$0.41	1.36%
Hotel & Motel Tax	\$22.89	\$22.13	\$24.74	\$2.61	11.77%
PILOT & Franchise Fees	\$24.83	\$22.41	\$25.35	\$2.94	13.12%
<b>Operating Revenues</b>	<b>\$848.80</b>	<b>\$790.06</b>	<b>\$853.83</b>	<b>\$63.76</b>	<b>8.07%</b>
Non-Recurring Revenues	\$44.50	-	-	-	-
<b>Total Revenues</b>	<b>\$893.30</b>	<b>\$790.06</b>	<b>\$853.83</b>	<b>\$63.76</b>	<b>8.07%</b>



# REVENUE ACTUAL & ANTICIPATIONS OVERVIEW



NOTE: FY 2019 Included proceeds from insurance reimbursement from cyber-attack.

FY 2020 Included cyber-attack reimbursements & slight reduction in revenues from start of COVID-19 pandemic events.

FY 2021 Included proceeds from fund balance transfers and impacts to revenues from the pandemic.

FY 2022 Includes proceeds from American Rescue Plan and other non-recurring revenue.

FY 2023 Includes proceeds from fund balance transfers and other non-recurring revenue.

FY 2024 Adopted budget balanced without fund balance.

FY 2025 Proposed budget balanced without fund balance.

# EXPENDITURES



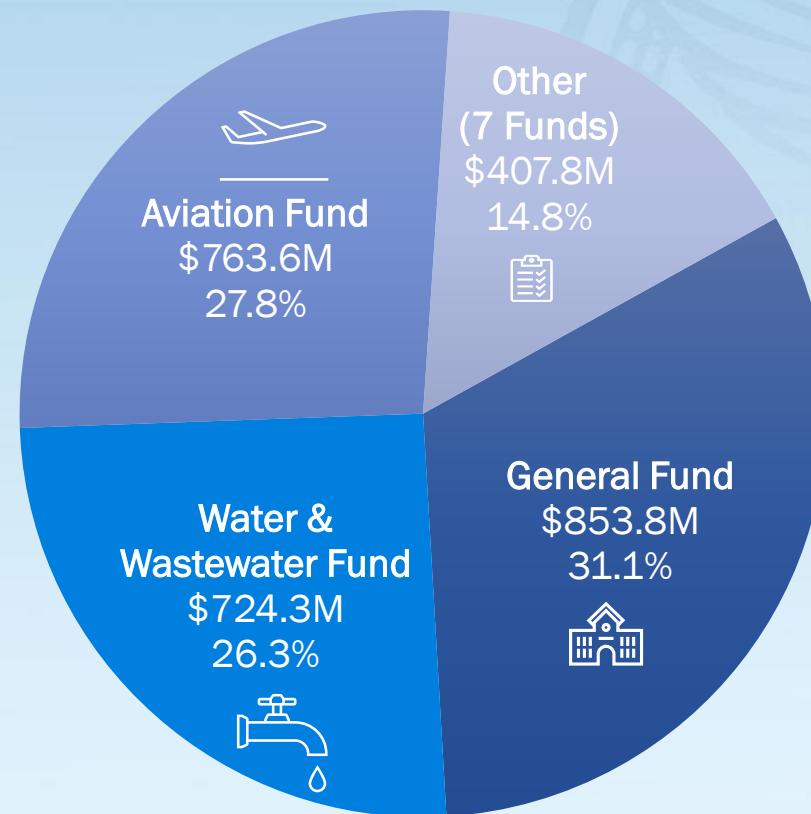


# FY25 OPERATING BUDGET

The City of Atlanta's Total Proposed FY25 Operating Budget is \$2.75B

The Airport is funded by gate fees, concessions & parking revenues, PFC's and CFC's. Funding uses are strictly controlled by the FAA.

Waste and Wastewater are funded by charges for services and the MOST; residual revenue is directed to its Capital Program.



Other Funds include Group Insurance, E911, Solid Waste, Fleet Service, Hotel/Motel, Rental/Motor Vehicle & City Plaza.

The City's main operating fund accounts for all general government functions.



# FY25 GENERAL FUND BUDGET EXPENDITURE COMPARISON BY MAJOR CATEGORY (\$MIL)

Major Category	FY23	FY24	FY25	FY24 vs FY25
	Actuals	Adopted Budget	Proposed Budget	Budgets
Personnel Services and Employee Benefits	\$505.5	\$505.2	\$534.0	\$28.8
Purchased/Contracted Services	\$131.0	\$110.4	\$115.0	\$4.6
Supplies	\$52.3	\$39.4	\$40.6	\$1.2
Capital Outlays	\$4.4	\$7.4	\$10.7	\$3.3
Interfund/Interdepartmental Charges	\$20.5	\$19.5	\$19.4	(\$0.1)
Other Costs	\$38.1	\$37.1	\$39.1	\$2.0
Debt Service	\$19.3	\$35.2	\$32.3	(\$2.9)
Conversion Summary	\$0.1	\$5.3	\$4.0	(\$1.3)
Other Financing Uses	\$61.6	\$30.6	\$58.7	\$28.1
<b>Sub-Total</b>	<b>\$832.8</b>	<b>\$790.1</b>	<b>\$853.8</b>	<b>\$63.7</b>
One-Time/Non-Recurring Expenses	\$54.6	-	-	-
<b>Total Expenditures</b>	<b>\$887.4</b>	<b>\$790.1</b>	<b>\$853.8</b>	<b>\$63.7</b>

# FY25 GENERAL FUND BUDGET PERCENT OF EXPENDITURE COMPARISON BY CATEGORY



Major Category	FY24	% Of	FY25	% Of
	Adopted Budget	FY24 Budget	Proposed Budget	FY25 Budget
Personnel Services and Employee Benefits	\$505.2	63.9%	\$534.0	62.5%
Purchased / Contracted Services	\$110.4	14.0%	\$115.0	13.5%
Supplies	\$39.4	5.0%	\$40.6	4.8%
Capital Outlays	\$7.4	0.9%	\$10.7	1.3%
Interfund / Interdepartmental Charges	\$19.5	2.5%	\$19.4	2.5%
Other Costs	\$37.1	4.7%	\$39.1	4.7%
Debt Service	\$35.2	4.5%	\$32.3	3.8%
Conversion / Summary	\$5.3	0.7%	\$4.0	0.5%
Other Financing Uses	\$30.6	3.9%	\$58.7	6.9%
<b>Total Expenditures</b>	<b>\$790.1</b>	<b>100%</b>	<b>\$853.8</b>	<b>100%</b>



