Comprehensive Annual Financial Report

For the fiscal years ended June 30, 2017 and 2016
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, 2017 and 2016

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

Prepared by the Finance Division

Kasim Reed
Mayor

Roosevelt Council, Jr.
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

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Kasim Reed
Mayor

Roosevelt Council, Jr.
Airport General Manager

Letter of Transmittal

December 21, 2017

Honorable Mayor Kasim Reed, City of Atlanta
Honorable City Council President Ceasar C. Mitchell, Atlanta City Council
Honorable C.T. Martin, Chair – Transportation Committee, Atlanta City Council
Honorable Howard Shook, Chair – Finance Executive Committee, Atlanta City Council
Honorable Members, Atlanta City Council
Daniel L. Gordon, Chief Operating Officer
55 Trinity Avenue
Atlanta, Georgia 30303

Ladies and Gentlemen:

We are pleased to present the 2017 Comprehensive Annual Financial Report (CAFR) for the City of Atlanta's Department of Aviation (Department). Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the presented data are accurate in all material aspects and are 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, 2017, are fairly presented in all material respects, in conformity with GAAP. The Independent Auditors' Report is presented at the front of the Financial Section of the CAFR.

The Letter of Transmittal is designed to complement and should be read in conjunction with 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. It is classified as a large hub by the Federal Aviation Administration (FAA), is the principal airport serving the state of Georgia and the southeastern United States, and serves as a primary transfer point in the national air transportation system. The Department, led by the Aviation General Manager, directly supervises Airport operations. The Department has a staff of 1,187, including Atlanta Fire Department and Atlanta Police Department employees. The Department is responsible for managing, operating, and developing the Airport and any other airfields that the City may control in the future; negotiating leases, agreements and contracts; computing and supervising the collection of 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 new Airport Use and Lease Agreement, the Airport and Airlines have agreed to a $6.2 billion capital plan. The capital plan includes the development of new gates in the domestic and international terminals. Additionally, the capital plan includes infrastructure and development to significantly 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, Home Depot, Delta Air Lines, and UPS.

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

Aeronautical and Non-Aeronautical Revenue

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

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

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

Year	Landing Fee	Direct CPE	All-in CPE	Non-aeronautical revenue per enplaned passenger	Total revenue per enplaned passenger
2013	$ 0.81206	$ 3.70	$ 5.61	$ 6.37	$ 10.32
2014	0.82049	3.36	5.37	6.08	10.49
2015	0.81662	2.86	4.86	6.06	9.85
2016	0.28666	2.38	4.34	6.20	9.40
2017	0.28687	2.50	4.51	6.45	9.56

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, 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 demolition and replacement of the north and south parking decks, additional gates and a possible sixth runway, to be built just north of the fifth runway.

Awards

For the 19th consecutive year, Hartsfield-Jackson Atlanta International Airport retained the title of the world's busiest airport. The Airport handled 104.2 million passengers in calendar year 2016.

For the 14th 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, 2016. 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 Department of Finance for its tireless efforts and professionalism in preparing this report, as well as the City's Department of Finance, and our external auditors for their invaluable assistance.

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

The Comprehensive Annual Financial Report of the City of Atlanta's Department of Aviation for the fiscal year ended June 30, 2017 (FY 2017) is submitted herewith.

Respectfully,

Roosevelt Council, Jr.
General Manager
Department of Aviation

Greg Richardson
Deputy General Manager –
Chief Financial Officer, Interim
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, 2016

Executive Director/CEO

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Principal Officers

EXECUTIVE

Mayor	Kasim Reed
Chief of Staff	Candace L. Byrd
Chief Operating Officer	Daniel L. Gordon
Chief Financial Officer	J. Anthony "Jim" Beard
City Attorney	Jeremy Berry

LEGISLATIVE

President of Council	Ceasar C. Mitchell

Members of Council

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

Members of Council – At-Large

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

Committee Members with Department Oversight

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

DEPARTMENT OF AVIATION ADMINISTRATIVE OFFICIALS

Aviation General Manager
Roosevelt Council Jr.

Aviation Deputy General Manager, Sr.	Michael Smith
Aviation Deputy General Manager - Airport Operations	Balram Bheodari
Aviation Deputy General Manager - Commercial Ventures	Cortez Carter
Aviation Deputy General Manager - Chief Financial Officer, Interim	Greg Richardson
Aviation Deputy General Manager - Planning & Development	Vacant
Assistant General Manager, Commercial Ventures	Paul Brown
Assistant General Manager, Public Safety and Security	Richard L. Duncan
Assistant General Manager, IT Operations	Sharon Heard-Brown
Assistant General Manager, Operations, Maintenance & Transportation	Paul Meyer
Assistant General Manager, Planning and Development, Interim	Tom Nissalke

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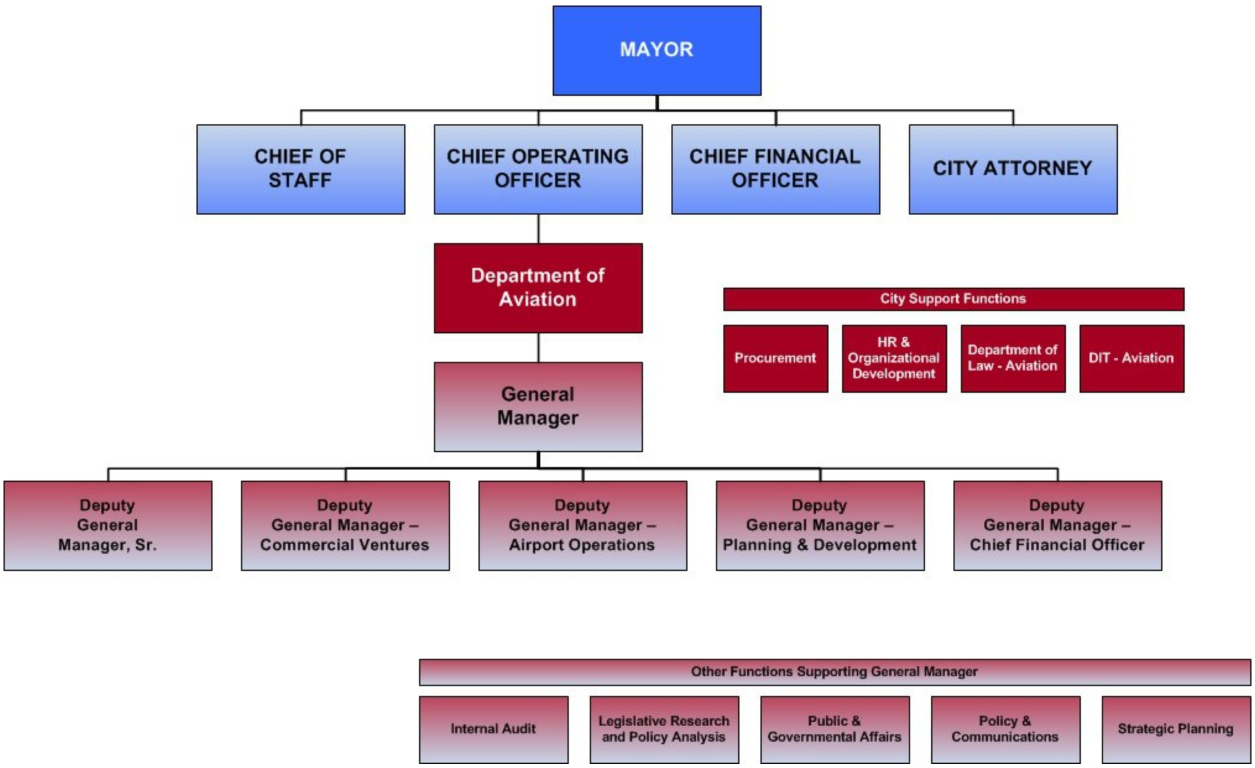
CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION
ORGANIZATIONAL CHART



