

**ANNUAL DISCLOSURE FILING CONCERNING
FINANCIAL INFORMATION OF THE CITY OF
ATLANTA
DEPARTMENT OF AVIATION**

Relating to:

**VARIOUS SERIES OF CITY OF COLLEGE PARK (GEORGIA)
REVENUE BONDS**

**ALL AS MORE PARTICULARLY IDENTIFIED
ON EXHIBIT A ATTACHED HERETO**

This annual disclosure filing is being filed by the City of Atlanta (the "City") relating to those certain series of bonds more particularly identified in EXHIBIT A attached hereto (the "City of College Park Revenue Bonds") pursuant to the City's continuing disclosure obligations related to the City of College Park Revenue Bonds to provide certain operating data and financial information included as EXHIBIT B and EXHIBIT C, respectively, attached hereto.

The information in this annual disclosure filing has been compiled from sources believed to be reliable, but no warranties or guarantees as to the accuracy or completeness of such information are provided. Furthermore, the information set forth herein is provided as of the date set forth below and there is no assurance that such information has not changed after the date hereof.

This annual disclosure filing is dated December 24, 2014.

EXHIBIT A

LIST OF AFFECTED BONDS

\$211,880,000
CITY OF COLLEGE PARK (GEORGIA)
TAXABLE REVENUE BONDS, SERIES
2006A
(HARTSFIELD-JACKSON ATLANTA
INTERNATIONAL AIRPORT CONSOLIDATED
RENTAL CAR FACILITY PROJECT)

\$21,980,000
CITY OF COLLEGE PARK (GEORGIA)
REVENUE BONDS, SERIES 2006B
(HARTSFIELD-JACKSON ATLANTA
INTERNATIONAL AIRPORT AUTOMATED
PEOPLE MOVER SYSTEM MAINTENANCE
FACILITY PROJECT)

CUSIP

194315 AJ6
194315 AK3
194315 AL1
194315 AM9
194315 AW7
194315 AX5
194315 AY3
194315 AZ0
194315 BA4
194315 BB2
194315 BC0
194315 BD8
194315 BE6

EXHIBIT B

**OPERATING DATA OF THE
CITY OF ATLANTA DEPARTMENT OF AVIATION**

Relating to:

VARIOUS SERIES OF COLLEGE PARK, GEORGIA

REVENUE BONDS

AS MORE PARTICULARLY IDENTIFIED IN EXHIBIT A ATTACHED HERETO

TABLE 1

**Airlines Serving the Airport
(as of June 2014)**

Mainline Airlines	Regional Airlines	Foreign-flag Airlines	All-cargo Airlines*
AirTran Airways ⁽¹⁾⁽²⁾⁽³⁾	Allegiant Air	Aeromexico	ABX
Alaska Airlines	American Eagle	Air Canada Jazz	Air France/KLM Cargo
American Airlines ⁽¹⁾⁽⁴⁾	Chautauqua Airlines	Air France ⁽⁵⁾	Asiana Cargo
Delta Air Lines ⁽¹⁾⁽²⁾⁽⁵⁾	Compass Airlines ⁽²⁾⁽⁵⁾⁽⁶⁾	British Airways	British Airways Cargo
Frontier Airlines	Endeavor Air ⁽²⁾⁽⁵⁾⁽⁶⁾	KLM Royal Dutch Airlines ⁽⁵⁾	Cargolux Airlines
Southwest Airlines ⁽²⁾	Envoy Air	Korean Air ⁽⁵⁾	Cathay Pacific Cargo
Spirit Airlines	ExpressJet Airlines ⁽¹⁾⁽²⁾⁽⁵⁾⁽⁶⁾	Lufthansa German Airlines	China Airlines Cargo
United Airlines ⁽¹⁾	GoJet Airlines		DHL Worldwide Express
US Airways ⁽¹⁾⁽⁴⁾	Mesa Airlines		Emirates Sky Cargo
	Omni Air Intl		EVA Airways
	Republic Airlines		FedEx
	Shuttle America ⁽⁵⁾⁽⁶⁾ Silver		Korean Air Cargo
	Airways		Lufthansa Cargo
	SkyWest Airlines		Mountain Air Cargo
	Vision Airlines		Polar Air Cargo Worldwide
			Qatar Airways
			Singapore Cargo
			UPS Air Cargo

⁽¹⁾ Airlines signatory to the CPTC Leases.

⁽²⁾ U.S. flag airlines providing international service.

⁽³⁾ Effective May 2011, AirTran operates as a wholly-owned subsidiary of Southwest.

⁽⁴⁾ Effective December 2013, American Airlines and US Airways merged to form American Airlines Group. The two airlines continue to operate separately.

⁽⁵⁾ Flights marketed under SkyTeam alliance.

⁽⁶⁾ Airlines operating as an affiliate of Delta Air Lines.

* Airlines listed operate regular all-cargo service at the Airport. Other cargo airlines not listed in this table operate ad hoc charter service at the Airport. Certain mainline and foreign-flag airlines also operate cargo services.

Source: City of Atlanta, Department of Aviation.

TABLE 2
Historical Enplaned Passengers

Fiscal Year⁽¹⁾	Domestic	Percent Annual Change	International	Percent Annual Change	Total	Percent Annual Change
2007	39,022,194	-	4,270,417	-	43,292,611	-
2008	40,747,762	4.4%	4,539,412	6.3%	45,287,174	4.6%
2009	40,344,232	-1.0%	4,464,750	-1.6%	44,808,982	-1.1%
2010	40,953,747	1.5%	4,421,551	-1.0%	45,375,298	1.3%
2011	41,442,852	1.2%	4,748,815	7.4%	46,191,667	1.8%
2012	42,277,924	2.0%	4,869,391	2.5%	47,147,315	2.1%
2013	42,565,430	0.7%	4,960,813	1.9%	47,526,243	0.8%
2014	42,077,139	-1.1%	5,241,616	5.7%	47,318,755	-0.4%

Calendar Year⁽¹⁾	Domestic	Percent Annual Change	International	Percent Annual Change	Total	Percent Annual Change
2005	39,661,560	-	3,358,972	-	43,020,532	-
2006	38,463,582	-3.0%	4,060,639	20.9%	42,524,221	-1.2%

⁽¹⁾ The information presented in this table for 2007 through 2014 is based on the 12 month periods beginning July 1 and ending June 30 which coincide with the City's Fiscal Year for those years. The information presented in this table for 2005 through 2006 is based on the 12 month period beginning January 1 and ending December 31 which coincide with the City's Fiscal Year for those years. Although the City's Fiscal Year 2006 was a six month period commencing January 1, 2006 and ending June 30, 2006, the information presented in this table is based on a 12 month calendar year for statistical comparison purposes to prior years. For purposes of continuing disclosure from and after Fiscal Year 2007, the information in this table will be presented on a Fiscal Year basis only.

Source: City of Atlanta, Department of Aviation

TABLE 3

Historical Enplaned Passengers by Airline					
Fiscal Year ⁽¹⁾					
	2010	2011	2012	2013	2014
Domestic					
Delta and affiliates					
Delta	23,381,110	25,898,917	27,172,710	28,416,865	29,960,075
Northwest ^{(2) (3)}	60,101	-	-	-	-
ExpressJet ⁽⁴⁾	6,109,736	4,979,386	4,578,759	4,120,999	3,815,707
Endeavor (formerly Pinnacle)	913,968	777,032	944,936	745,752	320,369
Compass	-	36,732	73,313	74,825	14,483
Comair ⁽⁵⁾	242,323	189,558	64,606	1,442	-
GoJet	-	-	-	-	727
SkyWest	159,760	26,369	46,674	-	34,683
Shuttle America	315,171	59,704	15,271	6,691	3,458
Mesaba ⁽⁶⁾	78,238	50,929	-	-	-
Subtotal Delta	31,260,407	32,018,627	32,896,269	33,366,574	34,149,502
AirTran-Southwest					
AirTran ⁽⁷⁾	7,331,886	6,990,177	6,541,026	5,509,142	2,630,218
Southwest ⁽⁷⁾	-	-	269,050	884,005	2,720,124
Subtotal AirTran-Southwest	7,331,886	6,990,177	6,810,076	6,393,147	5,350,342
Other U.S.-flag airlines					
American ⁽²⁾⁽⁹⁾	743,499	788,722	798,337	767,684	740,424
US Airways ⁽²⁾⁽⁹⁾	592,095	637,258	690,995	723,162	786,233
United ^{(2) (8)}	691,726	674,904	717,165	872,597	572,055
Spirit	120,554	123,282	164,704	231,276	260,716
Frontier ⁽²⁾	171,754	125,419	124,881	92,160	100,783
Alaska	36,476	54,883	56,378	94,266	105,914
Other	5,350	29,580	19,119	24,564	31,041
Subtotal other U.S.flag airlines	2,361,454	2,434,048	2,571,579	2,805,709	2,597,166
Total Domestic	40,953,747	41,442,852	42,277,924	42,565,430	42,077,139
International					
Delta and affiliates					
Delta	3,445,531	3,714,948	3,718,049	3,799,899	4,034,304
Northwest ⁽³⁾	125,155	-	-	-	-
Endeavor (formerly Pinnacle)	4,487	52,102	138,198	76,933	773
ExpressJet ⁽⁴⁾	171,820	124,644	116,934	189,406	314,900
Compass	-	3,843	9,038	431	69
Comair ⁽⁵⁾	787	1,577	173	-	-
SkyWest	466	-	-	-	-
Subtotal Delta	3,748,246	3,897,114	3,982,392	4,066,669	4,350,046
Southwest/AirTran ⁽⁷⁾	86,330	186,816	255,205	249,430	236,390
Foreign-flag airlines	481,886	563,721	568,447	642,103	654,335
Other U.S.-flag airlines	105,089	101,164	63,347	2,611	845
Total International	4,421,551	4,748,815	4,869,391	4,960,813	5,241,616
Total	45,375,298	46,191,667	47,147,315	47,526,243	47,318,755

⁽¹⁾ 12-month periods beginning July 1 and ending June 30.

⁽²⁾ Includes regional affiliates.

⁽³⁾ Delta and Northwest received a single operating certificate from the FAA and fully integrated operations in December 2009.

⁽⁴⁾ ExpressJet and Atlantic Southeast received a single operating certificate from the FAA and fully integrated operations in December 2011 and began operation as Express Jet effective January 2012.

⁽⁵⁾ Ceased operations in September 2012.

⁽⁶⁾ Ceased operations in January 2012.

⁽⁷⁾ Effective May 2, 2011, AirTran began operating as a wholly-owned subsidiary of Southwest. AirTran and Southwest received a single operating certificate from the FAA in March 2012, but continued to operate separately. Operational integration is expected to take several years. Note also that, effective February 2012, Southwest began operating under its own name at the Airport.

⁽⁸⁾ United and Continental received a single operating certificate from the FAA in November 2011 and fully integrated operations in March 2012. Data includes Continental.

⁽⁹⁾ Effective December 2013, American Airlines and US Airways merged to form American Airline Group. The two airlines continue to operate separately.

TABLE 4

Historical Market Share by Airline					
Fiscal Year ⁽¹⁾					
	2010	2011	2012	2013	2014
Domestic					
Delta and affiliates					
Delta	51.5%	56.1%	57.6%	59.8%	63.3%
Northwest ⁽²⁾⁽³⁾	0.1%	0.0%	0.0%	0.0%	0.0%
ExpressJet ⁽⁴⁾	13.5%	10.8%	9.7%	8.7%	8.1%
Endeavor Air (formerly Pinnacle)	2.0%	1.7%	2.0%	1.6%	0.7%
Compass	0.0%	0.1%	0.2%	0.2%	0.0%
Comair ⁽⁵⁾	0.5%	0.4%	0.1%	0.0%	0.0%
GoJet	0.0%	0.0%	0.0%	0.0%	0.0%
SkyWest	0.4%	0.0%	0.1%	0.0%	0.1%
Shuttle America	0.7%	0.1%	0.0%	0.0%	0.0%
Mesaba ⁽⁶⁾	0.2%	0.1%	0.0%	0.0%	0.0%
Subtotal Delta	68.9%	69.3%	69.7%	70.2%	72.2%
AirTran-Southwest					
AirTran ⁽⁷⁾	16.2%	15.1%	13.9%	11.6%	5.6%
Southwest ⁽⁷⁾	0.0%	0.0%	0.6%	1.9%	5.7%
Subtotal AirTran-Southwest	16.2%	15.1%	14.5%	13.5%	11.3%
Other U.S.-flag airlines					
American ⁽²⁾⁽⁹⁾	1.6%	1.7%	1.7%	1.6%	1.6%
United ⁽²⁾⁽⁸⁾	1.5%	1.5%	1.5%	1.8%	1.1%
US Airways ⁽²⁾⁽⁹⁾	1.3%	1.4%	1.5%	1.5%	1.7%
Spirit	0.3%	0.3%	0.3%	0.5%	0.5%
Frontier ⁽²⁾	0.4%	0.3%	0.3%	0.2%	0.2%
Alaska	0.1%	0.1%	0.1%	0.2%	0.2%
Other	0.0%	0.1%	0.1%	0.1%	0.1%
Subtotal other U.S.-flag airlines	5.2%	5.2%	5.5%	5.9%	5.4%
Total Domestic	90.3%	89.7%	89.7%	89.6%	88.9%
International					
Delta and affiliates					
Delta	7.6%	8.0%	7.9%	8.0%	8.5%
Northwest ⁽³⁾	0.3%	0.0%	0.0%	0.0%	0.0%
Endeavor (formerly Pinnacle)	0.0%	0.1%	0.3%	0.2%	0.0%
ExpressJet ⁽⁴⁾	0.4%	0.3%	0.2%	0.4%	0.7%
Compass	0.0%	0.0%	0.0%	0.0%	0.0%
Comair ⁽⁵⁾	0.0%	0.0%	0.0%	0.0%	0.0%
SkyWest	0.0%	0.0%	0.0%	0.0%	0.0%
Subtotal Delta	8.3%	8.4%	8.4%	8.6%	9.2%
Foreign-flag airlines	1.1%	1.2%	1.2%	1.4%	1.4%
Southwest/AirTran ⁽⁷⁾	0.2%	0.4%	0.5%	0.5%	0.5%
Other U.S.-flag airlines	0.2%	0.2%	0.1%	0.0%	0.0%
Total International	9.7%	10.3%	10.3%	10.4%	11.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

⁽¹⁾ 12-month periods beginning July 1 and ending June 30.

⁽²⁾ Includes regional affiliates.

⁽³⁾ Delta and Northwest received a single operating certificate from the FAA and fully integrated operations in December 2009.

⁽⁴⁾ ExpressJet and Atlantic Southeast received a single operating certificate from the FAA and fully integrated operations in December 2011 and began operation as Express Jet effective January 2012.

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⁽⁷⁾ Effective May 2, 2011, AirTran began operating as a wholly-owned subsidiary of Southwest. AirTran and Southwest received a single operating certificate from the FAA in March 2012, but continued to operate separately. Operational integration is expected to take several years. Note also that, effective February 2012, Southwest began operating under its own name at the Airport.

⁽⁸⁾ United and Continental received a single operating certificate from the FAA in November 2011 and fully integrated operations in March 2012. Data includes Continental.

⁽⁹⁾ Effective December 2013, American Airlines and US Airways merged to form American Airlines Group. The two airlines continue to operate separately.

Source: City of Atlanta, Department of Aviation.

TABLE 5

Historical Aircraft Operations

Fiscal Year⁽¹⁾	Air Carrier	Air Taxi/ Commuter	General Aviation	Military	Total Operations	Percent Annual Change
2007	708,158	268,761	9,949	917	987,785	-
2008	748,467	237,631	11,972	1,058	999,128	1.1%
2009	735,237	222,623	7,515	1,081	966,456	-3.3%
2010	717,424	237,899	7,342	1,141	963,806	-0.3%
2011	723,801	205,655	7,128	520	937,104	-2.8%
2012	739,175	184,940	7,045	394	931,554	-0.6%
2013	733,575	177,234	7,653	295	918,757	-1.4%
2014	719,974	160,437	7,373	230	888,014	-3.5%
Calendar Year⁽¹⁾	Air Carrier	Air Taxi/ Commuter	General Aviation	Military	Total Operations	Percent Annual Change
2005	692,210	275,504	10,783	1,889	980,386	-
2006	673,734	291,762	9,417	1,534	976,447	-0.4%

⁽¹⁾ The information presented in this table for 2007 through 2014 is based on the 12 month periods beginning July 1 and ending June 30 which coincide with the City's Fiscal Year for those years. The information presented in this table for 2005 through 2006 is based on the 12 month period beginning January 1 and ending December 31 which coincide with the City's Fiscal Year for those years. Although the City's Fiscal Year 2006 was a six month period commencing January 1, 2006 and ending June 30, 2006, the information presented in this table is based on a 12 month calendar year for statistical comparison purposes to prior years. For purposes of continuing disclosure from and after Fiscal Year 2007, the information in this table will be presented on a Fiscal Year basis only.

Source: City of Atlanta, Department of Aviation.

TABLE 6

Historical Aircraft Landed Weight
(amounts in thousands of pounds)

Fiscal Year	Signatory Airlines	Non-signatory Airlines	Total	Percent Annual Change
2010	56,642,000	275,000	56,917,000	-1.8%
2011	58,542,000	148,000	58,690,000	3.1%
2012	58,126,000	164,000	58,290,000	-0.7%
2013	58,056,000	182,000	58,238,000	-0.1%
2014	57,157,000	166,000	57,323,000	-1.6%

Source: City of Atlanta, Department of Aviation.

TABLE 7

Historical Air Cargo and Mail ⁽¹⁾
(amounts in metric tons)

Fiscal Year	Cargo	Mail	Total	Percent Annual Change
2010	609,683	12,238	621,921	8.9%
2011	649,262	19,928	669,190	7.6%
2012	621,817	31,566	653,383	-2.4%
2013	592,104	44,918	637,022	-2.5%
2014	551,022	49,396	600,418	-5.7%

⁽¹⁾ Including deplaned and enplaned amounts on all cargo and passenger airline aircraft.

Source: City of Atlanta, Department of Aviation.

TABLE 8

Historical Air Cargo (Enplaned & Deplaned) by Airline⁽¹⁾
(amounts in metric tons)
Fiscal Year

	2010	2011	2012	2013	2014
Domestic					
FedEx	108,390	112,069	106,301	99,936	88,248
Delta	80,106	83,937	77,899	76,792	61,860
UPS	38,565	38,489	38,610	46,736	47,392
ABX	25	3,983	6,424	3,151	5,793
Air Transport Int'l	8,249	7,227	1,470	--	--
Other	15,690	14,723	12,348	14,149	15,628
Total Domestic	251,025	260,428	243,052	240,764	219,101
International					
Delta	128,652	140,418	125,892	118,429	114,443
Korean	50,354	49,163	36,512	29,679	30,793
Lufthansa	39,576	32,481	30,262	27,571	22,772
EVA Airways	25,120	34,627	29,802	26,344	26,968
British Airways	24,966	23,004	23,554	22,590	17,171
China Airlines	26,243	23,974	23,530	21,358	24,976
Cargolux	14,019	15,547	19,644	18,950	19,653
Asiana	--	12,088	18,824	16,782	13,835
Cathay Pacific	22,564	18,424	16,552	16,896	19,314
Air France	5,313	6,673	12,552	15,510	13,402
Polar	4,875	4,063	6,178	3,949	5,551
China Cargo	-	-	-	11,528	-
Other	16,976	28,372	35,463	21,754	23,043
Total International	358,658	388,834	378,765	351,340	331,921
Total	609,683	649,262	621,817	592,104	551,022

⁽¹⁾ Air cargo only (excluding mail).

Source: City of Atlanta, Department of Aviation.