# FY25 GENERAL FUND BUDGET EXPENDITURE COMPARISON BY DEPARTMENT (\$MIL)

Department	FY23 Actuals	FY24 Adopted Budget	FY25 Proposed Budget	FY24 vs FY25
City Council	\$9.94	\$12.87	\$13.07	\$0.20
Executive Offices	\$25.38	\$24.02	\$26.67	\$2.65
Department of Atlanta Information Management	\$36.91	\$33.65	\$35.74	\$2.09
Department Of Law	\$13.00	\$10.71	\$11.29	\$0.58
Department Of Corrections	\$16.96	\$17.89	\$20.27	\$2.38
Department Of Finance	\$18.29	\$18.65	\$19.03	\$0.38
Department Of Procurement	\$2.79	\$2.72	\$3.19	\$0.48
Department Of Public Works	\$16.95	\$20.04	\$21.11	\$1.08
Dept of Parks & Recreation	\$52.43	\$47.68	\$51.88	\$4.20
Judicial Agencies	\$14.35	\$15.03	\$14.70	(\$0.33)
Non-Departmental	\$171.76	\$103.89	\$122.88	\$18.98
Department Of Human Resources	\$8.37	\$7.63	\$9.54	\$1.92
Department Of Fire Services	\$113.55	\$109.09	\$118.31	\$9.22
Department Of Police Services	\$253.01	\$248.34	\$257.77	\$9.43
Department of City Planning	\$23.85	\$23.68	\$26.57	\$2.89
Department Of The Solicitor	\$10.00	\$9.31	\$10.15	\$0.84
Department of Ethics	\$2.11	\$1.42	\$1.71	\$0.29
The Office of Inspector General	\$0.00	\$1.46	\$1.46	\$0.00
Atlanta Citizens Review Board	\$1.03	\$1.64	\$1.66	\$0.03
Department Of Audit	\$1.88	\$1.95	\$2.04	\$0.08
Department Of Public Defender	\$4.39	\$4.59	\$5.48	\$0.89
Department Of Enterprise Asset Management	\$27.58	\$16.37	\$19.97	\$3.61
Department Of Customer Service	\$2.96	\$4.17	\$4.34	\$0.17
Atlanta Department of Transportation	\$57.68	\$50.69	\$51.72	\$1.03
Department of Grants and Community Development	\$2.21	\$2.07	\$2.25	\$0.18
Department of Labor and Employment Services	\$0.00	\$0.50	\$1.00	\$0.50
<b>Total City Wide</b>	<b>\$887.39</b>	<b>\$790.06</b>	<b>\$853.83</b>	<b>\$63.77</b>

Source: City of Atlanta Department of Finance, Office of Budget and Fiscal Policy

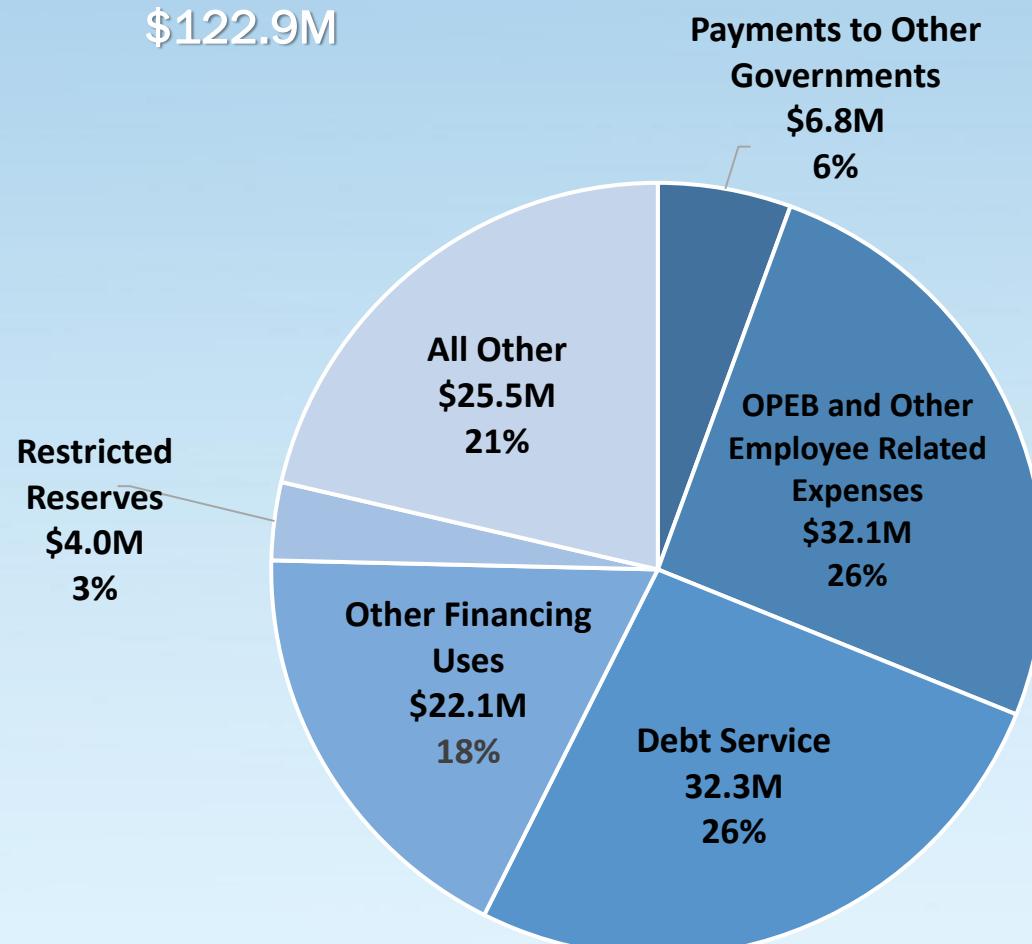
FY23 Actuals include one-time/non-recurring expenses of \$54.6M