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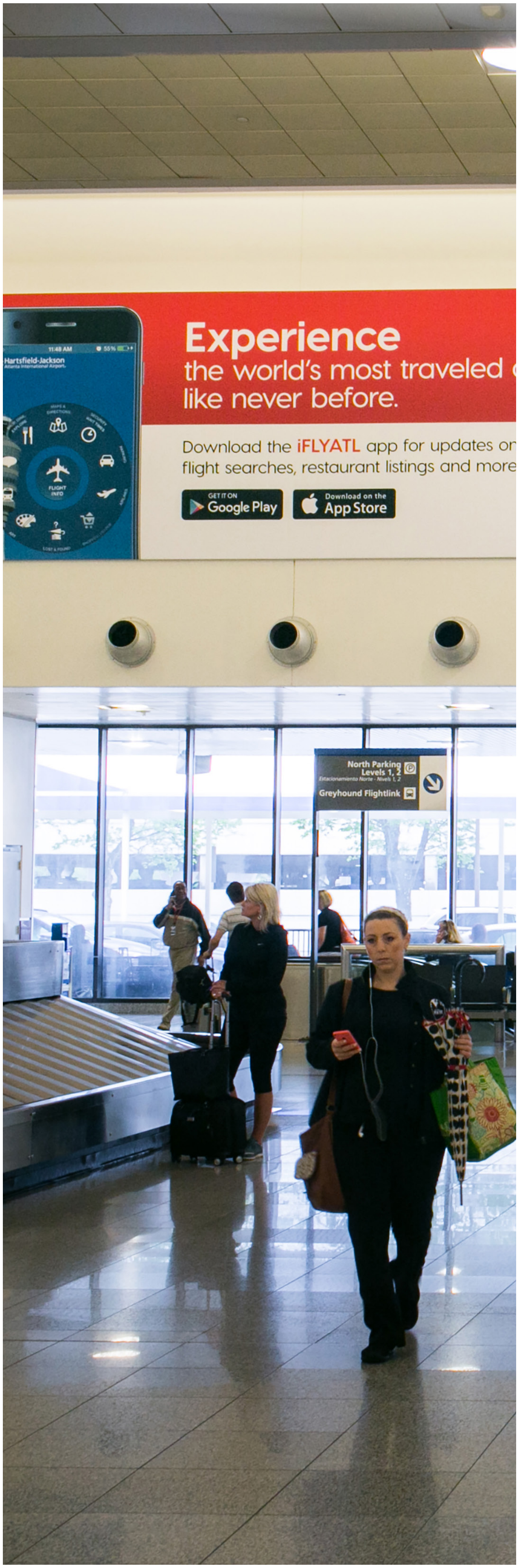

FINANCIAL SECTION

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 years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department of Aviation as of June 30, 2017 and 2016, 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 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, 2017 and 2016, 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 information in the management's discussion and analysis on pages 3 through 12 and the required supplementary information on pages 63 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

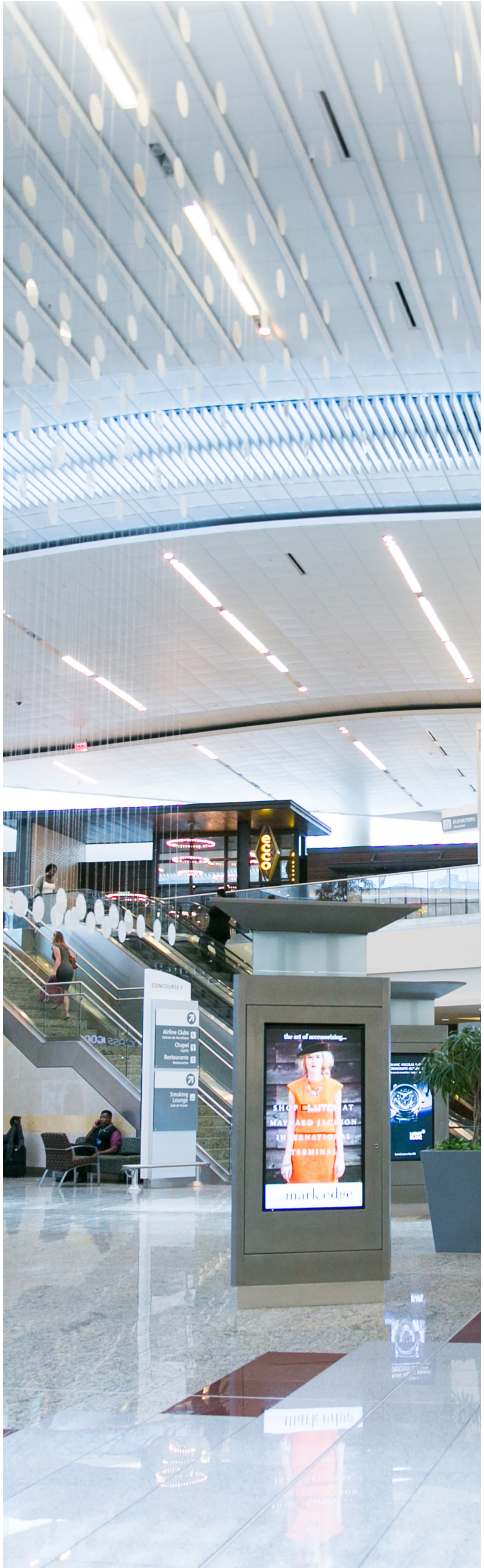
Our audits were conducted for the purpose of forming an opinion on the basic financial statements. The introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 21, 2017 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Department's internal control over financial reporting and compliance.

KPMG LLP

Atlanta, Georgia
December 21, 2017



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, 2017 and 2016 with selected comparable data for the fiscal year ended June 30, 2015. 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 2017 was another successful year for Hartsfield-Jackson Atlanta International Airport. The Airport accomplished several important goals, achieved some significant milestones, and was recognized with several industry awards. The highlights are summarized below:

- Integrated transportation network companies (Lyft and Uber) into Airport operations, providing customers with more ground transportation options.
- Completed Cargo Building C, adding 110,000 additional square feet of cargo space.
- Launched TruckPass staging lot to increase efficiency in cargo staging and loading operations.

- Installed over 100 new electric vehicle charging stations in the parking decks.
- Hosted the inaugural OneATL Safety and Risk Management Expo, highlighting the Airport's emphasis on operating a safe airport.
- Awarded best airport dining award from Global Traveler Magazine.
- Fitch Ratings upgraded the general airport revenue bonds to AA- from A+ and affirmed the A+ rating on the hybrid passenger facility charge and subordinate-lien bonds.
- Standard & Poors Global Ratings affirmed its AA- rating on the general airport revenue bonds and hybrid passenger facility charge and subordinate-lien bonds.
- Hartsfield-Jackson Atlanta International Airport was named "World's Busiest" airport by the Airports Council International for the 19th year in a row, surpassing the 100 million passenger mark for the second consecutive year.
- Retained the world's most efficient airport status for the 14th year in a row, an award presented by the Air Transport Research Society.

During fiscal year 2017, enplanements increased by 0.6% from the previous year. The following chart shows total enplaned passengers, flight operations, and air cargo and mail activity (measured in metric tons).

	2017	2016	2015
Enplanements and operations activity:			
Total enplanements	52,097,740	51,807,372	49,056,316
Percent change from prior year	0.6 %	5.6%	3.7 %
Flight operations	889,205	897,483	870,381
Percent change from prior year	(0.9)%	3.1%	(2.0)%
Air cargo and mail (metric tons)	673,210	626,082	624,327
Percent change from prior year	7.5 %	0.3%	3.8 %

The total number of passengers served by the Airport in fiscal year 2017 was 104.3 million, which is an increase of 0.6% from the previous year. Total passengers in fiscal year 2016 and 2015 were 103.7 million and 98.3 million, respectively.

Enplanements have increased for the fourth consecutive year, and continue to be positively impacted by the steady growth in the economy over the last few years. The growth increase is lower in fiscal year 2017 than it was in fiscal year 2016; however, that decrease was due to specific weather and technology-related events unique to the Airport and its stakeholders, which would not be considered a structural decline in passenger traffic. Flight operations have decreased in fiscal year 2017 after increasing in fiscal year 2016. 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 into the near term.

Financial Highlights

Revenues

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

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

Both the Airport Use Agreements and the CPTC Leases have been extended through September 30, 2017 under the Extended and Amended Airline Use Agreements and the Extended and Amended Airline Agreements. During fiscal year 2016, the City negotiated a new Airport Use and Lease Agreement with the Signatory Airlines, which was approved by City Council. The agreement has been signed by all major signatory carriers operating at the airport. The agreement became effective October 1, 2017, except TITLE XI – Capital Improvement Projects, which becomes effective July 1, 2016. The new agreement will replace the Airport Use Agreements, Airport Use License Agreements and CPTC Leases.

Total revenues for the Airport decreased by 1.9% in 2017 compared to 2016. Operating revenues increased by 2.3% while nonoperating revenues decreased by 9.9%. Comparative figures for the last three fiscal years are in the chart below (in thousands).

	2017	2016	2015
Operating revenue	$ 497,955	486,812	483,022
Percent change	2.3 %	0.8%	(2.7)%
Nonoperating revenue, net	225,723	250,534	221,588
Percent change	(9.9)%	13.1%	5.2 %
Total revenue	$ 723,678	737,346	704,610
Total percent change	(1.9)%	4.6%	(0.3)%

Operating Revenue

Operating revenue increased by 2.3% in fiscal year 2017 compared to fiscal year 2016. Other concessions increased by $6.1 million due to higher percentage rents, the full impact of the new advertising agreement, which started the last quarter of fiscal year 2016, and new outlets opening throughout the Airport. In addition, Transportation Network Companies (Lyft and Uber) started operations at the Airport in January of 2017, accounting for $3.4 million in additional revenue. Rental car revenue increased by $1.5 million. The increase in car rental revenue is attributable to the increase in passenger growth. While total enplaned passengers have only increased by 0.6%, origination and destination traffic has increased at a higher rate than connecting passengers, driving the increase in rental car revenue. Building and land rentals increased by $2.8 million primarily due to a $7.3 million increase in Airline Tenant Finishes, which was offset by a $2.1 million decrease in Fuel Farm revenue due to a fiscal year 2016 true up and an increase of $2.2 million in Inside Concession Credits due to increases in food and beverage outlet gross revenue.

