ATL Comprehensive Annual Financial Report

For the fiscal years ended June 30, 2019 and 2018
Prepared by the Finance Division

Department of Aviation
An enterprise fund of the City of Atlanta, Georgia

Hartsfield-Jackson Atlanta International Airport

Comprehensive Annual Financial Report

For the Fiscal Years Ended June 30, 2019 and 2018

Department of Aviation
An enterprise fund of the City of Atlanta, Georgia

Prepared by the Finance Division

Keisha Lance Bottoms
Mayor

John Selden
Airport General Manager

ATL

Comprehensive Annual Financial Report

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

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DEPARTMENT OF AVIATION

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INTRODUCTORY SECTION

Letter of Transmittal

GFOA Certificate of Achievement

Principal Officers

Organizational Chart

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Keisha Lance Bottoms
Mayor

John Selden
Airport General Manager

Letter of Transmittal

December 16, 2019

Honorable Mayor Keisha Lance Bottoms, City of Atlanta
Honorable City Council President Felicia A. Moore, Atlanta City Council
Honorable Andre Dickens, Chair – Transportation Committee, Atlanta City Council
Honorable Howard Shook, Chair – Finance Executive Committee, Atlanta City Council
Honorable Members, Atlanta City Council
Joshua Williams, Chief Operating Officer
55 Trinity Avenue
Atlanta, Georgia 30303

Ladies and Gentlemen:

We are pleased to present the 2019 Comprehensive Annual Financial Report (CAFR) for the City of Atlanta's Department of Aviation (the 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 is accurate in all material aspects and is 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, 2019, 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.

City of Atlanta | Department of Aviation
P.O. Box 20509 | Atlanta, GA USA 30320-2509 | Tel: (404) 530-6600 | www.atl.com

The Letter of Transmittal is designed to complement and should be read in conjunction with 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.atl.com.

Background

Hartsfield-Jackson Atlanta International Airport (Airport) is owned by the City of Atlanta (City) and operated by the Department. The Airport 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 Airport General Manager, directly supervises Airport operations. The Department has a staff of 1,280, including Atlanta Fire Rescue 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 revenue 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 moneys prior to the issuance of purchase orders and disbursement of funds, maintain and strengthen budgetary control.

Economic Conditions and Outlook

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 will be its ability to meet the growing passenger and cargo demands of the future. As part of the Airport Use and Lease Agreement, the Airport and Airlines have agreed to a multi-billion dollar capital plan. The capital plan includes the development of new gates in the domestic and international terminals, and other improvements to enhance the overall passenger experience. Additionally, the capital plan includes infrastructure and development to increase the amount of cargo space available at the Airport.

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, The Home Depot, Delta Air Lines, United Parcel Service, and The Southern Company.

Lastly, the Department is executing a list of priorities aimed at expanding air service capacity, enhancing the travel experience for guests who travel through the airport, growing revenue by implementing non-aeronautical revenue initiatives, maximizing operational efficiency, and strengthening the Airport's impact on the local and regional economy.

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 and service concessions rents, parking, car rental, and other miscellaneous revenues.

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

Year	Landing Fee	Direct CPE	All-in CPE	Non-aeronautical revenue per enplaned passenger	Total revenue per enplaned passenger
2015	$ 0.81662	$ 2.86	$ 5.02	$ 6.06	$ 9.85
2016	0.28666	2.38	4.47	6.20	9.40
2017	0.28687	2.50	4.76	6.24	9.56
2018	0.74770	2.61	4.95	6.54	10.00
2019	0.76270	2.89	5.23	6.67	10.43

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 2015, 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 expanding cargo facilities, remodeling various elements of the domestic terminal and concourses including the addition of five domestic gates, building an end-around taxiway for Runway 9L – 27R, and building new parking capacity to mitigate future reductions due to construction. Longer-term plans include the enhancement of the north and south parking decks, additional gates and a sixth runway.

Awards

For the 21st consecutive year, Hartsfield-Jackson Atlanta International Airport retained the title of the world's busiest airport. The Airport handled 107.4 million passengers in calendar year 2018.

For the 16th 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, 2018. 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. 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 Finance Division for its tireless efforts and professionalism in preparing this report, as well as the City's Department of Finance 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, 2019 (FY 2019) is submitted herewith.

Respectfully,

John Selden
Airport General Manager
Department of Aviation

Greg Richardson
Deputy General Manager –
Chief Financial Officer
Department of Aviation

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, 2018

Christopher P. Morrill

Executive Director/CEO

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Principal Officers

EXECUTIVE

Mayor	Keisha Lance Bottoms
Chief of Staff	Carmen Chubb
Chief Operating Officer	Joshua Williams
Chief Financial Officer	Roosevelt Council, Jr.
City Attorney	Nina Hickson

LEGISLATIVE

President of Council	Felicia A. Moore

Members of Council

District 1 – Carla Smith +	District 7 – Howard Shook * Chair
District 2 – Amir R. Farokhi +	District 8 – J.P. Matzigkeit *
District 3 – Antonio Brown	District 9 – Dustin Hillis
District 4 – Cleta Winslow	District 10 – Andrea L. Boone *
District 5 – Natalyn Mosby Archibong *	District 11 – Marci Collier Overstreet +
District 6 – Jennifer N. Ide + / *	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 – Matt Westmoreland * / +
City Council – At-Large – Post 3 – Andre Dickens + Chair / *

Committee Members with Department Oversight

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

DEPARTMENT OF AVIATION ADMINISTRATIVE OFFICIALS

Airport General Manager
John Selden

Airport Deputy General Manager, Administration	Michael L. Smith
Airport Deputy General Manager, Operations	Balram Bheodari
Airport Deputy General Manager, Chief Financial Officer	Greg Richardson
Airport Deputy General Manager, Commercial Ventures	Vacant
Airport Deputy General Manager, Planning and Development	Vacant
Assistant General Manager, Finance and Accounting	Bryan Benefiel
Assistant General Manager, Commercial Ventures	Paul Brown
Assistant General Manager, IT Operations	Sharon Heard-Brown
Assistant General Manager, Facilities and Asset Management	Debra Henson
Assistant General Manager, Public Safety and Security	Jan Lennon
Assistant General Manager, Operations and Transportation	Paul Meyer
Assistant General Manager, Planning and Development	Tom Nissalke
Assistant General Manager, Business Diversity	Jalal Slade

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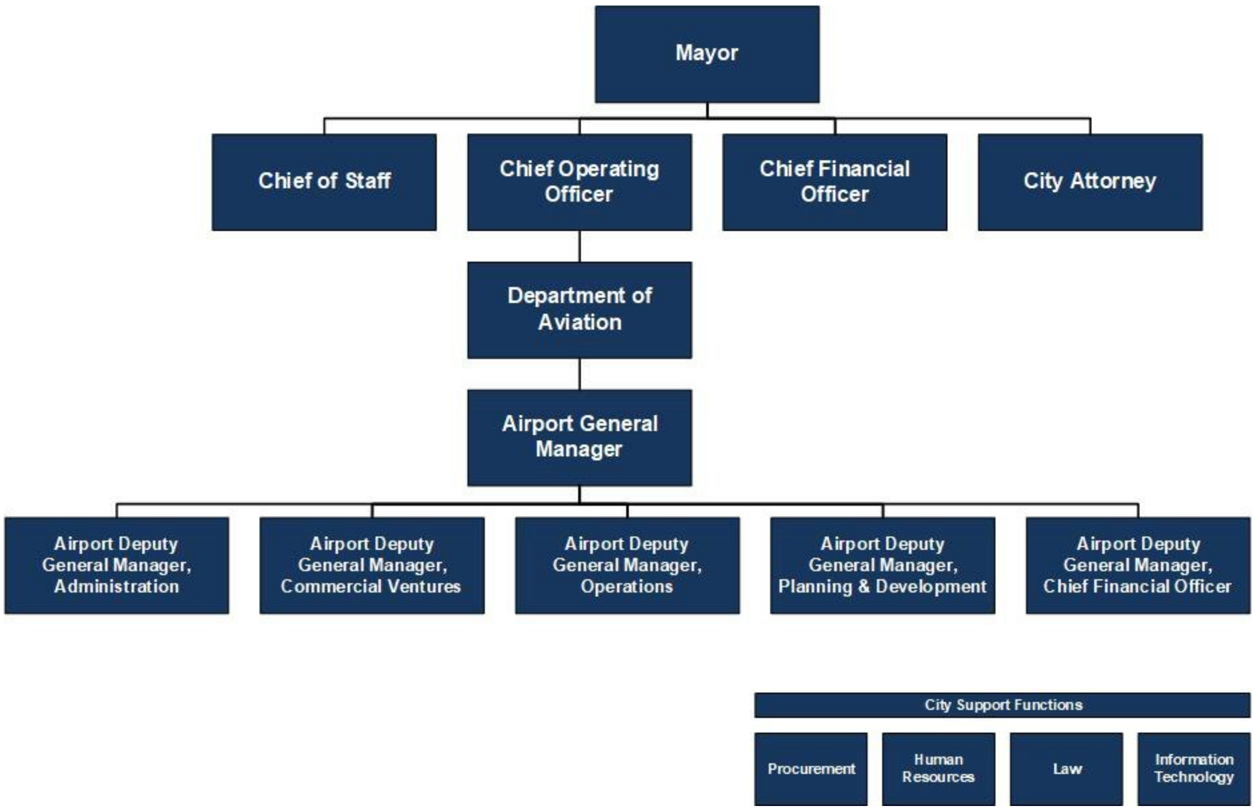
CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION
ORGANIZATIONAL CHART



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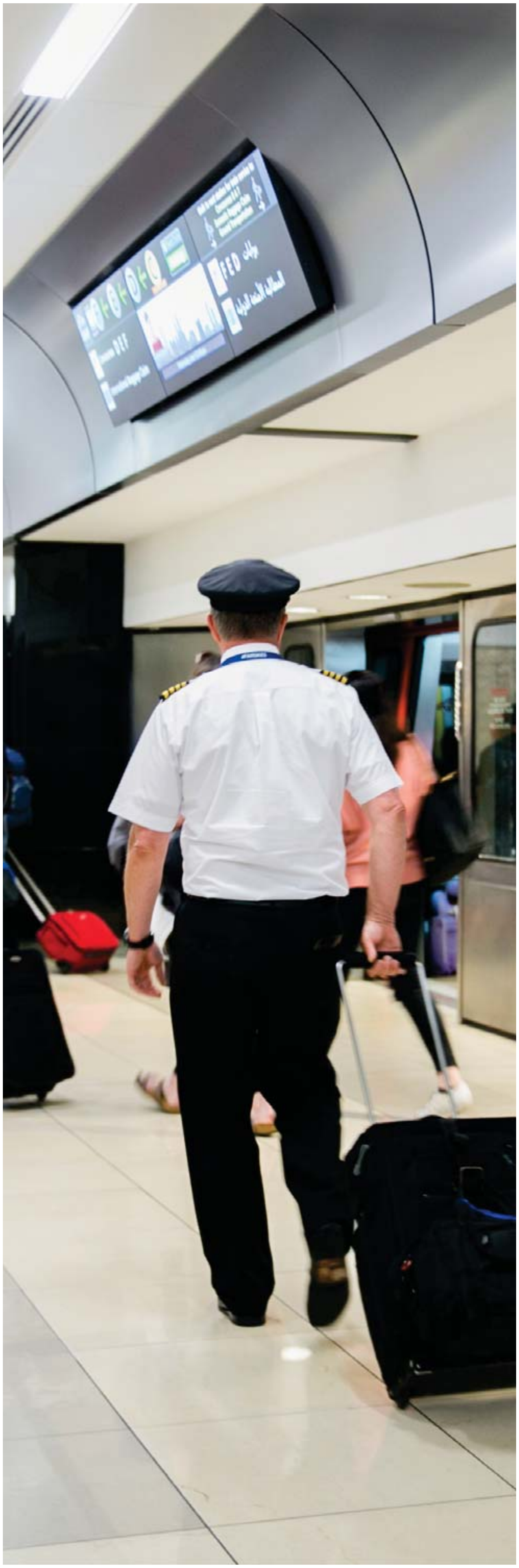

FINANCIAL SECTION

Independent Auditors' Report

Management's Discussion and Analysis (Unaudited)

Basic Financial Statements

Notes to Financial Statements

Required Supplementary Information (Unaudited)

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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 year ended June 30, 2019 and 2018, 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 audit. We conducted our audit 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 of Aviation as of June 30, 2019 and 2018, 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.

Emphasis of Matter

As discussed in note 1(a), the financial statements of the Department of Aviation are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the business type activities and each major fund of the City that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the City as of June 30, 2019 and 2018, the changes in financial position or, where applicable, its cash flows 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 management's discussion and analysis on pages 3 through 11 and the schedules of proportionate share of net pension liability and contributions, and proportionate share of net OPEB liability on pages 69 through 70 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 audit for the year ended June 30, 2019 was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Department's 2019 basic financial statements. The introductory and statistical sections 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 audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019 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 solely 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 the effectiveness of the Department's 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
December 16, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

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The following discussion and analysis of the financial performance and activity of the City of Atlanta, Georgia, Department of Aviation (the Department) provides an introduction and understanding of the Department's basic financial statements for fiscal years ended June 30, 2019 and 2018 with selected comparable data for the fiscal year ended June 30, 2017. 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 are 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, liabilities, and deferred inflows of resources, with the difference between the assets and deferred outflows of resources less liabilities and deferred inflows of resources 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 Revenue, 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 2019 was another successful year for Hartsfield-Jackson Atlanta International Airport. The Airport focused on its strategic priorities, including safety and security, finance, customers, employees, environment, and economic generation. The highlights are summarized below:

- The City hosted Super Bowl LIII, and the Airport played a significant role ensuring that it was such a successful event.
- Completed the North Canopy construction and made significant progress on completion of the South Canopy.

- Hartsfield-Jackson Atlanta International Airport was named "World's Busiest" airport by the Airports Council International for the 21st year in a row, surpassing the 100 million passenger mark for the fourth consecutive year.
- Hartsfield-Jackson Atlanta International Airport wins its 16th Top Efficiency Excellence Award from the Air Transport Research Society, making it the world's most efficient airport for the 16th straight year.

During fiscal year 2019, enplanements increased by 3.7% from the previous year. The following chart shows total enplaned passengers, flight operations, and air cargo and mail activity (measured in metric tons).

	2019	2018	2017
Enplanements and operations activity:			
Total enplanements	54,531,948	52,562,196	52,097,740
Percent change from prior year	3.7 %	0.9 %	0.6 %
Flight operations	901,283	884,771	889,205
Percent change from prior year	1.9 %	(0.5)%	(0.9)%
Air cargo and mail (metric tons)	676,778	704,576	673,210
Percent change from prior year	(3.9)%	4.7 %	7.5 %

The total number of passengers served by the Airport in fiscal year 2019 was approximately 109.1 million, which is an increase of 3.7% from the previous year. Total passengers in fiscal year 2018 and 2017 were 105.2 million and 104.3 million, respectively.

Enplanements have increased for the fifth consecutive year, and continue to benefit from the steady growth in the economy over the last several years. The growth increase is strong in fiscal year 2019 compared to fiscal year 2018. For the prior two years, the airport experienced weather and system related events unique to the Airport and its stakeholders, which were not structural in nature. Fiscal year 2019 had no related events and passenger traffic has increased significantly as a result. Flight operations have increased in fiscal year 2019 after two consecutive years of decrease. The increase in operations trend is also due to the increase in enplanements in fiscal year 2019. The percentage increase in operations is lower than the percentage increase in enplanement activity for fiscal year 2019. Airlines continue to change their fleet mix, with the trend towards up-gauging of aircraft. The trend has been to move away from regional jets in favor of larger aircraft. This process has been ongoing for the last few years, and we expect it to continue in the near term.

Financial Highlights

Revenues

During the first quarter of fiscal year 2018 (through September 30, 2017), most of the airlines serving the Airport paid rentals, fees, and charges under provisions of agreements relating to their use of the airfield (Airport Use Agreements) and their use and occupancy of the Central Passenger Terminal Complex (CPTC Leases). Under the Airport Use Agreements, the airlines paid landing fees that offset a portion of operating and maintenance expenses, debt service on General Airport Revenue Bonds (Bonds) issued to finance airline-approved airfield capital improvements, and 20% coverage on Bond debt service.

Under the CPTC Leases, the airlines paid terminal rentals and charges to allow the City to recover a portion of operating and maintenance expenses, debt service, and 20% coverage on Bonds issued to finance airline approved CPTC projects. Airline terminal rentals and charges were offset by a credit of a share of terminal concession revenues.

During the last three quarters of fiscal year 2018 (effective October 1, 2017) and fiscal year 2019, the airlines paid rentals, fees, and charges under the provisions of a new Airport Use and Lease Agreement that has been executed by all major signatory carriers operating at the airport.

The Airport Use and Lease Agreement provides for the payment of rentals, fees, and charges for airline use and occupancy of airfield and terminal facilities to allow the City to recover all operating and maintenance expenses, Bond debt service, and coverage on Bond debt service allocable to the airfield and terminal cost centers. Coverage is to be calculated at 20% for outstanding Bonds and Bonds to be issued for the Terminal Modernization Project. Coverage is to be calculated at 30% for other future Bonds. Required terminal rentals, fees, and charges are offset by a credit of a share of terminal concessions revenues and a per passenger credit.

Total revenue for the Airport increased by 16.4% in 2019 compared to 2018. Operating revenue increased by 8.2% while nonoperating revenue increased by 33.8%. Comparative figures for the last three fiscal years are as follows (in thousands).