TABLE 9

Historical Revenue and Expenses
Cash Basis: Conversion from Accrual to Cash Basis ⁽¹⁾⁽³⁾⁽⁴⁾
Fiscal Years Ended June 30
(amounts in thousands)
(CONTINUED ON NEXT PAGE)

	2010	2011	2012	2013	2014
Landing Fees					
Signatory	\$62,190	\$51,652	\$47,712	\$47,145	\$46,745
Nonsignatory & Other	413	245	297	271	339
	<u>\$62,603</u>	<u>\$51,897</u>	<u>\$48,009</u>	<u>\$47,416</u>	<u>\$47,084</u>
CPTC Rentals					
Central Terminal Building & Apron	\$42,817	\$37,126	\$34,982	\$77,615	\$64,128
Central Terminal Tenant Finishes	60,997	57,903	52,564	75,739	81,610
Concession Credits	(30,461)	(35,184)	(44,861)	(49,147)	(49,728)
	<u>\$73,353</u>	<u>\$59,845</u>	<u>\$42,685</u>	<u>\$104,207</u>	<u>\$96,010</u>
CPTC Cost Recoveries					
Operations Charge	\$12,013	\$12,440	\$12,892	\$16,347	\$14,631
Automated Gateway Transit System	8,260	7,851	8,437	14,463	17,560
MHJIT O & M			212	4,364	3,690
Insurance Premium Reimbursement	1,097	632	524	612	977
	<u>\$21,370</u>	<u>\$20,923</u>	<u>\$22,065</u>	<u>\$35,786</u>	<u>\$36,858</u>
Concession Revenues					
Terminal Concessions	\$71,961	\$72,636	\$75,383	\$93,189	\$97,874
Communication Services & Other	3,675	2,954	7,688	2,357	3,375
Parking	95,577	114,354	114,129	117,425	118,462
Car Rentals	26,665	31,202	30,764	31,765	32,380
Ground Transportation	1,575	1,650	1,621	1,857	1,957
	<u>\$199,453</u>	<u>\$222,796</u>	<u>\$229,585</u>	<u>\$246,593</u>	<u>\$254,048</u>
Other Revenues					
Other Building Revenues	\$14,527	\$13,575	\$16,056	\$16,086	\$11,844
Ground Rentals	17,615	19,770	21,837	22,599	28,748
Other Income	5,722	11,419	4,693	8,563	9,794
	<u>\$37,864</u>	<u>\$44,764</u>	<u>\$42,586</u>	<u>\$47,248</u>	<u>\$50,386</u>
Non-Airline Cost Recoveries					
Sky Train & Station O&M	\$4,098	\$3,996	\$4,364	\$4,410	\$6,582
Rental Car Center O&M	2,058	6,992	4,838	4,726	5,284
	<u>\$6,156</u>	<u>\$10,988</u>	<u>\$9,202</u>	<u>\$9,136</u>	<u>\$11,866</u>
Revenues	<u>\$400,799</u>	<u>\$411,213</u>	<u>\$394,132</u>	<u>\$490,386</u>	<u>\$496,252</u>
Accrual to Cash Basis Adjustment ⁽²⁾	4,437	(4,040)	6,061	(5,440)	3,002
Total Operating Revenues (Cash Basis)	<u>\$405,236</u>	<u>\$407,173</u>	<u>\$400,193</u>	<u>\$484,946</u>	<u>\$499,254</u>

(1) Totals may not add due to rounding.

(2) Conversion to cash basis for Master Bond Ordinance purposes. In the reconciliation adjustments for the Fiscal Year 2012 Statement of Cash flows, a portion of the accounts payable and accrued expenses relates to revenue.

(3) As reported in the financial records of the City. For purposes of the calculation of the debt service coverage, the above presentation includes investment earnings on the Operating Fund and the Renewal and Extension Fund only. Earnings exclude unrealized gains.

(4) Certain amounts previously reported may have been reclassified in order to be consistent with the current year presentation.

(5) Adjustment for major maintenance expenditures reflects modification presented in Material Event Notice dated November 21, 2014.

Source: City of Atlanta, Department of Aviation.

Historical Revenue and Expenses
Cash Basis: Conversion from Accrual to Cash Basis⁽¹⁾⁽³⁾⁽⁴⁾
Fiscal Years Ended June 30
(amounts in thousands)
(CONTINUED FROM PREVIOUS PAGE)

	2010	2011	2012	2013	2014
Expenses					
Administration	\$42,254	\$34,106	\$30,375	\$38,775	\$55,809
Operations & Security	21,010	24,855	21,770	22,715	22,222
AGTS Maintenance	12,453	12,080	17,908	18,858	17,825
Building Maintenance	5,860	4,960	5,412	5,411	5,766
Rental Car Center Operations	2,491	3,626	4,386	4,441	5,013
SkyTrain	1,937	4,873	7,018	3,621	5,425
Parking Operations	21,359	19,316	20,844	30,652	32,198
Airfield Maintenance	15,971	18,535	18,196	14,975	17,940
Fire Services	21,135	24,447	22,571	21,852	24,996
Police Services	15,749	14,855	14,621	17,115	16,613
Other City Departments	6,944	5,277	11,369	8,294	7,410
Nondepartmental	26,226	8,937	22,833	23,609	20,322
Planning & Development	16,780	27,509	22,740	19,245	28,178
Expenses	\$210,169	\$203,375	\$220,043	\$229,563	\$259,717
Accrual to Cash Basis Adjustment⁽²⁾	(\$9,114)	(\$6,067)	(\$10,495)	\$ 878	(\$7,263)
Total Operating Expenses (Cash Basis)	\$201,055	\$197,308	\$209,548	\$230,441	\$252,454
Adjustment: Major Maintenance Expenditures (Planning and Development)⁽⁵⁾	\$ 16,780	\$ 27,509	\$ 22,740	\$ 19,245	\$ 28,178
Net Operating Revenues (Cash Basis)	\$220,961	\$237,374	\$213,385	\$273,750	\$274,978
Investment Income⁽³⁾	\$ 9,661	\$ 9,575	\$ 6,901	\$ 12,219	\$10,637
Net Revenues	\$230,622	\$246,949	\$220,286	\$285,969	\$285,615

(1) Totals may not add due to rounding.

(2) Conversion to cash basis for Master Bond Ordinance purposes. In the reconciliation adjustments for the Fiscal Year 2012 Statement of Cash flows, a portion of the accounts payable and accrued expenses relates to revenue.

(3) As reported in the financial records of the City. For purposes of the calculation of the debt service coverage, the above presentation includes investment earnings on the Operating Fund and the Renewal and Extension Fund only. Earnings exclude unrealized gains.

(4) Certain amounts previously reported may have been reclassified in order to be consistent with the current year presentation.

(5) Adjustment for major maintenance expenditures reflects modification presented in Material Event Notice dated November 21, 2014.

Source: City of Atlanta, Department of Aviation.

TABLE 10

**Historical Debt Service Coverage
General Revenue Bonds Cash Basis ⁽¹⁾
Fiscal Years Ended June 30
(amounts in thousands)**

	2010	2011	2012	2013	2014
Revenues:					
Operating Revenues - Receipts from Customers & Tenants	\$405,236	\$407,173	\$400,193	\$484,946	\$499,254
Investment Income ⁽²⁾	9,661	9,575	6,901	12,219	10,637
Total Revenues	\$414,897	\$416,748	\$407,094	\$497,165	\$509,891
Operating Expenses:					
Payments to Suppliers for Goods & Services	\$118,161	\$124,976	\$134,631	\$155,482	\$168,740
Payments to or on Behalf of Employees	82,894	72,332	74,917	74,959	83,714
Total Operating Expenses	\$201,055	\$197,308	\$209,548	\$230,441	\$252,454
Adjustment: Major Maintenance Expenditures (Planning & Development) ⁽⁴⁾	16,780	27,509	22,740	19,245	28,178
Net Revenues	\$230,622	\$246,949	\$220,286	\$285,969	\$285,615
General Revenue Bond Debt Service Requirements	\$145,835	\$120,154	\$125,366	\$157,237	\$158,935
General Revenue Bond Debt Service paid from PFC Revenues ⁽³⁾	\$19,000	\$ 24,800	\$ 8,300	\$ ---	\$ ---
General Revenue Bond Debt paid from Net Revenues	\$126,835	\$ 95,354	\$117,066	\$157,237	\$158,935
Debt Service Coverage on General Revenue Bond Debt Service paid from Net Revenues	1.82	2.59	1.88	1.82	1.80

⁽¹⁾ The information presented in this table is presented on an audited basis, except for Investment Income (Operating Fund and Renewal and Extension Fund).

⁽²⁾ As reported in the financial records of the City. For purposes of the calculation of the debt service coverage, the above presentation includes investment earnings on the Operating Fund and the Renewal and Extension Fund only. Earnings exclude unrealized gains.

⁽³⁾ In Fiscal Years 2010, 2011 and 2012, \$19.0, \$24.8 and \$8.3 million respectively, of PFC Revenues were used to fund interest in lieu of capitalized interest funds. No PFCs were used in Fiscal Years 2013 or 2014.

⁽⁴⁾ Adjustment for major maintenance expenditures reflects modification presented in Material Event Notice dated November 21, 2014

Source: City of Atlanta, Department of Aviation.

TABLE 11

Historical Debt Service Coverage
Outstanding PFC Revenue Hybrid Bonds Cash Basis, Audited
Fiscal Years Ended June 30
(amounts in thousands)

	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014
PFC Collections	\$165,021	\$171,432	\$175,005	\$181,970	\$182,046
Investment Earnings ⁽¹⁾⁽²⁾	10,432	3,623	2,805	3,974	3,901
PFC Revenues	\$175,453	\$175,055	\$177,810	\$185,944	\$185,947
Debt Service Requirements for Outstanding PFC Revenue Hybrid Bonds ⁽²⁾	\$31,634	\$39,235	\$46,785	\$70,505	\$70,508
Outstanding PFC Revenue Hybrid Bond Debt Service paid from General Revenues	-	-	-	-	-
Outstanding PFC Revenue Hybrid Bond Debt Service paid from PFC Revenues	\$31,634	\$39,235	\$46,785	\$70,505	\$70,508
Debt Service Coverage on Outstanding PFC Revenue Hybrid Bonds paid from PFC Revenues	5.55	4.46	3.80	2.64	2.64

⁽¹⁾ Fiscal Years 2010 through 2014 are reported earnings from the City's audited financial statements. Earnings exclude unrealized gains.

⁽²⁾ Calculated per the requirements of the Bond Ordinance.

Source: City of Atlanta, Department of Aviation.

TABLE 12

Historical Airline Payments per Enplaned Passenger Paid to the City
Accrual Basis, Unaudited⁽¹⁾⁽²⁾
(Dollars and passengers in thousands except per passenger rates)

	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014
Landing fees	\$62,603	\$51,897	\$48,009	\$47,416	\$47,084
Less: Landing fees paid by all-cargo and non-signatory airlines	(2,758)	(1,681)	(2,228)	(2,133)	(1,777)
Subtotal	\$59,845	\$50,216	\$45,781	\$45,283	\$45,307
CPTC rentals	\$103,814	\$95,029	\$87,546	\$153,354	\$145,738
Less: Inside concession credit	(30,461)	(35,184)	(44,861)	(49,147)	(49,728)
Less: Non-aeronautical CPTC Rentals ⁽³⁾	---	---	---	(9,284)	(19,213)
Subtotal	\$73,353	\$59,845	\$42,685	\$94,923	\$76,797
CPTC cost recoveries	\$21,370	\$20,923	\$22,065	\$35,786	\$36,858
Total	\$154,568	\$130,984	\$110,530	\$175,992	\$158,962
Enplaned passengers	45,375	46,192	47,147	47,526	47,319
Airline payments per enplaned passenger	\$3.41	\$2.84	\$2.34	\$3.70	\$3.36

⁽¹⁾ The 12-month periods beginning July 1 and ending June 30.

⁽²⁾ Certain amounts previously reported have been reclassified in order to be consistent with the current year presentation.

⁽³⁾ In 2014, the Airport modified its interpretation of Airline Payments Per Enplaned Passenger to exclude revenue generated from Fuel Farm activity.

Source: City of Atlanta, Department of Aviation.

EXHIBIT C

**COMPREHENSIVE ANNUAL FINANCIL REPORT OF THE
CITY OF ATLANTA DEPARTMENT OF AVIATION
CONTAINING THE AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2014**



**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Comprehensive Annual Financial Report

June 30, 2014 and 2013

(With Independent Auditors' Report Thereon)

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**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Table of Contents

	Page
Introductory Section (Unaudited)	
Letter of Transmittal	i
GFOA Certificate of Achievement	vi
Principal Officers	vii
Organizational Chart	viii
Financial Section	
Independent Auditors' Report	1
Management's Discussion and Analysis (Unaudited)	3
Basic Financial Statements:	
Statements of Net Position	12
Statements of Revenue, Expenses, and Changes in Net Position	14
Statements of Cash Flows	15
Notes to Financial Statements	17
Required Supplementary Information (Unaudited)	
Schedule of Funding Progress for Pension Plans	44
Schedule of Funding Progress for OPEB	44
Statistical Section (Unaudited)	
Financial Trends:	
Total Annual Revenues, Expenses, and Changes in Net Position	45
Changes in Cash and Cash Equivalents	46
Revenue Capacity:	
Principal Operating Revenues, Airlines Rates and Charges and Cost per Enplaned Passenger	47
Debt Capacity:	
Net Revenues Available for General Aviation Revenue Bonds Debt Service	48

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Table of Contents

	Page
Ratios of Outstanding Debt	49
Demographic and Economic Information:	
Demographic and Economic Statistics	50
Top Private Sector Employers	51
Operating Information:	
Aircraft Operations and Enplanement Trends	52
Historical Aircraft Landed Weights	53
Historical Air Cargo and Mail	54
Airlines Serving the Airport	55
Budget Staffing Levels	56
Airport Information	57

INTRODUCTORY SECTION

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KASIM REED
Mayor

MIGUEL SOUTHWELL
Aviation General Manager

Letter of Transmittal

November 21, 2014

Honorable Mayor Kasim Reed, City of Atlanta
Honorable City Council President Ceasar C. Mitchell, Atlanta City Council
Honorable Felicia A. Moore, Chair – Transportation Committee, Atlanta City Council
Honorable Alex Wan, Chair – Finance Executive Committee, Atlanta City Council
Honorable Members, Atlanta City Council
Michael Geisler, Chief Operating Officer
55 Trinity Avenue
Atlanta, Georgia 30303

Ladies and Gentlemen:

We are pleased to present the 2014 Comprehensive Annual Financial Report (CAFR) for the City of Atlanta's Department of Aviation (Department). Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the presented data are accurate in all material aspects and reported in a manner that fairly presents the Department's financial position, the results of its operations and all disclosures necessary to enable the reader to gain the maximum understanding of the Department's financial activities. To provide a reasonable basis for making these representations, the Department has established an internal control framework that is designed both to protect the Department's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the Department's financial statements that conform with U.S. generally accepted accounting principles (GAAP). The cost of internal controls should never outweigh their benefits. The Department's framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements are free from material misstatement. This report conforms to the guidelines of GAAP as prescribed by the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA).

In addition, an audit of the financial statements has been completed by the Department's independent auditor, KPMG LLP. The audit was performed to provide reasonable assurance that the Department's financial statements are free of material misstatements. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for issuing an unmodified (clean) opinion that the Department's financial statements for the fiscal year ended June 30, 2014, are fairly presented in all material respects, in conformity with GAAP. The Independent Auditors' Report is presented at the front of the financial section of the CAFR.

The Letter of Transmittal is designed to complement and should be read in conjunction with the Management's Discussion and Analysis (MD&A), which is presented in the Financial Section immediately

following the Independent Auditors' Report. MD&A provides a narrative introduction, overview and analysis of the basic financial statements.

This report also may be accessed via the Internet at www.atlanta-airport.com.

Background

Hartsfield-Jackson Atlanta International Airport (Airport) is owned by the City of Atlanta (City) and operated by the Department. It is classified as a large hub by the Federal Aviation Administration (FAA), is the principal airport serving the state of Georgia and the southeastern United States, and serves as a primary transfer point in the national air transportation system. The Department, led by the Aviation general manager, directly supervises Airport operations. The Department has a staff of 1,131, including Atlanta Fire Department and Atlanta Police Department employees. The Department is responsible for managing, operating and developing the Airport and any other airfields that the City may control in the future; negotiating leases, agreements and contracts; computing and supervising the collection of revenues generated by the Airport; and coordinating aviation activities with the FAA. The FAA has regulatory authority over equipment, air traffic control and operating standards at the Airport.

For financial reporting purposes, the Department is classified as an enterprise fund. The Airport does not receive any funding from the General Fund of the City, the income of which is derived mostly from ad-valorem taxes assessed to City of Atlanta residents. Instead, the Airport receives its revenues from landing fees, property leases, parking and other Airport-specific revenue sources.

An annual budget for the Airport is prepared utilizing the various Airline Lease and Use Agreements, the Central Passenger Terminal Complex (CPTC) lease and other significant agreements between the Airport and its tenants. The budget is prepared on a non-GAAP basis since capital expenditures are included as expenses and depreciation is not budgeted, which conforms to the budget process for the City. Budgetary control is established at the office level of each department. The purchasing and accounts payable subsystems, which automatically encumber budget monies prior to the issuance of purchase orders and disbursement of funds, maintain and strengthen budgetary control.

Economic Conditions and Outlook

Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economy. Airline passenger traffic, as a key driver of financial performance, was significantly impacted by the recession of 2008 – 2009 and the weak recovery that followed. In the past several years, the Airport's enplaned passenger and total passenger counts, which are significant factors in the Airport's financial performance, have exceeded pre-recession levels. As the economy continues to strengthen, airline passenger traffic is expected to grow.

With the globalization of business and the increased importance of international trade and tourism, the state of the U.S. economy has become more closely tied to worldwide economic, political and social conditions. As a result, international economics, trade balances, currency exchange rates, political relationships, and hostilities all influence passenger traffic at major U.S. airports. Sustained future increases in passenger traffic at the Airport will depend on stable international conditions as well as national and global economic growth.

The Airport's financial performance also will depend partly on the profitability of the U.S. airline industry and its ability to continue serving its customers. Industry profitability will depend on, among other factors, economic growth to support airline travel demand, continued capacity control to allow increased airfares, and stable fuel prices.

Another factor that will impact the Airport's performance is the creation of additional passenger and cargo routes. To support this objective, the Airport has launched an Air Service Incentive Program (ASIP). The purpose of the ASIP is to offer economic incentives to stimulate international air service to Atlanta, to encourage growth in cargo services, and to grow non-aeronautical revenues.

Airlines will receive specific incentives for initiating new international routes not already served from Atlanta. Cargo carriers who start new routes can have their parking fees waived as part of the program. Additionally to spur connections from Atlanta to the world's fastest-growing economies, the Airport is offering incentives to airlines that launch service to Brazil, Russia, India, China or South Africa.

One other factor that contributes to the Airport's outlook is the strength and diversity of the business community within the Atlanta region. Manufacturing, banking, information technology and financial services are major business categories represented in the area, and Atlanta is the corporate home of U.S. companies such as Coca-Cola, Home Depot, Delta Air Lines, and UPS.

Lastly, the Airport team is executing a list of priorities aimed at strengthening the Airport's impact on the local and regional economy. These objectives include continued expansion and development of the Airport's cargo operations and capacity, maintaining "world's busiest airport" status by building additional air service, growing revenue by implementing non-aeronautical revenue initiatives and enhancing the travelling experience for the guests who travel through the Airport.

Aeronautical and Non-Aeronautical Revenue

Most of the passenger and cargo airlines serving the Airport operate under the terms of airport lease agreements, under which the airlines pay landing fees, terminal rentals, and other charges calculated to allow the Department to recover certain operating charges. Collectively these revenues are considered aeronautical in nature, and a majority of them are used to calculate the "direct" cost per enplaned passenger (CPE), a key metric for the industry. Some operating and maintenance costs incurred by third-party facility operators are paid directly by the airlines and are reflected in the Airport's all-in CPE figure.

Non-aeronautical revenues are composed mainly of food and beverage concessions, retail concessions, parking, car rental, and other miscellaneous revenues.

Below is a chart reflecting the revenues as stated in various metrics monitored by the Airport.