	2017	2016	2015
Parking	$ 131,895	132,090	124,047
Car rental	40,359	38,812	36,347
Other concessions	120,945	114,820	105,191
Building and land rental	126,882	124,110	130,383
Landing fees	17,220	17,246	32,166
Other	60,654	59,734	54,888
Total operating revenue	$ 497,955	486,812	483,022

Operating revenue increased by 0.8% in fiscal year 2016 compared to fiscal year 2015. Other concessions increased by $9.6 million due to higher percentage rents, a newly executed advertising agreement, and new outlets opening throughout the Airport. Parking and rental car revenues increased by $8.0 million and $2.5 million, respectively. These increases are primarily attributable to the increase in passenger traffic. Car rental revenue outpaced passenger growth due to an increase in transactions days for car rentals. Offsetting these increases, was a decrease in landing fees due to the Airport's decision to utilize Passenger Facility Charge funds to offset General Airport Revenue Bond related debt associated with the Fifth Runway Project (AIP #11) during fiscal year 2015. Fiscal year 2016 saw a full year reduction in landing fees related to this change. Building and land rental which includes activity related to the airlines and the CPTC also decreased by $6.3 million, driven by greater concession credits to the airlines.

Nonoperating Revenue

Nonoperating revenue consists of net investment income, passenger facility charges (PFC's), customer facility charges (CFC's), and other nonoperating income net of expenses. Net investment income was $4.3 million in 2017, $21.6 million in 2016, and $22.6 million in 2015. PFCs were $199.4 million in 2017, $201.1 million in 2016, and $187.3 million in 2015. CFCs, which are collected to fund the financing and operation of the Rental Car Center (RCC), were $40.4 million in 2017, $38.7 million in 2016, and $35.2 million in 2015. For fiscal years 2017, 2016, and 2015 operating expenses related to the RCC of $11.4 million, $10.2 million and $9.8 million, respectively, are netted against gross CFC revenues to arrive at each year's reported CFC revenues of $29.0 million, $28.5 million, and $25.4 million.

Operating Expenses

Operating expenses in fiscal year 2017 increased by $28.3 million in comparison to fiscal year 2016. Salaries and employee benefits expense increased by $11.7 million in comparison to fiscal year 2016. This increase was the result of staffing of vacant and new positions, additional overtime for various airport operations, including public safety, increase in worker's compensation, and an increase in pension expense. Other operating expenses contributed $7.7 million to the increase and was driven by multiple factors including increases in major maintenance expenses, legal expenses, and operating lease expenses. Material and supplies expense increased by $1.9 million due to increased purchases of consumable and non-consumable supplies. The airport purchased new LED lights for light replacement on the airfield. Depreciation and amortization expense increased by $6.7 million in comparison to fiscal year 2016, which is attributable to a net increase of $182.6 million of depreciable assets during fiscal year 2017.

	2017	2016	2015
Salaries and employee benefits	$ 103,048	91,394	87,756
Repairs, maintenance, and other contractual services	139,360	138,793	124,339
General services	18,222	18,187	18,524
Utilities	9,025	9,270	8,983
Materials and supplies	6,521	4,625	5,003
Other operating expenses	36,084	28,340	23,874
Depreciation and amortization expenses	229,983	223,330	218,732
Total operating expenses	$ 542,243	513,939	487,211

Operating expenses in fiscal year 2016 increased by $26.7 million in comparison to fiscal year 2015. Repairs, maintenance, and other contractual services contributed $14.5 million to this increase, which is primarily attributed to an increase in consulting and professional services costs in fiscal year 2016 compared to 2015. Other operating expenses contributed a net of $4.5 million to the increase driven mainly by an increase in noise abatement project costs. Depreciation and amortization expense increased by $4.6 million in comparison to fiscal year 2015, which is attributable to an increase of $137.2 million of depreciable assets during fiscal year 2016. Salaries and employee benefits expense increased by $3.6 million in comparison to fiscal year 2015. This increase was the result of staffing of vacant and new positions, and an increase in overtime for maintenance and sworn officers. These increases were offset by a reduction in pension costs in fiscal year 2016.

Nonoperating Expenses

Nonoperating expenses consist primarily of interest on long-term debt. Interest expense was $123.7 million in 2017, $121.0 million in 2016, and $127.9 million in 2015. 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 2017 is attributable to the Bond Anticipation Notes, which were drawn down near the end of fiscal year 2016. In fiscal year 2017, there is a full year of interest expense associated with these Notes. Additionally, the Commercial Paper balance increased also causing an increase in interest expense. There was a decrease in interest expense associated with the outstanding bonds, which was being offset by a reduction in capitalized interest.

Changes in Net Position

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

	2017	2016	2015
Operating revenue	$ 497,955	486,812	483,022
Operating expenses, excluding depreciation and amortization	312,260	290,609	268,479
Operating income before depreciation and amortization	185,695	196,203	214,543
Depreciation and amortization	229,983	223,330	218,732
Operating (loss)	(44,288)	(27,127)	(4,189)
Nonoperating income, net	102,013	129,487	93,647
Income before capital contributions and transfers	57,725	102,360	89,458
Capital contributions	11,521	22,505	26,851
Transfers in (out)	(5,228)	—	(518)
Increase in net position	64,018	124,865	115,791
Net position, beginning of the year	4,791,827	4,666,962	4,709,650
Adjustment to beginning of year net position, related to pension	—	—	(158,479)
Net position, end of the year	$ 4,855,845	4,791,827	4,666,962

At the beginning of fiscal year 2015 the Department implemented GASB 68, which impacted the beginning of the year net position for fiscal year 2015 as shown in table above.

The Airport receives Airport Improvement Program Grants and other grant related funds from various sources to support particular programs. In fiscal year 2017, the Airport recorded revenues of $9.4 million from the FAA, $2.0 million from the Transportation Security Administration, and $.1 million from Georgia Department of Transportation. In fiscal year 2016, the Airport recorded revenues of $17.9 million from the FAA, $4.5 million from the Transportation Security Administration, and $0.1 million from Georgia Department of Transportation.

(Continued)

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 2017, net position increased by $64.0 million, or 1.3%, over the previous fiscal year. Net position increased in fiscal year 2016 by $124.9 million, or 2.7%, compared to fiscal year 2015.

Total assets increased by $111.7 million, or 1.4%, in fiscal year 2017 compared to fiscal year 2016. Non-current assets (excluding capital assets) which are predominately comprised of restricted cash and cash equivalents and investments decreased by $104.1 million, or 8.1% in 2017. These assets will be used for annual debt obligations. Capital assets, net of accumulated depreciation, increased by $171.3 million, or 2.9% in 2017.

Current assets increased by $44.5 million in fiscal year 2017 compared to fiscal year 2016, which is primarily due to increases in current restricted cash and cash equivalents. These increases were 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, increased by $11.3 million in fiscal year 2017 compared to fiscal year 2016. This increase is a result of an increase of pension related deferred outflows of $18.2 million, and a decrease in amortization of deferred outflows on refunding of bond debt of $6.8 million.

Total assets increased by $302.7 million, or 3.8%, in fiscal year 2016 compared to fiscal year 2015. Non-current assets (excluding capital assets) which are predominately comprised of restricted cash and cash equivalents and investments increased by $188.6 million, or 17.3% in 2016. These assets will be used for annual debt obligations. Capital assets, net of accumulated depreciation, decreased by $16.8 million, or 0.3% in 2016.

Current assets increased by $131.0 million in fiscal year 2016 compared to fiscal year 2015, which is primarily due to increases in restricted cash driven by an increase in PFC cash and cash equivalents as a result of implementing a new investment policy by the City. Additionally, there was an increase 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 $8.7 million in fiscal year 2016 compared to fiscal year 2015. This decrease is a result of a decrease of pension related deferred outflows of $1.6 million, and a decrease in amortization of deferred outflows on refunding of bond debt of $7.1 million.

	2017	2016	2015
Current assets	$ 1,103,464	1,058,940	927,979
Noncurrent assets	1,174,571	1,278,700	1,090,109
Capital assets, net	6,104,280	5,932,974	5,949,818
Deferred outflows of resources	92,111	80,780	89,440
	$ 8,474,426	8,351,394	8,057,346

For fiscal year 2017, total liabilities increased by $60.5 million, due to an increase in short-term debt, net pension liability, other post-employment benefits liability, and restricted accounts payable, which is being offset by debt service payouts in 2017.

Deferred inflows of resources, which includes pension related deferred inflows, decreased by $1.5 million in fiscal year 2017 as a result of charges related to GASB 68.

For fiscal year 2016, total liabilities increased by $184.9 million, due to the addition of Bond Anticipation Notes (BANs), Commercial Paper, an increase in net pension liability as a result of charges related to GASB 68 and an increase in the other post-employment benefits liability, which is being offset by debt service payouts in 2016 and decreases in accrued expenses and accrued interest payable.