	2019	2018	2017
Operating revenue	$ 568,507	525,477	497,955
Percent change	8.2%	5.5%	2.3 %
Nonoperating revenue, net	332,009	248,065	225,723
Percent change	33.8%	9.9%	(9.9)%
Total revenue	$ 900,516	773,542	723,678
Total percent change	16.4%	6.9%	(1.9)%

Operating Revenue

Operating revenue increased by 8.2% in fiscal year 2019 compared to fiscal year 2018. Other concessions increased by $7.4 million due to higher percentage rents, related to increases in advertising and food and beverage concessions. Additionally, Transportation Network Company (Lyft and Uber) revenue increased by $2.1 million. This increase is the result of continued growth of TNC operations in fiscal year 2019 compared to fiscal year 2018. Car rental revenue increased by $1.6 million due primarily to an increase in the minimum annual guarantees.

The Airport entered a Use and Lease Agreement with the airlines for rates and charges, which became effective October 1, 2017. Under this agreement the airport recovers certain operating and maintenance costs, debt service, and coverage attributable to the airlines, for airfield and terminal facilities. The new rate methodology, resulted in an increase in building and land rentals of $13.2 million and an increase in landing fees of $18.6 million.

		2019	2018	2017
Parking	$	147,410	147,609	131,895
Car rental		43,607	42,010	40,359
Other concessions		134,616	127,266	120,945
Building and land rental		158,044	144,846	126,882
Landing fees		53,049	34,414	17,220
Other		31,781	29,332	60,654
Total operating revenue	$	568,507	525,477	497,955

Operating revenue increased by 5.5% in fiscal year 2018 compared to fiscal year 2017. Parking revenue increased by $15.7 million due to a parking rate increase that was effective August 2017. Other concessions increased by $6.3 million due to higher percentage rents, related to increases in advertising and food and beverage concessions. Additionally, Transportation Network Companies (Uber and Lyft) revenue increased by $4.7 million. This increase was primarily attributable to a full year of operations in fiscal year 2018 compared to a half a year of operations in fiscal year 2017. Car rental revenue increased by $1.7 million due primarily to an increase in minimum annual guarantees.

Nonoperating Revenue

Nonoperating revenue consists of net investment income, passenger facility charges (PFCs), customer facility charges (CFCs), and other nonoperating income net of expenses. Net investment income was $78.6 million in 2019, $10.1 million in 2018, and $4.3 million in 2017. PFCs were $209.3 million in 2019, $203.0 million in 2018, and $199.4 million in 2017. CFCs, which are collected to fund the financing and operation of the Rental Car Center (RCC), were $41.0 million in 2019, $40.0 million in 2018, and $40.4 million in 2017. For fiscal years 2019, 2018, and 2017 operating expenses related to the RCC of $12.4 million, $9.7 million and $11.4 million, respectively, are netted against gross CFC revenues to arrive at each year's reported CFC revenues of $28.6 million, $30.3 million, and $29.0 million, respectively.

Operating Expenses

Operating expenses in fiscal year 2019 increased by $16.6 million in comparison to fiscal year 2018. Repairs, maintenance, and other contractual services contributed $10.9 million to this increase, which is primarily attributed to an increase in security, ground transportation, operations, parking, capital planning and operations expenses for consulting and professional services in fiscal year 2019 compared to 2018. Other operating expenses increased by $3.5 million in comparison to fiscal year 2018. This increase was driven by increases in legal expenses, and fuel facility costs, and were offset by a reduction in major maintenance type expenditures. Depreciation and amortization expense increased by $4.0 million in comparison to fiscal year 2018, which is attributable to a net increase of $140.4 million of depreciable assets during fiscal year 2019. General services expenses contributed $2.2 million to the increase driven mainly by increases in motor equipment repairs, increases in equipment purchases, and an increase in indirect costs charged to the Airport for services rendered by other City departments. Salaries and employee benefits expense decreased by $3.5 million in comparison to fiscal year 2018. This decrease was driven by reductions in other postemployment benefit, workers' compensation, and pension related expenses which were offset by increases in salaries.

	2019	2018	2017
Salaries and employee benefits	$ 92,250	95,745	103,048
Repairs, maintenance, and other contractual services	158,157	147,218	139,360
General services	23,893	21,655	18,222
Utilities	10,201	9,584	9,025
Materials and supplies	5,148	6,313	6,521
Other operating expenses	26,540	22,991	36,084
Depreciation and amortization expenses	257,512	253,554	229,983
Total operating expenses	$ 573,701	557,060	542,243

Operating expenses in fiscal year 2018 increased by $14.8 million in comparison to fiscal year 2017. Repairs, maintenance, and other contractual services contributed $7.9 million to this increase, which is primarily attributed to an increase in information technology, security, ground transportation, and operating expenses for consulting and professional services in fiscal 2018 compared to 2017. General services expenses contributed $3.4 million to the increase driven mainly by increases in telephone related expenses, increases in computer purchases and an increase in indirect costs charged to the Airport for services rendered by other City departments. Salaries and employee benefits expense decreased by $7.3 million in comparison to fiscal year 2017. This decrease was the result of adjustments related to pension and other postemployment benefit liabilities. Other operating expenses decreased by $13.1 million in comparison to fiscal year 2017. This decrease was driven by multiple factors including decreases in legal expenses, fuel farm costs and major maintenance type expenditures. Depreciation and amortization expense increased by $23.6 million in comparison to fiscal year 2017, which is attributable to a net increase of $214.9 million of depreciable assets during fiscal year 2018.

Nonoperating Expenses

Nonoperating expenses consist primarily of interest on long-term debt. Interest expense was $115.2 million in 2019, $110.4 million in 2018, and $123.7 million in 2017. These amounts are net of any capitalized interest, which is recorded in the Department's capital assets as part of construction in process.

The increase in interest expense in fiscal year 2019 is the result of an increase of interest payments on the outstanding Commercial Paper Notes, a reduction in the amortization of bond discounts, and a reduction of capitalized interest. The impact of capitalized interest is a reduction in interest expense and an increase in construction in progress.

Changes in Net Position

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

	2019	2018	2017
Operating revenue	$ 568,507	525,477	497,955
Operating expenses, excluding depreciation and amortization	316,189	303,506	312,260
Operating income before depreciation and amortization	252,318	221,971	185,695
Depreciation and amortization	257,512	253,554	229,983
Operating (loss)	(5,194)	(31,583)	(44,288)
Nonoperating income, net	216,801	137,683	102,013
Income before capital contributions and transfers	211,607	106,100	57,725
Capital contributions	21,599	14,515	11,521
Transfers in (out)	(420)	(2,743)	(5,228)
Increase in net position	232,786	117,872	64,018
Net position, beginning of the year	4,887,088	4,855,845	4,791,827
Adjustment to beginning of year net position, related to other postemployment benefit liability	—	(86,629)	—
Net position, end of the year	$ 5,119,874	4,887,088	4,855,845

At the beginning of fiscal year 2018, the Department implemented GASB 75, which impacted the beginning of the year net position for fiscal year 2018 as shown in the table above.

The Airport receives Airport Improvement Program Grants and other grant related funds from various sources to support particular programs. In fiscal year 2019, the Airport recorded revenue of $19.2 million from the Federal Aviation Administration, $2.2 million from the Transportation Security Administration and $0.2 million from Georgia Department of Transportation. In fiscal year 2018, the Airport recorded revenue of $2.4 million from the Federal Aviation Administration, $11.9 million from the Transportation Security Administration and $0.2 million from Georgia Department of Transportation.

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, liabilities, and deferred inflows of resources of the Airport. Net position represents the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources and can be viewed as an indicator of the financial health of the Airport. During fiscal year 2019, net position increased by $232.8 million, or 4.8%. Net position increased in fiscal year 2018 by $31.2 million, or 0.6%, compared to fiscal year 2017.

Total assets increased by $275.2 million, or 3.2%, in fiscal year 2019 compared to fiscal year 2018. Non-current assets (excluding capital assets) which are predominately comprised of restricted cash and cash equivalents and investments increased by $18.7 million, or 1.8% in 2019. These assets will be used for annual debt obligations. Capital assets, net of accumulated depreciation, increased by $245.3 million, or 3.9% in 2019.

Current assets increased by $11.2 million in fiscal year 2019 compared to fiscal year 2018, which is primarily due to increases in restricted cash and cash equivalents, equity in cash management pool, and accounts receivable. These increases were being offset by decreases in restricted other assets and materials and supplies.

Deferred outflows of resources, which includes unamortized amounts for losses on the refunding of bond debt and pension and other postemployment benefit related deferred outflows, increased by $14.4 million in fiscal year 2019 compared to fiscal year 2018. This increase is a result of an increase of pension and other postemployment benefit related deferred outflows of $20.7 million, and a decrease in amortization of deferred outflows on refunding of bond debt of $6.3 million.

Total assets increased by $145.3 million, or 1.7%, in fiscal year 2018 compared to fiscal year 2017. Non-current assets (excluding capital assets) which are predominately comprised of restricted cash and cash equivalents and investments decreased by $116.4 million, or 9.9% in 2018. These assets will be used for annual debt obligations. Capital assets, net of accumulated depreciation, increased by $148.0 million, or 2.4% in 2018.

Current assets increased by $113.7 million in fiscal year 2018 compared to fiscal year 2017, which is primarily due to increases in current restricted cash and cash equivalents, restricted other assets, accounts receivable, and materials and supplies. These increases were being offset by a decrease in equity in cash management pool.

Deferred outflows of resources, which includes unamortized amounts for losses on the refunding of bond debt and pension related deferred outflows, decreased by $19.3 million in fiscal year 2018 compared to fiscal year 2017. This decrease is the result of a decrease of pension related deferred outflows of $12.7 million, and a decrease in amortization of deferred outflows on refunding of bond debt of $6.6 million.

	2019	2018	2017
Current assets	$ 1,228,370	1,217,176	1,103,464
Noncurrent assets	1,076,885	1,058,165	1,174,571
Capital assets, net	6,497,620	6,252,306	6,104,280
Deferred outflows of resources	87,203	72,839	92,111
	$ 8,890,078	8,600,486	8,474,426

For fiscal year 2019, total liabilities increased by $5.0 million, due primarily to decreases in net pension liability, other postemployment benefit liability, and long-term debt, which is being offset by increases in accrued expenses, contract retention, and bond anticipation and commercial paper notes in 2019. The bond anticipation notes were paid off subsequent to year-end and were reclassified as short-term in the fiscal year 2019 presentation where they were previously classified as long-term (See Note 6 and 11).

Deferred inflows of resources, which includes pension and other postemployment benefit related deferred inflows, increased by $51.8 million in fiscal year 2019 as a result of charges related to GASB 68 and GASB 75.

For fiscal year 2018, total liabilities increased by $75.8 million, due to an increase in short-term debt, and other postemployment benefit liability, which is being offset by a decrease in net pension liability and debt service payout in 2018.

Deferred inflows of resources, which includes pension related deferred inflows, increased by $19.1 million in fiscal year 2018 as a result of charges related to GASB 68 and GASB 75.

	2019	2018	2017
Current liabilities (payable from unrestricted assets)	$ 212,883	218,509	170,365
Current liabilities (payable from restricted assets)	889,376	422,560	299,772
Noncurrent liabilities	2,582,825	3,038,987	3,134,162
Deferred inflows of resources	85,120	33,342	14,282
	$ 3,770,204	3,713,398	3,618,581

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 net 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 net position, $393.9 million as of June 30, 2019, represents amounts that are not subject to external restrictions (in thousands).

	2019	2018	2017
Net investment in capital assets component of net position	$ 3,538,961	3,420,727	3,318,001
Restricted component of net position	1,187,039	1,094,488	1,069,578
Unrestricted component of net position	393,874	371,873	468,266
Total net position	$ 5,119,874	4,887,088	4,855,845

Airport Capital Assets and Capital Improvement Plan

As of fiscal years ended 2019, 2018, and 2017, the Airport had capital assets, net of $6.5 billion, $6.3 billion, and $6.1 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 $1.1 billion, $715.8 million, and $536.4 million, respectively. For fiscal year 2019, 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).

Concourse projects	$	195,790
Airfield and runway projects		53,610
Concourse transportation system (AGTS)		9,935
Terminal/passenger projects		514,072
Security/operations projects		51,464
Other		252,806
Total construction in process	$	1,077,677

Long-Term Debt

As of June 30, 2019, the Airport had a total of $2.3 billion outstanding in General Airport Revenue, PFC Subordinate Revenue, and CFC Taxable Revenue Bonds. These bonds mature from January 1, 2019 to January 1, 2042, with interest rates ranging from 2.00% to 6.00%. The bonds do not constitute debt of the City, or a pledge of the full faith and credit of the City. Additional information regarding long-term debt 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:

Chief Financial Officer
P.O. Box 20509
Atlanta, Georgia, 30320

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BASIC FINANCIAL STATEMENTS

These basic financial statements summarize the financial position and operating results of the Department of Aviation.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Statements of Net Position

June 30, 2019 and 2018

(In thousands)

Assets	**2019**	**2018**
Current assets:		
Cash and cash equivalents	$ 49	49
Restricted cash and cash equivalents	363,417	352,008
Equity in cash management pool	799,516	776,658
Accounts receivable, net of allowance for doubtful accounts of $4,623 in 2019 and $4,429 in 2018	10,239	6,419
Restricted other assets	42,624	70,503
Prepaid expenses	1,859	778
Materials and supplies	10,666	10,761
Total current assets	1,228,370	1,217,176
Noncurrent assets:		
Restricted cash and cash equivalents	—	75,988
Restricted investments	1,076,885	971,537
Due from other governments	—	10,640
Capital assets:		
Land	584,230	584,230
Land purchased for noise abatement	277,776	277,776
Runways, taxiways, and other land improvements	3,391,651	3,375,136
Terminal, maintenance buildings, and other structures	4,179,312	4,070,225
Other property and equipment	472,036	457,229
Construction in process	1,077,677	715,799
Less accumulated depreciation	(3,485,062)	(3,228,089)
Total capital assets, net	6,497,620	6,252,306
Total noncurrent assets	7,574,505	7,310,471
Total assets	8,802,875	8,527,647
Deferred outflows of resources:		
Pension and other postemployment benefit related deferred outflows	46,926	26,269
Accumulated deferred amount of debt refundings	40,277	46,570
Total assets and deferred outflows of resources	$ 8,890,078	8,600,486

(Continued)

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Statements of Net Position

June 30, 2019 and 2018

(In thousands)

Liabilities and Net Position	2019	2018
Current liabilities:		
Accounts payable	$ 37,286	49,019
Accrued expenses	37,642	30,274
Current portion of unearned revenue	3,779	—
Current maturities of long-term debt	92,755	93,145
Accrued interest payable	36,532	39,068
Current portion of other postemployment benefit liability	4,495	6,300
Current portion of other liabilities	394	703
Current liabilities	212,883	218,509
Current liabilities payable from restricted assets:		
Current maturities of long-term debt	43,735	41,565
Current portion of capital lease obligation	429	802
Accrued interest payable	22,623	23,693
Accounts payable	69,179	39,740
Contract retention	21,664	11,646
Bond anticipation and commercial paper notes	731,746	305,114
Current liabilities payable from restricted assets	889,376	422,560
Total current liabilities	1,102,259	641,069
Long-term liabilities:		
Long-term debt, less current maturities	2,280,557	2,730,673
Capital lease obligation, less current portion	8,069	8,498
Unearned revenue	29,036	—
Contract retention	10,028	6,274
Accrued workers' compensation, health, and dental claims	3,114	3,463
Net pension liability	140,818	161,589
Other postemployment benefit liability	111,203	128,490
Total long-term liabilities	2,582,825	3,038,987
Total liabilities	3,685,084	3,680,056
Deferred inflows of resources:		
Pension and other postemployment benefit related deferred inflows	85,120	33,342
Total liabilities and deferred inflows of resources	$ 3,770,204	3,713,398
Net position:		
Net investment in capital assets	$ 3,538,961	3,420,727
Restricted for:		
Capital projects	758,005	675,680
Debt service	429,034	418,808
Unrestricted	393,874	371,873
Total net position	$ 5,119,874	4,887,088

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, 2019 and 2018

(In thousands)

	2019	2018
Operating revenue:		
Parking, car rental, and other concessions	$ 325,633	316,885
Terminal, maintenance buildings, and other rentals	158,044	144,846
Landing fees	53,049	34,414
Other	31,781	29,332
Total operating revenue	568,507	525,477
Operating expenses:		
Salaries and employee benefits	92,250	95,745
Repairs, maintenance, and other contractual services	158,157	147,218
General services	23,893	21,655
Utilities	10,201	9,584
Materials and supplies	5,148	6,313
Other	26,540	22,991
Depreciation and amortization expenses	257,512	253,554
Total operating expenses	573,701	557,060
Operating loss	(5,194)	(31,583)
Nonoperative revenue (expenses):		
Investment income, net	78,595	10,062
Passenger facility charges	209,320	202,963
Customer facility charges, net	28,552	30,342
Interest on long-term debt	(115,208)	(110,382)
Other revenue (expenses), net	15,542	4,698
Nonoperating revenue, net	216,801	137,683
Income before contributions and transfers	211,607	106,100
Capital contributions	21,599	14,515
Transfers (out) to the City	(420)	(2,743)
Change in net position	232,786	117,872
Net position, beginning of the year	4,887,088	$ 4,769,216
Net position, end of the year	$ 5,119,874	4,887,088

See accompanying notes to financial statements.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Statements of Cash Flows

Years Ended June 30, 2019 and 2018

(In thousands)

	2019	2018
Cash flows from operating activities:		
Receipts from customers and tenants	$ 602,270	533,809
Payments to suppliers for goods and services	(236,658)	(184,925)
Payments to employees for services	(101,425)	(96,797)
Net cash provided by operating activities	264,187	252,087
Cash flows from investing activities:		
Interest and dividends on investments	120,218	17,534
Purchases of restricted investments	(1,200,004)	(2,111,606)
Sales and redemptions of restricted investments	1,070,967	2,027,691
Change in pooled investment fund	(40,903)	6,397
Net cash used in investing activities	(49,722)	(59,984)
Cash flows from capital and related financing activities:		
Capital grants	21,492	15,002
Principal repayments of long-term debt and capital leases	(135,512)	(127,675)
Proceeds from intergovernmental receivable	10,751	—
Proceeds from bond anticipation and commercial paper note issuances	126,632	158,188
Acquisition, construction, and improvement of capital assets	(457,660)	(429,744)
Passenger and customer facility charges	266,874	208,992
Interest and other fees paid on bonds	(111,621)	(116,979)
Net cash used in capital and related financing activities	(279,044)	(292,216)
Decrease in cash and cash equivalents	(64,579)	(100,113)
Cash and cash equivalents:		
Beginning of year	428,045	528,158
End of year	$ 363,466	428,045

(Continued)

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Statements of Cash Flows

Years Ended June 30, 2019 and 2018

(In thousands)

	2019	2018
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	$ (5,194)	(31,583)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	257,512	253,554
Changes in assets and liabilities:		
Accounts receivable, net of allowances	(3,820)	(2,313)
Prepaid expenses	(1,081)	107
Materials and supplies	95	(1,340)
Accounts payable and accrued expenses	(7,398)	36,523
Unearned revenue	32,815	—
Net pension liability and related deferred items	10,350	(2,325)
Other postemployment benefit liability and related deferred items	(19,092)	(536)
Net cash provided by operating activities	$ 264,187	252,087
Schedule of noncash capital and related financing activity:		
Acquisition of capital assets with accounts payable	69,179	39,740
Amortization of bond discount and premium, net	13,626	14,926
Accrued contract retention	31,692	17,920

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies
2. Deposits and Investments
3. Accounts Receivable
4. Restricted Assets
5. Capital Assets
6. Short-Term and Long-Term Obligations
7. Leased Facilities
8. Pensions and Post Employment Benefits
9. Risk Management
10. Commitments and Contingencies
11. Subsequent Events

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(1) Summary of Significant Accounting Policies

The accounting policies of the Department conform to accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The Department's most significant accounting policies are described herein.

