

## Popular Financial Reporting: Frankfurt 2023

by Nathan Lin and Giorgia Faragi

### Welcome to Frankfurt – A City of Innovation, Culture, and Sustainable Growth



Frankfurt is a vibrant, multicultural city and Germany's main financial center, renowned for its thriving economy, extensive public services, and commitment to sustainability. This Popular Financial Report provides a comprehensive yet accessible overview of the city's operations, budget allocations, and the services it offers to residents, aiming to promote transparency and citizen engagement. With cutting-edge infrastructure, progressive policies, and strong environmental initiatives, Frankfurt strives to enhance the quality of life for all its citizens.

#### About Frankfurt:



Frankfurt is Germany's fifth-largest city and a major financial center. Known for its futuristic skyline, it serves as the European Central Bank's headquarters and is vital to international trade and finance.

#### Governance Structure

Frankfurt operates under a mayor-city commissioner plan, with an executive mayor leading the municipal government. The City Commission, consisting of elected commissioners, collaborates on budgeting and city policy, ensuring representation and oversight.

## Principal City Officials

The City of Frankfurt is overseen by key officials, including the Mayor and various department heads, who ensure effective governance.

Their combined leadership drives the city's financial strategies and operations.

Lord Mayor:



**Mike Joseff**

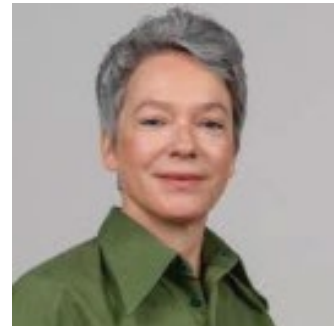
Deputy Mayors:



**Stephanie Wüst**, responsible for the Department of Economy, Legal Affairs, and City Marketing. outreach.



**Nargess Eskandari-Grünberg**, focus on diversity, anti-discrimination, and social cohesion.



**Dr. Ina Hartwig**, heads the Department of Culture and Science, focus on art cultural institutions, and educational

City Treasurer:



**Dr. Bastian Bergerhoff**, he oversees Frankfurt's financial operations, budgeting, financial planning, and fiscal policy initiatives, which support the city's economic and community development goals.

## City Organizational Chart

Frankfurt's organizational chart illustrates the structure of its municipal government, highlighting various departments and their functions. This clarity aids in understanding the city's operational dynamics.

## Economic and Demographic Overview

**About geographic location** - Located in the Hesse region, Frankfurt is uniquely positioned as a major transport hub in Germany. Frankfurt spans approximately 248.3 square kilometers with a population exceeding 790,000, it thrives on cultural diversity and economic activity.



### Frankfurt by Numbers:

- Population: 790,000+
- Area: 248.3 km<sup>2</sup>
- City Employees: Approx. 14,000
- Police and Fire Stations: Numerous precincts and stations across districts
- Parks and Recreation: Over 50 public parks and green spaces
- Frankfurt's GDP per capita: Approx. €94,190

**Population** - Frankfurt, with a population of approximately 790,000 as of 2023, is one of Germany's fastest-growing cities, attracting people from around the world due to its reputation as an international financial hub. About 30% of Frankfurt's residents are foreign nationals, making it a truly global city. This multicultural population enriches Frankfurt's community, fueling its dynamic growth and making it a vibrant place for new residents to call home.

**Economic overview** - The city boasts a high average income and is home to numerous international corporations, including key financial institutions like the European Central Bank, Deutsche Bundesbank, and major international banks. With a stable employment rate of approximately 94%, Frankfurt's economy remains robust, benefiting from strong sectors such as finance, technology, trade, and logistics.

Frankfurt continues to expand as an international finance and commerce hub, with sectors such as banking, information technology, and logistics driving its economy. In light of recent economic challenges, such as the global impact of COVID-19, Frankfurt has implemented various relief measures and economic programs to support businesses and residents.

For 2023, Frankfurt's Gross Domestic Product (GDP) per capita continues to exceed the national average, positioning the city as a leading economic player in Europe.