Deferred inflows of resources, which includes pension related deferred inflows, decreased by $15.7 million in fiscal year 2016 as a result of charges related to GASB 68.

	2017	2016	2015
Current liabilities (payable from unrestricted assets)	$ 170,365	172,006	180,150
Current liabilities (payable from restricted assets)	299,772	123,762	108,250
Noncurrent liabilities	3,134,162	3,248,053	3,070,539
Deferred inflows of resources	14,282	15,746	31,445
	$ 3,618,581	3,559,567	3,390,384

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, $468.3 million as of June 30, 2017, represents amounts that are not subject to external restrictions (in thousands).

	2017	2016	2015
Net investment in capital assets component of net position	$ 3,318,001	3,190,333	3,147,404
Restricted component of net position	1,069,578	1,042,955	1,013,484
Unrestricted component of net position	468,266	558,539	506,074
Total net position	$ 4,855,845	4,791,827	4,666,962

Airport Capital Assets and Capital Improvement Plan

As of fiscal years ended 2017, 2016, and 2015, the Airport had capital assets, net of $6.1 billion, $5.9 billion, and $5.9 billion in each of these fiscal years. The majority of these balances are in runways, taxiways, and other land improvements and terminal, maintenance buildings and other structures; net of any related accumulated depreciation. For these fiscal years, the balance in construction in process was $536.4 million, $330.6 million, and $262.7 million, respectively. For fiscal year 2017, 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	$ 80,954
Airfield and runway projects	36,577
Concourse transportation system (AGTS)	34,506
Terminal/passenger projects	295,615
Security/operations projects	7,023
Other	81,699
Total construction in process	$ 536,374

Long-Term Debt

As of June 30, 2017, the Airport had a total of $2.9 billion outstanding in General Airport Revenue, PFC Subordinate Revenue, and CFC Taxable Revenue Bonds and BANs. These bonds mature from January 1, 2017 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

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, 2017 and 2016

(In thousands)

Assets	**2017**	**2016**
Current assets:		
Cash and cash equivalents	$ 106	74
Restricted cash and cash equivalents	252,990	158,435
Equity in cash management pool	789,280	847,800
Accounts receivable, net of allowance for doubtful accounts of $3,519 in 2017 and $3,564 in 2016	4,106	3,700
Restricted other assets	46,676	40,131
Prepaid expenses	885	1,069
Materials and supplies	9,421	7,731
Total current assets	1,103,464	1,058,940
Noncurrent assets:		
Restricted cash and cash equivalents	275,062	477,870
Restricted investments	888,869	790,190
Due from other governments	10,640	10,640
Capital assets:		
Land	584,230	584,230
Land purchased for noise abatement	277,776	277,776
Runways, taxiways, and other land improvements	3,284,183	3,276,386
Terminal, maintenance buildings, and other structures	3,987,396	3,911,973
Other property and equipment	416,130	316,711
Construction in process	536,374	330,578
Less accumulated depreciation	(2,981,809)	(2,764,680)
Total capital assets, net	6,104,280	5,932,974
Total noncurrent assets	7,278,851	7,211,674
Total assets	8,382,315	8,270,614
Deferred outflows of resources:		
Pension related deferred outflows	38,981	20,829
Accumulated deferred amount of debt refundings	53,130	59,951
Total assets and deferred outflows of resources	$ 8,474,426	8,351,394

(Continued)

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Statements of Net Position

June 30, 2017 and 2016

(In thousands)

Liabilities and Net Position	2017	2016
Current liabilities:		
Accounts payable	$ 24,950	27,947
Accrued expenses	15,915	16,947
Current maturities of long-term debt	88,180	83,945
Accrued interest payable	40,979	43,027
Current portion of other liabilities	341	140
Current liabilities	170,365	172,006
Current liabilities payable from restricted assets:		
Current maturities of long-term debt	39,495	37,535
Accrued interest payable	24,710	25,691
Accounts payable	81,959	40,222
Contract retention	6,682	314
Commercial paper notes	146,926	20,000
Current liabilities payable from restricted assets	299,772	123,762
Total current liabilities	470,137	295,768
Long-term liabilities:		
Long-term debt, less current maturities	2,880,309	3,024,081
Contract retention	7,375	4,495
Accrued workers' compensation	2,095	963
Net pension liability	180,223	158,049
Other post-retirement benefits	64,160	60,465
Total long-term liabilities	3,134,162	3,248,053
Total liabilities	3,604,299	3,543,821
Deferred inflows of resources:		
Pension related deferred inflows	14,282	15,746
Total liabilities and deferred inflows of resources	$ 3,618,581	3,559,567
Net position:		
Net investment in capital assets	$ 3,318,001	3,190,333
Restricted for:		
Capital projects	652,115	629,667
Debt service	417,463	413,288
Unrestricted	468,266	558,539
Total net position	$ 4,855,845	4,791,827

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, 2017 and 2016

(In thousands)

	2017	2016
Operating revenue:		
Parking, car rental, and other concessions	$ 293,199	285,722
Terminal, maintenance buildings, and other rentals	126,882	124,110
Landing fees	17,220	17,246
Other	60,654	59,734
Total operating revenue	497,955	486,812
Operating expenses:		
Salaries and employee benefits	103,048	91,394
Repairs, maintenance, and other contractual services	139,360	138,793
General services	18,222	18,187
Utilities	9,025	9,270
Materials and supplies	6,521	4,625
Other	36,084	28,340
Depreciation and amortization expenses	229,983	223,330
Total operating expenses	542,243	513,939
Operating loss	(44,288)	(27,127)
Nonoperative revenue (expenses):		
Investment income, net	4,347	21,644
Passenger facility charges	199,431	201,146
Customer facility charges, net	29,019	28,526
Interest on long-term debt	(123,710)	(121,047)
Other expenses, net	(7,074)	(782)
Nonoperating revenue, net	102,013	129,487
Income before contributions and transfers	57,725	102,360
Capital contributions	11,521	22,505
Transfers (out) to the City	(5,228)	—
Change in net position	64,018	124,865
Net position, beginning of the year	4,791,827	4,666,962
Net position, end of the year	$ 4,855,845	4,791,827

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Statements of Cash Flows

Years Ended June 30, 2017 and 2016

(In thousands)

	2017	2016
Cash flows from operating activities:		
Receipts from customers and tenants	$ 497,939	482,647
Payments to suppliers for goods and services	(213,715)	(194,491)
Payments to employees for services	(94,262)	(91,513)
Net cash provided by operating activities	189,962	196,643
Cash flows from investing activities:		
Interest and dividends on investments	22,528	25,794
Purchases of restricted investments	(1,256,811)	(1,481,118)
Sales and redemptions of restricted investments	1,152,704	1,206,623
Change in pooled investment fund	45,767	(52,633)
Net cash (used in) investing activities	(35,812)	(301,334)
Cash flows from capital and related financing activities:		
Capital grants	12,459	26,552
Principal repayments of long-term debt	(121,480)	(116,085)
Proceeds from bond anticipation and commercial paper note issuances	126,926	320,000
Acquisition, construction, and improvement of capital assets	(363,470)	(206,789)
Passenger and customer facility charges	221,016	227,522
Contract retention withheld	9,248	(5,361)
Interest and other fees paid on bonds	(147,070)	(134,951)
Net cash (used in) provided by capital and related financing activities	(262,371)	110,888
(Decrease) increase in cash and cash equivalents	(108,221)	6,197
Cash and cash equivalents:		
Beginning of year	636,379	630,182
End of year	$ 528,158	636,379

(Continued)

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Statements of Cash Flows

Years Ended June 30, 2017 and 2016

(In thousands)

	2017	2016
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	$ (44,288)	(27,127)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	229,983	223,330
Changes in assets and liabilities:		
Accounts receivable, net of allowances	(406)	7,508
Prepaid expenses	184	32
Materials and supplies	(1,690)	315
Accounts payable and accrued expenses	(74)	(8,630)
Net pension liability and related deferred items	2,558	(3,051)
Other post-retirement benefits	3,695	4,266
Net cash provided by operating activities	$ 189,962	196,643
Schedule of noncash capital and related financing activity:		
Acquisition of capital assets with accounts payable	$ 63,677	31,550
Amortization of bond discount and premium, net	16,097	17,271

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

ATL | Comprehensive Annual Financial Report

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The Department of Aviation (the Department) of the City of Atlanta, Georgia (the City) operates Hartsfield-Jackson Atlanta International Airport (the Airport). The accompanying financial statements include only the financial activities of the Department. The Department is an integral part of the City's financial reporting entity, and its results are included in the Comprehensive Annual Financial Report (CAFR) of the City as a major enterprise fund. The latest available City CAFR is as of and for the year ended June 30, 2017; that CAFR should be read in conjunction with these financial statements.