Year	Non-Aeronautical				
	Landing Fee	Direct CPE	All-in CPE	Revenue Per Enplaned Passenger	Total Revenue Per Enplaned Passenger
2010	\$ 1.09795	\$ 3.41	\$ 5.31	\$ 5.37	\$ 8.83
2011	0.88231	2.84	4.27	6.03	8.90
2012	0.82084	2.34	3.85	5.97	8.36
2013	0.81206	3.70	5.61	6.37	10.32
2014	0.82049	3.36	5.37	6.05	10.49

Major Initiatives

One of the Airport's major challenges has been its ability to expand to meet the increasing demand for air travel and ultimately reduce the strain this growth has on existing facilities and infrastructure. In 2014, the Airport introduced its new master plan that will serve as the blueprint for Airport development over the next two decades. In the near term, the Airport will focus on replacing existing four-level parking decks with higher decks in order to double on-site parking; expanding south cargo facilities; remodeling various elements of the domestic terminal and concourses; and building an end-around taxiway for Runway 9L – 27R. Longer-term plans include additional gates and a possible sixth runway, to be built just north of the fifth runway.

To enhance the Airport's landside operations, the Department is upgrading its inbound roadway network, to widen and realign Airport Boulevard and realign connecting ramps and loops to the North and South Terminal Parkway. This project will improve traffic merging, increase decision times and extend sight distances.

The Airport has expanded the midpoint area of Concourse D to further enhance the passenger's experience. The midpoint expansion is a three-level addition that provides approximately 91,000 square feet of additional circulation space for passengers and new concessions. The Airport is currently engaged in a similar expansion of Concourse C.

Awards

Hartsfield-Jackson Atlanta International Airport, for the 15th consecutive year, retained the title of the world's busiest airport. The Airport handled 94.4 million passengers in calendar year 2013.

For the 11th year, the Airport has won the Global Efficiency Excellence Award from the Air Transport Research Society. This recognition is based on a rigorous analysis of airport productivity, cost and revenue data.

GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the Department in connection with its CAFR for the fiscal year ended June 30, 2013. In order to be awarded a Certificate of Achievement, the Department published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA for their consideration.

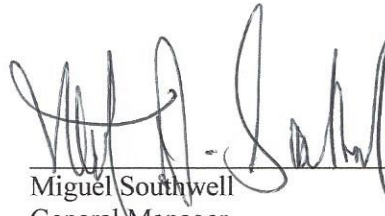
Acknowledgements

We wish to thank all of the Department's employees for their hard work and dedication during the past fiscal year. We also would like to thank the Airport's Department of Finance for their tireless efforts and professionalism in preparing this report, as well as the City's Department of Finance, and our external auditors for their invaluable assistance.

Finally, a special acknowledgement is extended to the Mayor, the Atlanta City Council and members of the Transportation and Finance Executive committees, and the chief operating officer for their continued leadership in enabling the Department to fulfill its role.

The Comprehensive Annual Financial Report of the City of Atlanta's Department of Aviation for the fiscal year ended June 30, 2014 (FY 2014) is submitted herewith.

Respectfully,

A handwritten signature in black ink, appearing to read 'Miguel Southwell', written over a horizontal line.

Miguel Southwell
General Manager
Department of Aviation

A handwritten signature in blue ink, appearing to read 'Roosevelt Council, Jr.', written over a horizontal line.

Roosevelt Council, Jr.
Deputy General Manager – Chief Financial Officer
Department of Aviation

CAFR Certificate



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Atlanta, Department of Aviation
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Principal Officers

EXECUTIVE

Mayor.....	Kasim Reed
Chief Operating Officer.....	Michael Geisler
Chief of Staff	Candace L. Byrd
Chief Financial Officer.....	J. Anthony Beard
City Attorney	Cathy Hampton

LEGISLATIVE

President of Council Ceasar C. Mitchell

Members of Council

District 1 – Carla Smith */+	District 7 – Howard Shook *
District 2 – Kwanza Hall	District 8 – Yolanda Adrean *
District 3 – Ivory Lee Young, Jr.	District 9 – Felicia A. Moore */+ <i>Chair</i>
District 4 – Cleta Winslow	District 10 – C.T. Martin */+
District 5 – Natalyn Mosby Archibong * /+	District 11 – Keisha Lance Bottoms
District 6 – Alex Wan * Chair/+	District 12 – Joyce M. Sheperd

Members of Council – At-Large

City Council – At-Large – Post 1 – Michael Julian Bond
City Council – At-Large – Post 2 – Mary Norwood +
City Council – At-Large – Post 3 – Andre Dickens +

Committee Members with Department Oversight

* Financial Executive Committee (FEC) + Transportation Committee (TC)

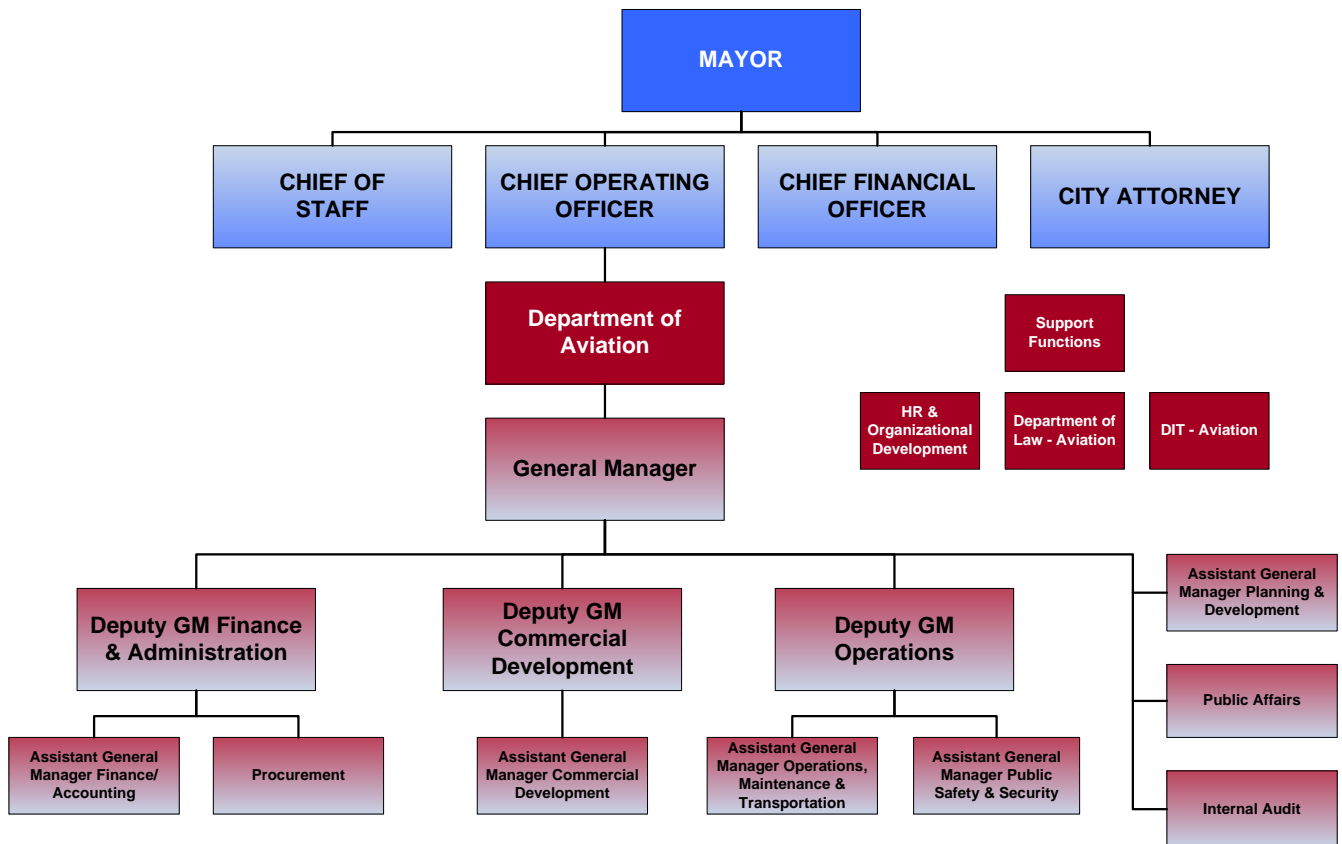
**DEPARTMENT OF AVIATION
ADMINISTRATIVE OFFICIALS**

Aviation General Manager
Miguel Southwell

Aviation Deputy General Manager – Operations	Balram “B” Bheodari
Aviation Deputy General Manager – Chief Financial Officer	Roosevelt Council, Jr.
Aviation Deputy General Manager – Commercial Development	Michael Smith
Assistant General Manager Public Safety and Security	Richard L. Duncan
Assistant General Manager Operations, Maintenance & Transportation	Paul Meyer
Assistant General Manager Planning and Development	Jim Drinkard
Assistant General Manager Accounting and Finance	Greg Richardson
Interim Assistant General Manager Commercial Development	Vivica Brown
Director, Marketing and Stakeholder Engagement	Myrna White
Director, Human Resources and Organizational Development	Marshan Oden
Director, Information Systems	Sharon Jones

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**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION
ORGANIZATIONAL CHART**



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FINANCIAL SECTION

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KPMG LLP
Suite 2000
303 Peachtree Street, N.E.
Atlanta, GA 30308-3210

Independent Auditors' Report

Honorable Mayor and Members of the City Council, City of Atlanta, Georgia:

Report on the Financial Statements

We have audited the accompanying financial statements of the Department of Aviation (the Department) of the City of Atlanta, Georgia (the City), a major enterprise fund of the City, as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department as of June 30, 2014 and 2013, and the changes in its financial position and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

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Emphasis of Matter

As discussed in note 1(a), the financial statements only include the Department of Aviation and do not purport to, and do not, present fairly the financial position of the City of Atlanta, Georgia, as of June 30, 2014 and 2013, and the changes in financial position thereof for the years then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis on pages 3 through 11 and Required Supplementary Information on page 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements. The introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2014 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

KPMG LLP

Atlanta, Georgia
November 21, 2014

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CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Management's Discussion and Analysis (Unaudited)

June 30, 2014 and 2013

(In thousands)

The following discussion and analysis of the financial performance and activity of the City of Atlanta, Georgia, Department of Aviation (Department) provides an introduction and understanding of the Department's basic financial statements for fiscal years ended June 30, 2014 and June 30, 2013 with selected comparable data for the fiscal year ended June 30, 2012. This discussion has been prepared by management and should be read in conjunction with the basic financial statements, notes and supplementary information found in this report. This information taken collectively is designed to provide the reader with an understanding of the Department's finances.

Overview of the Financial Statements

The Department is a major enterprise fund wholly owned by the City of Atlanta (City) and conducts business-type activities in its operation of Hartsfield-Jackson Atlanta International Airport (Airport). The Airport is self-supporting and does not draw on any other City resources in order to fund its operations, nor does the City draw from any Airport revenues in order to fund non-Airport activities.

The Department's financial statements are prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). Therefore, revenues are recognized when earned and expenses recognized when incurred. Capital assets, except for land and assets held for future use, are capitalized and depreciated over their estimated useful lives. See "note 1 to the Financial Statements" for a summary of the Department's significant accounting policies and practices.

The Statements of Net Position present information on all of the Department's assets, deferred outflows of resources, and liabilities, with the difference between the assets and deferred outflows of resources less liabilities as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Department's financial standing.

The Statements of Revenues, Expenses and Changes in Net Position present information showing how the Department's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus revenues and expenses are reported in this statement for certain items that will result in cash flows in future fiscal periods.

The Statements of Cash Flows report the flows of cash and cash equivalents. Consequently, only transactions that affect the Department's cash accounts are recorded in these statements. A reconciliation follows these statements to assist in the understanding of the difference between cash flows from operating activities and operating income.

Aviation Highlights

Fiscal year 2014 was a year focused on further enhancing customer service and the financial health of the Airport. Some of the significant accomplishments are summarized below:

- Completed the Wi-Fi infrastructure upgrade. The upgrade can accommodate 15,000 simultaneous users allowing the Airport to offer free Wi-Fi services to travelling passengers. "Wi-Fi Before You Fly" will significantly enhance the customer experience at the Airport.

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Management's Discussion and Analysis (Unaudited)

June 30, 2014 and 2013

(In thousands)

- Refunded Series 2004 C&J PFC bonds totaling \$528.9M, Series 2003RF-D and 2004A, B, F & G GARB bonds totaling \$348.1M, resulting in a net present value savings of \$73.6M.
- Moody's Investor Services upgraded its rating for the General Airport Revenue Bonds (GARBS) from "A1" to "Aa3" with a stable outlook.
- Moody's Investor Services affirmed its "A1" rating on the Passenger Facility Charge (PFC) revenue bonds.
- Completed expansion of the Concourse D center point with the addition of 8 new retail and 3 new food & beverage concessions.
- Korean Air's Airbus A380, the world's largest passenger aircraft, made its historic arrival at Hartsfield-Jackson.

During fiscal year 2014, enplanements decreased by 0.4% from the previous year, which is the first decrease in enplanements since 2009. The following chart shows total enplaned passengers, flight operations, and air cargo and mail activity (measured in metric tons).

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Enplanements and operations activity:			
Total enplanements	47,318,755	47,526,243	47,147,315
Percent change from prior year	-0.4%	0.8%	2.1%
Flight operations	888,014	918,757	931,554
Percent change from prior year	-3.3%	-1.4%	-0.6%
Air Cargo and Mail (metric tons)	600,418	637,022	653,383
Percent change from prior year	-5.7%	-2.5%	-2.4%

The total number of passengers served by the Airport in fiscal year 2014 was 94.8 million, which is a decrease of 0.3% from the previous year. Total passengers in fiscal year 2013 and 2012 were 95.2 million and 94.2 million, respectively.

Enplanements and operations are being impacted in fiscal year 2014 by the continued re-balancing efforts of Southwest and Airtran routes as they finalize the impact of their recent merger. Flight operations continued their downward trend compared to the previous year, as airlines remain focused on reducing the use of smaller regional jets and increasing the utilization of mid-size and large jets for passenger traffic in Atlanta. Generally speaking, this would result in lower operations but equal or increased passenger traffic.

Financial Highlights

Revenues

The City and most of the airlines serving the Airport have entered into agreements relating to the use of the airfield (Airport Use Agreements or the Airport Use License Agreement). Under these agreements, the airlines pay landing fees to the City that offset a portion of operating and maintenance expenses, debt service, and an additional 20% coverage on General Airport Revenue Bonds issued to finance airline-approved airfield capital improvements.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Management's Discussion and Analysis (Unaudited)

June 30, 2014 and 2013

(In thousands)

The City also entered into agreements with the principal passenger airlines serving the Airport (Contracting Airlines) relating to their use and lease of the Central Passenger Terminal Complex (CPTC Leases). The CPTC Leases provide for the calculation of terminal rentals and charges by the City to recover a portion of certain operating and maintenance expenses, debt service, and an additional 20% coverage on General Airport Revenue Bonds issued to finance airline approved CPTC projects.

Both the Airport Use Agreements and the CPTC Leases have been extended through September 20, 2017 under the Extended and Amended Airline Use Agreements and the Extended and Amended Airline Agreements.

Total revenues for the Airport increased 0.1% in 2014 compared to 2013. Operating revenues for the Airport increased by 1.2% while nonoperating revenues decreased by 2.3%. Comparative figures for the last three fiscal years are in the chart below (in thousands):

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating revenues	\$ 496,252	490,386	394,132
Percent change	1.2%	24.4%	-4.2%
Nonoperating revenue	210,678	215,712	201,962
Percent change	-2.3%	6.8%	-3.0%
Total revenues	<u>\$ 706,930</u>	<u>706,098</u>	<u>596,094</u>
Total percent change	0.1%	18.5%	-3.8%

Operating Revenues

Overall, operating revenues increased by 1.2% in fiscal year 2014 compared to fiscal year 2013. Other concessions increased by \$5.8 million due to higher concession sales, new outlets opening throughout the Airport and fees for wireless service charged to customers. In fiscal year 2014, building and land rental decreased by \$6.3 million. The largest contributing factor to this decrease is elimination of supplemental rent previously charged to the airlines. This was offset by an increase in tenant finish projects completed in various concourses. Other operating revenues increased by \$5.0 million, due primarily to police, fire, automated ground transportation system (AGTS), and other cost recovery fees.

Operating revenues increased by 24.4% in fiscal year 2013 compared to fiscal year 2012. Other concessions increased by \$12.7 million due to higher concession sales related to a full year of operations for the International Terminal, along with the impact of new agreements and new openings throughout the Airport. In fiscal year 2013, building and land rental increased by \$62.3 million. The largest contributing factor to this increase is the change in the rates and charges for the airlines related to the opening of the International Terminal. The opening of the parking garages at the International Terminal increased parking capacity for the entire airport, which helped to drive an increase of \$3.3 million in parking revenue. Other operating revenues increased by \$17.5 million, due primarily to police, fire, automated ground transportation system (AGTS), and other cost recoveries related to a full year of operations of the International Terminal.

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Management's Discussion and Analysis (Unaudited)

June 30, 2014 and 2013

(In thousands)

		<u>2014</u>	<u>2013</u>	<u>2012</u>
Parking	\$	118,461	117,425	114,129
Car rental		32,380	31,765	30,764
Other concessions		103,206	97,403	84,692
Building and land rental		136,603	142,893	80,578
Landing fees		47,084	47,416	48,009
Other		58,518	53,484	35,960
Total operating revenues	\$	<u>496,252</u>	<u>490,386</u>	<u>394,132</u>

Nonoperating Revenues

Nonoperating revenues consist of net investment income, passenger facility charges (PFC's), customer facility charges (CFC's), and other nonoperating income net of expenses. Net investment income was \$23.3 million in 2014, \$9.1 million in 2013 and \$16.1 million in 2012. PFCs were \$180.4 million in 2014, \$180.1 million in 2013 and \$177.9 million in 2012. CFCs, which are collected to fund the financing and operation of the Rental Car Center (RCC), were \$34.0 million in 2014, \$32.7 million in 2013 and \$30.0 million in 2012. For fiscal years 2014, 2013 and 2012 operating expenses of \$10.6 million, \$8.4 million, and \$7.1 million, respectively, are netted against gross revenues to arrive at each year's reported revenues of \$23.4 million, \$24.3 million, and \$22.9 million.

Operating Expenses

Operating expenses in fiscal year 2014 increased by \$41.5 million in comparison to fiscal year 2013. Other operating expenses contributed \$12.6 million dollars to this increase which is driven by the Departments cancellation and repayment of supplemental rent paid to the airlines from prior years. Depreciation and amortization expenses increased \$11.3 million resulting from the addition of \$218 million in depreciable assets. Repairs, maintenance and other contractual services contributed \$10.9 million to this increase, which is primarily attributed to an increase in the amount of large maintenance projects completed in fiscal year 2014 compared to 2013. Salaries and employee benefits contributed \$9.6 million to this increase due to staffing of vacant positions, and an increase in overtime, driven by increases in maintenance, fire and police overtime for ongoing operations and managing two significant winter storm events that occurred in fiscal year 2014. Offsetting these increases was a decrease in general services of \$3.6 million driven mainly by a decrease in the Airport's indirect costs for internal services provided by other City Departments.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Management's Discussion and Analysis (Unaudited)

June 30, 2014 and 2013

(In thousands)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Salaries and employee benefits	\$ 91,691	82,050	79,785
Repairs, maintenance and other contractual services	112,676	101,742	98,258
General services	16,898	20,504	21,997
Utilities	8,990	8,768	8,151
Materials and supplies	4,720	4,353	4,090
Other operating expenses	24,742	12,146	7,761
Depreciation and amortization expenses	222,446	211,110	161,642
Total operating expenses	<u>\$ 482,163</u>	<u>440,673</u>	<u>381,684</u>

Operating expenses in fiscal year 2013 increased by \$59.0 million in comparison to fiscal year 2012. Depreciation and amortization expenses contributed \$49.5 million to this increase driven by a full year of depreciation on the International Terminal which only had two months of depreciation during 2012. In addition, repairs, maintenance and other contractual services contributed \$3.5 million to this increase, which is primarily attributed to an increase in parking costs and shuttle services related to a full year of operations for the International Terminal. This was offset by a decrease in airfield maintenance, SkyTrain and legal costs. There was an increase of \$2.3 million in salaries and employee benefits due to staffing of vacant positions. General services decreased by approximately \$1.5 million driven mainly by a decrease in the Airport's indirect costs for internal services provided by other City departments.

Nonoperating Expenses

Nonoperating expenses consist primarily of interest on long term debt. Interest expense was \$139.8 million in 2014, \$146.7 million in 2013, and \$112.3 million in 2012. These amounts are net of any capitalized interest, which is recorded in the Department's capital assets as part of construction in process.