(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 City CAFR is as of and for the year ended June 30, 2019; that CAFR should be read in conjunction with these financial statements.

(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, 2019 and 2018, cash and cash equivalents included the following (in thousands):

	2019	2018
Unrestricted cash and cash equivalents	$ 49	49
Restricted cash and cash equivalents	363,417	427,996
Total cash and cash equivalents	$ 363,466	428,045

(d) Investments

Investments are reported at fair value 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.

(f) Restricted Assets

Restricted assets represent the current and noncurrent amounts, classified based on maturity, 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 acquisition 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	10-35 years
Terminal, maintenance buildings, and other structures	10-35 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

(Continued)

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 amount of interest costs to be capitalized. Net interest costs capitalized for the years ended June 30, 2019 and 2018 totaled approximately $11.3 million and $16.8 million, respectively.

(i) Compensated Absences

Department 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 using the bonds outstanding method, which approximates the effective interest method. Bond discounts and premiums are presented as a reduction or addition to the face amount of bonds payable.

(k) Net Pension Liability

For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the City of Atlanta Pension Plans (Pension Plans), and additions to/deductions from the Pension Plans' fiduciary net position have been determined on the same basis as they are reported by the Pension Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Additional information regarding net pension liability can be found in note 8 in the Notes to Financial Statements.

(l) Net Other Postemployment Liability

For purposes of measuring net other postemployment liability (OPEB), deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Additional information regarding net other postemployment liability can be found in note 8 in the Notes to Financial Statements.

(m) Deferred Inflows and Outflows

Deferred inflows of resources are an increase to net position by the Department that is applicable to a future reporting period and will not be recognized as an inflow of resources (revenue) until then. Deferred inflows include pension and other postemployment benefit related deferred inflows. The pension and other postemployment benefit related deferred inflows at June 30, 2019 and 2018 were $85.1 million and $33.3 million, respectively.

Deferred outflows of resources are the decrease of net position by the Department that are applicable to a future reporting period and will not be recognized as an outflow of resources (expense) until then. Deferred outflows include the unamortized amounts for losses on the refunding of bond debt, pension, and other postemployment benefit related deferred outflows. Total accumulated deferred amount of debt refunding at June 30, 2019 and 2018 was $40.3 million and $46.6 million, respectively. Total pension and other postemployment benefit related deferred outflows at June 30, 2019 and 2018 were $46.9 million and $26.3 million, respectively.

(n) 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, 2019 and 2018, the Department recorded $21.6 million and $14.5 million, respectively, in capital contributions consisting of federal grants in aid of construction and funding of debt service, which are reimbursable.

(o) 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 year ended June 30, 2019, $420 thousand in transfers were recorded, while $2.7 million were recorded during fiscal year 2018. The transfer that occurred during fiscal year 2019 was related to the Department's portion of the City's Oracle ERP software upgrade costs.

(p) Net Position

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

Net investment in capital assets – Consists of capital assets including 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."

(Continued)

(q) 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 aircraft 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. Amounts collected as advance payment of capital projects are classified as unearned revenue and recognized as revenue over the life of the project. At June 30, 2019, there was $32.8 million of unearned revenue.

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 $209.3 million and $203.0 million in passenger facility charges for the years ended June 30, 2019 and 2018, 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 (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 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 $41.0 million and $40.0 million in customer facility charges for the years ended June 30, 2019 and 2018, respectively. Operating expenses during fiscal years 2019 and 2018 of approximately $12.4 million and $9.7 million, respectively, are netted against the CFC revenue and result in net CFC income of $28.6 million for 2019 and $30.3 million for 2018.

(r) Economic Concentration

Delta Air Lines and the Airport-owned parking facilities accounted for approximately 11.3% and 25.9% of total operating revenue, respectively, for the year ended June 30, 2019. Delta Air Lines and the Airport-owned parking facilities accounted for approximately 12.4% and 28.1% of total operating revenue, respectively, for the year ended June 30, 2018.

(s) 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 $23.9 million and $21.7 million in general services costs for the years ended June 30, 2019 and 2018, respectively, the allocated expense amount for the year ended June 30, 2019 was $11.6 million, compared to $11.2 million for the year ended June 30, 2018.

(t) New Accounting Standards

During fiscal year 2018, the Department adopted GASB Statement No. 75, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement establishes financial reporting standards for Other Postemployment Benefit Plans (OPEB) that are administered through trusts or equivalent arrangements which involve contributions from employers and nonemployer contributing entities to the OPEB plan. The implementation resulted in an adjustment of $86,629 thousand to the beginning balance of fiscal year 2018 net position.

During fiscal year 2019, the Department adopted GASB Statement No. 88, *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placements. The objective of this Statement is to improve the information that is disclosed in notes to the financial statements related to debt, including direct borrowings and direct placements and also clarify which liabilities be included when disclosing information related to debt.

(u) Recently Issued Accounting Standards

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is effective for fiscal years beginning after December 15, 2019.

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

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period.* This statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. This statement is effective for reporting periods beginning after December 15, 2019.

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

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debit obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement is effective for reporting periods beginning after December 15, 2020.

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

(v) 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, 2019 and 2018 are classified in the accompanying financial statements as follows (in thousands):

	2019	2018
Unrestricted		
Cash and cash equivalents	$ 49	49
Equity in cash management pool	799,516	776,658
Restricted		
Cash and cash equivalents	363,417	427,996
Investments	1,076,885	971,537
Total deposits and investments	$ 2,239,867	2,176,240

(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" and is measured at the net asset value (NAV) per share.

As of June 30, 2019 and 2018, the Department had approximately $799.5 million and $776.7 million, respectively, within the City's cash management pool. At June 30, 2019 and 2018, 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 Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), United States Treasuries, Municipal Securities, 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.

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, be held in the City's name, and be 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 State of Georgia's Office of Treasury and Fiscal Services. As of June 30, 2019 and 2018, the Department's cash equivalent deposits in the Georgia Fund 1 are approximately $89.7 million and $34.0 million, respectively. The total amount recorded by all public agencies in Georgia Fund 1 at June 30, 2019 and 2018, was approximately $14.5 billion.

(d) Fair Value Measurement

GASB No. 72, *Fair Value Measurement and Application*, enhances comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. The standard establishes a hierarchy of inputs used to measure fair value that prioritizes the inputs into three categories – Level 1, Level 2, and Level 3 inputs – considering the relative reliability of the inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted (unadjusted) prices in active markets for identical financial assets or liabilities that the Department has the ability to access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the financial asset or liability.

The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment risk.

The following tables present the financial assets carried at fair value by level within the valuation hierarchy, as well as, the assets measured at the net asset value (NAV) per share (or its equivalent) as of June 30, 2019 and 2018, (in thousands):

	2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Debt securities:				
U.S. treasury securities	$ 99,720	—	—	99,720
U.S. agency securities	—	641,557	—	641,557
State and municipal bonds	—	116,259	—	116,259
Total debt securities	99,720	757,816	—	857,536
Other securities:				
Repurchase Agreements (Repos)	—	219,349	—	219,349
Total other securities	—	219,349	—	219,349
Total investments by fair value level	$ 99,720	977,165	—	1,076,885
Investments measured at NAV:				
Equity in cash management pool				$ 799,516
Total investments measured at the NAV				799,516
Total investments				$1,876,401

(Continued)

	2018			
	Level 1	Level 2	Level 3	Total
Debt securities:				
U.S. treasury securities	$ 360,511	—	—	360,511
U.S. agency securities	—	229,245	—	229,245
State and municipal bonds	—	78,594	—	78,594
Total debt securities	360,511	307,839	—	668,350
Other securities				
Repurchase Agreements (Repos)	—	303,187	—	303,187
Total other securities	—	303,187	—	303,187
Total investments by fair value level	$ 360,511	611,026	—	971,537
Investments measured at NAV:				
Equity in cash management pool				$ 776,658
Total investments measured at the NAV				776,658
Total investments				$1,748,195

Debt securities classified in Level 1 are valued using prices quoted in active markets for those securities. The debt and other securities classified in Level 2 are valued using the following approaches:

- Debt securities are subject to pricing by an alternative pricing source due to lack of information by the primary vendor.
- Repurchase agreements (repos) were valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices for identical securities in markets that are not active.

There are no investments classified in Level 3.

The equity in cash management pool represents the Department's participation in the City's internal cash pool which is measured at the net asset value (NAV) per share.

(e) 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.

As of June 30, 2019, the Department had the following investments with the corresponding credit ratings and maturities (in thousands):

		Maturity					
Type of investment	**Credit rating**	**Under 30 Days**	**31-180 Days**	**181-365 Days**	**1-5 Years**	**Over 5 years**	**Carrying value**
State and municipal bonds	Aaa-Baa2	$ 14,999	9,976	6,003	56,878	28,403	116,259
U.S. agency securities	Aaa/ AA+	89,809	—	14,940	536,808	—	641,557
U.S. treasury securities	Exempt	14,999	84,721	—	—	—	99,720
Equity in cash management pool	N/A	799,516	—	—	—	—	799,516
Repurchase Agreements (Repos)	*	—	—	196,559		22,790	219,349
Grand total		$ 919,323	94,697	217,502	593,686	51,193	1,876,401

*All Repurchase Agreements (Repos) are fully collateralized by U.S. Government Obligations or Agency securities.

As of June 30, 2018, the Department had the following investments with the corresponding credit ratings and maturities (in thousands):

		Maturity					
Type of investment	**Credit rating**	**Under 30 Days**	**31-180 Days**	**181-365 Days**	**1-5 Years**	**Over 5 years**	**Carrying value**
State and municipal bonds	Aaa-Baa2	$ —	26,048	7,444	35,762	9,340	78,594
U.S. agency securities	Aaa/ AA+	—	—	14,903	214,342	—	229,245
U.S. treasury securities	Exempt	39,605	285,069	35,837	—	—	360,511
Equity in cash management pool	N/A	776,658	—	—	—	—	776,658
Repurchase Agreements (Repos)	*	—	280,397	—	—	22,790	303,187
Grand total		$ 816,263	591,514	58,184	250,104	32,130	1,748,195

*All Repurchase Agreements (Repos) 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.

Custodial credit risk 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, 2019 and 2018.

Through the Georgia Secure Deposit Program, public deposits held with covered depositories participating in the program in excess of FDIC insurance limits are protected through a combination of collateral pledged by the bank and the contingent liability provisions of the program that require participating banks to jointly cover all deposits not protected by FDIC insurance and the sale of pledged collateral in the event of a loss. The Depository agrees that, as long as the State Treasurer of the State of Georgia or any Public Body has Public Funds on deposit with the Depository, the Depository shall maintain at all times Pledged Securities with an aggregate Fair Market Value equal to at least the Required Collateral determined by the State Treasurer. The City requires that the market value of collateralized pledged securities must be at least 102% for repurchase agreements.

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, 2019 and 2018, there were no investments in any one issuer, related to the Department, that were over 5% (excluding U.S. government securities) of total investments.

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, 2019 and 2018 are due from airport tenants, concessionaires, and other customers. There are no material receivables expected to take longer than one year to collect.

(4) Restricted Assets

Restricted assets at June 30, 2019 and 2018 are summarized as follows (in thousands):

	2019	2018
Renewal and Extension Fund:		
Cash and cash equivalents	$ 16,083	21,600
Other assets	3,103	2,997
Investments	—	769
Passenger Facility Charge Fund:		
Cash and cash equivalents	104,249	34,245
Other assets	34,973	64,032
Investments	591,733	554,196
Customer Facility Charge Fund:		
Cash and cash equivalents	59,179	42,139
Other assets	3,351	3,294
Construction Fund:		
Cash and cash equivalents	43,464	47,378
Other assets	432	180
Investments	196,559	280,397
Sinking Funds:		
Cash and cash equivalents	140,442	282,634
Other assets	765	—
Investments	288,593	136,175
Total	$ 1,482,926	1,470,036

The following table is a summary of carrying amount of restricted assets as shown on the accompanying statements of net position at June 30, 2019 and 2018 (in thousands):

	2019	2018
Cash and cash equivalents	$ 363,417	427,996
Other assets	42,624	70,503
Investments	1,076,885	971,537
Total	$ 1,482,926	1,470,036

(5) Capital Assets

Summaries of capital asset activity and changes in accumulated depreciation for the years ended June 30, 2019 and 2018 are as follows (in thousands):

	Balance at June 30, 2018	Additions	Deletions and retirements	Transfers to additions	Balance at June 30, 2019
Capital assets not being depreciated:					
Land	$ 862,006	—	—	—	862,006
Construction in progress	715,799	493,614	—	(131,736)	1,077,677
Total capital assets not being depreciated	1,577,805	493,614	—	(131,736)	1,939,683
Capital assets being depreciated:					
Runways, taxiways, and other land improvements	3,375,136	—	—	16,515	3,391,651
Terminal, maintenance buildings, and other structures	4,070,225	—	(212)	109,299	4,179,312
Other property and equipment	457,229	9,286	(401)	5,922	472,036
Total capital assets being depreciated	7,902,590	9,286	(613)	131,736	8,042,999
Less accumulated depreciation for:					
Runways, taxiways, and other land improvements	(1,562,554)	(91,746)	—	—	(1,654,300)
Terminal, maintenance buildings, and other structures	(1,460,433)	(130,660)	—	—	(1,591,093)
Other property and equipment	(205,102)	(35,106)	539	—	(239,669)
Total accumulated depreciation	(3,228,089)	(257,512)	539	—	(3,485,062)
Net capital assets	$ 6,252,306	245,388	(74)	—	6,497,620

		Balance at June 30, 2017	Additions	Deletions and retirements	Transfers to additions	Balance at June 30, 2018
Capital assets not being depreciated						
Land	$	862,006	—	—	—	862,006
Construction in progress		536,374	389,650	—	(210,225)	715,799
Total capital assets not being depreciated		1,398,380	389,650	—	(210,225)	1,577,805
Capital assets being depreciated:						
Runways, taxiways, and other land improvements		3,284,183	—	—	90,953	3,375,136
Terminal, maintenance buildings, and other structures		3,987,396	1,139	(4)	81,694	4,070,225
Other property and equipment		416,130	10,872	(7,351)	37,578	457,229
Total capital assets being depreciated		7,687,709	12,011	(7,355)	210,225	7,902,590
Less accumulated depreciation for:						
Runways, taxiways, and other land improvements		(1,464,320)	(98,234)	—	—	(1,562,554)
Terminal, maintenance buildings, and other structures		(1,341,571)	(118,865)	3	—	(1,460,433)
Other property and equipment		(175,918)	(36,455)	7,271	—	(205,102)
Total accumulated depreciation		(2,981,809)	(253,554)	7,274	—	(3,228,089)
Net capital assets	$	6,104,280	148,107	(81)	—	6,252,306

(6) Short-Term and Long-Term Obligations

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.

The City has issued commercial paper, classified as short-term debt, and bond anticipation notes, classified as short-term and long-term debt, to provide interim financing for long-term projects that will ultimately be funded with bonds, PFC debt, or City dollars through its renewal and extension fund.

The City has entered into a lease-purchase agreement with NORESCO-SG, LLC for the acquisition, installation, and lease purchase financing of certain equipment and property. This lease agreement is classified as a capital lease obligation.