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

(b) Basis of Accounting

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

(c) Cash Equivalents

The Department considers all highly liquid securities with an original maturity of three months or less to be cash equivalents. At June 30, 2017 and 2016, cash and cash equivalents included the following (in thousands):

	2017	2016
Unrestricted cash and cash equivalents	$ 106	74
Restricted cash and cash equivalents	528,052	636,305
Total cash and cash equivalents	$ 528,158	636,379

(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	15-35 years
Terminal, maintenance buildings, and other structures	15-35 years
Other property and equipment	2-20 years

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

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

(h) Capitalization of Interest Costs

Net interest costs incurred during the construction of runways, taxiways, and other land improvements and terminals, maintenance buildings, and other structures are capitalized as part of the historical costs of acquiring these assets. The interest earned on investments acquired with proceeds from tax-exempt borrowing (where such borrowings are restricted to the acquisition of assets) is offset against the related interest costs in determining either the amount of interest to be capitalized or limitations on the amount of interest costs to be capitalized. Net interest costs capitalized for the years ended June 30, 2017 and 2016 totaled approximately $4.8 million and $9.4 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. 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.

(l) Deferred Inflows and Outflows

Deferred inflows of resources are an acquisition of net assets by the Department that is applicable to a future reporting period and include pension related deferred inflows. The pension related deferred inflows at June 30, 2017 and 2016 were $14.3 million and $15.7 million, respectively.

Deferred outflows of resources are the consumption of net assets by the Department that are applicable to a future reporting period and include the unamortized amounts for losses on the refunding of bond debt and pension related deferred outflows. Total accumulated deferred amount of debt refunding at June 30, 2017 and 2016 was $53.1 million and $60.0 million, respectively. Total pension related deferred outflows at June 30, 2017 and 2016 were $39.0 million and $20.8 million, respectively.

(m) 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, 2017 and 2016, the Department recorded $11.5 million and $22.5 million,

(Continued)

respectively, in capital contributions consisting of federal grants in aid of construction and funding of debt service, which are reimbursable.

(n) Operating Transfers

The Department transfers funds to the City to cover its pro-rata share of costs when certain projects are implemented by the City in which the Department is a direct beneficiary. During the year ended June 30, 2017, $5.2 million in transfers were recorded, while no transfers were recorded during fiscal year 2016. The transfer that occurred during fiscal year 2017 was related to the Department's portion of the City's Oracle ERP software upgrade costs and fleet services charges.

(o) 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."

(p) 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.

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 $199.4 million and $201.1 million in passenger facility charges for the years ended June 30, 2017 and 2016, 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 $40.4 million and $38.7 million in customer facility charges for the years ended June 30, 2017 and 2016, respectively. Operating expenses during fiscal years 2017 and 2016 of approximately $11.4 million and $10.2 million, respectively, are netted against the CFC revenue and result in net CFC income of $29.0 million for 2017 and $28.5 million for 2016.

(q) Economic Concentration

Delta Air Lines and the Airport-owned parking facilities accounted for approximately 17.3% and 26.5% of total operating revenue, respectively, for the year ended June 30, 2017. Delta Air Lines and the Airport-owned parking facilities accounted for approximately 16.5% and 27.1% of total operating revenue, respectively, for the year ended June 30, 2016.

(r) 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 $18.2 million in general services costs for both the years ended June 30, 2017 and 2016, the allocated expense amount for the year ended June 30, 2017 was $8.2 million, compared to $7.1 million for the year ended June 30, 2016.

(s) New Accounting Standards

During fiscal year 2016, the Department adopted GASB Statement No. 72, *Fair Value Measurement and Application*. This statement generally required investments to be measured at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques are required to be used that are appropriate with defined approaches. Disclosures are required to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The adoption of this statement had no impact on the financial statements beyond the disclosures added in note 2(d).

(t) Recently Issued Accounting Standards

In June 2015, the GASB issued Statement No. 75, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement establishes financial reporting standards for Other Post-Employment Benefit Plans (OPEB) that are administered through trusts or equivalent arrangements which involve contributions from employers and nonemployer contributing entities to the OPEB plan. This Statement is effective for fiscal years beginning after June 15, 2017.

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

(u) 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.

(v) Reclassifications

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

(2) Deposits and Investments

Cash and cash equivalents and investments as of June 30, 2017 and 2016 are classified in the accompanying financial statements as follows (in thousands):

	2017	2016
Unrestricted		
Cash and cash equivalents	$ 106	74
Equity in cash management pool	789,280	847,800
Restricted		
Cash and cash equivalents	528,052	636,305
Investments	888,869	790,190
Total deposits and investments	$ 2,206,307	2,274,369

(a) Pooled Cash Held in City Treasury

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

As of June 30, 2017 and 2016, the Department had approximately $789.3 million and $847.8 million, respectively, within the City's cash management pool. At June 30, 2017 and 2016, the composition of the equity in cash management pool portfolio consisted mainly of investments in Georgia Local Government Investment Pool (Georgia Fund 1), Federal Home Loan Bank (FHLB), Federal Home

Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Federal Farm Credit Bank (FFCB), Repos, and Negotiated Investment Deposit Agreements.

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

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

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

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

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

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

(c) Investment in Local Government Investment Pool

The Department is a voluntary participant in Georgia Fund 1 that is managed by the State of Georgia's Office of Treasury and Fiscal Services. As of June 30, 2017 and 2016, the Department's cash equivalent deposits in the Georgia Fund 1 are approximately \$23.1 million and \$38.1 million, respectively. The total amount recorded by all public agencies in Georgia Fund 1 at June 30, 2017 and 2016, was approximately \$12.0 billion and \$13.4 billion, respectively.

(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, 2017 and 2016, (in thousands):

	2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Debt securities:				
U.S. treasury securities	$ 201,796	—	—	201,796
U.S. agency securities	—	231,204	—	231,204
State and municipal bonds	—	151,192	—	151,192
Total debt securities	201,796	382,396	—	584,192
Other securities:				
Repurchase Agreements (Repos)	—	304,677	—	304,677
Total other securities	—	304,677	—	304,677
Total investments by fair value level	$ 201,796	687,073	—	888,869
Investments measured at NAV:				
Equity in cash management pool				$ 789,280
Total investments measured at the NAV				789,280
Total investments measured at fair value				$1,678,149

	2016			
	Level 1	Level 2	Level 3	Total
Debt securities:				
U.S. treasury securities	$ 105,214	—	—	105,214
U.S. agency securities	—	298,875	—	298,875
State and municipal bonds	—	59,417	—	59,417
Total debt securities	105,214	358,292	—	463,506
Other securities				
Repurchase Agreements (Repos)	—	326,684	—	326,684
Total other securities	—	326,684	—	326,684
Total investments by fair value level	$ 105,214	684,976	—	790,190

Investments measured at NAV:	
Equity in cash management pool	$ 847,800
Total investments measured at the NAV	847,800
Total investments measured at fair value	$1,637,990

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.
- Guaranteed investment contracts 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, 2017, 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	$ 76,855	—	15,140	34,500	24,697	151,192
Federal agency obligations	Aaa/ AA+	—	—	—	231,204	—	231,204
US treasury obligations	Exempt	—	176,445	25,351	—	—	201,796
Equity in cash management pool	Various	789,280	—	—	—	—	789,280
Repurchase Agreements (Repos)	*	3,640	—	—	278,247	22,790	304,677
Grand total		$ 869,775	176,445	40,491	543,951	47,487	1,678,149

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

As of June 30, 2016, 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	$ 3,500	3,558	33,128	16,975	2,256	59,417
Federal agency obligations	Aaa/ AA+	40,520	—	—	258,355	—	298,875
US treasury obligations	Exempt	—	105,214	—	—	—	105,214
Equity in cash management pool	Various	847,800	—	—	—	—	847,800
Repurchase Agreements (Repos)	*	—	—	—	—	326,684	326,684
Grand total		$ 891,820	108,772	33,128	275,330	328,940	1,637,990

*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. The City requires that all uninsured collected balances plus accrued interest in depository accounts be collateralized and that the market value of collateralized pledged securities must be at least 110% of the deposit balances, and 102% for repurchase agreements. As of June 30, 2017 and 2016, the City's collateralization for pledged securities at Wells Fargo was 110% in deposit accounts.

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, 2017 and 2016.

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, 2017 and 2016, there were no investments in any one issuer, related to the Department, that were over 5% (excluding U.S. government securities) by reporting unit.