The decrease in interest expense in fiscal year 2014 is a result of savings associated with the 2014 refunding of the Series 2004 C&J PFC bonds and Series 2003RF-D and 2004A, B, F & G General Airport Revenue bonds. The change in interest expense also includes an increase in amortization of premiums and discounts which is being offset by a decrease in capitalized interest.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Management's Discussion and Analysis (Unaudited)

June 30, 2014 and 2013

(In thousands)

Changes in Net Position

The changes in net position for the fiscal years ended June 30 are as follows (in thousands):

	2014	2013	2012
Operating revenues	\$ 496,252	490,386	394,132
Operating expenses	<u>259,717</u>	<u>229,563</u>	<u>220,042</u>
Operating income, before depreciation and amortization	236,535	260,823	174,090
Depreciation and amortization	<u>222,446</u>	<u>211,110</u>	<u>161,642</u>
Operating income	14,089	49,713	12,448
Nonoperating income, net	<u>70,852</u>	<u>68,994</u>	<u>89,648</u>
Income before capital contributions, transfers and special items	84,941	118,707	102,096
Capital contributions	10,888	33,500	37,522
Transfers in (out)	<u>(6,781)</u>	<u>(193)</u>	<u>—</u>
Increase in net position	89,048	152,014	139,618
Beginning net position	4,620,602	4,468,588	4,363,221
Effect of adoption of GASB 65	<u>—</u>	<u>—</u>	<u>(34,251)</u>
Ending net position	<u><u>\$ 4,709,650</u></u>	<u><u>4,620,602</u></u>	<u><u>4,468,588</u></u>

The Airport receives Airport Improvement Program Grants and other grant related funds from various sources to support particular programs. In fiscal year 2014 the Airport recorded revenue of \$5.6 million from the FAA, and \$5.3 million from the Transportation Security Administration. This is a decrease of \$22.6 million from fiscal year 2013.

Financial Position

The statement of net position presents the financial position of the Airport at the end of a fiscal year. The statement includes all assets, deferred outflows of resources and liabilities of the Airport. Net position represents the difference between total assets and deferred outflows of resources and total liabilities and can be viewed as an indicator of the financial health of the Airport. During fiscal year 2014, net position increased by \$89.0 million, or 1.9%, over the previous fiscal year. Net position increased in fiscal year 2013 by \$152.0 million, or 3.4% compared to fiscal year 2012.

Total assets increased by \$29.1 million, or 0.4%, in fiscal year 2014 compared to fiscal year 2013. Non-Current Assets (excluding capital assets) which are predominately comprised of restricted cash and cash equivalents and investments decreased by \$22.8 million, or 2.0% in 2014. Capital assets, net of accumulated depreciation, decreased by \$35.2 million, or 0.6% in 2014. These assets will be used for annual debt obligations.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Management's Discussion and Analysis (Unaudited)

June 30, 2014 and 2013

(In thousands)

Current assets increased by \$87.1 million, which is primarily due to operating income, exclusive of depreciation and amortization, net of the reduction for annual debt service payments.

Total assets increased by \$14.0 million, or 0.2%, in fiscal year 2013 compared to fiscal year 2012. Non-Current Assets (excluding capital assets) which are predominately comprised of restricted cash and cash equivalents and investments decreased by \$162.9 million in 2013. This decrease is the result of the on-going construction costs as seen by the net increase in capital assets of approximately \$86.7 million. Additionally these assets will be used for annual debt obligations.

		<u>2014</u>	<u>2013</u>	<u>2012</u>
Current assets	\$	925,520	838,463	748,198
Non-Current Assets		1,108,416	1,131,196	1,294,086
Capital assets, net		<u>5,906,070</u>	<u>5,941,238</u>	<u>5,854,577</u>
Total assets	\$	<u><u>7,940,006</u></u>	<u><u>7,910,897</u></u>	<u><u>7,896,861</u></u>

For fiscal year 2014, total liabilities decreased by \$50.0 million, due mainly to debt service payouts in fiscal year 2014 which is being offset by increases in restricted accounts payable for accrual of construction costs, increases in other post-retirement benefits liability and changes in outstanding debt related to the 2014 debt refunding.

For fiscal year 2013, total liabilities decreased by \$147.8 million, due mainly to debt service payouts in fiscal year 2013 and reduction of contract retention due to a number of large projects closing out.

		<u>2014</u>	<u>2013</u>	<u>2012</u>
Current liabilities				
(payable from unrestricted assets)	\$	147,500	150,135	149,760
Current liabilities				
(payable from restricted assets)		105,791	94,393	121,694
Noncurrent liabilities		<u>3,051,356</u>	<u>3,110,152</u>	<u>3,231,069</u>
Total liabilities	\$	<u><u>3,304,647</u></u>	<u><u>3,354,680</u></u>	<u><u>3,502,523</u></u>

The majority of the Department's total net position for each of the fiscal years reflects the investment in capital assets less the related indebtedness outstanding used to acquire those capital assets. The Department uses these capital assets to provide services to the airlines and to its passengers and visitors to the Airport; consequently, these assets are not available for future spending. The Airport reports its investment in capital assets net of related debt. The resources required to repay the debt must be provided annually from operations since it is unlikely that the capital assets themselves will be liquidated to pay the liabilities.

Restricted net position reflects the portion of the Airport's net position restricted for debt and capital projects that are subject to external restrictions under the Department's Restated and Amended Master Bond Ordinance adopted on March 20, 2000, as amended, and PFCs that are restricted by federal regulations. The unrestricted portion of

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Management's Discussion and Analysis (Unaudited)

June 30, 2014 and 2013

(In thousands)

net position, \$708.0 million as of June 30, 2014, represents amounts that are not subject to external restrictions (in thousands).

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net investment in capital assets component of net position	\$ 3,065,175	3,111,590	2,940,208
Restricted component of net position	936,495	889,522	869,781
Unrestricted component of net position	<u>707,980</u>	<u>619,490</u>	<u>658,599</u>
Total net position	<u>\$ 4,709,650</u>	<u>4,620,602</u>	<u>4,468,588</u>

Airport Capital Assets and Capital Improvement Plan

As of fiscal years ended 2014, 2013 and 2012, the Airport had capital assets of \$5.9 billion in each of these fiscal years. The majority of these balances are in runways, taxiways, and other land improvements and terminal, maintenance buildings and other structures; net of any related accumulated depreciation. For these fiscal years, the balance in construction in process was \$240.5 million, \$259.4 million, and \$182.0 million, respectively. For fiscal year 2014, the list below identifies the major components of the Airport's construction in process account. Additional information regarding the Department's capital assets can be found in note 5 in the Notes to Financial Statements (in thousands).

	<u>2014</u>
Concourse projects	\$ 61,287
Airfield and runway projects	54,603
Concourse transportation system (AGTS)	6,610
Terminal/passenger projects	96,143
Security/operations projects	1,993
Other	<u>19,837</u>
Total construction in process	<u>\$ 240,473</u>

Long-Term Debt

As of June 30, 2014, the Airport had a total of \$3.0 billion outstanding in General Airport Revenue, PFC Subordinate Revenue, and CFC Taxable Revenue Bonds. These bonds mature from January 1, 2015 to January 1, 2042, with interest rates ranging from 2.00% to 6.00%. The bonds do not constitute debt of the City of Atlanta, or a pledge of the full faith and credit of the City. Additional information regarding long-term obligations can be found in note 6 in the Notes to Financial Statements.

Requests for Information

This financial report is designed to provide a general overview of the Department's finances for all interested parties. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to:

Aviation Deputy General Manager – Chief Financial Officer
P.O. Box 20509
Atlanta, Georgia, 30320

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Statements of Net Position

June 30, 2014 and 2013

(In thousands)

Assets	2014	2013
Current assets:		
Cash and cash equivalents	\$ 67	5,413
Restricted cash and cash equivalents	67,619	63,562
Equity in cash management pool	799,071	712,587
Accounts receivable, net of allowance for doubtful accounts of \$3,780 in 2014 and \$8,534 in 2013	11,442	10,433
Restricted other assets	38,172	39,325
Prepaid expenses	1,172	1,766
Materials and supplies, net of allowance of \$567 in 2014 and \$587 in 2013	7,977	5,377
Total current assets	<u>925,520</u>	<u>838,463</u>
Noncurrent assets:		
Restricted cash and cash equivalents	661,016	720,772
Restricted investments	436,760	400,104
Due from other governments	10,640	10,320
Capital assets:		
Land	584,230	584,230
Land purchased for noise abatement	293,207	306,797
Runways, taxiways, and other land improvements	3,093,749	3,068,825
Terminal, maintenance buildings, and other structures	3,800,125	3,653,946
Other property and equipment	288,296	240,986
Construction in process	240,473	259,416
Less accumulated depreciation	(2,394,010)	(2,172,962)
Total capital assets, net	<u>5,906,070</u>	<u>5,941,238</u>
Total noncurrent assets	<u>7,014,486</u>	<u>7,072,434</u>
Total assets	<u>7,940,006</u>	<u>7,910,897</u>
Deferred outflows of resources:		
Accumulated deferred amount of debt refundings	74,291	64,385
Total assets and deferred outflows of resources	<u>8,014,297</u>	<u>7,975,282</u>

See accompanying notes to financial statements.

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Statements of Net Position

June 30, 2014 and 2013

(In thousands)

Liabilities and Net Position	2014	2013
Current liabilities:		
Accounts payable	\$ 16,327	15,042
Accrued expenses	15,586	10,321
Claims payable	1,900	1,893
Current maturities of long-term debt	71,385	73,465
Accrued interest payable	42,146	49,311
Current portion of other liabilities	156	103
Current liabilities	<u>147,500</u>	<u>150,135</u>
Current liabilities payable from restricted assets:		
Current maturities of long-term debt	33,730	32,120
Accrued interest payable	20,344	28,502
Accounts payable	46,653	29,403
Contract retention	5,064	4,368
Current liabilities payable from restricted assets	<u>105,791</u>	<u>94,393</u>
Total current liabilities	<u>253,291</u>	<u>244,528</u>
Long-term liabilities:		
Long-term debt, less current maturities	2,997,127	3,061,999
Contract retention	1,448	3,322
Accrued workers' compensation	481	270
Other post-retirement benefits	52,300	44,561
Total long-term liabilities	<u>3,051,356</u>	<u>3,110,152</u>
Total liabilities	<u>3,304,647</u>	<u>3,354,680</u>
Net position:		
Net investment in capital assets	3,065,175	3,111,590
Restricted for:		
Capital projects	554,081	534,521
Debt service	382,414	355,001
Unrestricted	707,980	619,490
Total net position	<u>\$ 4,709,650</u>	<u>4,620,602</u>

See accompanying notes to financial statements.

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Statements of Revenue, Expenses, and Changes in Net Position

Years ended June 30, 2014 and 2013

(In thousands)

	<u>2014</u>	<u>2013</u>
Operating revenue:		
Parking, car rental, and other concessions	\$ 254,047	246,593
Terminal, maintenance buildings, and other rentals	136,603	142,893
Landing fees	47,084	47,416
Other	58,518	53,484
Total operating revenues	<u>496,252</u>	<u>490,386</u>
Operating expenses:		
Salaries and employee benefits	91,691	82,050
Repairs, maintenance and other contractual services	112,676	101,742
General services	16,898	20,504
Utilities	8,990	8,768
Materials and supplies	4,720	4,353
Other	24,742	12,146
Depreciation and amortization expenses	222,446	211,110
Total operating expenses	<u>482,163</u>	<u>440,673</u>
Operating income	<u>14,089</u>	<u>49,713</u>
Nonoperating revenue (expenses):		
Investment income, net	23,322	9,102
Passenger facility charges	180,382	180,077
Customer facility charges, net	23,437	24,290
Interest on long-term debt	(139,826)	(146,718)
Other revenue (expenses)	(16,463)	2,243
Nonoperating revenue (expenses), net	<u>70,852</u>	<u>68,994</u>
Income before contributions and transfers	84,941	118,707
Capital contributions	10,888	33,500
Operating transfer to the City	(6,781)	(193)
Change in net position	<u>89,048</u>	<u>152,014</u>
Net position, beginning of the year, as adjusted	<u>4,620,602</u>	<u>4,468,588</u>
Net position, end of the year	<u>\$ 4,709,650</u>	<u>4,620,602</u>

See accompanying notes to financial statements.

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Statements of Cash Flows

Years ended June 30, 2014 and 2013

(In thousands)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Receipts from customers and tenants	\$ 499,254	484,946
Payments to suppliers for goods and services	(168,740)	(155,482)
Payments to employees for services	(83,714)	(74,959)
Net cash provided by operating activities	<u>246,800</u>	<u>254,505</u>
Cash flows from investing activities:		
Interest and dividends on investments	19,314	21,059
Purchases of restricted investments	(126,728)	(312,681)
Sales and redemptions of restricted investments	92,377	200,837
Change in pooled investment fund	(85,101)	(125,640)
Net cash used in investing activities	<u>(100,138)</u>	<u>(216,425)</u>
Cash flows from capital and related financing activities:		
Capital grants	8,482	40,076
Principal repayments of long-term debt and commercial notes	(982,615)	(96,810)
Proceeds from bond and note issuances	929,738	—
Acquisition, construction, and improvement of capital assets	(186,936)	(309,231)
Passenger and customer facility charges	207,378	205,783
Contract retention withheld	(1,178)	(29,140)
Interest and other fees paid on bonds	(182,576)	(148,412)
Net cash used in capital and related financing activities	<u>(207,707)</u>	<u>(337,734)</u>
Decrease in cash and cash equivalents	(61,045)	(299,654)
Cash and cash equivalents:		
Beginning of year	<u>789,747</u>	<u>1,089,401</u>
End of year	<u>\$ 728,702</u>	<u>789,747</u>

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Statements of Cash Flows

Years ended June 30, 2014 and 2013

(In thousands)

	<u>2014</u>	<u>2013</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 14,089	49,713
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	222,446	211,110
Changes in assets and liabilities:		
Accounts receivable, net of allowances	(1,009)	949
Prepaid expenses	594	(937)
Materials and supplies, net of allowance	(2,600)	(1,700)
Accounts payable and accrued expenses	5,541	(12,273)
Other post-retirement benefits	7,739	7,643
Net cash provided by operating activities	<u>\$ 246,800</u>	<u>254,505</u>
Schedule of noncash capital and related financing activities:		
Amortization of bond discount and premium, net	\$ 12,465	11,335

See accompanying notes to financial statements.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2014 and 2013

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The Department of Aviation (the Department) of the City of Atlanta, Georgia (the City) operates Hartsfield-Jackson Atlanta International Airport (the Airport). The accompanying financial statements include only the financial activities of the Department. The Department is an integral part of the City's financial reporting entity, and its results are included in the Comprehensive Annual Financial Report (CAFR) of the City as a major enterprise fund. The latest available CAFR is as of and for the year ended June 30, 2014; that CAFR should be read in conjunction with these financial statements.

The accounting policies of the Department conform to accounting principles generally accepted in the United States of America as applied to governmental units. The Department's most significant accounting policies are summarized below.

(b) Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and contract revenues, which are received or receivable from external sources, are recognized as revenues to the extent of related expenses or satisfaction of eligibility requirements.

(c) Cash Equivalents

The Department considers all highly liquid securities with an original maturity of three months or less to be cash equivalents. At June 30, 2014 and 2013, cash and cash equivalents included the following (in thousands):

	2014	2013
Unrestricted cash and cash equivalents	\$ 67	5,413
Restricted cash and cash equivalents	728,635	784,334
Total cash and cash equivalents	\$ 728,702	789,747

(d) Investments

Investments are reported at fair value based on quoted market prices, and include any accrued interest. The City maintains a cash management pool in which the Department participates. Investment income of this pooled fund is allocated to each participating fund based on that fund's recorded equity in the pooled fund. Construction, sinking, and special charges funds of the Department are held as restricted assets and are not included in this pooled fund.

(e) Materials and Supplies

Materials and supplies are stated at the lower of average cost or market.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2014 and 2013

(f) *Restricted Assets*

Restricted assets represent amounts that are required to be maintained pursuant to City ordinances relating to bonded indebtedness (construction, renewal and extension, passenger facility charges, customer facility charges, and sinking funds) – (note 4), and funds received for specific purposes pursuant to U.S. government grants (related primarily to noise abatement programs and funding of debt service).

(g) *Capital Assets*

Capital assets, which include runways, taxiways, terminals, maintenance buildings, other land improvements, and property and equipment, are generally defined as assets with an individual cost in excess of \$5,000 and a useful life in excess of one year. Such assets are recorded at historical cost at the time of acquisition or at fair value if donated. Major outlays for capital assets and improvements and all expenses incurred in support of construction are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation of capital assets is provided on the straight-line method over the following estimated useful lives:

Classification	Range of lives
Runways, taxiways, and other land improvements	15 – 35 years
Terminal, maintenance buildings, and other structures	15 – 35 years
Other property and equipment	2 – 20 years

The Department purchases certain residential parcels of land that are considered to be within the area designated as “noise-impacted” surrounding the Airport. The costs of acquisition and relocation of residents in this area are eligible under the Federal Aviation Administration (FAA) Noise Abatement Grant Program for reimbursement. The FAA funds approximately 75% to 80% of these costs, and the Department funds the remaining amount.

The FAA retains a continuing interest in the properties equal to its original funding percentage and restricts the use of such properties to purposes, which are compatible with the noise levels associated with the operation of the Airport. All costs associated with acquiring these parcels of land are recorded under the caption “Land purchased for noise abatement” on the Department’s statements of net position.

(h) *Capitalization of Interest Costs*

Net interest costs incurred during the construction of runways, taxiways, and other land improvements and terminals, maintenance buildings, and other structures are capitalized as part of the historical costs of acquiring these assets. The interest earned on investments acquired with proceeds from tax-exempt borrowing (where such borrowings are restricted to the acquisition of assets) is offset against the related interest costs in determining either the amount of interest to be capitalized or limitations on the

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2014 and 2013

amount of interest costs to be capitalized. Net interest costs capitalized for the years ended June 30, 2014 and 2013 totaled approximately \$11.6 million and \$13.9 million, respectively.

(i) *Compensated Absences*

City employees can accrue a maximum of 25 to 45 days of annual leave, depending upon their length of service. Vested or accumulated vacation leave, including related benefits, is recorded as an expense and liability as the benefits accrue to employees.

Employees can accrue unlimited amounts of sick leave. Sick leave can be taken only due to personal illness or, in certain cases, illness of family members. Sick leave is not intended to be paid out except under special circumstances where the City Council has given approval and the necessary funds are available. Consequently, the Department does not record an accrued liability for the accumulated sick leave.

(j) *Bond Discounts and Premiums*

Bond discounts and premiums are deferred and amortized over the term of the bonds. Bond discounts and premiums are presented as a reduction or addition to the face amount of bonds payable.

(k) *Deferred Outflows*

The Department has deferred outflows of resources. The deferred outflows of resources are consumption of net assets by the Department that are applicable to a future reporting period and include the unamortized amounts for losses on the refunding of bond debt. Total accumulated deferred amount of debt refunding for June 30, 2014 was \$74.3 million, compared to \$64.4 million for June 30, 2013.

(l) *Capital Grants*

Grants received for the acquisition or construction of capital assets are recorded as nonoperating revenues (capital contributions), when earned. Grants are earned when costs relating to such capital assets, which are reimbursable under the terms of the grants, have been incurred. During the years ended June 30, 2014 and 2013, the Department recorded \$10.8 million and \$33.5 million, respectively, in capital contributions consisting of federal grants in aid of construction and funding of debt services, which are reimbursable.

(m) *Operating Transfers*

The department transfers funds to the City to cover its pro-rata share of costs when certain projects are implemented by the City in which the Department is a direct beneficiary. During the years ended June 30, 2014 and 2013, the Department recorded \$6.8 million and \$0.2 million, respectively, in operating transfers. The fiscal year 2014 transfer was for the Department's portion of the City's Oracle ERP system upgrade.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2014 and 2013

(n) Net Position

Equity is classified as net position and displayed in three components, as applicable:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is excluded from the calculation of invested in capital assets, net of related debt.

Restricted – Consists of assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. When an expense is incurred for purposes for which there are both restricted and unrestricted assets available, it is the Department's policy to apply those expenses to restricted assets, to the extent such are available, and then to unrestricted assets.