Long-term debt at June 30, 2019 and 2018 consists of the following (in thousands):

	2019	2018
General Revenue Bonds:		
Airport General Revenue Bonds, Series 2010A, combination serial at 2.00% – 5.00% and term, at 4.625% – 5.00% through 2040	$ 155,760	159,875
Airport General Revenue and Refunding Bonds, Series 2010C, combination serial at 2.0% – 5.875% and term, at 5.25% – 6.00% through 2030	363,585	387,095
Airport General Revenue and Refunding Bonds, Series 2011A at 3.00% – 5.00% due serially through 2021	77,780	118,730
Airport General Revenue and Refunding Bonds, Series 2011B at 3.00% – 5.00% due serially through 2030	169,000	171,335
Airport General Revenue Refunding Bonds, Series 2012A, combination serial at 2.00% – 5.00% and term, at 4.00% – 5.00% through 2042	57,585	58,970
Airport General Revenue Refunding Bonds, Series 2012B, combination serial at 3.00% – 5.00% and term, at 5.00% through 2042	168,500	172,305
Airport General Revenue Refunding Bonds, Series 2012C, combination serial at 4.00% – 5.00% and term, at 5.00% through 2042	205,480	210,170
Airport General Revenue and Refunding Bonds, Series 2014B at 3.00% – 5.00% due serially through 2033	130,205	135,645
Airport General Revenue and Refunding Bonds Series 2014C at 2.00% – 5.00% due serially through 2030	102,595	109,510
Total general revenue bonds	1,430,490	1,523,635
Passenger Facility Charge (PFC) Subordinate Revenue Bonds:		
PFC and Subordinate Lien General Revenue Bonds, Series 2010B, at 2.00% – 5.00%, due serially through 2026	$ 211,330	244,075
PFC and Subordinate Lien General Revenue Refunding Bonds, Series 2014A, at 4.00% – 5.00%, due serially through 2034	523,605	523,605
Total PFC and subordinate revenue bonds	734,935	767,680

	2019	2018
Customer Facility Charge (CFC) Bonds:		
City of College Park Taxable Revenue Bonds, (Hartsfield-Jackson Atlanta International Airport Consolidated Rental Car Facility Project, Rental Car Facility Project), Series 2006A at 5.758% – 5.965% (Conduit Debt)	$ 139,355	147,330
City of College Park Revenue Bonds, (Hartsfield-Jackson Atlanta International Airport Automated People Mover System Maintenance Facility Project), Series 2006B at 4.00% – 4.50% (Conduit Debt)	13,480	14,325
Total Customer Facilities Charge (CFC) Bonds	152,835	161,655
Total bonds	2,318,260	2,452,970
Bond anticipation notes	—	300,000
Total long-term debt	2,318,260	2,752,970
Unaccreted bond discounts	(106)	(123)
Unamortized bond premiums	98,893	112,536
Less current maturities	(136,490)	(134,710)
Total long-term debt	$ 2,280,557	2,730,673

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

	Balance at June 30, 2018	Additions	Reclass	Retirements	Balance at June 30, 2019	Due within one year
Revenue, PFC, and CFC Bonds	$ 2,752,970	—	(300,000)	(134,710)	2,318,260	136,490
Plus issuance discount and premium, net	112,413	—	—	(13,626)	98,787	—
Total bonded debt	$ 2,865,383	—	(300,000)	(148,336)	2,417,047	136,490

	Balance at June 30, 2017	Additions	Reclassific ation	Retirements	Balance at June 30, 2018	Due within one year
Revenue, PFC, and CFC Bonds	$ 2,880,645	—	—	(127,675)	2,752,970	134,710
Plus issuance discount and premium, net	127,339	—	—	(14,926)	112,413	—
Total bonded debt	$ 3,007,984	—	—	(142,601)	2,865,383	134,710

On June 21, 2006, the City of College Park, Georgia issued $211.9 million in Taxable Revenue Bonds (Hartsfield-Jackson Atlanta International Airport Consolidated Rental Car Facility 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, 2019 and 2018, the balance of outstanding conduit debt totaled $152.8 million and $161.7 million, respectively.

The annual debt service requirements (excluding bond anticipation notes) at June 30, 2019 are as follows (in thousands):

	Principal	Interest	Total debt service
Year:			
2020	$ 136,490	118,244	254,734
2021	143,485	111,386	254,871
2022	121,110	104,172	225,282
2023	127,550	97,844	225,394
2024	133,755	91,188	224,943
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	$ 2,318,260	1,069,923	3,388,183

On August 17, 2015, the City issued an aggregate combined $450 million of Commercial Paper Notes (2015 Series D & E). These notes were issued to finance, on an interim basis, a portion of the costs of the planning, engineering, design, acquisition and construction of certain improvements at Hartsfield-Jackson Atlanta International Airport and to refund in whole or in part the principal of and interest on any Series D or Series E Notes. The Series D-1 Notes, the Series D-2 Notes, the Series E-1 Notes and the Series E-2 Notes are referred to as the "Third Lien GARB Notes." The Series D-3 Notes, the Series D-4 Notes, the Series E-3 Notes and the Series E-4 Notes are referred to as the "Modified Hybrid PFC Notes." The Third Lien GARB Notes are limited obligations of the City payable from and secured by a pledge of and third lien on general revenues. The Modified Hybrid PFC Notes are limited obligations of the City payable from and secured by a pledge of and second lien on PFC revenues and third lien on general revenues. The Series D Notes and the Series E Notes do not constitute a debt of the City, or a pledge of the faith and credit of the taxing power of the City.

The Series D and the Series E Notes are not payable from any funds other than the revenues pledged for that purpose.

On December 22, 2016, the City issued an aggregate combined $225 million of Commercial Paper Notes (2016 Series F & G). These notes were issued to finance, on an interim basis, a portion of the costs of the planning, engineering, design, acquisition and construction of certain improvements at Hartsfield-Jackson Atlanta International Airport and to refund in whole or in part the principal of and interest on any Series F or Series G Notes. The Series F-1 Notes, Series F-2 Notes, Series G-1 Notes and Series G-2 Notes are referred to as the "Third Lien GARB Notes." The Series F-3 Notes, Series F-4 Notes, Series G-3 Notes and Series G-4 Notes are referred to as the "Modified Hybrid PFC Notes." The Third lien GARB Notes are limited obligations of the City payable from and secured by a pledge of and third lien on general revenues. The Modified Hybrid PFC Notes are limited obligations of the City payable from and secured by a second lien on PFC revenues and a third lien on general revenues. The Series F and the Series G notes do not constitute a debt of the City, or pledge of the faith and credit of the taxing power of the City. The Series F and the Series G Notes are not payable from any funds other than the revenues pledged for this purpose.

On March 20, 2016, the Department of Aviation issued an aggregate combined $300 million of Bond Anticipation Notes (2016 Series A&B) which had an original maturity date on March 20, 2019 and was subsequently extended to January 1, 2020. These notes were issued for the purpose of financing on an interim basis, in whole or in part, the costs of the planning, engineering, design, acquisition and construction of certain improvements to Hartsfield-Jackson Atlanta International Airport. In fiscal year 2018, the Bond Anticipation Notes were classified as long-term, as the intent was to pay the principal balance with the issuance of long-term Bonds. Subsequent to year-end (see Note 11), the Bond Anticipation Notes were replaced with a new commercial paper program, therefore, in fiscal year 2019 they have been reclassified as short-term notes.

Changes in bond anticipation and commercial paper notes are as follows (in thousands):

	Balance at June 30, 2018	Additions	Reclass	Retirements	Balance at June 30, 2019	Due within one year
Bond anticipation and commercial paper notes	$ 305,114	126,632	300,000	—	731,746	731,746
Total notes	$ 305,114	126,632	300,000	—	731,746	731,746

	Balance at June 30, 2017	Additions	Reclass	Retirements	Balance at June 30, 2018	Due within one year
Bond anticipation and commercial paper notes	$ 146,926	158,188	—	—	305,114	305,114
Total notes	$ 146,926	158,188	—	—	305,114	305,114

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%.

On October 27, 2017, the Department entered into a lease-purchase agreement with NORESCO-SG, LLC, for the acquisition, installation, and lease purchase financing of certain equipment and other property. This lease agreement is classified as a capital lease obligation for accounting purposes.

The annual lease obligation requirements as of June 30, 2019 are as follows (in thousands):

		Principal	Interest	Total debt service
Year:				
2020	$	429	200	629
2021		458	190	648
2022		488	179	667
2023		519	168	687
2024		551	156	707
2025-2029		3,294	566	3,860
2030-2034		2,759	146	2,905
Total	$	8,498	1,605	10,103

	Balance at June 30, 2018	Additions	Payments	Balance at June 30, 2019	Due within one year
Capital lease obligation	$ 9,300	$ —	$ 802	$ 8,498	$ 429
Total obligation	$ 9,300	$ —	$ 802	$ 8,498	$ 429

	Balance at June 30, 2017	Additions	Payments	Balance at June 30, 2018	Due within one year
Capital lease obligation	$ —	$ 9,300	$ —	$ 9,300	$ 802
Total obligation	$ —	$ 9,300	$ —	$ 9,300	$ 802

(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 2035. The total cost of the facilities described above that are substantially leased to various tenants is $5.6 billion with a carrying value of $3.2 billion. Depreciation expense for fiscal years 2019 and 2018 on the facilities was $167.4 million and $162.9 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.

During the first quarter of fiscal year 2018 (through September 30, 2017), most of the airlines serving the Airport paid rentals, fees, and charges under provisions of agreements relating their use and occupancy of the Central Passenger Terminal Complex (CPTC Leases). Under the CPTC Leases, the airlines paid terminal rentals and charges to allow the City to recover a portion of operating and maintenance expenses, debt service, and 20% coverage on Bonds issued to finance airline approved CPTC projects. Airline terminal rentals and charges were offset by a credit of a share of terminal concession revenues.

During the last three quarters of fiscal year 2018 (effective October 1, 2017), the airlines paid rentals, fees, and charges under the provisions of a new Airport Use and Lease Agreement that has been executed by all major signatory carriers operating at the airport.

The Airport Use and Lease Agreement provides for the payment of rentals, fees, and charges for airline use and occupancy airfield and terminal facilities to allow the City to recover all operating and maintenance expenses, Bond debt service, and coverage on Bond debt service allocable to the airfield and terminal cost centers. Coverage is to be calculated at 20% for outstanding Bonds and Bonds to be issued for the Terminal Modernization Project. Coverage is to be calculated at 30% for other future Bonds. Required terminal rentals, fees, and charges are offset by a credit of a share of terminal concessions revenues and a per passenger credit.

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 was $147.4 million and $147.6 million for the years ended June 30, 2019 and 2018, respectively.

At June 30, 2019, minimum future rentals and fees to be received under noncancelable leases or concession agreements for each fiscal year are as follows (in thousands):

2020	$ 431,479
2021	438,440
2022	445,541
2023	452,784
2024	460,172
2025-2029	2,416,956
2030-2034	2,625,119
2033-2036	1,683,911
	$ 8,954,402

(8) Pensions and Postemployment Benefits

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

Plans Administration

In December 2017, the City adopted legislation to combine the management of it's three separate pension plans and create one board of trustees to be known as the City of Atlanta Defined Benefit Pension Plan Investment Board (the Board) in order to improve administrative efficiency, governance and investment returns. The City consolidated and set minimum requirements for the Investment Board of Trustees of the three Pension Plans in order to optimize investment returns, establish national leadership in pension management best practices, and increase the City revenues available for compensation of active employees.

The Plans are administered, as one multiple-employer, defined-benefit plan and two single employer, defined benefit plans, by the Board which includes the Chair who is an appointee of the Mayor, the Mayor or a designee serving as Vice Chair of the Investment Board, three city council members appointed by the Mayor, two city council members appointed by the President of the Atlanta City Council, one member appointed by the Atlanta Board of Education (School System), one member appointed by the Mayor who is a participant in any of the three Plans, the City's Chief Financial Officer, the Human Resources Commissioner, and four members elected by active and retired participants as follows: one from the City of Atlanta General Employees' Pension Fund, one from the Atlanta Public Schools General Employees Pension Fund, one from the Firefighters' Pension Fund, and one from the Police Officers' Pension Fund. Each pension law modification must be adopted by at least two-thirds vote of the City Council and be approved by the Mayor.

A stand-alone audited financial report is issued for each of the three defined benefit plans and can be obtained at the below address. The defined contribution plan does not have separately issued financial statements.

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

The valuation date for the three defined benefit plans July 1, 2017 and July 1, 2016, with results rolled forward to the measurement date of June 30, 2018 and June 30, 2017. The Department is presenting the net pension liability as of June 30, 2018 for fiscal year 2019 financial statements and as of June 30, 2017 for the fiscal year 2018 financial statements.

General Employees' Pension Plan

Plan Description

The General Employees' Pension Plan (GEPP) is an agent multiple-employer defined benefit plan and was established by a 1924 Act of the State of Georgia Legislature to provide retirement benefits for full-time permanent employees of the City, excluding sworn personnel of the Police and Fire Departments, and the employees of the Atlanta Board of Education (the School System) who are not covered under the Teachers Retirement System of Georgia. Until 1983, the Georgia Legislature established all requirements and policies of the Plan. By a constitutional amendment, effective July 1983, control over all aspects of the Plan transferred to the City under the principle of Home Rule. The types of benefits offered by the Plan are retirement, disability, and pre-retirement death benefits. Classified employees and certain nonclassified employees pay grade 18 and below not covered by either the Firefighters' or Police Officers' Pension Plans and hired after September 1, 2005 are required to become members of the GEPP.

(a) Contribution Requirements of the GEPP

Under the Georgia Legislature principle of Home Rule and the Atlanta Code of Ordinances, Section 6, the Board has the authority to administer the Plan including establishing and amending contribution requirements. The funding methods and determination of benefits payable were established by the Atlanta Code of Ordinances, Part 1, Section 6 legislative acts creating the Plan, as amended, and in general, provide that funds are to be accumulated from employee contributions for defined benefits, City contributions, and income from the investment of accumulated funds.

Beginning on November 1, 2011, employees participating in the Plan and hired before September 1, 2011, or after January 1, 1984, had an increase of 5% in their mandatory contributions into the Plan fund in which they participate. The contribution is such that the new contribution is 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 below pay grade 19 or its equivalent are required to participate in a hybrid defined-benefit plan with a mandatory defined-contribution component. The defined-benefit portion of this plan includes a mandatory 8% employee contribution and 1% multiplier.

The defined contribution element is governed and accounted for separately, and includes a mandatory employee contribution of 3.75% of salary which is matched 100% by the City. Additionally, these employees may voluntarily contribute up to an additional 4.25% of salary, which is also matched 100% by the City. Employees vest in the amount of the City's contribution at a rate of 20% per year and become fully vested in the City's contribution after 5 years of participation.

Beginning in fiscal year 2012, there is a cap on the maximum amount of the City's contribution to the Plan measured as a percentage of payroll. The City's annual contribution to the Plan may not exceed 35% of payroll of the participants in the City's three defined-benefit pension plans. 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%. Contribution requirements may be amended by the Board under the authority of the City ordinance, but the employer contribution requirement is subject to State minimums.

The following table provides the Department's contributions used in the determination of the Department's proportionate share of collective pension amounts reported (dollars in thousands).

Plan	Proportionate share of contributions	Allocation percentage of proportionate share of collective pension amount
General employees:		
2018	$ 6,184	11.49%
2019	5,964	11.49

(b) Description of GEPP Benefit Terms

In June 2011, the City Council approved changes for the City's General Employees' defined benefit plan, effective on September 1, 2011 for new hires, and November 1, 2011 for existing employees.

Prior to the change approved in June 2011, the GEPP provided monthly retirement benefits that initially represent 3% for each year of credited service times the participants' final average three-year earnings (limited to 80% of the average). Retirement benefits were adjusted annually based on the change in the consumer price index, limited to 3% per year. Upon the death of a vested participant who has beneficiary coverage, his or her eligible beneficiary(ies) would be entitled to three fourths of the amount the deceased participant was receiving or would have been entitled to receive.

The retirement age increased to age 62 for participants in the GEPP. 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 benefits for employees hired after September 1, 2011. Below are the terms the Plan has established to receive benefits:

Normal Pension

Hired before July 1, 2010:
Age 65 or Age 60 after completing five years of service
Monthly benefit is 2.5% of average monthly salary for each year of credited service.

Hired between July 1, 2010 and October 31, 2011:
Age 65 or Age 60 after completing 10 years of service
Monthly benefit is 2.0% of average monthly salary for each year of credited service.

Hired after October 31, 2011:
Age 65 or Age 62 after completing 15 years of service
Monthly benefit is 1.0% of average monthly salary for each year of credited service.
This amount cannot be less than $12 per month for each year of service, capped at 80% of average monthly salary.

The average monthly salary for employees hired before November 1, 2011, is the average of the highest consecutive 36 months of salary. For those employees hired after October 31, 2011, the average monthly salary is the average of the highest consecutive 120 months of salary.

Early Pension

Hired before July 1, 2010:
Five years of credited service

Hired between July 1, 2010 and October 31, 2011:
Ten years of credited service

Hired after October 31, 2011:
Age 52 and 15 years credited service

The monthly benefit for employees hired before November 1, 2011 is reduced by one half of 1% per month for the first 60 months and by one quarter of 1% per month for the remaining months by which age at retirement is less than 60. More favorable early retirement adjustments may apply to participants in prior plans. Unreduced early retirement is available with 30 years of credited service. For employees hired after October 31, 2011, the monthly benefit amount is reduced by one half of 1% per month before age 62.

(Continued)

Disability

Service requirement:

Five years of credited service for non job-related disability. None for job related disability.

Normal pension based on service accrued and final average salary at disability, payable immediately; cannot be less than 50% of average monthly salary. This amount is payable until attainment of normal retirement age at which time the benefit is recalculated to include years while disabled as years of service.