Foreign Currency Risk

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

(3) Accounts Receivable

Net accounts receivable as of June 30, 2017 and 2016 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, 2017 and 2016 are summarized as follows (in thousands):

	2017	2016
Renewal and Extension Fund:		
Cash and cash equivalents	$ 15,652	23,603
Other assets	3,483	4,421
Passenger Facility Charge Fund:		
Cash and cash equivalents	16,657	153,656
Other assets	38,872	32,360
Investments	584,191	422,986
Customer Facility Charge Fund:		
Cash and cash equivalents	34,812	35,882
Other assets	4,142	3,221
Construction Fund:		
Cash and cash equivalents	66,258	36,306
Other assets	179	129
Investments	281,888	340,774
Sinking Funds:		
Cash and cash equivalents	394,673	386,858
Investments	22,790	26,430
Total	$ 1,463,597	1,466,626

The following table is a summary of carrying amount of restricted assets as shown on the accompanying statements of net position at June 30, 2017 and 2016 (in thousands):

	2017	2016
Cash and cash equivalents	$ 528,052	636,305
Other assets	46,676	40,131
Investments	888,869	790,190
Total	$ 1,463,597	1,466,626

(5) Capital Assets

Summaries of capital asset activity and changes in accumulated depreciation for the years ended June 30, 2017 and 2016 are as follows (in thousands):

	Balance at June 30, 2016	Additions	Deletions and retirements	Transfers to additions	Balance at June 30, 2017
Capital assets not being depreciated:					
Land	$ 862,006	—	—	—	862,006
Construction in progress	330,578	391,726	—	(185,930)	536,374
Total capital assets not being depreciated	1,192,584	391,726	—	(185,930)	1,398,380
Capital assets being depreciated:					
Runways, taxiways, and other land improvements	3,276,386	—	(97)	7,894	3,284,183
Terminal, maintenance buildings, and other structures	3,911,973	—	(6)	75,429	3,987,396
Other property and equipment	316,711	9,665	(12,853)	102,607	416,130
Total capital assets being depreciated	7,505,070	9,665	(12,956)	185,930	7,687,709
Less accumulated depreciation for:					
Runways, taxiways, and other land improvements	(1,377,444)	(86,946)	70	—	(1,464,320)
Terminal, maintenance buildings, and other structures	(1,227,196)	(114,377)	2	—	(1,341,571)
Other property and equipment	(160,040)	(28,660)	12,782	—	(175,918)
Total accumulated depreciation	(2,764,680)	(229,983)	12,854	—	(2,981,809)
Net capital assets	$ 5,932,974	171,408	(102)	—	6,104,280

	Balance at June 30, 2015	Additions	Deletions and retirements	Transfers to additions	Balance at June 30, 2016
Capital assets not being depreciated					
Land	$ 862,006	—	—	—	862,006
Construction in progress	262,717	199,355	—	(131,494)	330,578
Total capital assets not being depreciated	1,124,723	199,355	—	(131,494)	1,192,584
Capital assets being depreciated:					
Runways, taxiways, and other land improvements	3,205,540	—	—	70,846	3,276,386
Terminal, maintenance buildings, and other structures	3,862,425	—	—	49,548	3,911,973
Other property and equipment	299,935	7,176	(1,500)	11,100	316,711
Total capital assets being depreciated	7,367,900	7,176	(1,500)	131,494	7,505,070
Less accumulated depreciation for:					
Runways, taxiways, and other land improvements	(1,289,354)	(88,090)	—	—	(1,377,444)
Terminal, maintenance buildings, and other structures	(1,112,706)	(114,490)	—	—	(1,227,196)
Other property and equipment	(140,745)	(20,750)	1,455	—	(160,040)
Total accumulated depreciation	(2,542,805)	(223,330)	1,455	—	(2,764,680)
Net capital assets	$ 5,949,818	(16,799)	(45)	—	5,932,974

(6) Short-Term and Long-Term Debt

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

The City has issued Commercial Paper, classified as short-term debt, and bond anticipation notes, classified as 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.

Long-term debt at June 30, 2017 and 2016 consists of the following (in thousands):

		2017	2016
General Revenue Bonds:			
Airport General Revenue Bonds, Series 2004F, at 5.25%, due serially through 2017	$	—	4,755
Airport General Revenue Bonds, Series 2010A, combination serial at 2.00% – 5.00% and term, at 4.625% – 5.00% through 2040		163,810	167,590
Airport General Revenue and Refunding Bonds, Series 2010C, combination serial at 2.0% – 5.875% and term, at 5.25% – 6.00% through 2030		409,470	430,760
Airport General Revenue and Refunding Bonds, Series 2011A at 3.00% – 5.00% due serially through 2021		144,435	168,905
Airport General Revenue and Refunding Bonds, Series 2011B at 3.00% – 5.00% due serially through 2030		173,555	175,685
Airport General Revenue Refunding Bonds, Series 2012A, combination serial at 2.00% – 5.00% and term, at 4.00% – 5.00% through 2042		60,305	61,600
Airport General Revenue Refunding Bonds, Series 2012B, combination serial at 3.00% – 5.00% and term, at 5.00% through 2042		175,930	179,375
Airport General Revenue Refunding Bonds, Series 2012C, combination serial at 4.00% – 5.00% and term, at 5.00% through 2042		214,630	218,870
Airport General Revenue and Refunding Bonds, Series 2014B at 3.00% – 5.00% due serially through 2033		140,830	141,005
Airport General Revenue and Refunding Bonds Series 2014C at 2.00% – 5.00% due serially through 2030		128,850	147,215
Total general revenue bonds		1,611,815	1,695,760
Passenger Facility Charge (PFC) Subordinate Revenue Bonds:			
PFC and Subordinate Lien General Revenue Bonds, Series Series 2010B, at 2.00% – 5.00%, due serially through 2026	$	275,220	304,845
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		798,825	828,450

(Continued)

	2017	2016
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)	$ 154,870	162,000
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)	15,135	15,915
Total Customer Facilities Charge (CFC) Bonds	170,005	177,915
Total bonds	2,580,645	2,702,125
Bond anticipation notes	300,000	300,000
Total long-term debt	2,880,645	3,002,125
Unaccreted bond discounts	(139)	(157)
Unamortized bond premiums	127,478	143,593
Less current maturities	(127,675)	(121,480)
Total long-term debt	$ 2,880,309	3,024,081

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

	Balance at June 30, 2016	Additions	Retirements	Balance at June 30, 2017	Due within one year
Revenue, PFC, and CFC Bonds	$ 3,002,125	—	(121,480)	2,880,645	127,675
Plus issuance discount and premium, net	143,436	—	(16,097)	127,339	—
Total bonded debt	$ 3,145,561	—	(137,577)	3,007,984	127,675

	Balance at June 30, 2015	Additions	Retirements	Balance at June 30, 2016	Due within one year
Revenue, PFC, and CFC Bonds	$ 2,818,210	300,000	(116,085)	3,002,125	121,480
Plus issuance discount and premium, net	160,707	—	(17,271)	143,436	—
Total bonded debt	$ 2,978,917	300,000	(133,356)	3,145,561	121,480

(Continued)

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, 2017 and 2016, the balance of outstanding conduit debt totaled $170.0 million and $177.9 million, respectively.

On April 10, 2014, the City issued approximately $523.6 million of its Airport Passenger Facility Charge and Subordinate Lien General Revenue Refunding Bonds, Series 2014A (Non-AMT), $141.0 million of its Airport General Revenue and Refunding Bonds, Series 2014B (Non-AMT), and $181.9 million of its General Airport Revenue and Refunding Bonds, Series 2014C (AMT), collectively referred to as the "Series 2014 Bonds". The Series 2014 Bonds were issued to refund and redeem all of the outstanding principal amount of the City's Airport Passenger Facility Charge and Subordinate Lien General Revenue Bonds, Series 2004C and 2004J, the City's Airport General Revenue Refunding Bonds, Series 2003RF-D, the City's Airport General Revenue Bonds, Series 2004A, Series 2004B, and a portion of the Series 2004F and Series 2004G (the Refunded Bonds), to fund a deposit to the respective subaccounts in the Debt Service Reserve Account securing the Outstanding PFC Revenue Bonds and the Outstanding Senior Lien General Revenue Bonds, and to pay the costs of issuance with respect to the Refunded Bonds. The refunding of the Series 2014 Bonds resulted in a net present value savings of $73.6 million and a reduction in annual debt service of $3.2 million.

On March 20, 2016, the Department of Aviation issued an aggregate combined $300 million of Bond Anticipation Notes (2016 Series A&B) which mature on March 20, 2019. 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. According to the note agreement, the City will refund or refinance and pay the principal of and interest on the Series 2016 Notes with proceeds of long-term fixed rate take-out bonds issued in an amount not to exceed $350 million, maturing not later than January 1, 2050 with a not to exceed interest rate of 9.0% per annum, and a maximum principal and interest due in any year of $40 million. As the Department's current expectation is not to refund or repay these notes during the next year these notes have been classified as long-term debt.

The annual debt service requirements (excluding bond anticipation notes) at June 30, 2017 are as follows (in thousands):

	Principal	Interest	Total debt service
Year:			
2018	$ 127,675	131,377	259,052
2019	134,710	124,996	259,706
2020	136,490	118,244	254,734
2021	143,485	111,386	254,871
2022	121,110	104,172	225,282
2023-2027	711,445	419,494	1,130,939
2028-2032	756,815	217,015	973,830
2033-2037	276,055	74,597	350,652
2038-2042	172,860	25,016	197,876
Total	$ 2,580,645	1,326,297	3,906,942

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.

(Continued)

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

	Balance at June 30, 2016	Additions	Retirements	Balance at June 30, 2017	Due within one year
Commercial paper notes	$ 20,000	126,926	—	146,926	146,926
Total notes	$ 20,000	126,926	—	146,926	146,926

	Balance at June 30, 2015	Additions	Retirements	Balance at June 30, 2016	Due within one year
Commercial paper notes	$ —	20,000	—	20,000	20,000
Total notes	$ —	20,000	—	20,000	20,000

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%.