Unrestricted – All other assets that constitute the components of net position that do not meet the definition of "restricted" or "net investment in capital assets."

(o) Classification of Revenue and Expenses

Operating revenue and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Department. Operating revenue is principally derived from agreements relating to the use of Airport facilities. Landing fees are determined on the basis of the gross weight of aircrafts landing at the Airport. Revenue from "terminal, maintenance buildings, and other rentals" is derived from the leasing of various Airport facilities to air carriers and other tenants. Concession revenue is earned through various agreements providing for the operation of concessions at the Airport, such as parking lots, car rental agencies, newsstands, restaurants, etc. Nonoperating revenue and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

Passenger Facility Charges

On February 26, 1997, in accordance with Section 158.29 of the Federal Aviation Regulations (Title-14, Code of Federal Regulations, Part 158), the FAA approved the City's application to impose a Passenger Facility Charge (PFC) at the Airport and to use PFC revenue either now or in the future. Between July 1997 and March 2001, the PFC was \$3.00; effective April 2001, the PFC was increased to \$4.50. The Department recorded \$180.4 million and \$180.1 million in passenger facility charges for the years ended June 30, 2014 and 2013, respectively.

Customer Facility Charges

The Installment Purchase Agreement entered into by the City with the City of College Park for the purchase of a Rental Car Center (the RCC) on June 1, 2006 obligates the City to make debt service payments through 2031, totaling \$443.1 million, on the Series 2006A and Series 2006B Bonds issued

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2014 and 2013

by the City of College Park. In relation to the agreement, the City adopted an ordinance effective October 1, 2005, imposing a Customer Facility Charge (CFC) at the Airport to fund the purchase. The CFC of \$5.00 is a charge on each Airport car rental transaction day applicable to both On-Airport Operators and Off-Airport Operators. The Department recorded \$34.0 million and \$32.7 million in customer facility charges for the years ended June 30, 2014 and 2013, respectively. Operating expenses related to the RCC during fiscal years 2014 and 2013 of approximately \$10.6 million and \$8.4 million, respectively, are netted against the CFC revenue and result in net CFC income of \$23.4 million for 2014 and \$24.3 million for 2013.

(p) *Economic Concentration*

Delta Air Lines and the Airport-owned parking facilities accounted for approximately 21.1% and 24% of total operating revenues, respectively, for the year ended June 30, 2014. Delta Air Lines and the Airport-owned parking facilities accounted for approximately 21.6% and 23.9% of total operating revenues, respectively, for the year ended June 30, 2013, respectively.

(q) *General Services Costs*

The Department is one of a number of departments and/or funds maintained by the City. A portion of general services costs (such as procurement, accounting, budgeting, and personnel administration) are allocated to the Department for services provided by other City departments and/or funds. Such costs are allocated to the Department based on a methodology employed by an independent study. Of the Department's recorded \$16.9 million and \$20.5 million in general services costs for the years ended June 30, 2014 and 2013, respectively, the allocated expense amount for June 30, 2014 was \$8.5 million, compared to \$11.7 million for June 30, 2013.

(r) *New Accounting Standards*

During fiscal year 2014, the Department adopted GASB Statement No. 66, *Technical Corrections-2012*. The objective of this Statement is to improve accounting and financial reporting for governments by resolving conflicting guidance that resulted from the issuance of Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

During fiscal year 2013, the Department adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The Statement established accounting and financial reporting standards that, among other things, recognized as outflows or inflows of resources, certain items that were previously reported as assets and liabilities.

(s) *Recently Issued Accounting Standard*

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to improve accounting and financial reporting of government pensions. Also, it improves information provided by government employers about financial support for pensions that is provided by other entities. Requirements of this Statement are effective for financial statements whose fiscal year begins after June 15, 2014 (fiscal year 2015 for the Department).

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2014 and 2013

The impact of this pronouncement on the Department's financial statements is currently being evaluated and has not yet been fully determined.

(t) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ significantly from those estimates.

(2) Deposits and Investments

Cash and cash equivalents and investments as of June 30, 2014 and 2013 are classified in the accompanying financial statements as follows (in thousands):

	<u>2014</u>	<u>2013</u>
Unrestricted:		
Cash and cash equivalents	\$ 67	5,413
Equity in cash management pool	799,071	712,587
Restricted:		
Cash and cash equivalents	728,635	784,334
Investments	436,760	400,104
Total deposits and investments	<u>\$ 1,964,533</u>	<u>1,902,438</u>

(a) Pooled Cash Held in City Treasury

The City maintains a cash pool that is available for use by all funds. The Department's investment in this pool is displayed in the accompanying financial statements as "Equity in cash management pool".

As of June 30, 2014 and 2013, the Department had approximately \$799.1 million and \$712.6 million, respectively, within the City's cash management pool. At June 30, 2014 and 2013, the composition of the equity in cash management pool portfolio consisted mainly of investments in Georgia Local Government Investment Pool (Georgia Fund 1), Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Federal Farm Credit Bank (FFCB), Repos, and Negotiated Investment Deposit Agreements.

(b) Investments Authorized by the Georgia State Code Section 36-83-4 and the City of Atlanta Investment Policy

The City has adopted an investment policy (the Policy) to minimize the inherent risks associated with deposits and investments. The primary objective of the Policy is to invest funds to provide for the maximum safety of principal.

Identified below are the investment types that are authorized for the City by the Policy. The Policy also identifies certain provisions of the Official Code of Georgia (OCGA) that address interest rate risk, credit risk, and concentration of credit risk. The Policy governs all governmental and business-type activities for the City, but does not govern the City of Atlanta Pension Plans.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2014 and 2013

The City's investments are limited to U.S. government guaranteed securities and U.S. government agency securities, which are limited to issues of the Federal Farm Credit Bank (FFCB), Federal Home Loan Bank System (FHLBS), Federal Home Loan Mortgage Corporation (FHLMC), and Federal National Mortgage Association (FNMA). Under the Policy, the City restricts investments in eligible obligations to discount notes and callable or noncallable fixed-rate securities with a fixed principal repayment amount.

The City may invest in fully collateralized repurchase agreements provided the City has on file a signed Master Repurchase Agreement, approved by the City Attorney, detailing eligible collateral, collateralization ratios, standards for collateral custody and control, collateral valuation, and conditions for agreement termination. It also requires the securities being purchased by the City to be assigned to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City; and is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the state of Georgia, and is rated no less than A or its equivalent by two nationally recognized rating services.

Under the Policy, the City's investment portfolio, in aggregate, is to be diversified to limit its exposure to interest rate, credit, and concentration risks by observing the above limitations.

(c) *Investment in Local Government Investment Pool*

The Department is a voluntary participant in Georgia Fund 1 that is managed by the Office of Treasury and Fiscal Services. As of June 30, 2014 and 2013, the Department's cash equivalent deposits in the Georgia Fund 1 are approximately \$93.7 million and \$100.2 million, respectively. The total amount recorded by all public agencies in Georgia Fund 1 at June 30, 2014 and 2013, was approximately \$10.9 billion and \$9.9 billion, respectively.

(d) *Investment Risk Disclosures*

Interest Rate Risk

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Additionally, the fair values of the investments may be highly sensitive to interest rate fluctuations. By policy, the City establishes maximum maturity dates by investment type in order to limit interest rate risk. The City manages its exposure to interest rate risk by purchasing a combination of shorter-term and longer-term investments, and by timing cash flows from maturities so that a portion is maturing, or coming close to maturing, evenly over time as necessary to provide the cash flow and liquidity needs for operations.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy does not specify a minimum bond rating for investments.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2014 and 2013

As of June 30, 2014, the Department had the following investments with the corresponding credit ratings and maturities (in thousands):

Type of investments	Credit rating	Maturity					Carrying value
		Under 30 Days	31 – 180 Days	181 – 365 Days	1 – 5 Years	Over 5 years	
U.S. government obligations	Aaa/AAA	\$ 5,009	5,049	—	317,816	10,703	338,577
U.S. government treasuries	Exempt	—	—	—	75,393	—	75,393
Equity in cash management pool	AAA	799,071	—	—	—	—	799,071
GIC's	*	—	—	—	—	22,790	22,790
		<u>\$ 804,080</u>	<u>5,049</u>	<u>—</u>	<u>393,209</u>	<u>33,493</u>	<u>1,235,831</u>

* All Guaranteed Investment Contracts (GIC's) are fully collateralized by U.S. Government Obligations or Agency securities.

As of June 30, 2013, the Department had the following investments with the corresponding credit ratings and maturities (in thousands):

Type of investments	Credit rating	Maturity					Carrying value
		Under 30 Days	31 – 180 Days	181 – 365 Days	1 – 5 Years	Over 5 years	
U.S. government obligations	Aaa/AAA	\$ —	10,012	5,099	287,330	4,788	307,229
U.S. government treasuries	Exempt	—	—	—	70,085	—	70,085
Equity in cash management pool	AAA	712,587	—	—	—	—	712,587
GIC's	*	—	—	—	—	22,790	22,790
		<u>\$ 712,587</u>	<u>10,012</u>	<u>5,099</u>	<u>357,415</u>	<u>27,578</u>	<u>1,112,691</u>

* All Guaranteed Investment Contracts (GIC's) are fully collateralized by U.S. Government Obligations or Agency securities.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City requires that all uninsured collected balances plus accrued interest in depository accounts be collateralized and that the market value of collateralized pledged securities must be at least 110% of the deposit balances, and 102% for repurchase agreements. As of June 30, 2014 and 2013, the City's collateralization for pledged securities at Wells Fargo was 110% in deposit accounts.

Custodial credit risks for investments, is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. There was no counterparty risk to the City as of June 30, 2014 and 2013.

Concentration Credit Risk

The City's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the OCGA. At June 30, 2014 and 2013, there were no investments in

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Notes to Financial Statements

June 30, 2014 and 2013

any one issuer, related to the Department, that were over 5% (excluding U.S. government securities) by reporting unit.

Foreign Currency Risk

Foreign currency risk is the risk that changes in currency exchange rates could adversely affect an investment's or deposit's fair value. The City is not exposed to this risk and its investment policy does not provide for investments in foreign currency denominated securities.

(3) Accounts Receivable

Net accounts receivable as of June 30, 2014 and 2013 are due from airport tenants, customers, and concessionaires. There are no material receivables expected to take longer than one year to collect.

(4) Restricted Assets

Restricted assets at June 30, 2014 and 2013 are summarized as follows (in thousands):

	<u>2014</u>	<u>2013</u>
Airport Revenue Fund:		
Cash and cash equivalents	\$ 5,047	5,047
Renewal and Extension Fund:		
Cash and cash equivalents	34,991	34,817
Other assets	7,068	4,661
Passenger Facility Charge Fund:		
Cash and cash equivalents	110,786	122,399
Other assets	28,326	31,675
Investments	413,970	377,314
Customer Facility Charge Fund:		
Cash and cash equivalents	25,373	31,852
Other assets	2,778	2,989
Construction Fund:		
Cash and cash equivalents	192,813	258,008
Sinking Funds:		
Cash and cash equivalents	359,625	332,211
Investments	<u>22,790</u>	<u>22,790</u>
Total	\$ <u><u>1,203,567</u></u>	<u><u>1,223,763</u></u>

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2014 and 2013

The following table is a summary of carrying amount of restricted assets as shown on the accompanying statements of net position at June 30, 2014 and 2013 (in thousands):

		<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$	728,635	784,334
Other assets		38,172	39,325
Investments		<u>436,760</u>	<u>400,104</u>
Total	\$	<u><u>1,203,567</u></u>	<u><u>1,223,763</u></u>

(5) Capital Assets

Summaries of capital asset activity and changes in accumulated depreciation for the years ended June 30, 2014 and June 30, 2013 are as follows (in thousands):

	<u>Balance at June 30, 2013</u>	<u>Additions</u>	<u>Deletions and retirements</u>	<u>Transfers to additions</u>	<u>Balance at June 30, 2014</u>
Capital assets not being depreciated:					
Land	\$ 891,027	316	(13,906)	—	877,437
Construction in progress	<u>259,416</u>	<u>197,695</u>	<u>—</u>	<u>(216,638)</u>	<u>240,473</u>
Total capital assets not being depreciated	<u>1,150,443</u>	<u>198,011</u>	<u>(13,906)</u>	<u>(216,638)</u>	<u>1,117,910</u>
Capital assets being depreciated:					
Runways, taxiways, and other land improvements	3,068,825	66	—	24,858	3,093,749
Terminal, maintenance buildings, and other structures	3,653,946	—	—	146,179	3,800,125
Other property and equipment	<u>240,986</u>	<u>3,110</u>	<u>(1,401)</u>	<u>45,601</u>	<u>288,296</u>
Total capital assets being depreciated	<u>6,963,757</u>	<u>3,176</u>	<u>(1,401)</u>	<u>216,638</u>	<u>7,182,170</u>
Less accumulated depreciation for:					
Runways, taxiways, and other land improvements	(1,173,899)	(87,349)	—	—	(1,261,248)
Terminal, maintenance buildings, and other structures	(885,111)	(116,167)	—	—	(1,001,278)
Other property and equipment	<u>(113,952)</u>	<u>(18,930)</u>	<u>1,398</u>	<u>—</u>	<u>(131,484)</u>
Total accumulated depreciation	<u>(2,172,962)</u>	<u>(222,446)</u>	<u>1,398</u>	<u>—</u>	<u>(2,394,010)</u>
Net capital assets	<u><u>\$ 5,941,238</u></u>	<u><u>(21,259)</u></u>	<u><u>(13,909)</u></u>	<u><u>—</u></u>	<u><u>5,906,070</u></u>

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2014 and 2013

	Balance at June 30, 2012	Additions	Deletions and retirements	Transfers to additions	Balance at June 30, 2013
Capital assets not being depreciated:					
Land	\$ 891,027	—	—	—	891,027
Construction in progress	181,958	294,267	—	(216,809)	259,416
Total capital assets not being depreciated	1,072,985	294,267	—	(216,809)	1,150,443
Capital assets being depreciated:					
Runways, taxiways, and other land improvements	3,024,783	—	(35,828)	79,870	3,068,825
Terminal, maintenance buildings, and other structures	3,566,204	—	(3,008)	90,750	3,653,946
Other property and equipment	190,334	4,499	(36)	46,189	240,986
Total capital assets being depreciated	6,781,321	4,499	(38,872)	216,809	6,963,757
Less accumulated depreciation for:					
Runways, taxiways, and other land improvements	(1,121,056)	(88,599)	35,756	—	(1,173,899)
Terminal, maintenance buildings, and other structures	(782,476)	(104,720)	2,085	—	(885,111)
Other property and equipment	(96,197)	(17,791)	36	—	(113,952)
Total accumulated depreciation	(1,999,729)	(211,110)	37,877	—	(2,172,962)
Net capital assets	\$ 5,854,577	87,656	(995)	—	5,941,238

(6) Long-Term Debt

The City has issued various bonds to finance its extensive airport capital improvement projects. The net revenues, as defined in the 2000 Airport Master Bond Ordinance as supplemented and amended, generated by operating activities are pledged as security for the bonds. Interest is payable semi-annually in January and July.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2014 and 2013

Long-term debt at June 30, 2014 and 2013 consists of the following (in thousands):

	<u>2014</u>	<u>2013</u>
General Revenue Bonds:		
Airport General Revenue Refunding Bonds, Series 2003RF-A, at 5.0% due serially through 2014	\$ —	5,000
Airport General Revenue and Refunding Bonds, Series 2003RF-D, at 4.375% – 5.25% due serially through 2019	—	60,920
Airport General Revenue Bonds, Series 2004A, combination Serial at 5.25% – 5.375% and term bond 5.125% through 2030	—	148,945
Airport General Revenue Bonds, Series 2004B, at 5.25%, term bond due January 1, 2033	—	58,655
Airport General Revenue and Refunding Bonds, Series 2004F and 2004G combination serial at 4.0% – 5.25% and term at 5.0% through 2030	14,885	115,750
Airport General Revenue and Refunding Bonds, Series 2010A, combination serial at 2.0% – 5.0% and term at 4.625% – 5.0% through 2040	174,670	177,990
Airport General Revenue and Refunding Bonds, Series 2010C, combination serial at 2.0% – 5.875% and term at 5.25% – 6.0% through 2030	470,330	488,835
Airport General Revenue and Refunding Bonds, Series 2011A at 4% and 2011B at 5% due serially through 2030	394,230	417,325
Airport General Revenue and Refunding Bonds, Series 2012A, 2012B and 2012C at 2% – 5% due serially through 2042	470,750	473,010
Airport General Revenue and Refunding Bonds, Series 2014B and 2014C at 2% – 5% due serially through 2033	322,880	—
Total General Revenue Bonds	<u>1,847,745</u>	<u>1,946,430</u>
Passenger Facility Charge (PFC) Subordinate Revenue Bonds:		
PFC and Subordinate Lien General Revenue Bonds, Series 2004C, at 5.0%, term bond due January 1, 2033	—	293,070
PFC and Subordinate Lien General Revenue Bonds, Series 2004J, combination serial bond at 4.75% – 5.0% and term bond at 5.0% through 2034	—	235,860
PFC and Subordinate Lien General Revenue Bonds, Series 2010B, at 2.0% – 5.0%, due serially through 2026	359,850	385,420
PFC and Subordinate Lien General Revenue Bonds, Series 2014A, at 4.0% – 5.0%, due serially through 2034	523,605	—
Total PFC and Subordinate Lien General Revenue Bonds	<u>883,455</u>	<u>914,350</u>
Customer Facility Charge (CFC) Bonds:		
City of College Park Taxable Revenue Bonds, (Hartsfield-Jackson Atlanta International Airport Consolidated Rental Car Facility Project), Series 2006A at 5.658% – 5.965% (Conduit Debt)	174,740	180,595
City of College Park Revenue Bonds, (Hartsfield-Jackson Atlanta International Airport Automated People Mover System Maintenance Facility Project), Series 2006B at 4.25% – 4.50% (Conduit Debt)	17,385	18,080
Total Customer Facility Charge (CFC) Bonds	<u>192,125</u>	<u>198,675</u>
Total Bonds	<u>2,923,325</u>	<u>3,059,455</u>
Unamortized bond discounts	(193)	(6,891)
Unamortized bond premiums	179,110	115,020
Less current maturities	<u>(105,115)</u>	<u>(105,585)</u>
Total long-term debt	<u>\$ 2,997,127</u>	<u>3,061,999</u>

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2014 and 2013

Changes in long-term liabilities are as follows (in thousands):

	Balance at June 30, 2013	Additions	Retirements	Balance at June 30, 2014	Due within one year
Revenue, PFC, and CFC Bonds	\$ 3,059,455	846,485	(982,615)	2,923,325	105,115
Less:					
Issuance discount and premium, net	108,129	83,253	(12,465)	178,917	—
Total bonded debt	<u>\$ 3,167,584</u>	<u>929,738</u>	<u>(995,080)</u>	<u>3,102,242</u>	<u>105,115</u>

	Balance at June 30, 2012	Additions	Retirements	Balance at June 30, 2013	Due within one year
Revenue, PFC, and CFC Bonds	\$ 3,156,265	—	(96,810)	3,059,455	105,585
Less:					
Issuance discount and premium, net	119,464	—	(11,335)	108,129	—
Total bonded debt	<u>\$ 3,275,729</u>	<u>—</u>	<u>(108,145)</u>	<u>3,167,584</u>	<u>105,585</u>

On June 21, 2006, the City of College Park, Georgia issued \$211.9 million in Taxable Revenue Bonds (Hartsfield Jackson Atlanta International Airport Rental Car Center Project), Series 2006A for the purpose of acquiring, constructing, and installing a consolidated rental car facility. In addition, College Park issued \$22.0 million in Revenue Bonds (Hartsfield Jackson Atlanta International Airport Automated People Mover System Maintenance Facility Project), Series 2006B for the purpose of acquiring, constructing, and installing a maintenance facility for an automated people mover. The City (the Purchaser) pursuant to the terms of an Installment Purchase Agreement dated June 1, 2006 (the Agreement) with the City of College Park (the Issuer) obligates the Purchaser to make installment payments to the Issuer to cover the principal, premium and interest of the Series 2006A/B Bonds. The City has adopted an Ordinance imposing a customer facility charge (CFC) effective October 1, 2005. The CFC revenues have been pledged to secure the payments due under the Agreement. At June 30, 2014 and 2013, the balance of outstanding conduit debt totaled \$192.1 million and \$198.7 million, respectively.