Firefighters' and Police Officers' Plan

Plan Description

The City of Atlanta, Georgia Firefighters' (FPP) and Police Officers' (PPP) Pension Plans are single-employer defined benefit plans and were established by a 1924 Act of the State of Georgia Legislature to provide retirement benefits for full-time sworn firefighters and police officers of the City of Atlanta Fire Rescue Department and the Police Department. Until 1983, the Georgia Legislature established all requirements and policies of the FPP and PPP. By a constitutional amendment, effective July 1983, control over all aspects was transferred to the City under the principle of Home Rule. The types of benefits offered by the FPP and PPP are retirement, disability, and pre-retirement death benefits. Participants should refer to the Atlanta, Georgia, Code of Ordinances, Section 6 (Plan agreement) for more complete information. Under the principle of Home Rule and the Atlanta Code of Ordinances, Section 6, the Board has the authority to establish and amend benefit terms and contributions.

(a) Contribution Requirements to the FPP and PPP

Under the Georgia Legislature principle of Home Rule and the Atlanta Code of Ordinances, Section 6, the Board has the authority to administer the FPP and PPP including establishing and amending contribution requirements. The funding methods and determination of benefits payable were established by the Atlanta Code of Ordinances, Section 6 legislative acts creating the Plans, as amended, and in general, provide that funds are to be accumulated from employee contributions, City contributions, and income from the investment of accumulated funds.

Sworn personnel employed by the Fire Department and Police Department are required to contribute to the FPP and PPP. Employees must contribute either 8% of base pay, if hired after August 31, 2011, 12% of base pay if hired before September 1, 2011 without an eligible beneficiary, or 13% of base pay if hired before September 1, 2011 with an eligible beneficiary. Contribution requirements may be amended by the Board under the authority of the City ordinance, but the employer contribution requirement is subject to state minimums.

On November 1, 2011, the sworn personnel of the Fire Rescue Department and Police Department participating in the FPP and PPP and hired before September 1, 2011, or after January 1, 1984, had an increase of 5% in their mandatory contributions into the FPP and PPP. The contribution is such that the new contribution is 12% of salary (without a designated beneficiary) or 13% of salary (with a designated beneficiary). Where an Actuarial Valuation anticipates that the City's actuarially determined contribution for the next fiscal year will exceed 35% of the total payroll, contributions may be increased, by no more than 5% of compensation, in order to fund the overage.

Employees hired on or after September 1, 2011 who are sworn members of the Fire Rescue Department and Police Department are required to participate in a hybrid defined-benefit plan with a mandatory defined-contribution component. The defined-benefit portion of this plan will include a mandatory 8% employee contribution, and a 1% multiplier. The retirement age increased to age 57 for participants in the FPP and PPP. 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 benefits for hires after September 1, 2011.

The following table provides the Department's contributions used in the determination of the Department's proportionate share of collective pension amounts reported (dollars in thousands).

Plan	Proportionate share of contributions	Allocation percentage of proportionate share of collective pension amount
Firefighters		
2018	$ 4,117	23.00%
2019	5,033	23.00
Police officers		
2018	$ 2,199	8.00%
2019	2,734	8.00

(b) Description of the Benefit Terms for FPP and PPP

In June 2011, the City Council approved changes to the benefits for the City's FPP and PPP, effective on September 1, 2011 for new hires, and November 1, 2011 for existing employees. Currently sworn personnel employed by the Fire Rescue Department and Police Department are required to contribute to the FPP and PPP.

Prior to the change approved in June 2011, the FPP and PPP provided monthly retirement benefits that initially represent 3% for each year of credited service times the participants' final average three-year earnings (limited to 80% of the average). Retirement benefits were adjusted annually based on the change in the consumer price index, limited to 3% per year. Upon the death of a vested participant who has beneficiary coverage, his or her eligible beneficiary(ies) would be entitled to three fourths of the amount the deceased participant was receiving or would have been entitled to receive. Below are the terms the FPP and PPP has established to receive benefits:

Normal retirement age:

Age 65 with at least five years of service

Age 57 with at least 15 years of service
Age 55 with at least 15 years of service (hired before September 1, 2011)
Age 55 with at least 10 years of service (hired before July 1, 2010)
Any age with at least 30 years of service

For early retirement there is an adjustment of the retirement benefit being reduced by 0.5% for each month by which the participant's early retirement age precedes normal retirement age (for employees hired after August 31, 2011). The retirement benefit is reduced by 0.5% for each of the first 60 months and by 0.25% for each additional month by which the participant's early retirement age precedes the normal retirement age (for employees hired before September 1, 2011).

Early retirement age:

Any age with at least 10 years of creditable service (15 years of creditable service for participants hired after June 30, 2010)

Minimum age 47 with at least 15 years of creditable service for participants hired after August 31, 2011

For participants who incur a catastrophic injury in the line of duty, the basic pension formula is 100% of the top salary for the grade and position occupied by the participant at the time of disability.

For a service-connected disability for participants hired before 1986, the basic pension formula is the greater of 70% of the top salary for the employee's grade and position occupied by the participant at the time of disability or basic pension formula, offset by worker's compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability.

For participants hired on or after January 1, 1986, the basic pension formula is the greater of 50% of average monthly earnings at the time of disability or basic pension formula, offset by worker's compensation payments such that the combination of payments does not exceed 75% of the participant's salary at the time of disability (payable until the earlier of recovery from disability or Normal Retirement Age).

Pre-retirement death benefit:

75% of the basic pension formula (payable to the eligible beneficiary upon death not in the line-of-duty)
100% of base pay offset by worker's comp or other payments (payable to the eligible beneficiary for first two years after death in the line-of-duty)
75% of the larger of the basic pension formula or 70% of top salary for the employee's grade (payable to the eligible beneficiary beginning two years after death in the line-of-duty)
75% of the basic pension formula (payable to the eligible beneficiary beginning two years after death in the line-of-duty if the employee was covered by the 1986 amendment)

The Plans' Investments

The investments for the Plans are made within the Public Retirement Systems Investment Authority Law of the Georgia Code (O.C.G.A. 47-20-80). The Board has been granted the authority by City Ordinance to establish and amend the Plan's investment policy. The Board is responsible for making all decisions with regard to the administration of the Plans, including the management of Plan assets, establishing the investment policy and carrying out the policy on behalf of the Plans.

The Plans' investments are managed by various investment managers under contract with the Board who have discretionary authority over the assets managed by them and within the Plan's investment guidelines as established by the Board. The investments are held in trust by the Plans' custodian in the Plans' name. These assets are held exclusively for the purpose of providing benefits to members of the Plans and their beneficiaries.

State of Georgia Code and City statutes authorize the Plans to invest in U.S. government obligations, U.S. government agency obligations, State of Georgia obligations, obligations of a corporation of the U.S. government, the Georgia Fund 1 (a government investment pool maintained by the State of Georgia), and alternative investments. The Plans invest in repurchase agreements only when they are collateralized by U.S. government or agency obligations. The Plans are also authorized to invest in collateralized mortgage obligations (CMOs) to maximize yields. These securities are based on cash flows from interest payments on underlying mortgages. CMOs are sensitive to prepayment by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and mortgagees refinance their mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Likewise, if mortgagees pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

In the development of the current asset allocation plan, the Board reviews the long-term performance and risk characteristics of various asset classes, balancing the risks and rewards of market behavior, and reviewing state legislation regarding investments options. There were no changes to the investment policy in fiscal year 2019. The policy may be amended by the Board with a majority vote of its members.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Estimates of real rates of return for each major asset class included in the Plan's target asset allocation as of June 30, 2019 and 2018 are summarized in the following tables:

General employees'

Asset class	Target allocation	Long-term expected real rate of return
Domestic equity	50%	6.40%
International equity	20	7.90
Fixed income	25	1.80
Alternative investments	5	6.10
	100%	

Firefighters' and police officers'

Asset class	Target allocation	Long-term expected real rate of return
Broad equity market	7%	6.01%
Domestic large-cap equity	30	6.91
Domestic mid-cap equity	15	8.91
Domestic small-cap equity	9	5.01
International equity	9	3.31
Fixed income	25	0.81
Alternative investments	5	7.51
	100%	

For the years ended June 30, 2019 and 2018, the annual money-weighted rate of return for General Employees', Firefighters' and Police Officers' Pension Plan investments, net of pension plan investment expense, was 6.09%, 4.75%, and 5.74% and 10.27%, 9.85%, and 10.0% , respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The total net pension liability as of June 30, 2019 and 2018 was measured as of June 30, 2018 and 2017, respectively. The measurement was based on the July 1, 2017 actuarial valuation rolled forward to June 30, 2018 and the July 1, 2016 actuarial valuation rolled forward to June 30, 2017, respectively, using standard roll-forward techniques. The net pension liability at June 30, 2019 and 2018 is as follows (dollars in thousands):

	2019		
	General employees'	Firefighters'	Police officers'
Total pension liability	$ 1,872,963	937,070	1,439,664
Plan fiduciary net position	1,300,987	718,133	1,130,389
Net pension liability	$ 571,976	218,937	309,275
Plan fiduciary net position as a percentage of the total pension liability	69.46%	76.64%	78.52%

	2018		
	General employees'	Firefighters'	Police officers'
Total pension liability	$ 1,941,752	897,095	1,394,135
Plan fiduciary net position	1,229,420	669,508	1,051,671
Net pension liability	$ 712,332	227,587	342,464
Plan fiduciary net position as a percentage of the total pension liability	63.31%	74.63%	75.44%

The net pension liability of the General Employees', Firefighters' and Police Officers' Plans is allocated among the general government, the Department of Aviation, the Department of Watershed Management and Other Non-major Enterprise Funds.

The Department's proportionate share of the net pension liability at June 30, 2018 and 2019 is as follows (dollars in thousands):

Plan	Department's proportion of the net pension liability	Department's proportionate share of the net pension liability
General employees'		
2018	11.49%	$ 81,847
2019	11.49	65,720
Firefighters'		
2018	23.00%	$ 52,345
2019	23.00	50,356
Police officers'		
2018	8.00%	$ 27,397
2019	8.00	24,742

Changes in Net Pension Liability

The changes in net pension liability as of June 30, 2019 and 2018 are as follows (dollars in thousands):

General Employees'

	Increase (decrease)		
	Total pension liability	Plan net position	Net pension liability
Balances at June 30, 2018	$ 1,941,752	1,229,420	712,332
Changes for the year:			
Service cost	18,850	—	18,850
Interest expense	142,508	—	142,508
Change of benefit terms	34,081	—	34,081
Difference between expected and actual investment earnings	(48,346)	—	(48,346)
Assumption changes	(94,889)	—	(94,889)
Contributions – employer	—	51,903	(51,903)
Contributions – employee	—	20,671	(20,671)
Net investment income	—	121,682	(121,682)
Benefit payments and refunds	(120,993)	(120,993)	—
Administrative expenses	—	(1,806)	1,806
Other	—	110	(110)
Net changes	(68,789)	71,567	(140,356)
Balances at June 30, 2019	$ 1,872,963	1,300,987	571,976

	Increase (decrease)		
	Total pension liability	**Plan net position**	**Net pension liability**
Balances at June 30, 2017	$ 1,915,577	1,122,786	792,791
Changes for the year:			
Service cost	21,238	—	21,238
Interest expense	139,298	—	139,298
Difference between expected and actual investment earnings	(17,825)	—	(17,825)
Contributions – employer	—	53,817	(53,817)
Contributions – employee	—	18,243	(18,243)
Net investment income	—	152,258	(152,258)
Benefit payments and refunds	(116,536)	(116,536)	—
Administrative expenses	—	(1,148)	1,148
Net changes	26,175	106,634	(80,459)
Balances at June 30, 2018	$ 1,941,752	1,229,420	712,332

Firefighters'

	Increase (decrease)		
	Total pension liability	**Plan net position**	**Net pension liability**
Balances at June 30, 2018	$ 897,095	669,508	227,587
Changes for the year:			
Service cost	11,925	—	11,925
Interest expense	65,668	—	65,668
Demographic experience	(10,855)	—	(10,855)
Assumption changes	20,135	—	20,135
Contributions – employer	—	21,882	(21,882)
Contributions – employee	—	5,945	(5,945)
Net investment income	—	68,379	(68,379)
Benefit payments and refunds	(46,898)	(46,898)	—
Administrative expenses	—	(683)	683
Net changes	39,975	48,625	(8,650)
Balances at June 30, 2019	$ 937,070	718,133	218,937

	Increase (decrease)		
	Total pension liability	Plan net position	Net pension liability
Balances at June 30, 2017	$ 861,493	612,637	248,856
Changes for the year:			
Service cost	12,154	—	12,154
Interest expense	63,123	—	63,123
Demographic experience	4,835	—	4,835
Contributions – employer	—	17,901	(17,901)
Contributions – employee	—	5,711	(5,711)
Net investment income	—	78,247	(78,247)
Other income	—	1	(1)
Benefit payments and refunds	(44,510)	(44,510)	—
Administrative expenses	—	(479)	479
Net changes	35,602	56,871	(21,269)
Balances at June 30, 2018	$ 897,095	669,508	227,587

Police Officers'

	Increase (decrease)		
	Total pension liability	Plan net position	Net pension liability
Balances at June 30, 2018	$ 1,394,135	1,051,671	342,464
Changes for the year:			
Service cost	21,230	—	21,230
Interest expense	102,549	—	102,549
Demographic experience	(42,971)	—	(42,971)
Assumption changes	30,506	—	30,506
Contributions – employer	—	34,176	(34,176)
Contributions – employee	—	10,555	(10,555)
Net investment income	—	100,532	(100,532)
Benefit payments and refunds	(65,785)	(65,785)	—
Administrative expenses	—	(760)	760
Net changes	45,529	78,718	(33,189)
Balances at June 30, 2019	$ 1,439,664	1,130,389	309,275

	Increase (decrease)		
	Total pension liability	Plan net position	Net pension liability
Balances at June 30, 2017	$ 1,317,840	950,415	367,425
Changes for the year:			
Service cost	24,887	—	24,887
Interest expense	97,265	—	97,265
Demographic experiences	16,627	—	16,627
Contributions – employer	—	27,493	(27,493)
Contributions – employee	—	10,830	(10,830)
Net investment income	—	125,938	(125,938)
Benefit payments and refunds	(62,484)	(62,484)	—
Administrative expenses	—	(521)	521
Net changes	76,295	101,256	(24,961)
Balances at June 30, 2018	$ 1,394,135	1,051,671	342,464

Discount Rate

The discount rates used to measure the total pension liability for the Plans are as indicated below. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the actuarial determined contributions rates from employers and employees. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Following are the discount rates as of June 30, 2019 and 2018:

June 30, 2019:

General employees'	**Firefighters'**	**Police officers'**
7.25%	7.41%	7.41%

June 30, 2018:

General employees'	Firefighters'	Police officers'
7.50%	7.41%	7.41%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plans, calculated using the discount rates for each Plan as of June 30, 2019 and 2018, respectively, as well as what the Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher that the current rate (dollars in thousands):

	2019		
	1% Decrease 6.25%	**Current discount rate 7.25%**	**1% Increase 8.25%**
General Employees'	$ 778,756	571,976	397,581
Department's Proportionate Share	89,479	65,720	45,682

	1% Decrease 6.41%	**Current discount rate 7.41%**	**1% Increase 8.41%**
Firefighters'	$ 340,293	218,937	119,212
Department's Proportionate Share	78,267	50,356	27,419
Police Officers'	$ 508,311	309,275	147,465
Department's Proportionate Share	40,665	24,742	11,797

	2018		
	1% Decrease 6.50%	**Current discount rate 7.50%**	**1% Increase 8.50%**
General Employees'	$ 930,948	712,332	528,420
Department's Proportionate Share	106,966	81,847	60,715

	1% Decrease 6.41%	**Current discount rate 7.41%**	**1% Increase 8.41%**
Firefighters'	$ 342,255	227,587	133,089
Department's Proportionate Share	78,719	52,345	30,610
Police Officers'	$ 530,769	342,464	188,505
Department's Proportionate Share	42,462	27,397	15,080

(Continued)

Actuarial Assumptions

The actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contribution rate for 2019 and 2018 are as follows:

	General employees'	Firefighters'	Police officers'
Valuation date:			
2019	July 1, 2017	July 1, 2017	July 1, 2017
2018	July 1, 2016	July 1, 2016	July 1, 2016
Actuarial cost method	Entry age	Entry age normal	Entry age normal
Amortization method	Level percentage, closed	Level percentage, closed	Level percentage, closed
Remaining amortization period	23 years	23 years	23 years
Asset valuation method	Market value	Market value	Market value
Inflation rate			
2019	2.25%	2.25%	2.25%
2018	2.75	2.25	2.25
Salary increases			
2019	3.00	4.00	4.00
2018	3.50	4.00	4.00
Investment rate of return			
2019	7.25	7.41	7.41
2018	7.50	7.41	7.41

For the General Employees' Plan, the pre-retirement mortality assumption was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, to the approximate RP-2006 Blue Collar Employee Table, loaded by 25% for males and females. The post-retirement mortality assumption for healthy annuitants was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, to the approximate RP-2006 Blue Collar Healthy Annuitant Table, loaded by 25% for males and females. The mortality assumption for disabled retirees was changed from the sex-distinct RP-2000 Disabled Retiree Mortality Table, to the approximate RP-2006 Disabled Retiree Table, loaded by 25% for males and females.

Firefighters' and Police Officers' Pension Plans mortality rates were based on the sex-distinct rates set forth in the RP-2000 Blue Collar Mortality Table, with full generational improvements in mortality using Scale AA. Deaths prior to retirement are assumed not to be service-connected.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the years ended June 30, 2019 and 2018, the City recognized approximately $69.1 million and approximately $102.4 million in pension expense, respectively. The Department's proportionate share of pension expense was $9.3 million and $13.2 million related to the Plans, respectively.

Deferred outflows of resources were related to demographic gains/losses, assumption changes and contributions made after the measurement date. They are amortized over the average of the expected remaining service life of active and inactive members, which is approximately five years, with the exception of contributions made after the measurement date which are recognized in the subsequent fiscal year. The first year of amortization is recognized as pension expense with the remaining years shown as a deferred outflow of resources.