# FY25 GENERAL FUND BUDGET NON-DEPARTMENTAL HIGHLIGHTS



**Proposed Budget**

**\$122.9M**



Source: City of Atlanta Department of Finance, Office of Budget and Fiscal Policy

Non-Departmental Categories	
<b>Restricted Reserves</b>	
<b>Debt Service:</b>	<ul style="list-style-type: none"> <li>Public Safety</li> <li>Housing Opportunity</li> <li>Other Debt (Zoo Atlanta, Downtown Parking, GMA, etc.)</li> </ul>
<b>OPEB and Other Employee Related Expenses:</b>	<ul style="list-style-type: none"> <li>OPEB</li> <li>Class and Compensation (Phase 1 Implementation)</li> <li>Worker's Compensation</li> </ul>
<b>Payments to Other Governments:</b>	<ul style="list-style-type: none"> <li>Dekalb and Fulton County IGAs</li> <li>Fire Department IGAs</li> </ul>
<b>Other Financing Uses</b>	<ul style="list-style-type: none"> <li>Affordable Housing Trust Fund</li> <li>Group Insurance Fund Allocation</li> </ul>
<b>All Other:</b>	<ul style="list-style-type: none"> <li>Invest Atlanta</li> <li>Insurance Expenses</li> <li>Audit Fees</li> <li>Atlanta Land Bank</li> <li>Water Utility for Grady Hospital</li> <li>Litigation</li> <li>Atlanta Jazz Festival</li> <li>Citywide Professional Development</li> </ul>

# 5-YEAR LOOK AHEAD



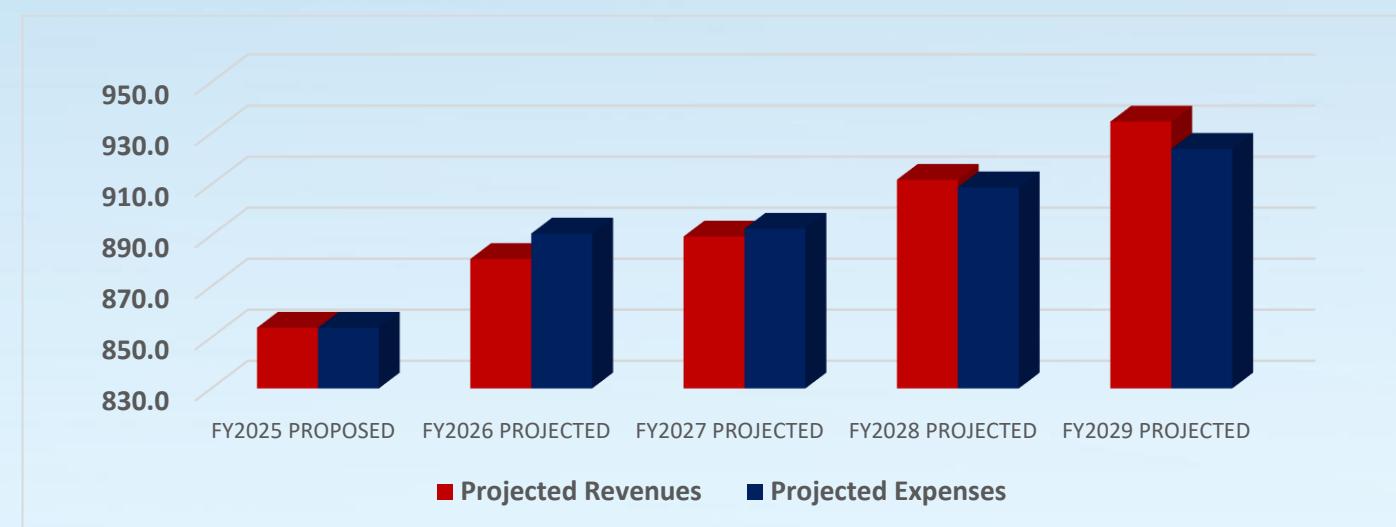
# EXECUTIVE SUMMARY



## Summary of General Fund – Five Year Forecast

	FY2025 PROPOSED	FY2026 PROJECTED	FY2027 PROJECTED	FY2028 PROJECTED	FY2029 PROJECTED
Projected Revenues	853.8	880.7	889.5	911.8	934.6
Projected Expenses	853.8	890.7	892.6	908.8	923.9
Net General Fund Impact	0.0	(10.0)	(3.1)	3.0	10.7

\* FY26 & FY27 projections include World Cup



# GENERAL FUND REVENUE COMPARISON BY MAJOR CATEGORY

## FIVE YEAR FORECAST



Revenue Category	FY24	FY25	FY26	FY27	FY28	FY29
	ADOPTED	PROPOSED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
Property Taxes	\$289.93	\$315.67	\$321.78	\$334.45	\$345.61	\$357.08
Public Utility, Alcohol Beverage & Taxes	\$130.16	\$135.70	\$140.51	\$143.90	\$148.91	\$154.16
Local Option Sales Taxes	\$137.53	\$148.89	\$157.41	\$152.12	\$154.36	\$156.61
Licenses and Permits	\$111.15	\$130.41	\$130.54	\$133.24	\$135.20	\$137.17
Other Revenues	\$7.41	\$7.67	\$7.68	\$7.84	\$7.96	\$8.07
Charges For Services	\$4.68	\$4.18	\$4.18	\$4.26	\$4.32	\$4.38
Fines and Penalties	\$17.19	\$16.90	\$16.91	\$17.26	\$17.52	\$17.77
Building Rentals and Concessions	\$17.18	\$13.61	\$13.62	\$13.91	\$14.11	\$14.32
Indirect Cost Recovery	\$30.30	\$30.71	\$30.74	\$31.38	\$31.84	\$32.30
Hotel & Motel Tax	\$22.13	\$24.74	\$31.97	\$25.27	\$25.65	\$26.02
PILOT & Franchise Fees	\$22.41	\$25.35	\$25.38	\$25.90	\$26.29	\$26.67
<b>Grand total</b>	<b>\$790.06</b>	<b>\$853.83</b>	<b>\$880.73</b>	<b>\$889.53</b>	<b>\$911.77</b>	<b>\$934.55</b>