On April 10, 2014, the City of Atlanta issued approximately \$523.6 million of its Airport Passenger Facility Charge and Subordinate Lien General Revenue Refunding Bonds, Series 2014A (Non-AMT), \$141.0 million of its Airport General Revenue Refunding Bonds, Series 2014B (Non-AMT), and \$181.9 million of its General Airport Revenue Refunding Bonds, Series 2014C (AMT), collectively referred to as the “Series 2014 Bonds”. The Series 2014 Bonds were issued to refund and redeem all of the outstanding principal amount of the City’s Airport Passenger Facility Charge and Subordinate Lien General Revenue Bonds, Series 2004C and 2004J, the City’s Airport General Revenue Refunding Bonds, Series 2003RF-D, the City’s Airport General Revenue Bonds, Series 2004A, Series 2004B, and a portion of the Series 2004F, and Series 2004G (the Refunded Bonds), to fund a deposit to the respective subaccounts in the Debt Service Reserve

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2014 and 2013

Account securing the Outstanding PFC Revenue Bonds and the Outstanding Senior Lien General Revenue Bonds, and to pay the costs of issuance with respect to the Refunded Bonds. The refunding of the Series 2014 Bonds resulted in a net present value savings of \$73.6 million and a reduction in annual debt service of \$3.2 million.

The annual debt service requirements at June 30, 2014 are as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>
Year:			
2015	\$ 105,115	136,294	241,409
2016	116,085	143,013	259,098
2017	121,480	137,403	258,883
2018	127,675	131,377	259,052
2019	134,710	124,996	259,706
2020 – 2024	662,390	522,835	1,185,225
2025 – 2029	797,880	343,557	1,141,437
2030 – 2034	587,990	142,749	730,739
2035 – 2039	170,460	51,266	221,726
2040 – 2042	99,540	9,517	109,057
Total	<u>\$ 2,923,325</u>	<u>1,743,007</u>	<u>4,666,332</u>

All of the bond ordinances require the maintenance of sinking funds to provide for debt service on the related bonds. The Airport Master Bond Ordinance also requires the Department to maintain a ratio of Net Airport Revenue to Aggregate Debt Service, as defined, of at least 120%. As of June 30, 2014 and 2013, the Department was in compliance with all significant limitations and restrictions contained in the various revenue bond indentures.

(7) Leased Facilities

The Department leases terminal space, aircraft maintenance and overhaul facilities, cargo facilities, hangars, and other structures to air carriers and other tenants at the Airport under various operating leases, a majority of which terminate no later than 2017. The total cost of the facilities described above that are substantially leased to various tenants is \$5.2 billion with a carrying value of \$3.5 billion. Depreciation expense for fiscal year 2014 and 2013 on the facilities was \$152.6 million and \$145.0 million, respectively.

Certain of the leases provide for fixed and variable rental payments, and all are generally designed to allow the Department to meet its debt service requirements and recover certain operating and maintenance costs. Rental receipts related to the terminal are based on the cost of the facilities. In addition, certain of the agreements under which the Department receives revenue from the operation of concessions at the Airport, provide for the payment of a fee based on the greater of an aggregated percentage of gross receipts or a guaranteed minimum.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2014 and 2013

The agreement covering the operation of the parking facilities does not provide for a minimum fee and is therefore not included in the following table. Revenue from this source, which is solely a function of parking receipts as defined were \$118.5 million and \$117.4 million for the years ended June 30, 2014 and 2013, respectively.

At June 30, 2014, minimum future rentals and fees to be received under noncancelable leases or concession agreements for each fiscal year are as follows (in thousands):

2015	\$	320,168
2016		326,079
2017		253,937
2018		231,945
2019		170,011
2020 – 23		409,283
	\$	<u>1,711,423</u>

The City and most of the airlines serving the airport have entered into operating lease agreements that extend to 2017 relating to the use of the airfield. All of the Central Passenger Terminal Complex leases related to the airlines expire in 2017. The City expects to negotiate renewals of these operating lease agreements with the airlines.

(8) Pension and Other Employee Benefits Plans

Pension Plans

The City maintains the following separately administered pension plans:

Plan type	Plan name
Agent, multiple-employer, defined benefit	The General Employees' Pension Plan
Single employer, defined benefit	Firefighters' Pension Plan
Single employer, defined benefit	Police Officers' Pension Plan
Single employer, defined contribution	General Employees' Defined Contribution Plan

The funding methods and determination of benefits payable were established by the legislative acts creating such plans, as amended, and in general, provide that the pension funds are to be accumulated from employee contributions, City contributions, and income from the investment of accumulated funds.

The plans are administered by separate boards of trustees that include an appointee of the Mayor, the City's Chief Financial Officer, a member of City Council, and members elected from active and retired employees of the respective plans.

Prior to July 1, 2001, all permanent employees of the City, excluding sworn personnel of the Police and Fire Departments and including employees of the Atlanta Independent School System (the School System) who were not covered under the Teachers Retirement System of Georgia, were eligible to participate in the

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2014 and 2013

General Employees' Pension Plan. Certain School System employees, employed prior to July 1, 1979, also participate in the City's General Employees' Pension Plan (the Plan).

Effective July 1, 2001, all new, permanent employees of the City, excluding sworn personnel of the Police and Fire Departments, are only eligible to participate in the Defined Contribution Plan. During 2002 persons employed prior to July 1, 2001 were given the option of transferring to the Defined Contribution Plan. As of December 31, 2002, employees previously participating in the General Employees' Defined Benefit Plan do not have the option of transferring to the new Defined Contribution Plan. Sworn personnel of the Police and Fire Departments are eligible to participate in the Police Officers' and Firefighters' plans, respectively.

Effective September 1, 2005, classified employees and certain nonclassified employees pay grade 18, or its equivalent, and below enrolled in the Defined Contribution Plan had a one-time option of transferring to the General Employee's Pension Plan. Classified employees and certain nonclassified employees pay grade 18, or its equivalent, and below not covered by either the Police Officers or Firefighters' Pension Plans, and hired after September 1, 2005, are required to become members of the General Employee's Pension Plan.

Complete financial statements for all Plans, except the General Employees' Defined Contribution Plan, can be obtained at the following address:

City of Atlanta
68 Mitchell Street, S.W.
Suite 1600
Atlanta, Georgia 30335

Separate financial statements have not been prepared for the General Employees' Defined Contribution Plan.

(a) Defined Benefit Plans

In June 2011, the City Council approved changes to the City's three separate defined benefit plans, effective on September 1, 2011 for new hires and November 1, 2011 for existing employees. Currently sworn personnel employed by the Atlanta Police Department are required to contribute to the Police Officers' Pension Fund. Sworn personnel employed by the Atlanta Fire Rescue Department are required to contribute to the Firefighters' Pension Fund. All nonsworn employees hired prior to July 1, 2001 regardless of payroll grade, and all nonsworn employees hired after July 1, 2001 below payroll grade 19, or its equivalent, are required to contribute to the General Employees' Pension Fund.

Beginning on November 1, 2011, all current employees participating in any one of the three defined benefit plans and hired before September 1, 2011, or after January 1, 1984, will have an increase of 5% in their mandatory contributions into the funds in which they participate. The contribution will be such that the new contribution will be 12% of salary (without a designated beneficiary) or 13% of salary (with a designated beneficiary).

Employees hired on or after September 1, 2011 who are either sworn members of the police department or the fire department, or who are below payroll grade 19, or its equivalent, will be required to participate in a hybrid defined benefit plan with a mandatory defined contribution component (see discussion below regarding Amendments to the Defined Contribution Plan). The defined benefit

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2014 and 2013

portion of this plan will include a 1% multiplier, the employee contribution will be 8% of salary with or without beneficiary, and the retirement age will increase to age 57 for participants in the Police Officers' and Firefighters' Pension Funds and to age 62 for participants in the General Employees' Pension Fund. Early Retirement Age is changed from any age (as long as vested) with penalty to age 52 for hires after September 1, 2011. Upon retirement, these participants will receive an annually calculated cost of living increase to their pension benefit that may not exceed 1% and is based upon the Consumer Price Index. Sick and vacation leave are no longer applied to retirement benefit for hires after September 1, 2011.

Beginning in fiscal year 2012 there is a cap on the maximum amount of the City's contribution to the three defined benefit pension funds measured as a percentage of payroll. The City's annual contribution to the funds may not exceed 35% of payroll of the participants in the three funds in aggregate. In the event that this 35% cap is reached, the City will fund any overage for the first 12 month period from its reserves. During that period, the City's management must agree on an alternative method to reduce the overage. If no alternative is reached, beginning in the second 12 month period, the City and the participants will equally split the cost of the overage, subject only to a provision that employee contributions may not increase more than 5%.

Beginning with the 2012 valuation the amortization period for the Unfunded Accrued Actuarial Liability (UAAL) is changed from the 30-year open period to a closed amortization period designed to eliminate the UAAL by July 1, 2042.

The City's practice is to have actuarial valuations of its defined benefit pension plans performed annually by an enrolled actuary. The membership as of the latest actuarial valuations reports, in the three defined benefit plans and related current period payrolls are as follows:

	<u>General employees</u>	<u>Firefighters</u>	<u>Police officers</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	3,875	1,003	1,435
Currently active employees	2,989	1,045	2,021
Total membership	<u>6,864</u>	<u>2,048</u>	<u>3,456</u>

The latest valuation reports for purposes of current year funding are as of July 1, 2013.

Funding Policy

The City's funding policy for its defined benefit plans is to contribute a percentage of each plan's covered employee payroll as developed in the actuarial valuation for the individual plan. Active

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2014 and 2013

participants are required to contribute 12% of base pay (or 13% if participant has a covered beneficiary). The City's contribution percentage is the actuarially determined amount necessary to fund plan benefits after consideration of employee contributions.

The actuarially determined annual required contribution amount is the sum of the annual normal cost (determined under the entry age normal actuarial cost method) and the amortization of the unfunded actuarial accrued liability as a level percentage of future payrolls. The amortization period for the unfunded pension liability (UAAL) is a closed 30 year period. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the actuarial accrued liability.

The required contribution percentages, developed in the most recent actuarial valuations for the plans, to cover pension liabilities and the actual 2014 contribution amounts are (in thousands):

	General employees	Firefighters	Police officers
Service Cost	5.89%	27.94%	24.29%
Amortization of the unfunded actuarial accrued liability	39.65%	25.83%	19.19%
Total required contributions as a percentage of covered payroll	45.54%	53.77%	43.48%
2014 actual employee contributions:			
Dollar amount (in thousands)	\$ 17,366	5,682	11,230
Percent of covered payroll	11.95%	12.66%	12.17%
2014 actual City contributions:			
Dollar amount (in thousands)	\$ 42,145	20,656	30,197
Percent of covered payroll	28.92%	46.02%	32.74%

With respect to the General Employees' Pension Plan, which is a multiple-employer plan, the City's actuarially determined contribution required above represents only the City's portion.

The actual City contributions shown above include amounts used to fund retiree supplemental cost of living increases and other minimum benefits. These amounts are components of the City's contributions for purposes of meeting its actuarially determined funding requirements.

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Notes to Financial Statements

June 30, 2014 and 2013

Annual Pension Cost

The City's annual pension cost for the year ended June 30, 2014 was as follows for the respective plans (in thousands):

General employees	\$	42,145
Firefighters		20,656
Police officers		30,197

These amounts equaled the required and actual contributions for each of the respective plans.

The City's annual pension cost and net pension obligation for the current year ended June 30, 2014 and each of the five preceding years were as follows (dollars in thousands):

<u>Plan/period</u>	<u>Annual pension cost (APC)</u>	<u>Percentage of ARC contributed</u>	<u>Net pension obligation</u>
General employees:			
Year ended June 30, 2009	\$ 69,991	100.0 %	—
Year ended June 30, 2010	51,762	100.0	—
Year ended June 30, 2011	46,068	100.0	—
Year ended June 30, 2012	35,237	100.0	—
Year ended June 30, 2013	38,694	100.0	—
Year ended June 30, 2014	42,145	100.0	—
Firefighters:			
Year ended June 30, 2009	28,752	100.0	—
Year ended June 30, 2010	25,865	100.0	—
Year ended June 30, 2011	24,912	100.0	—
Year ended June 30, 2012	21,092	100.0	—
Year ended June 30, 2013	17,491	100.0	—
Year ended June 30, 2014	20,656	100.0	—
Police officers:			
Year ended June 30, 2009	44,810	100.0	—
Year ended June 30, 2010	41,712	100.0	—
Year ended June 30, 2011	39,135	100.0	—
Year ended June 30, 2012	33,748	100.0	—
Year ended June 30, 2013	26,525	100.0	—
Year ended June 30, 2014	30,197	100.0	—

The actuarial cost method used for funding purposes and to calculate the actuarial accrued liability is the Entry Age Normal Cost Method. This method is one of the approved methods for such plans in Georgia, and provides for contributions estimated to be a level percentage of future payrolls. The unfunded actuarial accrued liability for funding purposes, effective with the July 1, 2012 actuarial report, is to be amortized over a closed period of 30 years.

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Notes to Financial Statements

June 30, 2014 and 2013

Other actuarial assumptions used to perform the most recent calculation (July 1, 2013 calculations for funding purposes) are as follows:

	General employees	Firefighters	Police officers
Rate of return on investments	7.50%	7.50%	7.50%
Projected salary increases for:			
Inflation	3.50	4.00	4.00
Post-retirement benefit increases	3.00	3.00	3.00

The following schedule (derived from the most recent actuarial valuation reports) reflects accounting policies and funding provisions for the City's three plans as of June 30, 2014:

	General employees	Firefighters	Police officers
Basis of accounting	Accrual	Accrual	Accrual
Asset valuation method	Market value	Market value	Market value

Funded Status and Funding Progress

The following table is a summary by plan of Funding Status and Funding Progress (dollars in thousands):

	General employees	Firefighters	Police officers
Plan/valuation date	July 1, 2013	July 1, 2013	July 1, 2013
Actuarial value of assets	\$ 954,965	561,450	828,815
Actuarial accrued liability (AAL)	1,863,532	785,195	1,170,414
Percentage funded	51.24%	71.50%	70.81%
Unfunded actuarial accrued liabilities	\$ 908,567	223,745	341,599
Covered payroll	133,069	44,886	92,245
Unfunded AAL as a percentage of covered payroll	682.78%	498.47%	370.32%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information for all plans about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The City accounts for and funds the costs of the defined benefit plans as they accrue. Such costs are based on contribution rates determined by annual actuarial valuations. The total contributions by the

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2014 and 2013

Department were \$12.2 million and \$10.7 million for the years ended June 30, 2014 and 2013, respectively.

(b) Defined Contribution Plan

The City's General Employees' Defined Contribution Plan provides funds at retirement for employees of the City and in the event of death, provides funds for their beneficiaries, through an arrangement by which contributions are made to the Plan by employees and the City. The current contribution of the City is 6% of employee payroll.

Employees also make a mandatory pretax contribution of 6% plus have the option to contribute amounts up to the amount legally limited for retirement contributions. All modifications to the Plan, including contribution requirements, must receive the recommendations and advice from the offices of the Chief Financial Officer and the City Attorney, respectively. Each pension law modification must be adopted by at least two-thirds vote of the City Council and approved by the Mayor.

All new employees, hired after July 1, 2001, who previously would have been enrolled in the General Employees' Defined Benefit Plan, were enrolled in the General Employees' Defined Contribution Plan.

During 2002, persons employed prior to July 1, 2001 were given the option to transfer to the General Employees' Defined Contribution Plan.

Effective September 1, 2005, classified employees and certain nonclassified employees pay grade 18, or its equivalent, and below then enrolled in the General Employees' Defined Contribution Plan had the one-time option of transferring to the General Employee's Pension Plan. Classified employees and certain nonclassified employees pay grade 18 and below, not covered by either the Police Officers or Firefighters' Pension Plans, hired after September 1, 2005 are required to become members of the General Employee's Pension Plan.

Amendments to Defined Contribution Plan

Employees hired on or after September 1, 2011 who are either sworn members of the police department or the fire department, or who are below payroll grade 19, or its equivalent, are required to participate in the mandatory defined contribution component that will include a mandatory employee contribution of 3.75% of salary and be matched 100% by the City. Additionally, these employees may voluntarily contribute up to an additional 4.25% of salary which will also be matched 100% by the City. Employees vest in the amount of the City's contributions at a rate of 20% per year and become fully vested in the City's contribution after five years of participation.

As of June 30, 2014 there were 1,267 participants in the General Employees' Defined Contribution Plan. The covered payroll for employees in the Plan was \$85.0 million. Employer contributions for the year ended June 30, 2014 were \$7.4 million and employee contributions were \$7.2 million or 17.2% of covered payroll.

As of June 30, 2013 there were 1,207 participants in the General Employees' Defined Contribution Plan. The covered payroll for employees in the Plan was \$79.2 million. Employer contributions for

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2014 and 2013

the year ended June 30, 2013 were \$6.2 million and employee contributions were \$6.0 million or 15.4% of covered payroll.

The General Employees' Defined Contribution Plan uses the accrual basis of accounting. Investments are reported at fair value, based on quoted market prices and there were no nongovernmental individual investments exceeding 5% of the net position of the Plan.

(c) *Postretirement Benefits*

Plan Description

The City of Atlanta Retiree Healthcare Plan (Plan) is a single-employer defined benefit healthcare plan which provides Other Postemployment Benefits (OPEB) to eligible retirees, dependents and their beneficiaries. The Plan was established by legislative acts and functions in accordance with existing City laws. OPEB of the City includes health, dental, and vision care and life insurance. Separate financial statements are not prepared for the Plan.

Funding Policy

The City is not required by law or contractual agreement to provide funding for OPEB other than the pay-as-you-go amounts necessary to provide current benefits to retirees, eligible dependents and beneficiaries. For the fiscal year ended June 30, 2014, the City made \$44.6 million "pay-as-you-go" payments on behalf of the Plan. Retiree contributions vary based on the plan elected, dependent coverage and Medicare eligibility. Eligible retirees receiving benefits contributed \$47.7 million through their required contributions.

For the fiscal years ended June 30, 2014 and 2013, the Department made \$5.4 million and \$5.0 million "pay-as-you-go" payments, respectively, on behalf of the Plan.

Annual OPEB Cost and Net OPEB Obligation – The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined using the Projected Unit Credit Actuarial Cost Method. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2014 and 2013

The following table shows the elements of the Department's portion of the City's OPEB cost for the year, the amount actually contributed on behalf of the Plan, and changes in the Department's portion of the City's net OPEB obligation to the Plan for the year ended June 30, 2014 and 2013 (in thousands):

	2014	2013
Annual required contributions	\$ 13,231	12,606
Interest on net OPEB obligation	1,652	1,332
Adjustment to annual required contribution	(1,721)	(1,332)
Annual OPEB Cost	13,162	12,606
"Pay-as-you-go" payments made	(5,423)	(4,963)
Increase in net OPEB obligation	7,739	7,643
Net OPEB obligation – Beginning of the year	44,561	36,918
Net OPEB obligation – End of the year	\$ 52,300	44,561

The Department's portion of the City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the Department's portion of the City's net OPEB obligation for the fiscal years ended June 30, 2012 through June 30, 2014 are as follows (in thousands):

	Annual OPEB cost	Percentage of annual OPEB cost paid	Net OPEB obligation
Fiscal year ended:			
June 30, 2012	\$ 11,716	54.8%	\$ 36,918
June 30, 2013	12,606	39.4	44,561
June 30, 2014	13,162	41.2	52,300

Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the Plan was not funded, except "pay-as-you-go" payments. The unfunded actuarial accrued liability (UAAL) for benefits was \$1.48 billion. The covered payroll was \$321 million, and the ratio of the UAAL to the covered payroll was 461.9%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The determined actuarial valuations of OPEB provided under the Plan incorporated the use of various assumptions including demographic and salary increases among others. Amounts determined regarding the funded status of the Plan and the annual required contributions of the City are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown as required supplementary information following the notes to the financial statements, presents the results of the OPEB valuation as of June 30, 2012, the schedule will eventually provide additional multi-year trend information about whether the actuarial values of Plan assets are

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2014 and 2013

increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Under the provisions of GASB 45, the City elected to use the June 30, 2012 actuarial report as the basis for determining the current year ARC requirement.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of the sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2012 actuarial valuation, the Individual Entry Age Normal actuarial cost method was used. It is amortized as a level percent of payroll over a 27 year period and a closed amortization method. The actuarial assumptions included 4.0% investment rate of return (net of administrative expenses) and an annual medical cost trend rate of 8% initially, reduced by decrements to an ultimate trend rate of 5% after 10 years. Both rates include a 3% inflation assumption. Currently there are no assets set aside that are legally held exclusively for OPEB.