Deferred inflows of resources were related to assumption changes, change between projected and actual experience in the total pension liability and the net difference between projected and actual pension investment earnings.

See the following table for deferred outflows and inflows of resources related to the pension plans for the Department (in thousands):

	2019		2018	
	Deferred outflows	**Deferred inflows**	**Deferred outflows**	**Deferred inflows**
General Employees':				
Contributions subsequent to the measurement date	$ 5,107	—	5,772	—
Demographic gain/loss	46	—	92	—
Assumption changes	—	8,177	—	40
Change between projected and actual experience in total pension liability	—	5,190	—	1,537
Net difference between projected and actual pension investment earnings	—	3,720	—	2,769
Firefighters':				
Contributions subsequent to the measurement date	4,875	—	4,614	—
Demographic gain/loss	2,140	—	2,504	—
Assumption changes	6,089	—	2,522	—
Change between projected and actual experience in total pension liability	—	9,530	—	8,317
Net difference between projected and actual pension investment earnings	—	901	2,564	—
Police Officers':				
Contributions subsequent to the measurement date	2,499	—	2,844	—
Demographic gain/loss	2,514	—	2,982	—
Assumption changes	2,622	—	684	—
Change between projected and actual experience in total pension liability	—	6,488	—	4,113
Net difference between projected and actual pension investment earnings	—	562	587	—
Total	$ 25,892	34,568	25,165	16,776

(Continued)

Contributions subsequent to the measurement date for each of the pension plans total $12,481 as of June 30, 2019 and are recognized in pension expense during the year ended June 30, 2020. The remaining amount of deferred outflows and deferred inflows of resources related to pensions that will be recognized in pension expense by the Department during the next five years ended June 30, and thereafter are as follows (in thousands):

	Deferred outflows	Deferred inflows	Net deferred outflows/inflows
General Employees':			
2020	$ 46	4,648	(4,602)
2021	—	5,280	(5,280)
2022	—	6,438	(6,438)
2023	—	721	(721)
2024	—	—	—
Thereafter	—	—	—
	46	17,087	(17,041)
Firefighters':			
2020	1,428	(980)	2,408
2021	1,428	1,114	314
2022	1,428	3,722	(2,294)
2023	1,428	2,180	(752)
2024	1,316	1,284	32
Thereafter	1,201	3,111	(1,910)
	8,229	10,431	(2,202)
Police Officers':			
2020	970	5	965
2021	970	1,029	(59)
2022	970	2,341	(1,371)
2023	970	1,438	(468)
2024	855	1,063	(208)
Thereafter	401	1,174	(773)
	$ 5,136	$ 7,050	$ (1,914)
Total	13,411	34,568	(21,157)

Defined Contribution Plan

Atlanta, Georgia Code of Ordinances Section 6-2(c) sets forth the City's General Employees' Defined Contribution Plan. The 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.

Each employee directs how the funds in their retirement account shall be invested. The employee may direct lump sum distributions from their retirement account upon separation from the City, death, disability (pursuant to the City's disability retirement provisions), or retirement.

City of Atlanta has a contract with ING Life Insurance and Annuity Company (now Voya Financial Inc.) for managing the 401(a) Defined Contribution Plan, 457(b) and 457 Roth Deferred Compensation Plans (collectively, the "Contribution Plans"). Under the current contract, Voya uses an Accumulation Unit Value (AUV) pricing of investments instead of the Net Asset Value (NAV). Both are units of value used to determine the daily worth of participant accounts. NAV is the measure of value for shares of a mutual fund, while AUV is the measure of value for units of a Separate Account.

All modifications to the Contribution 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 be 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 non-classified employees pay grade 18 and below then enrolled in the General Employees' Defined Contribution Plan had the one-time option of transferring to the General Employees' Pension Plan. Classified employees and certain non-classified 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 Employees' 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 Rescue 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 contributions after five years of participation.

As of June 30, 2019, there were 2,657 participants in the General Employees' Defined Contribution Plan. The covered payroll for employees in the Plan was $125.5 million. Employer contributions for the year ended June 30, 2019 were $12.4 million and employee contributions were $12.4 million or 19.8% of covered payroll.

As of June 30, 2018, there were 1,882 participants in the General Employees' Defined Contribution Plan. The covered payroll for employees in the Plan was $134.5 million. Employer contributions for the year ended June 30, 2018 were $12.4 million and employee contributions were $12.5 million or 18.5% 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.

Other Postemployment Benefit Plan

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. The Plan provides members upon eligible retirement, with lifetime healthcare, prescription drug, dental, and life insurance benefits. Separate financial statements are not prepared for the OPEB 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, 2019, the City made $51.5 million "pay-as-you-go" benefit payments on behalf of the Plan. Retiree contributions vary based on the plan elected, dependent coverage and Medicare eligibility. Eligible retirees receiving benefits contributed $50.9 million through their required contributions.

For the fiscal year ended June 30, 2019, the Department made $6.3 million "pay-as-you-go" payments on behalf of the Plan.

Description of Benefit Terms

Early Retirement:

General Employees

Any age with 10 years of creditable service (if hired prior to July 1, 2010)
Any age with 15 years of creditable service (if hired prior to September 1, 2011)
Age 52 with 15 years of creditable service (if hired after August 31, 2011)

Police Officers and Firefighters

Any age with 10 years of creditable service (if hired prior to July 1, 2010)

Any age with 15 years of creditable service (if hired prior to September 1, 2011)
Age 47 with 15 years of creditable service (if hired after August 31, 2011)

Normal Retirement:

General Employees

Age 65 regardless of service (all employees)
Age 60 with 5 years of service (if hired prior to July 1, 2010)
Age 60 with 10 years of service (if hired prior to September 1, 2011)
Age 62 with 10 years of service (if hired prior to August 31, 2011)

Police Officers and Firefighters

Any age with 30 years of service (only if covered by the 2005 Amendment)
Age 55 with 5 years of service (if hired prior to July 1, 2010)
Age 55 with 10 years of service (if hired prior to July 1, 2011)
Age 57 with 10 years of service (if hired after June 30, 2011)
Age 65 with 5 years of service (all employees)

Benefit Types:

Benefits:	Medical, prescription drug, dental, and life insurance.
Duration of coverage:	Lifetime.
Dependent Benefits:	Medical, prescription drug, dental, and life insurance.
Dependent Coverage:	Lifetime.

Net OPEB Liability

The total OPEB liability as of June 30, 2019 and 2018 was measured as of June 30, 2018 and 2017, respectively. The measurement was based on the July 1, 2017 actuarial valuation rolled forward to June 30, 2018 and the July 1, 2016 actuarial valuation rolled forward to June 30, 2017, respectively, using standard roll-forward techniques. The City's net OPEB liability at June 30, 2019 and 2018 is as follows (dollars in thousands):

	2019	2018
Total OPEB liability	$ 949,936	$ 1,207,874
Plan fiduciary net position	—	—
Net OPEB liability	$ 949,936	$ 1,207,874
Plan fiduciary net position as a percentage of the total OPEB liability	—%	—%

The net OPEB liability is allocated among the general government, the Department of Aviation, the Department of Watershed Management and Other Non-major Enterprise Funds.

The Department's proportionate share of the net OPEB liability at June 30, 2019 and 2018 are as follows (dollars in thousands):

Plan Year	Department's proportion of the net OPEB liability	Department's proportionate share of the net OPEB liability
2018	11.16%	$ 134,790
2019	12.18	$ 115,698

Changes in Net OPEB Liability

The changes in net OPEB liability as of June 30, 2019 and 2018 are as follows (dollars in thousands):

	Increase (decrease)		
	Total OPEB liability	Plan net position	Net OPEB liability
Balances at June 30, 2018	$ 1,207,874	—	1,207,874
Changes for the year:			
Service cost	30,350	—	30,350
Interest growth	42,319	—	42,319
Difference between expected and actual experience	99,182	—	99,182
Changes in assumptions	(376,987)	—	(376,987)
Change in benefits	(1,262)	—	(1,262)
Benefit payments	(51,540)	—	(51,540)
Net changes	(257,938)	—	(257,938)
Balances at June 30, 2019	$ 949,936	—	949,936

	Increase (decrease)		
	Total OPEB liability	Plan net position	Net OPEB liability
Balances at June 30, 2017	$ 1,313,247	—	1,313,247
Changes for the year:			
Service cost	35,579	—	35,579
Interest growth	36,735	—	36,735
Difference between expected and actual experience	11,772	—	11,772
Changes in assumptions	(140,512)	—	(140,512)
Benefit payments	(48,947)	—	(48,947)
Net changes	(105,373)	—	(105,373)
Balances at June 30, 2018	$ 1,207,874	—	1,207,874

Discount Rate

The discount rate used to measure the total OPEB liability was 3.87% and 3.58% for fiscal year 2019 and 2018, respectively. The discount rate is based on a rate of return based on an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability calculated using the discount rate as of June 30, 2019 and 2018, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate (dollars in thousands):

	2019		
	1% Decrease 2.87%	Current discount rate 3.87%	1% Increase 4.87%
Net OPEB Liability	$ 1,088,280	949,936	837,090
Department's Proportionate Share	132,552	115,698	101,934

	2018		
	1% Decrease 2.58%	Current discount rate 3.58%	1% Increase 4.58%
Net OPEB Liability	$ 1,406,514	$ 1,207,874	$ 1,048,388
Department's Proportionate Share	$ 156,967	$ 134,790	$ 117,000

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend

The following presents the net OPEB liability calculated using the current healthcare cost trend rate as of June 30, 2018, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate (dollars in thousands):

	2019		
	1% Decrease in trend rate	Current trend rate	1% Increase in trend rate
Net OPEB Liability	$ 1,087,787	949,936	837,629
Department's Proportionate Share	132,503	115,698	102,009

	2018		
	1% Decrease in trend rate	Current trend rate	1% Increase in trend rate
Net OPEB Liability	$ 1,035,394	1,207,874	1,424,929
Department's Proportionate Share	115,550	134,790	159,022

Actuarial Assumptions

The following actuarial methods and assumptions were used to determine the net OPEB liability for 2018 are as follows:

	2019	2018
Valuation date	June 30, 2017	June 30, 2016
Measurement date	June 30, 2018	June 30, 2017
Reporting date	June 30, 2019	June 30, 2018
Inflation rate	2.25%	3.00%
Salary increases for firefighters and police	4.00%	4.00%
Salary increases for general employees	3.50%	3.50%
Discount rate	3.87%	3.58%

The mortality rates were based on the RP2000 Combined Healthy Mortality Table for males and females with generational projection using Scale AA. Healthcare costs and trend rates were 7.00% graded down to 4.50% over five years for medical, 5.00% graded down to 4.50% over two years for Medicare Advantage, and 3.00% for dental.

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019 and 2018, the City recognized and OPEB benefit of $5.6 million and an OPEB expense of $50.9 million. The Department's proportionate share of OPEB expense was $1.3 million and $5.0 million.

Deferred outflows of resources were related to differences between expected and actual experience. The difference between expected and actual experience is amortized over five years. The first year of amortization is recognized as OPEB expense with the remaining years shown as a deferred outflow of resources.

See the following table for deferred outflows and inflows of resources related to the OPEB plan for the Department (dollars in thousands):

	2019		2018	
	Deferred outflows	Deferred inflows	Deferred outflows	Deferred inflows
Net difference between expected and actual experience	$ 10,962	—	1,104	—
Changes of assumptions	—	47,724	—	13,031
Changes in proportionate share	10,072	2,828	—	3,535
Total	$ 21,034	$ 50,552	$ 1,104	$ 16,566

The remaining amount of deferred outflows and deferred inflows of resources related to OPEB that will be recognized in OPEB expense by the Department during the next five years ended June 30, 2019 and thereafter are as follows (dollars in thousands):

	Deferred outflows	Deferred inflows	Net deferred outflows/inflows
2020	$ 5,259	12,638	(7,379)
2021	5,259	12,638	(7,379)
2022	5,259	12,638	(7,379)
2023	5,257	12,638	(7,381)
	$ 21,034	$ 50,552	$ (29,518)

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

The City purchased an enterprise wide cyber insurance policy from January 1, 2018 through January 1, 2019. In 2019, the City purchased separate cyber insurance policy coverage for the Department of Aviation.

(Continued)

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 of Aviation sustained hail damage to several buildings and other structures. The claim was resolved in its entirety in November 2018. The total amount of insurance proceeds received was $36.7 million. The final settlement was authorized by legislation and all remaining proceeds were received during fiscal year 2019.

(c) Workers' Compensation

The City's workers' compensation liability is calculated by an outside actuary. Liabilities are reported as part of accrued expenses 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 2019 and 2018.

The City has an annual excess insurance policy with a $5 million per occurrence retention with no annual aggregate coverage.

Changes in the balances of the liabilities for workers' compensation attributable to the Department during 2019, 2018, and 2017 were as follows (in thousands):

	Beginning of year	Current year claims and changes in estimates	Claim payments	End of year
Workers' compensation:				
2019	$ 4,166	(1,266)	(429)	2,471
2018	2,436	1,946	(216)	4,166
2017	1,103	1,571	(238)	2,436

(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.

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, 2019 and 2018, the Department was contractually obligated to expenditures of approximately $932.8 million and $977.2 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.

(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 effect on 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 Airlines 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 Airlines and the Georgia EPD. As of June 30, 2019 and 2018, a restricted current asset is recorded for approximately $5.1 million, as a result of this settlement.

(e) Compliance with Finance Related Legal and Contractual Provisions

In 2019, the City received notice from the Securities and Exchange Commission that it is investigating the expenditure and use of Airport revenue and local taxes on aviation fuel, grant compliance, and the preparation and transmission of the Airport's Comprehensive Annual Financial Report. The City has received a subpoena and continues to cooperate with the investigation, but is unable to predict the ultimate resolution.

In 2019, the City received notice from the Federal Aviation Administration that it is investigating the unlawful diversion of airport revenues to the City. The City has received a subpoena for unredacted legal bills in conjunction with previous notices of its intent to conduct a financial review of airport operations. The City continues to cooperate with the investigation, but is unable to predict the ultimate resolution.

(11) Subsequent Events

The Department has evaluated subsequent events from the statement of net position date through December 16, 2019, the date at which the financial statements were available to be issued, and determined that there were several matters requiring disclosure.

On August 1, 2019, the City executed a Letter of Credit Agreement with Bank of America N.A., PNC Bank N.A. and J.P. Morgan Chase Bank N.A. in the aggregate principal amount of $950 million to provide liquidity support for the Airport Commercial Paper program. The program consists of Series J Notes ($350,000,000) Series K Notes ($475,000,000) and Series L Notes ($125,000,000).

After the execution of the Commercial Paper Program transaction the department summarily issued $526,439,000 in various commercial paper notes to provide short-term financing for approved CIP projects.

On September 10, 2019, the City issued its Airport General Revenue Bonds, Series 2019A (Non-AMT) in the amount of $47,150,000; Airport General Revenue Bonds, Series 2019B (AMT) in the amount of $254,215,000; Airport Passenger Facility Charge and Subordinate Lien General Revenue Bonds, Series 2019C (Non-AMT) in the amount of $185,670,000 and ; Airport Passenger Facility Charge and Subordinate Lien General Revenue Bonds, Series 2019D (AMT) in the amount of $220,105,000. These bonds were issued to provide financing or refinance the cost of planning, engineering, design, acquisition and construction of all or a portion of the 2019 Project, pay capitalized interest during construction on a portion of the Series 2019 Bonds, fund the debt service reserve account to meet the debt service requirements and pay costs of issuance related to the Series 2019.

On October 29, 2019, the City issued its Airport General Revenue Refunding Bonds, Series 2019E (Non-AMT) in the amount of $100,585,000 and Airport Passenger Facility Charge and Subordinate Lien General Revenue Refunding Bonds, Series 2019F (Non-AMT) in the amount of $154,435,000. These bonds were issued to refund and redeem all or a portion of the outstanding principal amount of the Series 2010A and Series 2010B Refunded Bonds and to pay certain cost of issuance for the 2019 Refunding Bonds.

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REQUIRED SUPPLEMENTARY INFORMATION

ATL | Comprehensive Annual Financial Report

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Required Supplementary Information (Unaudited)

Schedule of Proportionate Share of Net Pension Liability and Contributions

Year ended June 30, 2019

(Dollars in thousands)

Plan	Department's proportion of the net pension liability	Department's proportionate share of the net pension liability	Department's covered payroll	Department's proportionate share of contributions	Department's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
General Employees:						
2015	11.49%	$ 78,999	$ 16,373	$ 4,842	482.51%	62.49%
2016	11.49	82,670	16,736	5,517	493.98	61.59
2017	11.49	91,092	17,422	6,232	522.86	58.61
2018	11.49	81,847	18,251	6,184	448.45	63.31
2019	11.49	65,720	18,471	5,964	355.80	69.46
Firefighters:						
2015	24.30%	$ 45,640	$ 10,907	5,019	418.45%	77.81%
2016	24.30	50,797	11,465	5,075	443.06	75.51
2017	24.30	60,472	11,401	3,998	530.41	71.11
2018	23.00	52,345	10,920	4,117	479.35	74.63
2019	23.00	50,356	10,801	5,033	466.20	76.64
Police officers:						
2015	7.90%	$ 22,356	$ 7,255	2,096	308.15%	77.73%
2016	7.89	24,582	7,404	2,580	331.98	75.94
2017	7.80	28,659	7,251	1,984	395.24	72.12
2018	8.00	27,397	8,383	2,199	326.82	75.44
2019	8.00	24,742	7,276	2,374	355.80	78.52

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

See accompanying independent auditors' report.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION
Required Supplementary Information (Unaudited)

Schedule of Proportionate Share of Net OPEB Liability

Year ended June 30, 2019

(Dollars in thousands)

	Department's proportion of the net OPEB liability	Department's proportionate share of the net OPEB liability	Department's covered payroll	Department's proportionate share of the net OPEB liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2018	11.16%	$ 134,790	$ 42,905	314.16%	—%
2019	12.18	115,698	46,119	250.87	—

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

See accompanying independent auditors' report.