# GENERAL FUND EXPENDITURE COMPARISON BY MAJOR CATEGORY

## FIVE YEAR FORECAST



EXPENSE CATEGORY	FY24	FY25	FY26	FY27	FY28	FY29
	ADOPTED	PROPOSED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
Personnel Services and Employee Benefits	\$505.28	\$533.94	\$545.26	\$553.34	\$561.63	\$570.15
Purchased / Contracted Services	\$110.41	\$115.04	\$123.50	\$122.05	\$125.71	\$129.48
Supplies	\$39.35	\$40.59	\$46.11	\$44.92	\$46.49	\$48.12
Capital Outlays	\$7.39	\$10.72	\$12.12	\$12.12	\$12.12	\$12.12
Interfund / Interdepartmental Charges	\$19.48	\$19.40	\$18.41	\$17.86	\$17.86	\$17.86
Other Cost	\$37.14	\$39.14	\$39.79	\$41.60	\$43.37	\$45.13
Debt Service	\$35.17	\$32.31	\$32.35	\$32.40	\$32.40	\$32.40
Conversion/Summary	\$5.25	\$4.00	\$8.80	\$8.90	\$9.12	\$9.35
Other Financing Uses	\$30.58	\$58.69	\$64.39	\$59.39	\$59.39	\$59.39
<b>Grand Total</b>	<b>\$790.06</b>	<b>\$853.83</b>	<b>\$890.72</b>	<b>\$892.57</b>	<b>\$908.08</b>	<b>\$923.99</b>

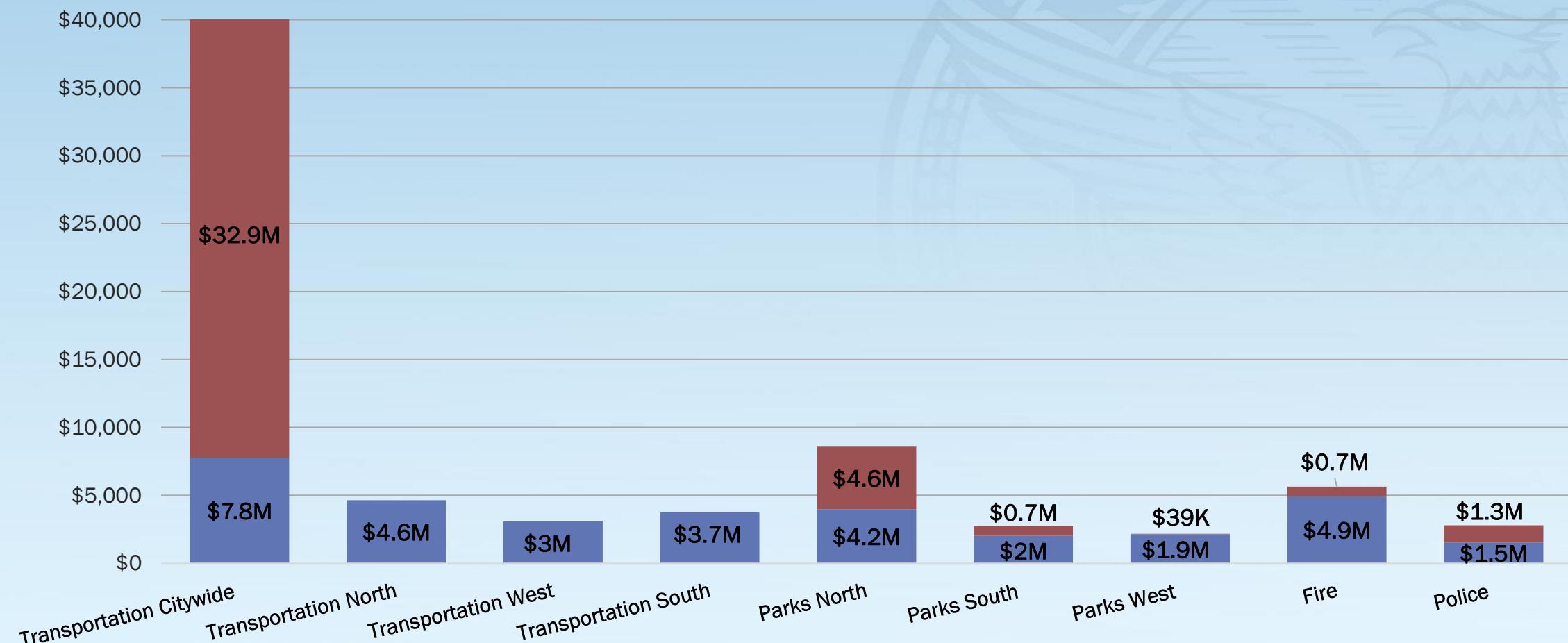
# IMPACT FEES



# IMPACT FEES



Impact Fee Fund Balances as of March 2024 - \$74M



# TRUST FUNDS FUND BALANCE





# TRUST FUND – TOP 10 PROJECTS

As of March 2024, the City has 188 Trusts totaling \$ 97.6M



Top 10 Trusts total \$75.4M and make up 77% of the Trust Balances



The other 178 Trusts total \$22.2M and make up the remaining 23% of the Trust Balances