(d) *Deferred Compensation Plan*

The City has adopted a deferred compensation plan in accordance with the 1997 revision of Section 457 of the Internal Revenue Code. The plan, available to all Department employees, allows an employee to voluntarily defer up to 25% of his/her gross compensation, not to exceed certain limits per year. Each participant selects one of three insurance providers to administer the investments of the deferred funds. All administrative costs of the plan are deducted from the participants' accounts. The plan assets are held in custodial accounts for the exclusive benefit of the plan participants and their beneficiaries, and are therefore, not included in the City's nor the Department's financial statements.

(9) Risk Management

(a) *General*

The City purchases a variety of insurance policies, including but not limited to all risks property and specific liability policies. The City also purchases distinct and separate insurance policies for the Airport, including but not limited to property, airport owners and operators liability, and environmental liability. The policy limits are established in order to maximize potential recovery via insurance in the event of loss. Policy limits may range up to \$1 billion based on exposure to loss, and policies are subject to a range of deductibles.

The City also administers an Owner Controlled Insurance Program (OCIP) that provides insurance coverage for enrolled contractors for certain construction projects at the Airport. These policies include but are not limited to builders risk, general liability, workers' compensation, and pollution liability.

Insurance requirements are established with contractors and consultants that do business with the City based on the scope of services and nature of the project(s). Contractors and consultants are generally

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2014 and 2013

required to maintain certain types of insurance coverage including but not limited to general liability, automobile liability, workers' compensation, and professional liability.

There has not been any material change to insurance coverage from the previous two years.

The City is self-insured for workers' compensation, parts of the medical and dental plan, and general claims liabilities. The City pays for such claims as they become due. These claims liabilities are accounted for in the general fund and the applicable enterprise funds. Claims generated by governmental funds expected to be paid subsequent to one year are recorded only in the City's government-wide financial statements.

(b) *Property Insurance Claim*

On March 18, 2013, the Department sustained hail damage to several buildings and other structures. Negotiations are currently ongoing with the insurance parties involved. Based upon initial estimates, repair costs are expected to range between \$30 million and \$50 million. The Department has a deductible of \$250 thousand for this incident. As of June 30, 2014, repair costs of \$6.3 million have been incurred by the Department related to this incident.

(c) *Workers' Compensation*

The City's workers' compensation liability is calculated by an outside actuary. Liabilities are reported when it is probable a loss has occurred and the amount can be reasonably estimated including amounts for claims incurred but not yet reported. The calculation of the present value of future workers' compensation liabilities, as calculated by the outside actuary, is based on a discount rate of 3.5% for both 2014 and 2013.

Prior to March 1, 2011, the City had no specific excess or annual aggregate coverage for its self-insured workers compensation claims. Effective March 1, 2011, the City purchased an annual excess insurance policy with a \$5 million per occurrence retention with no annual aggregate coverage.

(d) *Health and Dental Insurance*

The City's medical plan under Blue Cross Blue Shield Point of Service and its dental plan under Cigna are fully self-insured. The Kaiser HMO, OHS dental access plan, and Spectra vision plan are fully insured. The City's health and dental liability is calculated by an outside actuary firm. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2014 and 2013

Changes in the balances of the liabilities for worker's compensation and general claims attributable to the Department during 2014, 2013, and 2012 were as follows (in thousands):

	<u>Beginning of year</u>	<u>Current year claims and changes in estimates</u>	<u>Claim payments</u>	<u>End of year</u>
Workers' compensation:				
2014	\$ 373	578	(314)	637
2013	810	(243)	(194)	373
2012	1,709	(417)	(482)	810
Claims liability:				
2014	\$ 1,893	7	—	1,900
2013	1,893	—	—	1,893
2012	1,893	—	—	1,893

The City participates in the State Subsequent Injury Trust Fund, a public entity managed by the State of Georgia. The pool is designed to provide insurance coverage for employees who are hired with previous medical conditions. Historically, premiums have not been significant.

(10) Commitments and Contingencies

(a) Commitments

The Department has several significant construction projects budgeted. As of June 30, 2014 and 2013, the Department was contractually obligated to expenditures of approximately \$412.1 million and \$297.7 million, respectively, related to these projects.

(b) Grants from Other Governmental Units

Federal governmental grants represent an important source of supplementary funding, primarily for the Airport's noise abatement program. Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the Department. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the Department expects such amounts, if any, to be immaterial.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2014 and 2013

(c) *Litigation*

The Department is subject to various lawsuits and proceedings arising in the ordinary conduct of its affairs and has been named as defendant in several lawsuits claiming personal and property damages. The City has also been named as a defendant in various lawsuits concerning alleged noise disturbance at the Airport. The City is working with most of the property owners to settle these claims through its noise abatement program, which consists of insulating homes and purchasing aviation easements. The nature of the Department's operations and the matters currently being alleged are such that similar suits may be filed in the future. In the opinion of the City Attorney, the outcome of these matters will not have a material adverse affect the Department's financial position.

(d) *Environmental Obligation*

In an Assignment, Assumption and Release Agreement and Claim Resolution Agreement dated February 25, 2011, the City entered into settlement agreements with Northwest and the Georgia Environmental Protection Division (EPD) to settle all claims in exchange for transfer and assumption of environmental obligations at the Leased Space formerly between Northwest and the Georgia EPD. As of June 30, 2014 and 2013, a restricted noncurrent asset is recorded for approximately \$5.0 million as a result of this settlement.

(11) Subsequent Events

The Department has evaluated subsequent events from the statement of net position date through November 21, 2014, the date at which the financial statements are available to be issued, and determined that there were no additional matters requiring disclosure.

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION
Required Supplementary Information (Unaudited)
Schedule of Funding Progress for Pension Plans
(Dollars in thousands)

Plan/valuation date	Actuarial value of assets	Actuarial accrued liability (AAL)	Percentage funded	Unfunded actuarial accrued liabilities	Current year annual covered payroll	Unfunded AAL as a percentage of covered payroll
General employees:						
7/1/2007	\$ 749,352	1,436,278	52.2%	\$ 686,926	155,185	442.6%
7/1/2008	829,734	1,483,733	55.9	653,999	179,982	363.4
7/1/2009	881,009	1,481,563	59.5	600,554	150,312	399.5
7/1/2010	866,906	1,614,267	53.7	747,361	142,597	524.1
7/1/2011	868,799	1,697,083	51.2	828,284	135,636	610.7
7/1/2012	917,486	1,798,404	51.0	880,918	139,393	632.0
7/1/2013	954,965	1,863,532	51.2	908,567	133,069	682.8
Firefighters:						
1/1/2008	\$ 340,075	652,816	52.1%	\$ 312,741	45,561	686.4%
1/1/2009	408,090	708,347	57.6	300,257	43,275	693.8
1/1/2010	422,791	699,175	60.5	276,384	43,910	629.4
1/1/2011	481,640	732,357	65.8	250,717	42,963	583.6
7/1/2011	509,590	730,535	69.8	220,945	39,482	559.6
7/1/2012	505,692	727,803	69.5	222,111	42,797	519.0
7/1/2013	561,450	785,195	71.5	223,745	44,886	498.5
Police officers:						
1/1/2008	\$ 596,457	909,410	65.6%	\$ 312,953	84,016	372.5%
1/1/2009	571,768	986,376	58.0	414,608	82,030	505.4
1/1/2010	591,981	990,600	59.8	398,619	78,520	507.7
1/1/2011	697,668	1,056,240	66.1	358,572	83,551	429.2
7/1/2011	735,470	1,036,001	71.0	300,531	73,688	407.8
7/1/2012	733,546	1,059,362	69.2	325,816	88,297	369.0
7/1/2013	828,815	1,170,414	70.8	341,599	92,245	370.3

Schedule of Funding Progress for OPEB
(Dollars in thousands)

Actuarial valuation date	Actuarial value of assets	AAL projected unit credit	Unfunded AAL (UAAL)	Funded ratio	Covered payroll	Unfunded AAL as a percentage of covered payroll
6/30/2008	\$ —	1,085,315	1,085,315	—	278,039	390.3%
7/01/2010	—	1,408,268	1,408,268	—	312,984	449.9
7/01/2012	—	1,482,842	1,482,842	—	321,056	461.9

See accompanying independent auditors' report.

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STATISTICAL SECTION (UNAUDITED)

FINANCIAL TRENDS

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Total Annual Revenues, Expenses, and Changes in Net Position

Fiscal years ended 2005-2014

(Accrual basis)

(In thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total revenues:										
Operating revenues:										
Parking, car rental, and other concessions	\$ 157,114	80,801	202,527	206,139	203,027	199,453	222,796	229,585	246,593	254,047
Terminal, maintenance buildings, and other rentals	83,819	40,575	83,425	98,029	99,393	105,495	93,190	80,578	142,893	136,603
Landing fees	27,444	13,646	47,346	55,094	60,944	62,603	51,897	48,009	47,416	47,084
Other	21,101	12,199	19,208	26,944	26,171	33,248	43,330	35,960	53,484	58,518
Total operating revenues	289,478	147,221	352,506	386,206	389,535	400,799	411,213	394,132	490,386	496,252
Nonoperating revenues:										
Investment income (loss)	104,963	23,378	79,034	53,382	27,254	(38,382)	13,798	16,063	9,102	23,322
Passenger facility charges	164,833	85,438	163,275	167,520	166,911	165,022	172,673	177,899	180,077	180,382
Customer facility charges	5,366	12,101	22,887	23,892	23,136	21,316	19,265	22,943	24,290	23,437
Other	—	9,997	—	(2,015)	(12,634)	125	2,382	(14,943)	2,243	(16,463)
Total nonoperating revenues	275,162	130,914	265,196	242,779	204,667	148,081	208,118	201,962	215,712	210,678
Capital contributions	84,599	30,668	42,526	52,692	80,043	19,266	49,379	37,522	33,500	10,888
Total revenues	649,239	308,803	660,228	681,677	674,245	568,146	668,710	633,616	739,598	717,818
Total expenses:										
Operating expenses:										
Salaries and employees benefits	56,044	32,454	68,958	92,604	89,963	90,912	82,482	79,785	82,050	91,691
Repair, maintenance, and other contractual services	29,404	15,781	41,256	57,646	63,812	82,461	85,945	98,258	101,742	112,676
General services	18,566	5,119	13,876	13,291	11,721	15,550	15,300	21,997	20,504	16,898
Utilities	4,741	1,951	4,542	6,108	8,438	8,420	9,627	8,151	8,768	8,990
Materials and supplies	2,543	1,477	4,161	3,280	5,042	4,164	2,888	4,090	4,353	4,720
Other	8,986	5,744	15,537	8,762	(413)	8,662	7,133	7,761	12,146	24,742
Depreciation	49,572	26,317	87,573	108,348	150,133	174,124	152,395	161,642	211,110	222,446
Total operating expenses	169,856	88,843	235,903	290,039	328,696	384,293	355,770	381,684	440,673	482,163
Operating income	119,622	58,378	116,603	96,167	60,839	16,506	55,443	12,448	49,713	14,089
Nonoperating expenses:										
Interest expense	61,275	38,977	100,638	83,223	81,559	64,572	84,010	112,314	146,718	139,826
Other	—	—	801	—	—	—	—	—	—	—
Total nonoperating expenses	61,275	38,977	101,439	83,223	81,559	64,572	84,010	112,314	146,718	139,826
Total expenses	231,131	127,820	337,342	373,262	410,255	448,865	439,780	493,998	587,391	621,989
Total expenses net of depreciation and amortization	181,559	101,503	249,769	264,914	260,122	274,741	287,385	332,356	376,281	399,543
Transfer (to)/from City	—	—	—	—	(2,116)	—	194	—	(193)	(6,781)
Impairment losses	—	(8,500)	(39,401)	—	(14,672)	—	—	—	—	—
Increase in net position	\$ 418,108	172,483	283,485	308,415	247,202	119,281	229,124	139,618	152,014	89,048
Prior year change in net position	\$ —	—	25,683	(63,795)	—	—	—	(34,251)	—	—
Net position:										
Net investment in capital assets	\$ 2,240,102	2,215,260	2,430,843	2,786,934	3,006,567	3,127,052	3,062,698	2,940,208	3,111,590	3,065,175
Restricted for capital projects and debt service	584,291	668,742	630,948	498,563	619,296	571,529	676,097	869,781	889,522	936,495
Unrestricted	216,950	329,824	461,203	482,117	388,953	435,516	624,426	658,599	619,490	707,980
Total net position	\$ 3,041,343	3,213,826	3,522,994	3,767,614	4,014,816	4,134,097	4,363,221	4,468,588	4,620,602	4,709,650

Sources: City of Atlanta, Department of Aviation

2006 represents a six-month period beginning January 1, 2006 and ending June 30, 2006.

2012 contains some adjustments due to adoption of GASB 65

See accompanying independent auditors' report.

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Changes in Cash and Cash Equivalents

Years ended 2005-2014

(In thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Cash flows from operating activities:										
Cash received from customers and tenants	\$ 289,473	145,040	323,339	382,013	391,497	405,237	407,173	400,193	484,946	499,254
Cash paid to suppliers for goods and services	(69,309)	(30,700)	(55,400)	(89,728)	(86,850)	(118,161)	(124,976)	(134,631)	(155,482)	(168,740)
Cash paid to employees for service	(60,319)	(32,575)	(69,047)	(76,546)	(86,554)	(82,894)	(72,332)	(74,917)	(74,959)	(83,714)
Other receipts (payments), net	(1,250)	—	—	—	—	—	—	—	—	—
Net cash provided by operating activities	158,595	81,765	198,892	215,739	218,093	204,182	209,865	190,645	254,505	246,800
Cash flows from investing activities:										
Interest and dividends on investment	93,723	33,151	97,022	105,541	45,840	26,731	17,578	12,812	21,059	19,314
Swap termination	—	—	—	—	—	(58,470)	—	—	—	—
Change in restricted investments	93,078	(100,488)	294,822	440,384	252,119	271,098	214,952	(138,175)	(111,844)	(34,351)
Change in pooled investment fund	(77,074)	(16,618)	(107,069)	(47,286)	51,475	11,899	34,342	(184,052)	(125,640)	(85,101)
Net cash provided by (used in) investing activities	109,727	(83,955)	284,775	498,639	349,434	251,258	266,872	(309,415)	(216,425)	(100,138)
Cash flows from capital and related financing activities:										
Capital grants or capital contributions	97,953	31,845	42,430	41,841	91,470	17,151	48,400	29,379	40,076	8,482
Principal repayments of long-term debt	(126,260)	(45,684)	(94,125)	(470,575)	(65,872)	(108,263)	(858,161)	(867,292)	(96,810)	(982,615)
Acquisition, construction, and improvement of capital assets	(496,294)	(202,907)	(470,266)	(420,710)	(579,490)	(491,726)	(474,498)	(411,506)	(309,231)	(186,936)
Passenger and customer facility charges	168,407	94,258	177,587	204,536	189,844	185,045	191,231	198,204	205,783	207,378
Contract retainage withheld	10,873	7,762	(17,797)	(5,293)	16,862	4,254	1,033	(8,458)	(29,140)	(1,178)
Proceeds from bond issuance, net	26,695	228,994	53,237	53,237	18,120	55,625	1,646,949	978,496	—	929,738
Interest paid on revenue bonds	(118,357)	(68,402)	(151,221)	(147,116)	(155,296)	(117,245)	(105,431)	(137,256)	(148,412)	(182,576)
Net cash provided by (used in) capital and related financing activities	(436,983)	45,866	(513,392)	(744,080)	(484,362)	(455,159)	449,523	(218,433)	(337,734)	(207,707)
Net increase (decrease) in cash and cash equivalents	(168,661)	43,676	(29,725)	(29,702)	83,165	281	926,260	(337,203)	(299,654)	(61,045)
Cash and cash equivalents:										
Beginning of year	206,021	37,360	81,036	51,311	21,609	104,774	105,055	1,426,604	1,089,401	789,747
End of year	\$ 37,360	81,036	51,311	21,609	104,774	105,055	1,031,315	1,089,401	789,747	728,702

Sources: City of Atlanta, Department of Aviation

2006 represents a six-month period beginning January 1, 2006 and ending June 30, 2006.

Note: The 2012 beginning cash balance has been adjusted to reflect the reclassification of certain investment balances as cash and cash equivalents.

Note: This schedule does not include the amount of equity in the cash management pool.

See accompanying independent auditors' report.

REVENUE CAPACITY

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**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Principal Operating Revenues, Airlines Rates, and Charges and Cost per Enplaned Passenger

Years ended 2005-2014

(In thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Landing fees:										
Signatory	\$ 27,088	13,495	46,957	54,744	60,655	62,190	51,652	47,712	47,145	46,745
Nonsignatory and other	356	151	389	350	289	413	245	297	271	339
Total landing fees	27,444	13,646	47,346	55,094	60,944	62,603	51,897	48,009	47,416	47,084
CPTC Rentals:										
Central Terminal Building and Apron	30,565	10,095	44,075	48,340	43,088	42,817	37,126	34,982	77,615	64,128
Central Terminal Tenant Finishes	30,119	17,772	43,087	51,228	57,868	60,997	57,903	52,564	75,739	81,610
Concession Credits	—	—	(25,366)	(28,340)	(32,176)	(30,461)	(35,184)	(44,861)	(49,147)	(49,728)
Total CPTC Rentals	60,684	27,867	61,796	71,228	68,780	73,353	59,845	42,685	104,207	96,010
CPTC cost recoveries:										
Operations charge	8,619	4,073	9,675	12,160	13,643	12,013	12,440	12,892	16,347	14,631
Automated Gateway Transit System	6,016	2,618	5,691	6,528	6,708	8,260	7,851	8,437	14,463	17,560
Insurance premium reimbursement	941	593	1,519	1,558	1,278	1,097	632	524	612	977
MHJIT O&M	—	—	—	—	—	—	—	212	4,364	3,690
Total cost recoveries	15,576	7,284	16,885	20,246	21,629	21,370	20,923	22,065	35,786	36,858
Concession revenues:										
Terminal concessions	49,893	24,250	60,981	64,430	71,804	71,961	72,636	75,383	93,189	97,874
Communication services and other	4,435	530	2,785	2,837	2,563	3,675	2,954	7,688	2,357	3,375
Parking	70,663	41,217	105,808	105,653	98,016	95,577	114,354	114,129	117,425	118,462
Car rentals	31,134	14,230	31,976	32,165	29,758	26,665	31,202	30,764	31,765	32,380
Ground transportation	989	574	977	1,054	886	1,575	1,650	1,621	1,857	1,957
Total concessions revenues	157,114	80,801	202,527	206,139	203,027	199,453	222,796	229,585	246,593	254,048
Other revenues:										
Landside rentals	12,913	5,854	9,689	10,019	10,069	14,527	13,575	16,056	16,086	11,844
Airside rentals	10,221	6,854	11,940	16,782	20,544	17,615	19,770	21,837	22,599	28,748
Other income	5,526	4,915	2,323	6,698	4,542	5,722	11,419	4,693	8,563	9,794
Total other revenues	28,660	17,623	23,952	33,499	35,155	37,864	44,764	42,586	47,248	50,386
Non-Airline Cost Recoveries:										
SkyTrain and Rental Car Center	—	—	—	—	—	4,098	3,996	4,364	4,410	6,582
Rental Car Center O&M	—	—	—	—	—	2,058	6,992	4,838	4,726	5,284
Total Non-Airline Cost Recoveries	—	—	—	—	—	6,156	10,988	9,202	9,136	11,866
Revenues	\$ 289,478	147,221	352,506	386,206	389,535	400,799	411,213	394,132	490,386	496,252
Airline rates and charges:										
Signatory landing fee rate (per 1,000 lbs.)	\$ 0.44305	0.47996	0.82173	0.91307	1.05050	1.09795	0.88231	0.82084	0.81206	0.82049
Enplaned passengers	43,020,532	21,079,673	43,292,611	45,287,174	44,808,982	45,375,298	46,191,667	47,147,315	47,526,243	47,318,755
Cost per enplaned passenger	2.40	2.31	2.90	3.18	3.33	3.41	2.84	2.34	3.70	3.36

Sources: City of Atlanta, Department of Aviation

2006 represents a six-month period beginning January 1, 2006 and ending June 30, 2006.