## Frankfurt's Financial Landscape

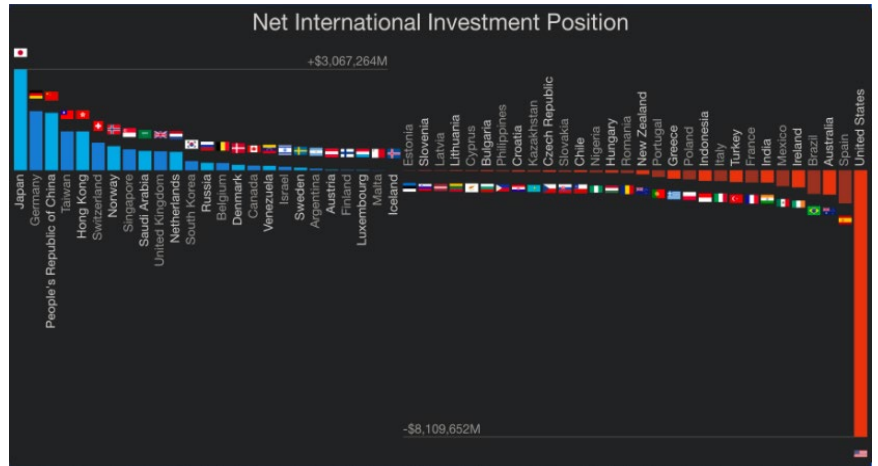


**Budget Process-** Frankfurt's budget process involves a detailed cycle where forecasts, public hearings, and final approvals ensure accountability. This structured approach facilitates the effective use of public funds, fostering both economic vitality and community well-being.

**Financial Highlights and net position-** In 2023, Frankfurt achieved notable financial milestones, including total revenues of approximately €1 billion, demonstrating a robust

recovery and growth from the previous fiscal year. Key indicators show an increase in property tax revenues, reflecting significant economic activity.

Frankfurt's net position as of 2023 revealed a total asset value of €2 billion with liabilities of €1.2 billion, resulting in a net position surplus of €800 million. This strong position indicates fiscal stability and the ability to invest in future projects.



### Revenues, Expenses, Capital Assets and Long-term Investment - Frankfurt's

revenue streams in 2023 totaled €1 billion, with significant contributions from taxes, grants, and service fees. The increase in property tax revenues highlighted economic growth and city development initiatives aimed at attracting investment.

Total expenses in 2023 amounted to €950 million, reflecting a balanced approach to public spending. Key areas included public safety, infrastructure, education and culture, and social services, demonstrating the city's commitment to enhancing residents' quality of life.

Capital assets totaled €1.1 billion, demonstrating the city's investments in infrastructure and public facilities. Highlights include new transportation projects and recreational facilities aimed at enhancing community engagement.

Frankfurt's long-term obligations stood at €1.4 billion, primarily of municipal bonds and pension liabilities. The city must manage these obligations carefully to ensure continued fiscal health and service delivery.

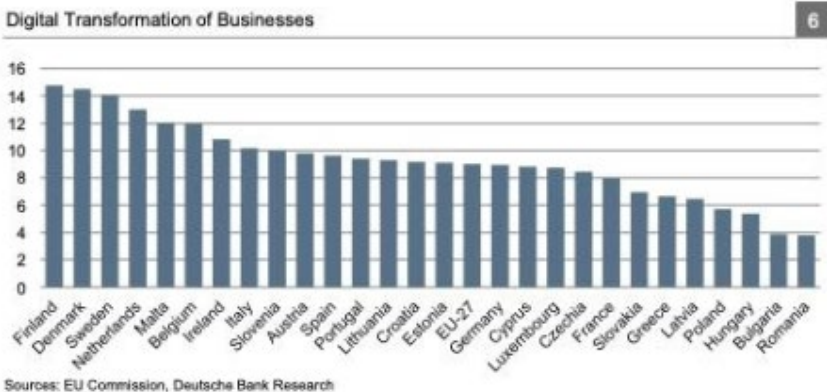
**Cash, Investment and Fund Balance** - The city reported cash and investments amounting to €500 million in 2023, an increase attributed to effective cash management strategies. These funds are vital for maintaining operations and funding future infrastructure projects.

The fund balance was recorded at €200 million, reflecting careful financial planning and a commitment to maintaining adequate reserves. This balance provides flexibility for future expenditures and unforeseen financial challenges.

### Key Economic Drivers

Frankfurt serves as a significant financial hub in Europe, home to major institutions like the European Central Bank. The city boasts a thriving economy driven by finance, technology, manufacturing, and logistics, contributing to robust job creation and economic stability.

### Market Trends



Current trends in Frankfurt indicate a rise in digital innovation and sustainability initiatives. The city is witnessing increased investment in green technologies and digital transformation, positioning itself as a leader in sustainable urban development.

### About Popular Annual Financial Report (PAFR)

#### Purpose of PAFR

This document serves to summarize the financial activities of the City of Frankfurt for citizens, highlighting key financial performance metrics. It transforms complex financial data from the Comprehensive Annual Financial Report (CAFR) into a more accessible format, emphasizing clarity and public understanding.

#### Auditing Standards

The financial statements within the PAFR are prepared in accordance with Generally Accepted Accounting Principles (GAAP), ensuring accuracy and reliability. They are subjected to external audits, providing assurance that the financial data is presented fairly and is compliant with regulatory standards.