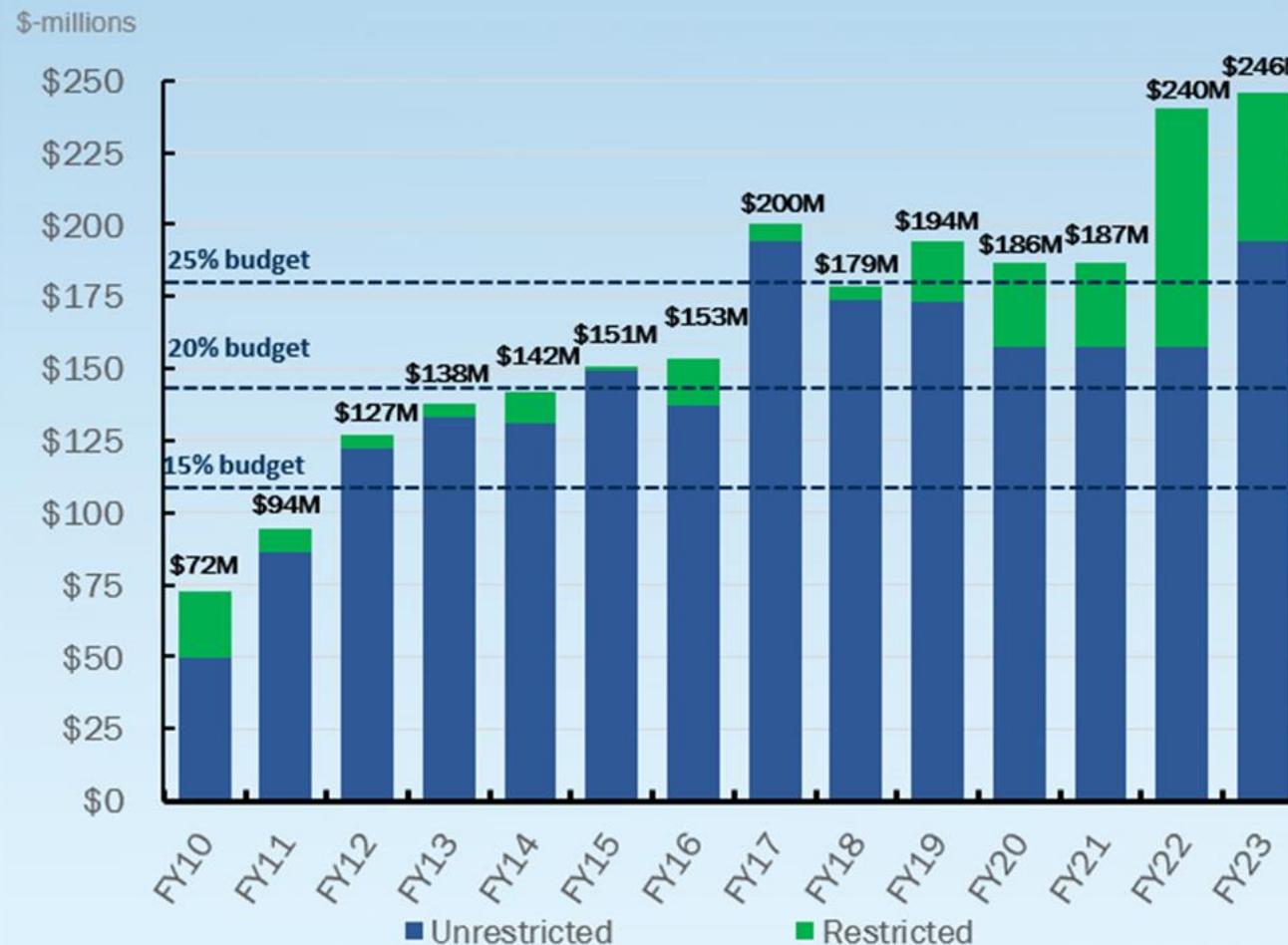
23 of the 190 Trust Accounts are under \$1K and total only \$14.6K

19,289,383.99	Insurance Rebates
13,194,931.65	Tree Removal Protection
12,950,649.89	Affordable Housing Trust
8,448,515.00	Westside In Lieu Of Fee
6,687,857.14	Economic Development Trust
5,315,666.58	Care & Conserve Trust Fund
2,892,325.74	R.I.C.O.-State
2,697,570.75	Donation For Parks, Rec. & Cultural Aff.
1,979,329.21	Technology Surcharge
1,909,938.36	Federal-Rico-Treasury



# FY2023 AUDITED GENERAL FUND BALANCE

UNRESTRICTED FUND BALANCE IS OVER 20% OF BUDGETED EXPENDITURES



Since FY 2013  
Total Fund Balance has  
grown by

**\$108M**

Unrestricted fund  
balance above  
**20%**

is available for one-time,  
nonrecurring purchases  
as long as a portion goes  
toward reducing any  
remaining deficit funds

For the last **10 Years**  
Unrestricted Fund Balance

has been **above 20%** of  
General Fund Budget

Since FY 2015  
Total Fund Balance has  
grown by

**\$95M**  
or  
**62.9%**

Budgeted reserves,  
strong cost control,  
and conservative  
revenue projections  
were key factors in  
improving fund  
balance

# DEBT AND INVESTMENTS





# DEBT PORTFOLIO OVERVIEW



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

	General Obligation	General Fund & Other	Tax Allocation Districts	Dept of Aviation	Dept of Watershed	Net Increase Outstanding Debt
Q2 FY23	\$633,425	\$368,544	\$254,848	\$2,926,404	\$2,828,155	
Q2 FY24	\$602,880	\$496,239	\$157,430	\$ 3,392,040	\$2,739,264	
	(\$30,545)	\$127,695	(\$97,418)	\$465,636	(\$88,891)	
	(4.82%)	7.5%	(3.83%)	15.91%	(3.14%)	