See accompanying independent auditors' report.

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DEBT CAPACITY

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**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Net Revenues Available for General Aviation Revenue Bonds Debt Service

Years ended 2005-2014

(In thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Operating revenues – receipts from customers and tenants	\$ 289,473	145,040	323,339	382,013	391,497	405,237	407,173	400,193	484,946	499,254
Investment income	16,011	7,561	15,825	23,855	13,227	9,661	9,575	6,901	12,219	10,637
Total revenues	305,484	152,601	339,164	405,868	404,724	414,898	416,748	407,094	497,165	509,891
Operating expenses:										
Payments to suppliers for goods & services	69,309	30,700	55,400	89,728	86,850	118,161	124,976	134,631	155,482	168,740
Payments to or on behalf of employees	60,319	32,575	69,047	76,546	86,554	82,894	72,332	74,917	74,959	83,714
Other payments	1,250	—	—	—	—	—	—	—	—	—
Additions from CIP reconciliations	17,850	11,078	8,993	—	—	—	—	—	—	—
Total operating expenses	148,728	74,353	133,440	166,274	173,404	201,055	197,308	209,548	230,441	252,454
Adjustment: Major Maintenance Expenditures - Planning & Development	—	—	—	—	7,409	16,780	27,509	22,740	19,245	28,178
Net revenues	\$ 156,756	78,248	205,724	239,594	238,729	230,623	246,949	220,286	285,969	285,615
General revenue bond debt service requirements	\$ 103,572	50,314	92,487	114,312	152,181	145,835	120,154	125,366	157,237	158,935
General revenue bond debt service paid from PFC revenues	—	—	—	—	23,100	19,000	24,800	8,300	—	—
General revenue bond debt paid from net revenues	\$ 103,572	50,314	92,487	114,312	129,081	126,835	95,354	117,066	157,237	158,935
Debt service coverage on general revenue bond debt service paid from net revenues	1.51	1.56	2.22	2.10	1.85	1.82	2.59	1.88	1.82	1.80

Sources: City of Atlanta, Department of Aviation

2006 represents a six-month period beginning January 1, 2006 and ending June 30, 2006.

Adjustment for major maintenance expenditures is effective starting in 2009 based on Material Events Notice filed during 2014.

See accompanying independent auditors' report.

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Ratios of Outstanding Debt

Fiscal years ended 2005-2014

(In thousands, except for per enplanement figures)

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total Debt Service (GARB only)	\$	103,572	50,314	92,487	114,312	129,081	126,835	95,354	117,066	157,237	158,935
Total Operating Expenses net of Depreciation & Amortization	\$	103,949	53,926	155,862	181,691	178,563	210,169	203,375	220,042	229,563	259,717
Debt Service per Enplaned Passenger:											
Enplaned Passenger		43,021	21,080	43,293	45,287	44,809	45,375	46,192	47,147	47,526	47,319
Debt Service per Enplaned Passenger	\$	2.41	2.39	2.14	2.52	2.88	2.80	2.06	2.48	3.31	3.36
Outstanding Debt per Enplaned Passenger:											
Outstanding Debt (GARB, PFC and CFC)	\$	3,011,174	2,984,024	2,889,899	2,418,862	2,342,431	2,233,835	2,857,132	3,275,729	3,167,584	3,102,242
Enplaned Passengers		43,021	21,080	43,293	45,287	44,809	45,375	46,192	47,147	47,526	47,319
Outstanding Debt per Enplaned Passenger	\$	69.99	70.78	66.75	53.41	52.28	49.23	61.85	69.48	66.65	65.56

Sources: City of Atlanta, Department of Aviation
2006 represents a six-month period beginning January 1, 2006 and ending June 30, 2006.

See accompanying independent auditors' report.

DEMOGRAPHIC AND ECONOMIC INFORMATION

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Exhibit 6**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION****Demographic and Economic Statistics****Atlanta-Sandy Springs-Marietta, GA Metropolitan Statistical Area (1)**

Calendar year	Population (4)	Personal income (in thousands) (2)	Per capita personal income (2)	Annual average unemployment rate (3)
2004	4,659,574	167,653,357	35,980	4.7
2005	4,770,870	179,726,762	37,672	5.3
2006	4,931,848	193,875,407	39,311	4.7
2007	5,066,356	204,549,504	40,374	4.6
2008	5,170,099	206,820,043	40,003	6.2
2009	5,240,828	198,609,824	37,897	9.7
2010	5,286,728	199,483,081	37,733	10.1
2011	5,374,678	214,362,959	39,884	9.8
2012	5,457,831	223,568,847	40,963	8.8
2013	5,522,943	231,840,894	41,978	7.9

Source:

1. The Atlanta metropolitan area or metro Atlanta, officially designated by the U.S. Census Bureau as the Atlanta-Sandy Springs-Marietta Metropolitan Statistical Area, spans 29 counties in north Georgia. [<http://www.bea.gov/iTable>]
2. 2004 thru 2012 data from U.S. Department of Commerce, Bureau of Economic Analysis last updated in May 2014. Note: 2013 is an estimate based on compound annual growth rate between 2002 through 2012. [<http://www.bea.gov/regional/bearfacts/>]
3. Unemployment Rate data from the U.S. Bureau of Labor Statistics (BLS) [<http://www.bls.gov/>]
4. Population figures for 2010 are decennial census counts; 2004-2009 and 2011-2013 are annual estimates by the U.S. Census Bureau. All population figures based on the new 29 county Atlanta MSA delineation. [<http://www.census.gov/>]

See accompanying independent auditors' report.

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Top Private Sector Employers

Atlanta-Sandy Springs-Marietta, GA Metropolitan Statistical Area

Employer	Product/Service	2014 (1)			2000 (2)		
		Number of Employees (in thousands)	Rank	Percentage of Total MSA Employment	Number of Employees (in thousands)	Rank	Percentage of Total MSA Employment
Delta Air Lines	Transportation	30,000	1	1.09%	31,606	1	1.15%
Walmart	Marketing and Manufacturing	26,000	2	0.94	14,700	3	0.53
AT&T Services, Inc	Telecommunication	18,339	3	0.67	12,000	4	0.44
United Parcel Service Inc	Transportation	10,849	4	0.39	8,500	6	0.31
Wells Star Health System Inc	Healthcare	9,717	5	0.35	N/A	N/A	N/A
Publix Super Markets	Marketing and Manufacturing	9,656	6	0.35	N/A	N/A	N/A
Home Depot	Marketing and Manufacturing	9,000	7	0.33	9,889	5	0.36
Piedmont Healthcare	Healthcare	8,316	8	0.30	N/A	N/A	N/A
Sun Trust Bank	Banking	7,126	9	0.26	6,835	10	0.25
Cox Enterprises	Media/Entertainment	7,065	10	0.26	5,820	12	0.21
Lockheed Martin Aeronautics, Co.	Marketing and Manufacturing	6,400	11	0.23	7,000	9	0.25
Northside Hospital	Healthcare	6,200	12	0.23	N/A	N/A	N/A
Children's Healthcare of Atlanta	Healthcare	5,629	13	0.20	N/A	N/A	N/A
Wells Fargo & Co.	Banking	5,200	14	0.19	N/A	N/A	N/A
Grady Health System	Healthcare	4,098	15	0.15	N/A	N/A	N/A
Turner Broadcasting	Media/Entertainment	N/A	N/A	N/A	5,493	13	0.20
International Business Machine Corp	Technology Services	N/A	N/A	N/A	8,400	7	0.30
Lucent Technologies Inc	Technology Services	N/A	N/A	N/A	7,200	8	0.26
Bell South Corp	Telecommunication	N/A	N/A	N/A	23,560	2	0.85
		163,595		5.94	141,003		5.11
	Other Employees	2,591,005		94.06	2,617,558		94.89
		2,754,600		100.00%	2,758,561		100.00%

Source:

1. 2013 Largest Employers, Atlanta Business Journal, Book of Lists, 2013; pg 176
 2. 2000 Largest Employers, City of Atlanta 2004 CDP: Economic Development Section, Table 6-16
- See accompanying independent auditors' report.

OPERATING INFORMATION

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**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Aircraft Operations and Enplanement Trends

Fiscal years ended 2005-2014

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Aircraft operations:										
Domestic:										
Air carrier	644,792	289,366	640,566	680,325	671,757	656,791	658,152	670,585	665,578	649,355
Air taxi	275,504	150,377	268,761	237,631	222,623	237,899	205,655	184,940	177,234	160,437
General aviation	10,783	5,037	9,949	11,972	7,515	7,342	7,128	7,045	7,653	7,373
Military	1,889	1,006	917	1,058	1,080	1,141	520	394	295	230
Sub total	932,968	445,786	920,193	930,986	902,975	903,173	871,455	862,964	850,760	817,395
International:										
Air carrier	47,418	27,617	67,592	68,142	63,480	60,633	65,649	68,590	67,997	70,619
Total	980,386	473,403	987,785	999,128	966,455	963,806	937,104	931,554	918,757	888,014
Passengers:										
Domestic:										
On	39,661,560	19,066,987	39,022,194	40,747,762	40,344,232	40,953,747	41,442,852	42,277,924	42,565,430	42,077,139
Off	39,112,484	18,815,002	38,150,269	39,808,443	39,044,751	38,475,261	39,774,242	42,312,567	42,609,947	42,133,485
Sub total	78,774,044	37,881,989	77,172,463	80,556,205	79,388,983	79,429,008	81,217,094	84,590,491	85,175,377	84,210,624
International:										
On	3,358,972	2,010,320	4,270,417	4,539,412	4,464,750	4,421,551	4,748,815	4,869,391	4,960,813	5,241,616
Off	3,375,480	1,933,089	4,286,630	4,565,057	4,497,442	4,500,861	4,822,110	4,933,473	5,018,821	5,382,072
Sub total	6,734,452	3,943,409	8,557,047	9,104,469	8,962,192	8,922,412	9,570,925	9,802,864	9,979,634	10,623,688
Direct transit	398,927	230,202	593,110	561,976	309,888	102,288	—	—	—	—
Total enplaned	43,020,532	21,077,307	43,292,611	45,287,174	44,808,982	45,375,298	46,191,667	47,147,315	47,526,243	47,318,755
Total passengers	85,907,423	42,055,600	86,322,620	90,222,650	88,661,063	88,453,708	90,788,019	94,393,355	95,155,011	94,834,312

Sources: City of Atlanta, Department of Aviation

2006 represents a six-month period beginning January 1, 2006 and ending June 30, 2006.

See accompanying independent auditors' report.

Exhibit 9**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Historical Aircraft Landed Weights
(amounts in thousands of pounds)

Year end	Signatory Airlines	Nonsignatory Airlines	Total	Annual Percent Change
2005	61,140,000	383,000	61,523,000	1.3%
2006	57,581,000	378,000	57,959,000	(5.8)
2007	57,144,000	288,000	57,432,000	(0.9)
2008	59,956,000	211,000	60,167,000	4.8
2009	57,739,000	195,000	57,934,000	(3.7)
2010	56,642,000	275,000	56,917,000	(1.8)
2011	58,542,000	148,000	58,690,000	3.1
2012	58,126,000	164,000	58,290,000	(0.7)
2013	58,056,000	182,000	58,238,000	(0.1)
2014	57,157,000	166,000	57,323,000	(1.6)

Source: City of Atlanta, Department of Aviation

See accompanying independent auditors' report.

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Historical Air Cargo and Mail
(amounts in metric tons)

Year end	Cargo	Mail	Total	Annual Percent Change
2005	725,446	42,451	767,897	(10.8)%
2006	738,180	8,322	746,502	(2.8)
2007	726,574	4,134	730,708	(2.1)
2008	703,458	5,764	709,222	(2.9)
2009	565,250	6,005	571,255	(19.5)
2010	609,683	12,238	621,921	8.9
2011	649,262	19,928	669,190	7.6
2012	621,817	31,566	653,383	(2.4)
2013	592,104	44,918	637,022	(2.5)
2014	551,022	49,396	600,418	(5.7)

Source: City of Atlanta, Department of Aviation

See accompanying independent auditors' report.

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Airlines Serving the Airport

Mainline Airlines	Regional Airlines	Foreign Flag Airlines	All Cargo Airlines
AirTran Airways	Allegiant Air	Aeromexico	ABX
Alaska Airlines	American Eagle	Air Canada Jazz	Air France/KLM Cargo
American Airlines	Chautauqua Airlines	Air France	Asiana Cargo
Delta Air Lines	Comair	British Airways	British Airways Cargo
Frontier Airlines	Compass Airlines	KLM Royal Dutch Airlines	Cargolux Airlines
Southwest Airlines	Endeavor Air	Korean Air	Cathay Pacific Airways
Spirit Airlines	Envoy Air	Lufthansa German Airlines	China Airlines Cargo
United Airlines	ExpressJet Airlines		DHL Worldwide Express
US Airways	GoJet Airlines		Emirates Sky Cargo
	Mesa Airlines		EVA Airways
	Omni Air International		FedEx
	Republic Airlines		Korean Air Cargo
	Shuttle America		Lufthansa Cargo
	Silver Airways		Mountain Air Cargo
	SkyWest Airlines		Polar Air Cargo Worldwide
	Vision Air		Qatar Airways Cargo
			Singapore Airlines Cargo
			UPS Air Cargo

Sources: City of Atlanta, Department of Aviation

See accompanying independent auditors' report.

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Budget Staffing Levels
Fiscal years ended 2005-2014

Department	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Airport Maintenance	190	198	197	193	196	196	175	179	179	181
Airport Operations	77	79	85	90	85	85	63	74	74	81
Commercial Properties	9	9	11	11	11	11	7	7	7	7
Concessions	13	14	16	17	18	18	15	13	14	16
Customer Service	4	4	4	3	3	3	3	3	3	3
Executive Administration	19	19	22	21	24	25	17	11	11	12
Finance	38	39	42	42	43	43	30	31	34	34
Human Resources	10	10	18	19	15	15	22	22	4	5
Information Technology	32	32	52	53	63	62	46	40	39	41
Internal Audit	5	5	4	4	4	4	3	3	4	4
Marketing	21	22	29	27	27	27	21	22	22	23
Planning and Development	148	148	154	154	142	142	105	113	114	111
Public Safety	442	451	445	446	457	457	455	516	494	536
Purchasing	10	10	11	11	11	11	9	9	9	9
Other City of Atlanta Departments	—	—	—	—	—	37	37	54	62	68
Total	1,018	1,040	1,090	1,091	1,099	1,136	1,008	1,097	1,070	1,131

Sources: City of Atlanta, Department of Aviation

See accompanying independent auditors' report.

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Airport Information

OFFICIAL NAME	Hartsfield-Jackson Atlanta International Airport
AIRPORT CODE	ATL
OWNERSHIP/OPERATOR	City of Atlanta/Department of Aviation
DISTANCE FROM DOWNTOWN ATLANTA	10 miles (16.2 kilometers)
ELEVATION ABOVE SEA LEVEL	1,026 feet (316 meters)
TOTAL AIRPORT AREA	4,750 acres (1,922 hectares)
TERMINAL COMPLEX	<p>The terminal complex measures 7.0 million square feet, or 160 acres.</p> <p>The complex includes the terminal building and concourses T, A, B, C, and D; and the international terminal building and concourses E and F.</p> <p>Within these concourses, there are 152 domestic and 40 international gates.</p> <p>The Airport is free of any architectural barriers to people with disabilities.</p>
RUNWAYS	<p>There are five parallel runways in an east-west configuration:</p> <p>9R-27L is 9,000 feet long (2,743 meters) – Category III</p> <p>9L-27R is 12,390 feet long (3,777 meters) – Category I</p> <p>8R-26L is 10,000 feet long (3,048 meters) – Category II</p> <p>8L-26R is 9,000 feet long (2,743 meters) – Category III</p> <p>10 – 28 is 9,000 feet long (2,743 meters) – Category III</p>
PARKING CAPACITY	<p>There are 33,755 public parking spaces which includes 14,448 walkable Domestic and International parking deck spaces, in close proximity of the terminals, 7,254 walkable Economy lot spaces, 11,318 Domestic and International Terminal Park Ride shuttle spaces, 571 employee parking spaces, and 164 "Cell phone lot" spaces. Special parking spaces are provided for the physically challenged in each lot within close proximity.</p>
GROUND TRANSPORTATION	<p>The Ground Transportation Center (GTC) is located at the west end of the terminal building, outside of the north and south baggage claim areas. Located within the GTC are shared-ride shuttles that offer door-to-door reservation and on-demand service to hotels, convention centers, businesses and residences. Local shared-ride shuttles run approximately every 15 minutes and provide service to cities located within Clayton, Cobb, Dekalk, Fulton, and Gwinnett counties. Regional shared-ride shuttles provide scheduled service to areas outside of the 5 Atlanta metropolitan counties and to bordering states. The taxi staging area is located along the west curb in the GTC.</p> <p>The Metropolitan Atlanta Rapid Transit Authority (MARTA) station is located at the west end of the terminal between the north and south baggage claims areas.</p>
RENTAL CAR CENTER	<p>The Rental Car Center (RCC) is a convenient, state-of-the-art, 67.5 acre facility that houses all rental car company operations and vehicles. The RCC includes two four-story parking decks, more than 8,700 parking spaces and a 137,000 square-foot customer service center. The rental car center features 13 rental car brands – Advantage, ACE/Airport, Alamo, Avis, Budget, Dollar, Enterprise, EZ, Hertz, National, Payless, SIXT, Thrifty, and Vanguard.</p>
ATL SKYTRAIN	<p>The ATL SkyTrain is the Airports elevated automated people mover system that provides transportation between the main terminal, the RCC, and Georgia International Convention Center and Gateway Center hotel and restaurant complex. The SkyTrain system operates 24 hours each day, and consists of 12 Crystal Mover vehicles, nearly 1.5 miles of guideway, 6 stations, and a maintenance facility. Each two-car train carries 100 passengers and their baggage.</p>
THE PLANE TRAIN®	<p>The Plane Train® is the Airports underground automated people mover system that provides transportation between the domestic terminal, international terminal and seven concourses. The Plane Train® operates approximately 20 hours each day, and consists of 59 vehicles, a 3.5 mile loop track, 16 stations, and two maintenance facilities. Each train carries approximately 300 passengers and their baggage. The Plane Train® transports approximately 240,000 passengers and employees every day.</p>

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Airport Information

CONCESSIONS

There are more than 328 concession outlets throughout the Airport, including 142 food and beverage, 127 retail and convenience, 3 duty-free stores and 56 service outlets; including a Common Use Lounge, a banking center, Georgia Lottery outlets, shoe shine, ATMs, vending machines and spas. Concessions space covers approximately 316,500 square feet.

CARGO AND AIRFIELD ASSETS

There are three main airfield complexes: North, South and Midfield, occupying 7.5 million square feet spread over 198 acres. This includes cargo facilities, airline support and maintenance facilities, fixed base operations and fuel farms. Cargo facility assets include cargo operations in all three complexes, including ATL cargo warehouse facilities in the North and South complex, a USDA propagated plant inspection station, a perishables complex, and 28 parking positions for cargo aircraft, 19 at the North complex and 9 at the South complex.

EMPLOYMENT

The Airport is considered to be the largest employment center in the State of Georgia. Collectively, there are approximately 63,000 airline, ground transportation, concessionaire, security, federal government, City of Atlanta and airport tenant employees at the Airport.

ECONOMIC IMPACT

The total airport payroll is estimated to be \$4.2 billion annually, resulting in direct and indirect economic impact of approximately \$6.6 billion on the local and regional economy.

The direct regional economic impact of the Airport in total business revenue is estimated to be more than \$34.8 billion annually, with an indirect and induced impact of \$29.5 billion annually. Including these indirect and induced effects, the total economic impact of the Airport is \$64.3 billion annually.

Sources: City of Atlanta, Department of Aviation

See accompanying independent auditors' report.