(1) Schedule of Proportionate Share of Net Pension Liability

This schedule presents historical trend information about the Department's proportionate share of the net pension liability for its employees who participate in the GEPP, PPP, and FPP (the Plans). The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the Plans. Information related to previous years is not available; therefore, trend information will be accumulated to display a 10-year presentation.

(2) Schedule of Proportionate Share of Net OPEB Liability

This schedule presents historical trend information about the Department's proportionate share of the net OPEB liability for its employees who participate in the OPEB Plan. Information related to previous years is not available; therefore, trend information will be accumulated to display a 10-year presentation.

(3) Changes of Assumptions and Benefit Terms

Changes of assumptions for Pension Plans: For fiscal year 2017, the General Employees' Pension Plan changed the pre-retirement mortality assumption from the sex-distinct RP-2000 Combined Healthy Mortality Table, to the approximate RP-2006 Blue Collar Employee Table, loaded by 25% for males and females. The post-retirement mortality assumption for healthy annuitants was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, to the approximate RP-2006 Blue Collar Healthy Annuitant Table, loaded by 25% for males and females. The mortality assumption for disabled retirees was changed from the sex-distinct RP-2000 Disabled Retiree Mortality Table, to the approximate RP-2006 Disabled Retiree Table, loaded by 25% for males and females. The Firefighters' and Police Officers' Pension Plans mortality rates were based on the sex-distinct rates set forth in the RP-2000 Blue Collar Mortality Table, with full generational improvements in mortality using Scale AA. Deaths prior to retirement are assumed not to be service-connected.

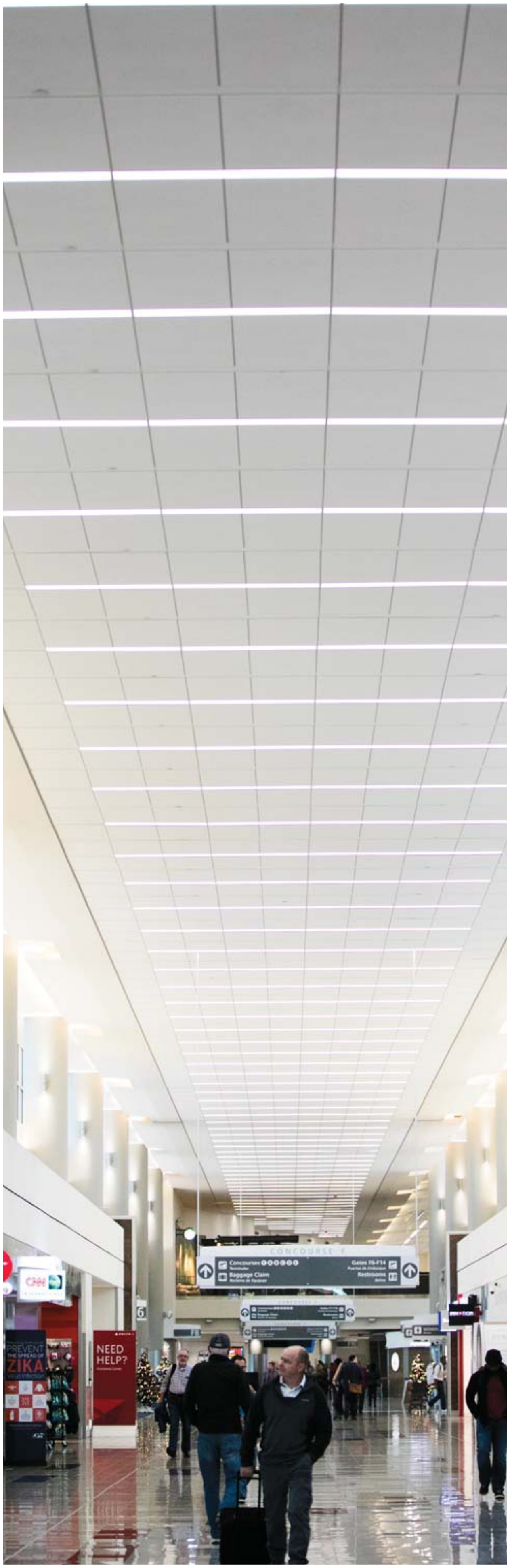
Changes in benefits for OPEB: Emergency Room copay increased from $250 to $300 in BCBS POS and Kaiser HMP plans. Generic drugs copay increased from $15 to $20 in Kaiser HMO plan. Aetna MA plan was replaced by Anthem BCBS plan. Aetna primo plan was added.

Changes of assumptions for OPEB:

General Employees: The mortality assumption for active employees was changed from the RP-2000 Combined Healthy Mortality Table projected with Scale AA, to the approximate RP-2006 Blue Collar Employee Table, loaded by 25% and projected with scale SSA2016-2D. The mortality assumption for healthy healthy annuitants was changed from the RP-2000 Combined Healthy Mortality Table projected with Scale AA, to the approximate RP-2006 Blue Collar Disabled Annuitant Table, loaded by 25% and projected with scale SSA2016-2D. The mortality assumption for disabled retirees was changed from the RP-2000 Disabled Retiree Mortality Table, to the approximate RP-2006 Disabled Retiree Table, loaded by 25% and projected with scale SSA2016-2D. The age-based salary scale was changed based on the latest assumption study. The retirement rates for participants with fewer than 30 years of service at retirement were increased for ages 61 to 69. The retirement rates for participants with 30 or more years of service at retirement were decreased for ages 52 to 69. The disability rates were updated and the turnover rates for participants with fewer than 2 years of service were decreased.

Police and Fire: The mortality table for employees and healthy annuitants was changed from the RP-2000 Combined Healthy Mortality Table projected with Scale AA for 15 years, to the RP-2000 Combined Healthy Mortality Table projected generationally with Scale AA.

There was an increase in the discount rate from 3.58% to 3.87% which reduced the OPEB liability/costs.



STATISTICAL SECTION

Unlike the financial statements, this section usually covers more than one fiscal year and presents non-accounting data. This information is presented in five categories:

Financial Trends (Exhibits 1 and 2) – intended to help users understand and assess how the Airport's financial position has changed over time.

Revenue Capacity (Exhibit 3) – intended to help users understand and assess the factors that affect the Airport's ability to generate its own source revenues.

Debt Capacity (Exhibits 4 and 5) – intended to help users understand and assess the Airport's debt burden and its ability to cover and issue additional debt.

Demographic and Economic (Exhibits 6 and 7) – intended to help users understand the socio-economic environment in which the Airport operates and to provide financial statement information over time and among similar entities.

Operating Information (Exhibits 8 through 13) – intended to provide contextual information about the Airport's operations and resources to help readers use financial statement information to understand and assess the Airport's economic condition.

FINANCIAL TRENDS

Exhibit 1

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Total Annual Revenues, Expenses, and Changes in Net Position
Fiscal years ended 2010-2019
(Accrual basis)
(Unaudited)
(In thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total revenues:										
Operating revenues:										
Parking, car rental, and other concessions	$ 199,453	222,796	229,585	246,593	254,047	265,585	285,722	293,199	316,885	325,633
Terminal, maintenance buildings, and other rentals	105,495	93,190	80,578	142,893	136,603	130,383	124,110	126,882	144,846	158,044
Landing fees	62,603	51,897	48,009	47,416	47,084	32,166	17,246	17,220	34,414	53,049
Other	33,248	43,330	35,960	53,484	58,518	54,888	59,734	60,654	29,332	31,781
Total operating revenues	400,799	411,213	394,132	490,386	496,252	483,022	486,812	497,955	525,477	568,507
Nonoperating revenues:										
Investment income (loss), net	(38,382)	13,798	16,063	9,102	23,322	22,601	21,644	4,347	10,062	78,595
Passenger facility charges	165,022	172,673	177,899	180,077	180,382	187,308	201,146	199,431	202,963	209,320
Customer facility charges, net	21,316	19,265	22,943	24,290	23,437	25,351	28,526	29,019	30,342	28,552
Other	125	2,382	(14,943)	2,243	(16,463)	(13,672)	(782)	(7,074)	4,698	15,542
Total nonoperating revenues	148,081	208,118	201,962	215,712	210,678	221,588	250,534	225,723	248,065	332,009
Capital contributions	19,266	49,379	37,522	33,500	10,888	26,851	22,505	11,521	14,515	21,599
Total revenues	568,146	668,710	633,616	739,598	717,818	731,461	759,851	735,199	788,057	922,115
Total expenses:										
Operating expenses:										
Salaries and employees benefits	90,912	82,482	79,785	82,050	91,691	87,756	91,394	103,048	95,745	92,250
Repair, maintenance, and other contractual services	82,461	85,945	98,258	101,742	112,676	124,339	138,793	139,360	147,218	158,157
General services	15,550	15,300	21,997	20,504	16,898	18,524	18,187	18,222	21,655	23,893
Utilities	8,420	9,627	8,151	8,768	8,990	8,983	9,270	9,025	9,584	10,201
Materials and supplies	4,164	2,888	4,090	4,353	4,720	5,003	4,625	6,521	6,313	5,148
Other	8,662	7,133	7,761	12,146	24,742	23,874	28,340	36,084	22,991	26,540
Depreciation and amortization	174,124	152,395	161,642	211,110	222,446	218,732	223,330	229,983	253,554	257,512
Total operating expenses	384,293	355,770	381,684	440,673	482,163	487,211	513,939	542,243	557,060	573,701
Operating income (loss)	16,506	55,443	12,448	49,713	14,089	(4,189)	(27,127)	(44,288)	(31,583)	(5,194)
Nonoperating expenses:										
Interest expense	64,572	84,010	112,314	146,718	139,826	127,941	121,047	123,710	110,382	115,208
Total nonoperating expenses	64,572	84,010	112,314	146,718	139,826	127,941	121,047	123,710	110,382	115,208
Total expenses	448,865	439,780	493,998	587,391	621,989	615,152	634,986	665,953	667,442	688,909
Total expenses net of depreciation and amortization	274,741	287,385	332,356	376,281	399,543	396,420	416,681	435,970	413,888	431,397
Transfer (to)/from City	—	194	—	(193)	(6,781)	(518)	—	(5,228)	(2,743)	(420)
Increase in net position	$ 119,281	229,124	139,618	152,014	89,048	115,791	124,865	64,018	117,872	232,786
Prior year change in net position	$ —	—	(34,251)	—	—	(158,479)	—	—	(86,629)	—
Net position:										
Net investment in capital assets	$ 3,127,052	3,062,698	2,940,208	3,111,590	3,065,175	3,147,404	3,190,333	3,318,001	3,420,727	3,538,961
Restricted for capital projects and debt service	571,529	676,097	869,781	889,522	936,495	1,013,484	1,042,955	1,069,578	1,094,488	1,187,039
Unrestricted	435,516	624,426	658,599	619,490	707,980	506,074	558,539	468,266	371,873	393,874
Total net position	$ 4,134,097	4,363,221	4,468,588	4,620,602	4,709,650	4,666,962	4,791,827	4,855,845	4,887,088	5,119,874

Sources: City of Atlanta, Department of Aviation

2012 contains some adjustments due to adoption of GASB 65; 2015 contains some adjustments due to adoption of GASB 68; 2018 contains some adjustments due to adoption of GASB 75.

See accompanying independent auditors' report.

Exhibit 2

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION
Changes in Cash and Cash Equivalents
Years ended 2010-2019
(Unaudited)
(In thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Cash flows from operating activities:										
Receipts from customers and tenants	$ 405,237	407,173	400,193	484,946	499,254	498,580	482,647	497,939	533,809	602,270
Payments to suppliers for goods and services	(118,161)	(124,976)	(134,631)	(155,482)	(168,740)	(175,378)	(194,491)	(213,715)	(184,925)	(236,658)
Payments to employees for service	(82,894)	(72,332)	(74,917)	(74,959)	(83,714)	(86,274)	(91,513)	(94,262)	(96,797)	(101,425)
Net cash provided by operating activities	204,182	209,865	190,645	254,505	246,800	236,928	196,643	189,962	252,087	264,187
Cash flows from investing activities:										
Interest and dividends on investments	26,731	17,578	12,812	21,059	19,314	25,093	25,794	22,528	17,534	120,218
Swap termination	(58,470)	—	—	—	—	—	—	—	—	—
Change in restricted investments	271,098	214,952	(138,175)	(111,844)	(34,351)	32,782	(274,495)	(104,107)	(83,915)	(129,037)
Change in pooled investment fund	11,899	34,342	(184,052)	(125,640)	(85,101)	(2,738)	(52,633)	45,767	6,397	(40,903)
Net cash provided by (used in) investing activities	251,258	266,872	(309,415)	(216,425)	(100,138)	55,137	(301,334)	(35,812)	(59,984)	(49,722)
Cash flows from capital and related financing activities:										
Capital grants	17,151	48,400	29,379	40,076	8,482	25,451	26,552	12,459	15,002	21,492
Principal repayments of long-term debt	(108,263)	(858,161)	(867,292)	(96,810)	(982,615)	(105,115)	(116,085)	(121,480)	(127,675)	(135,512)
Acquisition, construction, and improvement of capital assets	(487,472)	(473,465)	(419,964)	(338,371)	(188,114)	(291,813)	(212,150)	(354,222)	(429,744)	(457,660)
Passenger and customer facility charges	185,045	191,231	198,204	205,783	207,378	210,332	227,522	221,016	208,992	266,874
Proceeds from intergovernmental receivable	—	—	—	—	—	—	—	—	—	10,751
Proceeds from bond and note issuances, net	55,625	1,646,949	978,496	—	929,738	—	320,000	126,926	158,188	126,632
Interest and other fees paid on revenue bonds	(117,245)	(105,431)	(137,256)	(148,412)	(182,576)	(117,723)	(134,951)	(147,070)	(116,979)	(111,621)
Net cash provided by (used in) capital and related financing activities	(455,159)	449,523	(218,433)	(337,734)	(207,707)	(278,868)	110,888	(262,371)	(292,216)	(279,044)
Net increase (decrease) in cash and cash equivalents	281	926,260	(337,203)	(299,654)	(61,045)	13,197	6,197	(108,221)	(100,113)	(64,579)
Cash and cash equivalents:										
Beginning of year	104,774	105,055	1,426,604	1,089,401	789,747	616,985	630,182	636,379	528,158	428,045
End of year	$ 105,055	1,031,315	1,089,401	789,747	728,702	630,182	636,379	528,158	428,045	363,466

Sources: City of Atlanta, Department of Aviation

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

Note: The 2015 beginning cash balance has been adjusted to reflect the reclassification of certain cash and cash equivalent balances as investments.

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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Exhibit 3

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION
Principal Operating Revenues, Airlines Rates, and Charges and Cost per Enplaned Passenger
Years ended 2010-2019
(Unaudited)
(In thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Landing fees:										
Signatory	$ 62,190	51,652	47,712	47,145	46,745	31,893	17,034	16,971	34,138	52,625
Nonsignatory and other	413	245	297	271	339	273	212	249	276	424
Total landing fees	62,603	51,897	48,009	47,416	47,084	32,166	17,246	17,220	34,414	53,049
CPTC Rentals:										
Central Terminal Building and Apron	42,817	37,126	34,982	77,615	64,128	64,227	64,172	64,414	180,304	224,075
Central Terminal Tenant Finishes	60,997	57,903	52,564	75,739	81,610	79,403	78,846	84,132	32,844	15,180
Airline Credits	(30,461)	(35,184)	(44,861)	(49,147)	(49,728)	(54,060)	(58,920)	(61,167)	(108,255)	(123,505)
Total CPTC Rentals	73,353	59,845	42,685	104,207	96,010	89,570	84,098	87,379	104,893	115,750
CPTC cost recoveries:										
Operations charge	12,013	12,440	12,892	16,347	14,631	18,564	17,376	18,600	6,067	—
Automated Guideway Transit System	8,260	7,851	8,437	14,463	17,560	13,715	15,239	15,075	4,097	—
Insurance premium reimbursement	1,097	632	524	612	977	747	748	714	105	—
MHJIT O&M	—	—	212	4,364	3,690	2,066	2,859	3,501	540	1,826
Total cost recoveries	21,370	20,923	22,065	35,786	36,858	35,092	36,222	37,890	10,809	1,826
Concession revenues:										
Terminal concessions	71,961	72,636	75,383	93,189	97,874	101,753	110,787	113,874	115,989	121,060
Communication services and other	3,675	2,954	7,688	2,357	3,375	1,152	1,515	1,348	1,325	1,326
Parking	95,577	114,354	114,129	117,425	118,462	124,047	132,090	131,895	147,609	147,410
Car rentals	26,665	31,202	30,764	31,765	32,380	36,347	38,812	40,359	42,010	43,607
Ground transportation	1,575	1,650	1,621	1,857	1,957	2,286	2,518	5,723	9,952	12,230
Total concessions revenues	199,453	222,796	229,585	246,593	254,048	265,585	285,722	293,199	316,885	325,633
Other revenues:										
Landside rentals	14,527	13,575	16,056	16,086	11,844	12,030	11,885	9,236	8,475	8,358
Airside rentals	17,615	19,770	21,837	22,599	28,748	28,783	28,127	30,267	31,478	33,936
Other income	5,722	11,419	4,693	8,563	9,794	6,382	9,301	7,363	5,158	12,902
Total other revenues	37,864	44,764	42,586	47,248	50,386	47,195	49,313	46,866	45,111	55,196
Non-Airline Cost Recoveries:										
SkyTrain and Rental Car Center	4,098	3,996	4,364	4,410	6,582	6,985	7,120	7,905	7,382	7,901
Rental Car Center O&M	2,058	6,992	4,838	4,726	5,284	6,429	7,091	7,496	5,983	9,152
Total Non-Airline Cost Recoveries	6,156	10,988	9,202	9,136	11,866	13,414	14,211	15,401	13,365	17,053
Revenues	$ 400,799	411,213	394,132	490,386	496,252	483,022	486,812	497,955	525,477	568,507
Airline rates and charges:										
Signatory landing fee rate (per 1,000 lbs.)	$ 1.09795	0.88231	0.82084	0.81206	0.82049	0.81662	0.28666	0.28687	0.74770	0.76270
Enplaned passengers	45,375,298	46,191,667	47,147,315	47,526,243	47,318,755	49,056,316	51,807,372	52,097,740	52,562,196	54,531,948
Cost per enplaned passenger	3.41	2.84	2.34	3.70	3.36	2.86	2.38	2.50	2.61	3.06

Sources: City of Atlanta, Department of Aviation

See accompanying independent auditors' report.