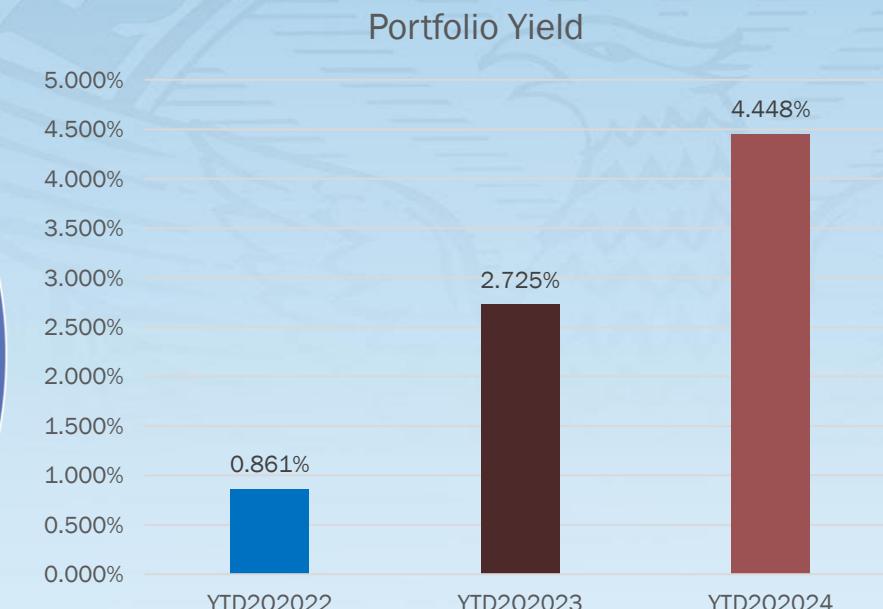
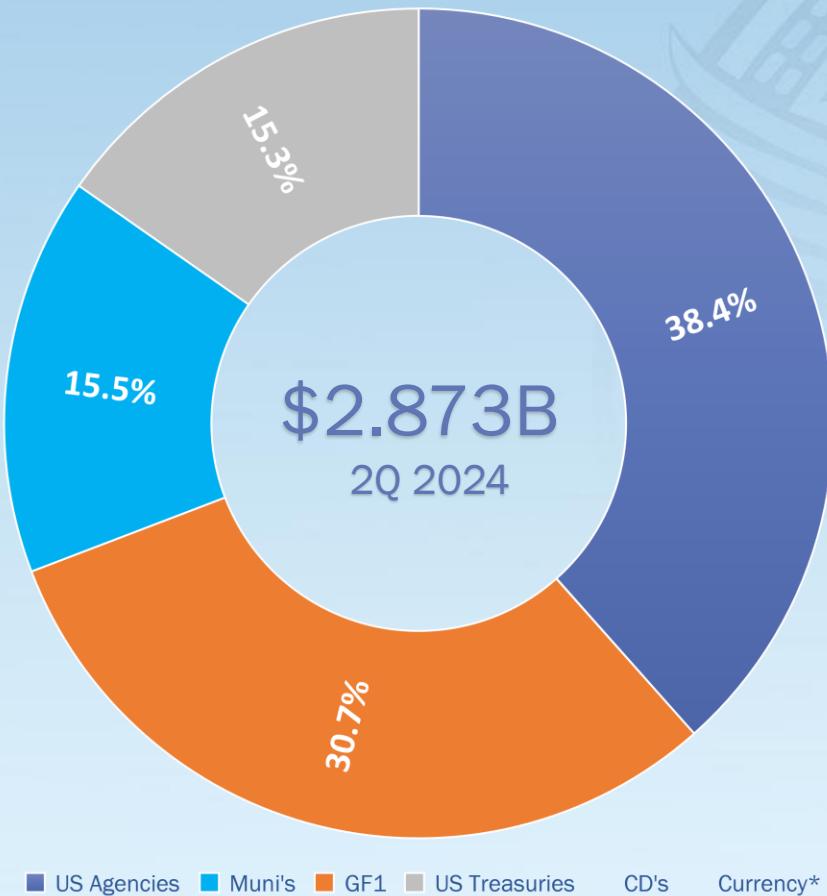
**\$49.2M**  
Total NPV Savings  
On Refunded Debt during  
FY24

**\$115.6M**  
Energy Savings  
Performance  
Contracts





# INVESTMENT PORTFOLIO OVERVIEW



Net increase  
**\$140.245 M**  
Compared to 2Q 2023



# ATLANTA CREDIT RATINGS

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



# QUESTIONS & ANSWERS

# APPENDIX





# REVENUE & EXPENSE TREND



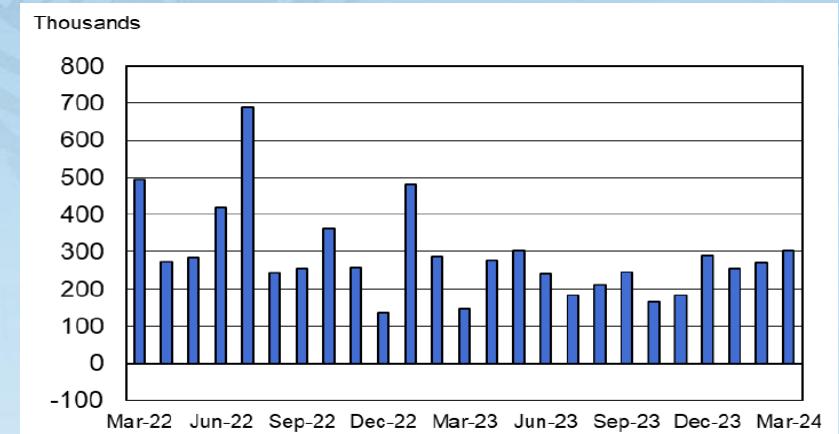
- Revenue grew at an average rate of 4.0% from 2011-2023
- Expenses have grown by 4.2% over the same time period
- FY24 YE Revenue Forecast, as of Q1 (\$820M) is \$7M < the operational budget of \$827M