## Target Audience

Designed for the general public, local stakeholders, and residents of Frankfurt. It aims to enhance financial transparency and promote informed civic engagement by simplifying complex fiscal information into digestible content for a wider audience.

## Summary of Fiscal Year Performance

In the fiscal year 2023, Frankfurt witnessed notable growth in its financial metrics, with total revenues reaching approximately €1.5 billion. Major contributions came from property taxes and service fees, reflecting the city's expanding economy and effective financial management.

## Comparative Analysis with Previous year

When compared to the previous fiscal year, Frankfurt's revenues increased by 5%, attributed primarily to enhanced economic conditions and successful public initiatives. Similarly, total expenses grew moderately at 3%, resulting in improved net position year-over-year.

## Long-Term Financial Planning

### Budgeting Process Overview

	Debt level	Borrowing (increase)	Debt repayment (decrease)	Debt level	Change in debt level (balance)	Interest
	31 October 2023	November	November	30 November 2023	November	November
<b>Total</b>	1,644,038	30,717	-15,204	1,659,552	15,513	-1,957
<b>broken down by purpose</b>						
<b>Federal budget</b>	1,438,114	29,368	-14,226	1,453,256	15,142	-1,935
<b>Special funds with their own borrowing authorisation (excluding loan financing)</b>	112,558	1,349	-	113,907	1,349	-
Financial Market Stabilisation Fund (loans for expenses pursuant to section 9 (1) of the Stabilisation Fund Act (Stabilisierungsfondsgesetz))	23,390	-	-	23,390	-	-
Investment and Redemption Fund	16,636	-	-	16,636	-	-
Economic Stabilisation Fund (loans for recapitalisation measures pursuant to section 22 of the Stabilisation Fund Act)	1,283	-1	-	1,282	-1	-

The City's fiscal year operates from October 1st to September 30th. The Mayor presents a budgetary address to residents annually, followed by public hearings that lead to the final budget adoption by the City Commission by September 30th each year.

## Forecasting and Goals

Budget forecasts are aligned with the City's strategic goals, ensuring resource allocation meets service demands. These forecasts consider past performance, demographic changes, and economic trends to gauge future revenue and expenditure patterns.

## Public Services and Civic Engagement

### Civic Services

Frankfurt offers streamlined public services, providing convenient access to essential documentation such as identification, residence registration, and certification services at central and decentralized civic offices. The city has prioritized digital access to public services, enabling residents to complete over 75% of these processes online, reflecting its commitment to digital innovation.



New residents can register online for several essential services, from tax registration to health insurance guidance. This digital-first approach not only enhances convenience but also aligns with Frankfurt's goal to become one of Germany's most digitally integrated cities by 2025.

### Social Support and Community Services



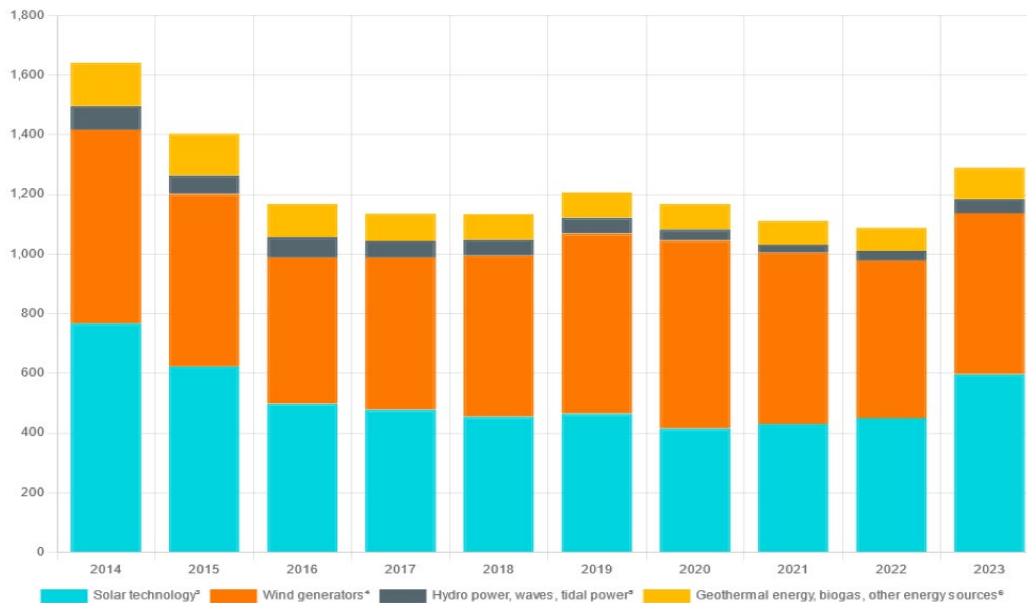
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Frankfurt has invested significantly in social services, supporting families, children, elderly residents, and individuals with disabilities. The city's budget for 2023 allocates €500 million to various social support programs, including affordable housing initiatives, mental health resources, and community outreach. These programs aim to ensure all residents feel supported, regardless of age, background, or economic



