



CITY OF ATLANTA
City Auditor's Office
Amanda Noble, City Auditor
404.330.6750

October 2022

Performance Audit:

BeltLine Special Service District:

Financial Review 2022

What We Found

The Atlanta City Council created the BeltLine Special Service District in March 2021 to help fund the BeltLine trail project. The special service district is a targeted tax district in which commercial, industrial, and multi-family property owners pay additional property taxes to fund completion of the Atlanta BeltLine trail. Three main entities are responsible for administering the special service district: AURA (Atlanta Urban Redevelopment Agency), ABI (Atlanta BeltLine, Inc.), and the City of Atlanta. AURA issued a \$95.1 million bond in December 2021 that was backed by special service district tax collections.

These entities lacked a shared understanding of bond requirements. We identified some inconsistencies and lack of clarity for bond requirements and for roles and responsibilities, which could pose a risk of noncompliance. For example, some responsibilities are listed for more than one entity, and entity staff's interpretations sometimes conflicted with bond documents. There is also a potential risk of excess tax collections. To mitigate this risk, city council can change the special service district tax rate. However, AURA's and ABI's current reports to council do not include enough detail for city council to make this decision.

AURA's and ABI's policies and procedures contained some gaps on how each would meet the bond requirements. ABI spent \$14.2 million as of June 2022 and had not yet completed written policies and procedures for its activities within the special service district. AURA developed district-specific policies and procedures that contained most control activities mandated by the bond requirements but were missing procedures for key activities. Both entities could also strengthen internal controls within the policies and procedures.

The bond and other governing documents contained some financial and programmatic controls, such as detailing allowable expenses and mitigating liability.

Why We Did This Audit

In March 2021, the Atlanta City Council approved Ordinance No. 21-O-0049, which created the BeltLine Special Service District and required the city auditor to provide a financial review of the district every two years. This is the first review undertaken.

What We Recommended

To guarantee that the entities meet bond requirements, the city's Chief Financial Officer and Chief Operating Officer should ensure that:

- AURA (Atlanta Urban Redevelopment Agency), ABI (Atlanta BeltLine, Inc.), and relevant city staff work with legal staff to create a memorandum of understanding that documents and clarifies roles, responsibilities, and processes.
- ABI and AURA update their written policies and procedures to include special service district language detailing how they will comply with bond requirements.
- ABI updates its chart of accounts to account for special service district financial information separately.

To ensure that City Council has the information needed to decide on the special service district tax rate, the city's Chief Financial Officer and Chief Operating Officer should:

- Lay out a reporting framework for ABI and AURA in the memorandum of understanding that includes periodic reports to council.

For more information regarding this report, please use the "contact" link on our website at www.atlaudit.org

Management Responses to Audit Recommendations

Summary of Management Responses		
<p>Recommendation #1: We recommend that the city's Chief Financial Officer and Chief Operations Officer ensure that AURA, ABI, and relevant city staff work with legal staff to create a memorandum of understanding. This memorandum should document and clarify roles and responsibilities of the parties, and processes for handling financial transactions, including reimbursement of project related costs, issuance and administrative fees, and bond repayment.</p>		
<p>Response: Agree</p>	<p>Status: Not Started</p>	<p>Estimated Completion Date (M/Y): 12/31/2022</p>
<p>Recommendation #2: We recommend that the city's Chief Financial Officer and Chief Operations Officer ensure that ABI and AURA update written policies and procedures to include specific special service district language detailing how they will comply with bond requirements.</p>		
<p>Response: Agree</p>	<p>Status: Not Started</p>	<p>Estimated Completion Date (M/Y): 10/31/2022</p>
<p>Recommendation #3: We recommend that the city's Chief Financial Officer and Chief Operations Officer should also ensure that ABI updates its chart of accounts to account for special service district financial information separately.</p>		
<p>Response: Agree</p>	<p>Status: Started</p>	<p>Estimated Completion Date (M/Y): 10/31/2022</p>
<p>Recommendation #4: We recommend that the city's Chief Financial Officer and Chief Operating Officer lay out a reporting framework for ABI and AURA in the memorandum of understanding that includes providing periodic reports to City Council. These should be considered over the life of the bond to ensure that AURA can continue to meet bond payments. This framework should include tax collections compared to projections over the life of the bond, total bond funds spent to date, percentage completion for projects funded by special service district, and total amount in the discretionary fund for prepayment and for project costs, along with the amount and type of expenses.</p>		
<p>Response: Agree</p>	<p>Status: Not Started</p>	<p>Estimated Completion Date (M/Y): 12/31/2022</p>