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DEBT CAPACITY

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Exhibit 4

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION
Net Revenues Available for General Aviation Revenue Bonds Debt Service
Years ended 2010-2019
(Unaudited)
(In thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Operating revenues – receipts from customers and tenants	$ 405,237	407,173	400,193	484,946	499,254	498,580	482,647	497,939	533,809	602,270
Investment income	9,661	9,575	6,901	12,219	10,637	14,372	17,145	14,787	15,311	17,189
Total revenues	414,898	416,748	407,094	497,165	509,891	512,952	499,792	512,726	549,120	619,459
Operating expenses:										
Payments to suppliers for goods and services	118,161	124,976	134,631	155,482	168,740	175,378	194,491	213,715	184,925	236,658
Payments to or on behalf of employees	82,894	72,332	74,917	74,959	83,714	86,274	91,513	94,262	96,797	101,425
Other payments	—	—	—	—	—	—	—	—	—	—
Additions from CIP reconciliations	—	—	—	—	—	—	—	—	—	—
Total operating expenses	201,055	197,308	209,548	230,441	252,454	261,652	286,004	307,977	281,722	338,083
Adjustment: Major Maintenance Expenditures – Planning and Development	16,780	27,509	22,740	19,245	28,178	36,463	45,572	43,852	32,868	21,664
Net revenues	$ 230,623	246,949	220,286	285,969	285,615	287,763	259,360	248,601	300,266	303,040
General revenue bond debt service requirements	$ 145,835	120,154	125,366	157,237	158,935	153,298	168,552	167,951	167,964	168,449
General revenue bond debt service paid from PFC revenues	19,000	24,800	8,300	—	—	—	42,675	28,318	25,310	26,480
General revenue bond debt paid from net revenues	$ 126,835	95,354	117,066	157,237	158,935	153,298	125,877	139,633	142,654	141,969
Debt service coverage on general revenue bond debt service paid from net revenues	1.82	2.59	1.88	1.82	1.80	1.88	2.06	1.78	2.10	2.13

Sources: City of Atlanta, Department of Aviation

See accompanying independent auditors' report.

Exhibit 5

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION
Ratios of Outstanding Debt
Fiscal years ended 2010-2019
(Unaudited)
(In thousands, except for per enplanement figures)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Debt Service (GARB only)	$ 126,835	95,354	117,066	157,237	158,935	153,298	125,877	139,757	142,654	141,969
Total Operating Expenses net of										
Depreciation & Amortization	$ 210,169	203,375	220,042	229,563	259,717	268,479	290,609	312,260	303,506	316,189
Debt Service per Enplaned Passenger:										
Enplaned Passenger	45,375	46,192	47,147	47,526	47,319	49,056	51,807	52,098	52,562	54,532
Debt Service per Enplaned Passenger	$ 2.80	2.06	2.48	3.31	3.36	3.12	2.43	2.68	2.71	2.60
Outstanding Debt per Enplaned Passenger:										
Outstanding Debt (GARB, PFC and CFC)	$ 2,233,835	2,857,132	3,275,729	3,167,584	3,102,242	2,978,917	3,145,561	3,007,984	2,865,383	2,417,047
Enplaned Passengers	45,375	46,192	47,147	47,526	47,319	49,056	51,807	52,098	52,562	54,532
Outstanding Debt per Enplaned Passenger	$ 49.23	61.85	69.48	66.65	65.56	60.72	60.72	57.74	54.51	44.32

Sources: City of Atlanta, Department of Aviation

See accompanying independent auditors' report.

DEMOGRAPHIC AND ECONOMIC INFORMATION

ATL | Comprehensive Annual Financial Report

Exhibit 6

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Demographic and Economic Statistics

Atlanta-Sandy Springs-Roswell, GA Metropolitan Statistical Area (1)

(Unaudited)

Calendar year	Population (2)	Personal income (in thousands) (3)	Per capita personal income (4)	Annual average unemployment rate (5)
2009	5,240,828	$ 201,850,448	$ 38,515	9.9%
2010	5,286,728	203,519,728	38,496	10.3
2011	5,374,179	219,302,662	40,807	9.9
2012	5,455,324	227,590,427	41,719	8.8
2013	5,523,527	231,100,784	41,839	7.8
2014	5,615,364	244,065,812	43,464	6.7
2015	5,710,795	257,509,958	45,092	5.6
2016	5,789,700	274,129,130	47,348	4.8
2017	5,884,736	292,220,800	49,657	4.0
2018	5,949,951	302,448,528	50,832	3.8

Source:

1. The Atlanta metropolitan area or metro Atlanta, officially designated by the U.S. Census Bureau as the Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area, spans 29 counties in north Georgia. [http://www.bea.gov/iTable]
2. Population figures for 2010 are decennial census counts; 2009 and 2011-2018 are annual estimates by the U.S. Census Bureau. All population figures based on the 29 county Atlanta MSA delineation. [http://www.census.gov/]
3. 2009 through 2017 data from U.S. Department of Commerce, Bureau of Economic Analysis last updated in March 2019. Note: 2018 is an estimate based on compound annual growth rate between 2007 through 2017. [http://www.bea.gov/regional/bearfacts/]
4. Per capita personal income is calculated by dividing personal income by population multiplied by 1000.
5. Unemployment Rate data from the U.S. Bureau of Labor Statistics (BLS) [http://www.bls.gov/]

See accompanying independent auditors' report.

Exhibit 7

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Top Private Sector Employers

Atlanta-Sandy Springs-Roswell, GA Metropolitan Statistical Area

(Unaudited)

		2018 (1)			2000 (2)		
	Product/Service	**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	31,504	1	1.06%	31,606	1	1.15%
Walmart	Marketing and Manufacturing	20,532	2	0.69	14,700	3	0.53
The Home Depot	Marketing and Manufacturing	20,000	3	0.67	9,889	5	0.36
Northside Hospital	Healthcare	16,072	4	0.54	N/A	N/A	N/A
AT&T Services, Inc	Telecommunication	15,400	5	0.52	12,000	4	0.44
WellStar Health System Inc.	Healthcare	15,353	6	0.52	N/A	N/A	N/A
United Parcel Service Inc.	Transportation	14,594	7	0.49	8,500	6	0.31
Piedmont Healthcare	Healthcare	14,377	8	0.48	N/A	N/A	N/A
Publix Super Markets Inc.	Marketing and Manufacturing	9,875	9	0.33	N/A	N/A	N/A
Cox Enterprises	Media/Entertainment	8,599	10	0.29	5,820	11	0.21
Children's Healthcare of Atlanta	Healthcare	7,774	11	0.26	N/A	N/A	N/A
State Farm, Southeastern Market Area	Insurance	7,500	12	0.25	N/A	N/A	N/A
SunTrust Bank	Banking	7,445	13	0.25	6,835	10	0.25
Northeast Georgia Health System	Healthcare	6,285	14	0.21	N/A	N/A	N/A
Turner Broadcasting	Media/Entertainment	5,567	15	0.19	5,493	12	0.20
Lockheed Martin Aeronautics, Co.	Marketing and Manufacturing	5,000	16	0.17	7,000	9	0.25
NCR	Technology	5,000	17	0.17	N/A	N/A	N/A
Grady Health System	Healthcare	4,913	18	0.17	N/A	N/A	N/A
Wells Fargo & Co.	Banking	4,500	19	0.15	N/A	N/A	N/A
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
BellSouth Corp	Telecommunication	N/A	N/A	N/A	23,560	2	0.85
		220,290		7.41	141,003		5.11
	Other Employees (3)	2,757,185		92.60	2,617,558		94.89
		2,977,475		100.0%	2,758,561		100.00%

Source:

1. 2017 Largest Employers, Atlanta Business Journal, Book of Lists, 2018-2019; pg 155
2. 2000 Largest Employers, City of Atlanta 2004 CDP: Economic Development Section, Tables 6-16
3. www.bls.gov/data Tools/Unemployment/Local Area Unemployment Statistics/Top picks/Georgia/Atlanta-Sandy Springs-Roswell.

See accompanying independent auditors' report.

OPERATING INFORMATION

ATL | Comprehensive Annual Financial Report

Exhibit 8

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Aircraft Operations and Enplanement Trends

Fiscal years ended 2010-2019

(Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Aircraft operations:										
Domestic:										
Air carrier	656,791	658,152	670,585	665,578	649,355	683,105	722,372	710,856	713,731	731,138
Air taxi	237,899	205,655	184,940	177,234	160,437	103,858	91,128	93,542	84,492	84,223
General aviation	7,342	7,128	7,045	7,653	7,373	7,555	7,612	7,978	7,462	7,495
Military	1,141	520	394	295	230	528	345	178	166	178
Sub total	903,173	871,455	862,964	850,760	817,395	795,046	821,457	812,554	805,851	823,034
International:										
Air carrier	60,633	65,649	68,590	67,997	70,619	75,335	76,026	76,651	78,920	78,249
Total	963,806	937,104	931,554	918,757	888,014	870,381	897,483	889,205	884,771	901,283
Passengers:										
Domestic:										
Enplaned	40,953,747	41,442,852	42,277,924	42,565,430	42,077,139	43,630,709	46,091,894	46,226,593	46,424,605	48,225,191
Deplaned	38,475,261	39,774,242	42,312,567	42,609,947	42,133,485	43,721,712	46,120,783	46,245,107	46,471,637	48,286,137
Sub total	79,429,008	81,217,094	84,590,491	85,175,377	84,210,624	87,352,421	92,212,677	92,471,700	92,896,242	96,511,328
International:										
Enplaned	4,421,551	4,748,815	4,869,391	4,960,813	5,241,616	5,425,607	5,715,478	5,871,147	6,137,591	6,306,757
Deplaned	4,500,861	4,822,110	4,933,473	5,018,821	5,382,072	5,489,021	5,761,333	5,915,765	6,174,267	6,310,209
Sub total	8,922,412	9,570,925	9,802,864	9,979,634	10,623,688	10,914,628	11,476,811	11,786,912	12,311,858	12,616,966
Direct transit	102,288	—	—	—	—	—	—	—	—	—
Total enplaned	45,375,298	46,191,667	47,147,315	47,526,243	47,318,755	49,056,316	51,807,372	52,097,740	52,562,196	54,531,948
Total passengers	88,453,708	90,788,019	94,393,355	95,155,011	94,834,312	98,267,049	103,689,488	104,258,612	105,208,100	109,128,294

Sources: City of Atlanta, Department of Aviation

See accompanying independent auditors' report.

Exhibit 9

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Historical Aircraft Landed Weights

(Amounts in thousands of pounds)

(Unaudited)

Year end	Signatory Airlines	Nonsignatory Airlines	Total	Annual percent 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)
2015	58,201,000	179,000	58,380,000	1.8
2016	59,951,000	133,000	60,084,000	2.9
2017	59,848,000	166,000	60,014,000	(0.1)
2018	59,992,000	149,000	60,141,000	0.2
2019	61,735,000	219,000	61,954,000	3.0

Source: City of Atlanta, Department of Aviation

See accompanying independent auditors’ report.

Exhibit 10

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Historical Air Cargo and Mail

(Amounts in metric tons)

(Unaudited)

Year end	Cargo	Mail	Total	Annual percent 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	552,045	49,396	601,441	(5.6)
2015	576,326	48,001	624,327	3.8
2016	584,903	41,179	626,082	0.3
2017	631,730	41,480	673,210	7.5
2018	663,859	40,717	704,576	4.7
2019	638,490	38,288	676,778	(3.9)

Source: City of Atlanta, Department of Aviation

See accompanying independent auditors’ report.

Exhibit 11

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Airlines Serving the Airport

(Unaudited)

Mainline Airlines	Regional Airlines	Foreign Flag Airlines	All Cargo Airlines
Alaska Airlines	Boutique Air	Aeromexico	ABX
American Airlines	Envoy Air	Air Canada	AirBridgeCargo Airlines
Delta Air Lines	Endeavor Air	Air France	Asiana Cargo
Frontier Airlines	ExpressJet Airlines	British Airways	CAL Cargo Airlines
JetBlue Airways	Republic Airlines	KLM Royal Dutch Airlines	Cargolux Airlines
Southwest Airlines	SkyWest Airlines	Korean Air	Cathay Pacific Airways
Spirit Airlines		Lufthansa German Airlines	China Airlines
United Airlines		Qatar Airways	China Airlines Cargo
		Turkish Airlines	DHL Worldwide Express
		Virgin Atlantic Airways	EVA Airways
		WestJet Airlines	FedEx
			Korean Air Cargo
			Lufthansa Cargo
			Polar Air Cargo
			Qatar Airways
			Singapore Cargo
			Turkish Airlines
			UPS Air Cargo
			Virgin Atlantic Airways

Sources: City of Atlanta, Department of Aviation

See accompanying independent auditors' report.

Exhibit 12

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Budget Staffing Levels

Fiscal years ended 2010-2019

(Unaudited)

Department	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Airport Maintenance	196	175	179	179	181	186	186	183	183	183
Airport Operations	85	63	74	74	81	71	75	76	89	88
Commercial Properties	11	7	7	7	7	7	7	6	9	8
Concessions	18	15	13	14	16	15	15	22	23	23
Customer Service	3	3	3	3	3	8	9	9	7	7
Executive Administration	25	17	11	11	12	24	48	39	45	49
Finance	43	30	31	34	34	35	41	40	41	40
Human Resources	15	22	22	4	5	1	1	3	4	4
Information Technology	62	46	40	39	41	43	46	47	50	51
Internal Audit	4	3	3	4	4	4	4	3	4	4
Marketing	27	21	22	22	23	17	12	11	12	15
Planning and Development	142	105	113	114	111	111	111	114	102	102
Public Safety	457	455	516	494	536	541	547	549	622	638
Purchasing	11	9	9	9	9	9	9	1	—	—
Other City of Atlanta Depts	37	37	54	62	68	71	73	84	89	93
Total	1,136	1,008	1,097	1,070	1,131	1,143	1,184	1,187	1,280	1,305

Sources: City of Atlanta, Department of Aviation

See accompanying independent auditors’ report.

Exhibit 13

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Airport Information

(Unaudited)

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	The terminal complex measures 7.0 million square feet, or 160 acres. The complex includes the terminal building and concourses T, A, B, C, and D; and the international terminal building and concourses E and F. Within these concourses, there are 152 domestic and 41 international gates. The Airport is free of any architectural barriers to people with disabilities.
Runways	There are five parallel runways in an east-west configuration: 8R-26L is 9,999 feet long (3,048 meters) – Category II 8L-26R is 9,000 feet long (2,743 meters) – Category III 9R-27L is 9,000 feet long (2,743 meters) – Category III 9L-27R is 12,390 feet long (3,777 meters) – Category I 10-28 is 9,000 feet long (2,743 meters) – Category II
Parking capacity	There are 30,345 public parking spaces which includes 13,709 walkable Domestic and International parking deck spaces in close proximity of the terminals, 5,937 Walkable Economy spaces, 10,015 Domestic and International Terminal ParkRide shuttle spaces, 526 employee parking spaces, and 158 "Cell phone lot" spaces. Special parking spaces are provided for ADA customers in each facility within close proximity.
Ground transportation	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, DeKalb, 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. 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.
Rental car center	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, and Thrifty.
ATL SkyTrain	The ATL SkyTrain is the Airport's elevated automated people mover system that provides transportation between the main terminal, Georgia International Convention Center (GICC) and Gateway Center hotel and rental car complex and the RCC. The SkyTrain system operates 24 hours each day, and consists of 6 two car vehicles, nearly 1.5 miles of guideway, 6 stations, and a maintenance facility. Each two-car train carries 100 passengers and their baggage.
The Plane Train®	The Plane Train® is the Airport's underground automated people mover system that carries passengers and their baggage, provides transportation between the domestic terminal, international terminal and seven concourses. The Plane Train® operates 24 hours a day, except Wednesdays, which has a four hour maintenance period, and consists of 59 vehicles, a 3.5 mile loop track, 16 stations, and two maintenance facilities. Each train consists of four cars and carries approximately 300 passengers and their baggage. The Plane Train® transports approximately 240,000 passengers and employees every day.

(Continued)

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Airport Information

Concessions	There are more than 380 concession outlets throughout the Airport, including 163 food and beverage, 120 retail and convenience, 5 duty-free stores, and 92 service outlets, including a Common Use Lounge, Banking Center, Georgia Lottery, shoe shine, ATMs, vending machines, and spas, sleep units and biometric screening locations.
Cargo and airfield assets	There are three main airfield complexes: North, South, and Midfield, occupying 7.6 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, and 28 parking positions for cargo aircraft, 20 at the North complex and 8 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.