## Sustainability and Environmental Initiatives

*Development of patent applications effective in Germany<sup>1</sup> in selected fields of renewable energy*



## Waste Management and Recycling

Frankfurt is a leader in sustainable waste management, with an ambitious goal to become waste-neutral by 2040. The city provides residents with a comprehensive waste disposal and recycling system, including dedicated bins for organic waste, plastics, paper, and residual waste. In 2023, over 68% of Frankfurt's waste is recycled or repurposed, reducing the city's reliance on landfills and lowering greenhouse gas emissions.

## Public Transport and Green Mobility

With a growing population, Frankfurt focuses on sustainable mobility solutions to reduce traffic and pollution. The city's extensive public transport network includes buses, trams, and subways, all powered by renewable energy. In addition, Frankfurt promotes cycling as a preferred means of travel, investing €25 million in 2023 to expand bike lanes and add new rental stations. E-mobility is also highly encouraged, with over 1,200 charging stations installed city-wide to accommodate electric vehicles. Residents are offered incentives to trade in their cars for eco-friendly options, contributing to Frankfurt's target of achieving net-zero emissions by 2035.

## Energy Efficiency and Renewable Energy

Frankfurt is committed to reducing its carbon footprint, with a strategic plan to decrease municipal energy consumption by 30% by 2030. In 2023, the city invested €100 million

in solar, wind, and geothermal energy projects to reduce dependency on non-renewable sources. Municipal buildings are now fitted with energy-efficient systems, and several public spaces utilize solar lighting, showcasing Frankfurt's dedication to environmental stewardship.

## **Cultural and Educational Opportunities**



### **City History**

Frankfurt, founded in the early 9th century, became a significant hub for commerce and trade in the Holy Roman Empire. Its strategic location along the River Main facilitated economic growth, making it a key financial center within Europe through the centuries.

### **Cultural Life**

Frankfurt is a cultural epicenter, hosting numerous international events, museums, and art galleries. In 2023, the city's cultural budget increased to €200 million, supporting major events like the Frankfurt Book Fair, art exhibitions at the Städel Museum, and open-air music festivals. This funding enhances the city's offerings for both residents and visitors, enriching Frankfurt's cultural landscape and contributing to its recognition as one of Europe's top cities for the arts.

## Educational Institutions and Learning Programs

Frankfurt is home to globally recognized educational institutions, including Goethe University and the Frankfurt School of Finance & Management, which attract students from around the world. In 2023, the city allocated €250 million to education, with a focus on enhancing school facilities, offering language courses for newcomers, and expanding access to digital resources. The city also supports vocational training and continuing education programs, emphasizing lifelong learning and workforce development.

## Housing and Urban Development

### Affordable Housing Initiatives

With rapid population growth, Frankfurt prioritizes affordable housing, committing €300 million to new construction and renovation of existing units in 2023. The city collaborates with private developers and housing cooperatives to create sustainable, energy-efficient housing options accessible to low- and middle-income families.

### Green Urban Spaces

In 2023, Frankfurt allocated €50 million to the development of parks, urban green



spaces, and community gardens. The city's urban planning approach integrates nature into residential areas, enhancing the quality of life and promoting biodiversity. Residents enjoy access to expansive parks, such as Palmengarten and Grüneburgpark, which offer recreational spaces and support

mental well-being.

## Financial Transparency and Citizen Participation



Frankfurt values transparency and inclusiveness, allowing citizens to participate in the budget planning process through an online platform where they can suggest projects and vote on funding priorities. The city's interactive budget portal, launched in 2023, lets residents access detailed information on expenditures, providing a deeper understanding of how funds are allocated across sectors.

Recent strategic initiatives include the development of enhanced financial reporting systems and performance metrics. In order to improve transparency and accountability, facilitating better decision-making to support community needs and fiscal responsibility.

### **Conclusion:**

As Frankfurt moves forward, its commitment to sustainable growth, social inclusivity, and technological innovation will continue to drive progress. The city's financial report highlights a dedication to transparency, aiming to involve residents in shaping the future of their community. Whether you're a new resident or a long-time citizen, Frankfurt offers a supportive environment to thrive, grow, and contribute to the city's ever-evolving landscape.

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

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