(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 \$5.5 billion with a carrying value of \$3.3 billion. Depreciation expense for fiscal years 2017 and 2016 on the facilities was \$151.0 million and \$151.9 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.

The City has agreements with the principal passenger airlines serving the Airport (Contracting Airlines) relating to their use and lease of the Central Passenger Terminal Complex (CPTC Leases). The CPTC Leases provide for the calculation of terminal rentals and charges by the City to recover a portion of certain operating and maintenance expenses, debt service, and an additional 20% coverage on General Airport Revenue Bonds issued to finance airline approved CPTC projects. Both the Airport Use Agreements and the CPTC Leases were extended through September 30, 2017 under the Extended and Amended Airline Use Agreements and the Extended and Amended Airline Agreements.

During fiscal year 2016, the City negotiated a new Airport Use and Lease Agreement with the Signatory Airlines, which was approved by City Council. The agreement has been signed by all major signatory carriers operating at the airport. The agreement becomes effective October 1, 2017, except TITLE XI – Capital Improvement Projects, which became effective July 1, 2016. The new agreement will replace the

Airport Use Agreements, Airport Use License Agreements and CPTC Leases. Although this new lease agreement does not begin until fiscal year 2018, since it has been fully executed, it is included in the following future minimum lease table shown below.

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 $131.9 million and $132.1 million for the years ended June 30, 2017 and 2016 , respectively.

At June 30, 2017, minimum future rentals and fees to be received under noncancelable leases or concession agreements for each fiscal year are as follows (in thousands):

2018	$	299,190
2019		347,621
2020		349,027
2021		381,475
2022		386,995
2023-2027		1,653,072
2028-2032		2,042,757
2033-2036		1,918,187
	$	7,378,324

(8) Pension and Other Employee Benefits Plans

Pension Plans

The City maintains the following separately administered pension plans:

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

The employees of the Department are covered by either one of the pension plans or the defined contribution plan (collectively, the Plans). The Plans do not provide for measurements of assets and pension benefit obligations for individual units of the City. Such information for the City as a whole is presented in the City's Comprehensive Annual Financial Report.

The funding methods and determination of benefits payable were established by the legislative acts creating such plans, as amended, and in general, provide that the funds are to be accumulated from employee contributions, City contributions, and income from the investment of accumulated funds. The plans are administered by separate boards of trustees that include an appointee of the Mayor, the City's Chief

Financial Officer, a member of City Council, and members elected from active and retired employees of the respective plans.

Prior to July 1, 2001, all permanent employees of the Department were eligible to participate in the General Employees' Pension Plan. Effective July 1, 2001, all new, permanent employees of the Department, excluding sworn personnel of the Police and Fire Departments, are only eligible to participate in the Defined Contribution Plan. Effective December 5, 2002 persons employed prior to July 1, 2001 were given the option of transferring to the Defined Contribution Plan. As of December 31, 2002, employees previously participating in the General Employees' Defined Benefit Plan no longer have the option of transferring to the new Defined Contribution Plan. Sworn personnel of the Police and Fire Departments are eligible to participate in the Police Officers' and Firefighters' plans, respectively.

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

The measurement date for the three defined benefit plans is June 30, 2016.

A stand-alone audited financial report is issued for the three defined benefit plans and can be obtained at the following address:

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

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

The pension disclosures that follow include all disclosures for GASB 68 using the latest valuation reports available (July 1, 2015). The measurement date for the three defined benefit plans is June 30, 2016. The Department is presenting net pension liability as of June 30, 2016 for these fiscal year 2017 financials.

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) Administration of the GEPP

The GEPP is administered as an agent multiple-employer defined benefit pension plan by the Board of Trustees (the Board). Board membership includes the Mayor or his designee, the City's Chief Financial Officer, a member of the City Council, two active City employee representatives, one retired City representative, one active School System representative, and one retired School System representative. All modifications to the Plan must be supported by actuarial analysis and receive the recommendations of the City Attorney, the Chief Financial Officer, and the Board. Each pension law modification must be adopted by at least two-thirds vote of the City Council and be approved by the Mayor.

(b) Contribution Requirements for 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, City contributions, and income from the investment of accumulated funds.

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 1% multiplier, which 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 contributions at a rate of 20% per year and become fully vested in the City's contributions after five years of participation.

Beginning on November 1, 2011, employees participating in the GEPP 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).

Beginning in fiscal year 2012, there is a cap on the maximum amount of the City's contribution to the GEPP 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 plans, which include General Employees', Firefighters' and Police Officers' 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 coverage, 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. During fiscal year 2017 the City had an actuarial assessment conducted to review the pay cap. The assessment determined the City was at 21.1%, well within the cap.

The following table provides the Department's contributions used in the determination of the Department's proportional 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:			
2016	$	5,517	11.49%
2017		6,232	11.49

(c) *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

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 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.

(d) Administration of the FPP and PPP

The FPP and PPP are administered as a single-employer defined-benefit plan by separate Board of Trustees of the City of Atlanta, Georgia Firefighters' Pension Board and Police Officers' Pension Board (the Board) with each Board including an appointee of The Mayor or his designee, the City's Chief Financial Officer, a member of City Council, two active employee representatives and one retired employee representative. All modifications to the plan must be supported by actuarial analysis input and receive the recommendations of the City Attorney, the Chief Financial Officer, and the pertinent Board of Trustees. Each pension law modification must be adopted by at least two thirds vote of the City Council and be approved by the Mayor.

(e) Contribution Requirements for 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.

(Continued)

Sworn personnel employed by the Fire Department and Police Department are required to contribute to the Plans. 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 Department and Police Department participating in the FPP or PPP and hired before September 1, 2011, or after January 1, 1984, had an increase of 5% in their mandatory contributions into the Plans. The contribution is such that the new contribution is 12% of salary (without a designated beneficiary) or 13% of salary (with a designated beneficiary). Beginning in fiscal year 2012, there is a cap on the maximum amount of the City's contribution to the defined benefit pension funds measured as a percentage of payroll. The City's annual contribution to the funds may not exceed 35% of payroll of the participants in the three Plans in aggregate. In the event that this 35% cap is reached, the City will fund any overage for the first 12 month period from its reserves. If an overage exists during the 12 month period in which the City will fund the overage from the reserve, 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%. During fiscal year 2017, the City had an actuarial assessment conducted to review the pay cap. The assessment determined the City was at 21.1%, well within the cap.

Employees hired on or after September 1, 2011 who are sworn members of the Fire 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 1% multiplier. The retirement age increased to age 57 for participants in the Plans. 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 proportional share of collective pension amounts reported (dollars in thousands).

Plan		Proportionate share of contributions	Allocation percentage of proportionate share of collective pension amount
Firefighters			
2016	$	5,075	24.30%
2017		3,998	24.30
Police officers			
2016	$	2,580	7.89%
2017		1,984	7.80

(f) 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 Department and Police Department are required to contribute to the Plans.

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).

(Continued)

Early retirement age:

Age 47 with at least 15 years of service (hired after August 31, 2011)
Any age with at least 15 years of service (hired during the period July 1, 2010 through August 31, 2011)
Any age with at least 10 years of service (hired before July 1, 2010)

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). Each plan has a board (the Boards) which has been granted the authority by City Ordinance to establish and amend their Plan's investment policy. The Boards are responsible for making all decisions with regard to the administration of their Plan, including the management of Plan assets, establishing the investment policy and carrying out the policy on behalf of the Plan.

The Plan's investments are managed by various investment managers under contract with the respective 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 Plan's custodian in the Plan's name. These assets are held exclusively for the purpose of providing benefits to members of the respective 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, each of the Boards review 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. The following asset classes are included in the Plans' investment objectives: Domestic Equities, International Equities, Domestic Fixed Income, International Fixed Income, and Alternative Investments.