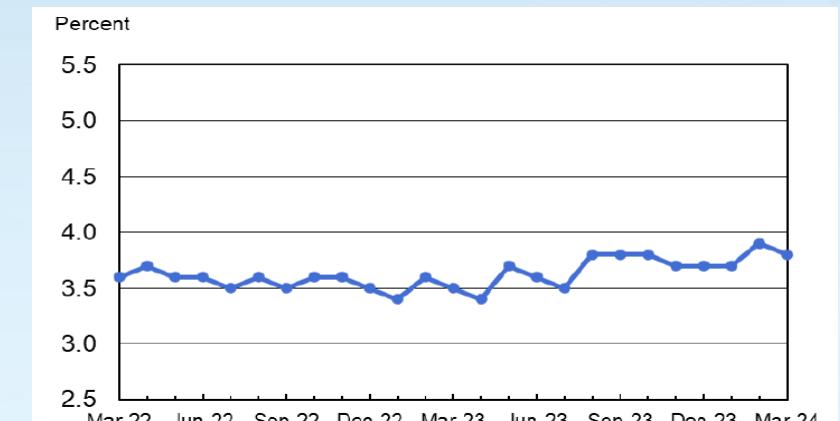
# NATIONAL ECONOMY: STRONG EMPLOYMENT GROWTH, LOW UNEMPLOYMENT

- The U.S. economy has continued to add jobs at a very strong rate over the past two years, with no month adding less than 100,000 and the last four months (ending March 2024) adding in the range of 300,000 each month.
- The U.S. economy added 303,000 jobs in March 2024, marking an acceleration in the pace of hiring. This was higher than the average monthly gain of 231,000 over the prior 12 months.
- Other key labor market indicators – including the 3.8% unemployment rate and 0.3% month over month (MoM) rise in average hourly earnings – were also strong.
- In March, average hourly earnings for all employees on private nonfarm payrolls increased by 12 cents, or 0.3 percent, to \$34.69. Over the past 12 months, average hourly earnings have increased by 4.1 percent.
- Labor force participation rates are still below pre-pandemic levels but have shown a generally upward trend since the trough during the Pandemic recession.

Nonfarm Payroll Employment Over-the-Month Change, Seasonally Adjusted, March 2022 – March 2024



Unemployment Rate, Seasonally Adjusted  
March 2022 – March 2024

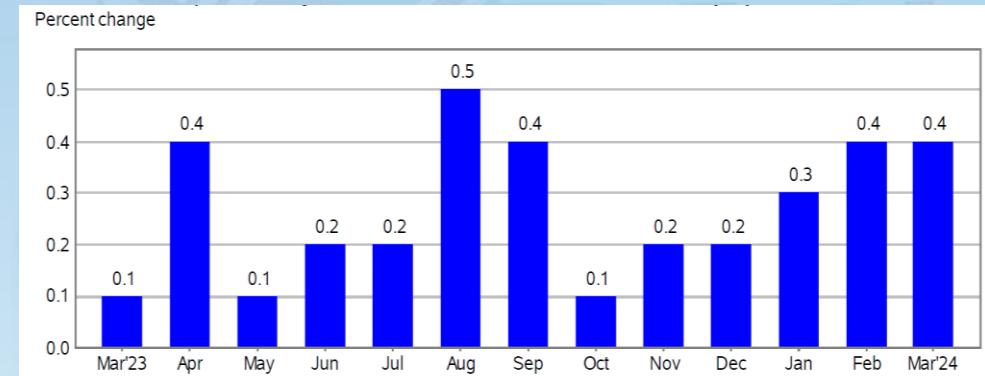




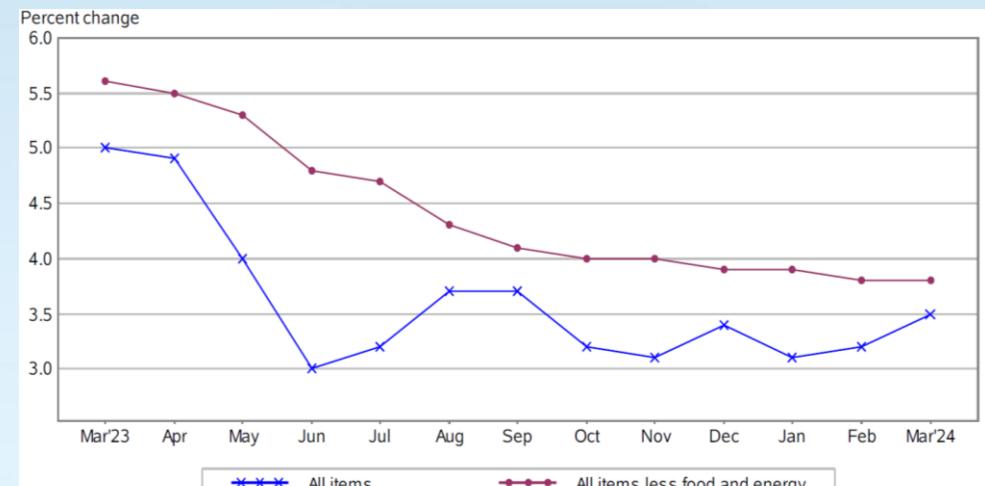
# NATIONAL ECONOMY: INFLATION SUBSIDING BUT STILL WELL ABOVE THE FED TARGET

- March 2024 CPI rose by 3.5% year-over-year (YoY), an increase from the 3.2% YoY rise in February.
- The major drivers were energy and shelter. Energy prices were impacted by increases in gasoline prices, and they are likely to stay elevated as we move toward the busier summer travel months.
- The rise was the third consecutive month with a 0.4% MoM increase. The 3-month annualized rate (4.5%) was a 10-month high.
- While there has been a notable decline in the CPI growth rate over the last year, slow declines over the last four months are a short-term concern.
- As a result, it is likely that cuts to the federal funds rate will be delayed for several months.

One-month Percent Change in CPI for All Urban Consumers (CPI-U), Seasonally Adjusted, March 2023 - March 2024



12-month Percent Change in CPI for All Urban Consumers (CPI-U), Not Seasonally Adjusted, March 2023 - March 2024



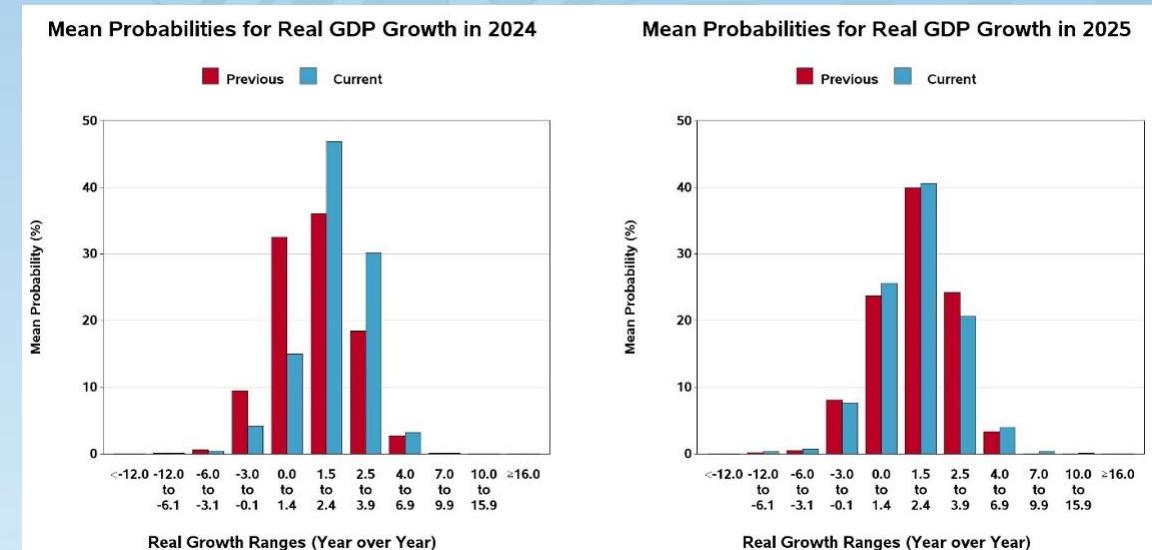
Sources: 1) BLS 2) PFMGC analysis



# RECESSION CONCERNS HAVE LARGELY SUBSIDED FOR 2024-2026

- The range of February 2024 PFS responses suggest a growing belief that there will not be a recession in 2024-2025 (see charts on the right).
- While most economists still believe higher interest rates constrain growth, there is a school of thought that rate increases are also stimulative.
- The main line of reasoning is that the increase in interest rates from 0% to over 5% provides many Americans a significant income stream from bond investments and savings accounts.
- U.S. households receive income on more than \$13 trillion of short-term interest-bearing assets, while consumer debt, excluding mortgages, is about \$5 trillion. At current rates, that is estimated to be a net gain to households of about \$400 billion this year.
- At least, households are not as harmed by rising rates currently because so many mortgages are locked in at low fixed rates.

Source: [Bloomberg](#)



## Economy Keeps Going Strong

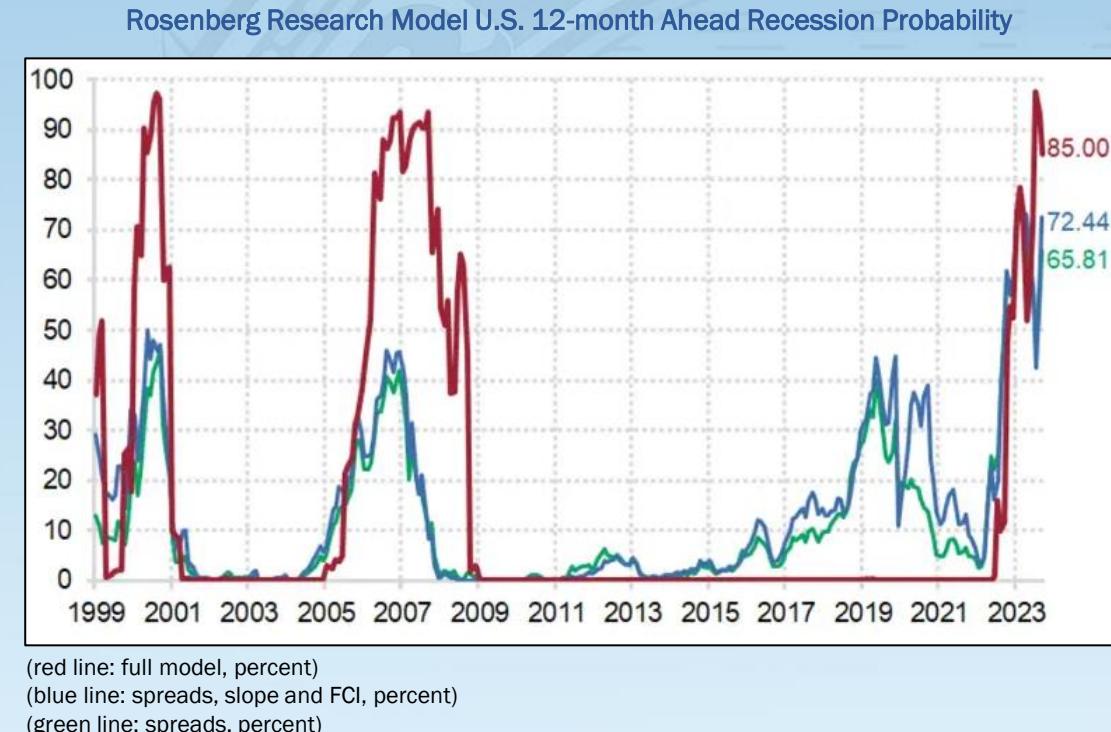
	Start of Hikes	Latest
*GDP	2.5%	4.2%
Unemployment	3.8%	3.8%
Corporate profits	\$3.0 trillion	\$3.4 trillion
S&P 500	4,358	5,062

Source: Bloomberg  
Note: \*average of previous two quarters



# RECESSION RISK IS NOT ZERO

- There are still many reputable economists and forecasting firms that predict a recession in 2024 or 2025.
- Many of these are based on macro-economic models. As examples:
  - David Rosenberg (Rosenberg Research) estimates there is an 85% chance the US economy will enter into a recession in 2024. His ‘full model’ is based on a National Bureau of Economic Research paper and consists of financial conditions indexes, the debt-service ratio, foreign term spreads, and the level of the yield curve (see graph to the right). He claims a consumer credit default cycle has already arrived, with 1 in 12 credit card holders missing their payments.
  - Citi’s chief economist (Andrew Hollenhorst) in February predicted the US economy was headed for a recession in the middle of 2024. He cited labor market weakness related to hours worked, and stalled hiring in some sectors. He also noted that inflation continues to be too high.
- A recession could also arise from outside the economic fundamentals (as was the case with the COVID-19 induced recession). This most likely would occur from international tensions leading to supply chain or cost pressures or actual US involvement in a conflict.



Paul Samuelson once famously quipped that ‘macroeconomists have successfully predicted nine of the last five recessions.’

While current economic predictions are moving away from an imminent recession, those concerns should not be dismissed entirely.