There were no changes to the Plan's investment policy in fiscal year 2017. 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, 2017 and 2016 are summarized in the following tables:

General employees'

Asset class	Target allocation	Long-term expected real rate of return
Domestic equity	50%	6.8%
International equity	20	7.9
Fixed income	25	1.8
Alternative investments	5	5.9
	100%	

Firefighters' and police officers'

Asset class	Target allocation	Long-term expected real rate of return
Broad equity market	7%	6.0%
Domestic large-cap equity	30	6.9
Domestic mid-cap equity	15	8.9
Domestic small-cap equity	9	5.0
International equity	9	3.3
Fixed income	25	0.8
Alternative investments	5	7.5
	100%	

For the years ended June 30, 2017 and 2016, the annual money-weighted rate of return for General Employees', Firefighters' and Police Officers' Pension Plan investments, net of pension plan investment expense, was 13.32%, 13.15%, and 14.19% and 1.24%, (1.13%), and (0.71%), 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, 2017 and 2016 was measured as of June 30, 2016 and 2015, respectively. The measurement was based on the July 1, 2015 actuarial valuation rolled forward to June 30, 2016 and the July 1, 2014 actuarial valuation rolled forward to June 30, 2015, respectively, using standard roll-forward techniques. The net pension liability at June 30, 2017 and 2016 is as follows (dollars in thousands):

	2017		
	General employees'	**Firefighters'**	**Police officers'**
Total pension liability	$ 1,915,577	861,493	1,317,840
Plan fiduciary net position	1,122,786	612,637	950,415
Net pension liability	$ 792,791	248,856	367,425
Plan fiduciary net position as a percentage of the total pension liability	58.61%	71.11%	72.12%

	2016		
	General employees'	**Firefighters'**	**Police officers'**
Total pension liability	$ 1,873,213	853,690	1,294,907
Plan fiduciary net position	1,153,715	644,649	983,385
Net pension liability	$ 719,498	209,041	311,522
Plan fiduciary net position as a percentage of the total pension liability	61.59%	75.51%	75.94%

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, 2016 and 2017 is as follows (dollars in thousands):

Plan	Department's proportionate share of the net pension liability	Department's proportionate share of the net pension liability
General employees'		
2016	11.49%	$ 82,670
2017	11.49	91,092
Firefighters'		
2016	24.30%	$ 50,797
2017	24.30	60,472
Police officers'		
2016	7.89%	$ 24,582
2017	7.80	28,659

Changes in Net Pension Liability
The changes in net pension liability as of June 30, 2017 and 2016 are as follows (dollars in thousands):

General Employees'

	Increase (decrease)		
	Total pension liability	Plan net position	Net pension liability
Balances at June 30, 2016	$ 1,873,213	1,153,715	719,498
Changes for the year:			
Service cost	20,230	—	20,230
Interest expense	136,155	—	136,155
Demographic experience	1,610	—	1,610
Contributions – employer	—	54,236	(54,236)
Contributions – employee	—	19,173	(19,173)
Net investment income	—	12,257	(12,257)
Benefit payments and refunds	(115,631)	(115,631)	—
Administrative expenses	—	(964)	964
Net changes	42,364	(30,929)	73,293
Balances at June 30, 2017	$ 1,915,577	1,122,786	792,791

	Increase (decrease)		
	Total pension liability	**Plan net position**	**Net pension liability**
Balances at June 30, 2015	$ 1,832,883	1,145,333	687,550
Changes for the year:			
Service cost	20,191	—	20,191
Interest expense	133,276	—	133,276
Difference between expected and actual investments earnings	(1,399)	—	(1,399)
Contributions – employer	—	48,015	(48,015)
Contributions – employee	—	16,975	(16,975)
Net investment income	—	56,575	(56,575)
Benefit payments and refunds	(111,738)	(111,738)	—
Administrative expenses	—	(1,445)	1,445
Net changes	40,330	8,382	31,948
Balances at June 30, 2016	$ 1,873,213	1,153,715	719,498

Firefighters'

	Increase (decrease)		
	Total pension liability	**Plan net position**	**Net pension liability**
Balances at June 30, 2016	$ 853,690	644,649	209,041
Changes for the year:			
Service cost	12,013	—	12,013
Interest expense	62,584	—	62,584
Demographic experience	(22,794)	—	(22,794)
Contributions – employer	—	16,454	(16,454)
Contributions – employee	—	5,667	(5,667)
Net investment income	—	(9,895)	9,895
Benefit payments and refunds	(44,000)	(44,000)	—
Administrative expenses	—	(238)	238
Net changes	7,803	(32,012)	39,815
Balances at June 30, 2017	$ 861,493	612,637	248,856

(Continued)

	Increase (decrease)		
	Total pension liability	Plan net position	Net pension liability
Balances at June 30, 2015	$ 846,325	658,508	187,817
Changes for the year:			
Service cost	12,612	—	12,612
Interest expense	60,396	—	60,396
Difference between expected and actual investments earnings	(23,053)	—	(23,053)
Contributions – employer	—	20,866	(20,866)
Contributions – employee	—	5,637	(5,637)
Net investment income	—	2,651	(2,651)
Other income	—	4	(4)
Benefit payments and refunds	(42,590)	(42,590)	—
Administrative expenses	—	(427)	427
Net changes	7,365	(13,859)	21,224
Balances at June 30, 2016	$ 853,690	644,649	209,041

Police Officers’

	Increase (decrease)		
	Total pension liability	Plan net position	Net pension liability
Balances at June 30, 2016	$ 1,294,907	983,385	311,522
Changes for the year:			
Service cost	21,573	—	21,573
Interest expense	95,436	—	95,436
Demographic experience	(34,253)	—	(34,253)
Contributions – employer	—	25,441	(25,441)
Contributions – employee	—	11,825	(11,825)
Net investment income	—	(10,177)	10,177
Benefit payments and refunds	(59,823)	(59,823)	—
Administrative expenses	—	(236)	236
Net changes	22,933	(32,970)	55,903
Balances at June 30, 2017	$ 1,317,840	950,415	367,425

(Continued)

	Increase (decrease)		
	Total pension liability	Plan net position	Net pension liability
Balances at June 30, 2015	$ 1,270,494	987,507	282,987
Changes for the year:			
Service cost	22,387	—	22,387
Interest expense	91,326	—	91,326
Difference between expected and actual experience	(33,047)	—	(33,047)
Contributions – employer	—	32,693	(32,693)
Contributions – employee	—	11,224	(11,224)
Net investment income	—	8,734	(8,734)
Other income	—	4	(4)
Benefit payments and refunds	(56,253)	(56,253)	—
Administrative expenses	—	(524)	524
Net changes	24,413	(4,122)	28,535
Balances at June 30, 2016	$ 1,294,907	983,385	311,522

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, 2017 and 2016:

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, 2017 and 2016, 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):

	2017		
	1% Decrease 6.50%	**Current discount rate 7.50%**	**1% Increase 8.50%**
General Employees'	$ 930,949	792,791	528,421
Department's Proportionate Share	106,966	91,092	60,716

	1% Decrease 6.41%	**Current discount rate 7.41%**	**1% Increase 8.41%**
Firefighters'	$ 357,411	248,856	159,048
Department's Proportionate Share	86,851	60,472	38,649
Police Officers'	$ 547,233	367,425	220,715
Department's Proportionate Share	42,684	28,659	17,216

	2016		
	1% Decrease 6.50%	**Current discount rate 7.50%**	**1% Increase 8.50%**
General Employees'	$ 935,841	719,498	537,382
Department's Proportionate Share	107,528	82,670	61,745

	1% Decrease 6.41%	**Current discount rate 7.41%**	**1% Increase 8.41%**
Firefighters'	$ 317,918	209,041	119,100
Department's Proportionate Share	77,254	50,797	28,941
Police Officers'	$ 490,760	311,522	165,534
Department's Proportionate Share	38,726	24,582	13,062

(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 2017 and 2016 are as follows:

	General employees'	**Firefighters'**	**Police officers'**
Valuation date:			
2017	July 1, 2015	July 1, 2015	July 1, 2015
2016	July 1, 2014	July 1, 2014	July 1, 2014
Asset valuation method	Market value	Market value	Market value
Inflation rate	2.75%	2.25%	2.25%
Salary increases	3.50	4.00	4.00
Investment rate of return	7.50	7.41	7.41

For the General Employees' Plan, the mortality rates were based on the RP-2000 Combined Healthy Mortality Table set to reasonably reflect future mortality improvement based on a seven and a half year review of mortality experience for the 2003 – 2011 period. The mortality will be assessed again at the time of the next review, and further adjustment or expected improvement in life expectancy will be made if warranted.

Firefighters' and Police Officers' Pension Plans mortality rates were based on the sex-distinct rates set forth in the RP-2000 Mortality Table projected to 2015 by Scale AA, as published by the Internal Revenue Code (IRC) Section 430; future generational improvements in mortality have not been reflected.

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

For the year ended June 30, 2017 and 2016, the City recognized \$116.1 million and \$72.3 million in pension expense, respectively. The Department's proportionate share of pension expense was \$15.4 million and \$9.4 million related to the Plans, respectively.

Deferred outflows of resources were related to differences between expected and actual experience and contributions made after the measurement date. The difference between expected and actual experience with regard to economic and demographic factors is amortized over the average of the expected remaining service life of active and inactive members, which is approximately five years. The first year of amortization is recognized as pension 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 pension plans for the Department (in thousands):

	2017		2016	
	Deferred outflows	**Deferred inflows**	**Deferred outflows**	**Deferred inflows**
General Employees':				
Contributions subsequent to the measurement date	$ 6,184	—	6,232	—
Demographic gain/loss	139	—	—	—
Change between projected and actual experience in total pension liability	—	80	—	121
Net difference between projected and actual pension investment earnings	3,315	—	—	5,361
Firefighters':				
Contributions subsequent to the measurement date	4,117	—	3,998	—
Demographic gain/loss	1,854	9,710	—	—
Assumption changes	2,986	—	—	—
Change between projected and actual experience in total pension liability	—	—	5,361	5,094
Net difference between projected and actual pension investment earnings	10,730	—	—	1,547
Police Officers':				
Contributions subsequent to the measurement date	2,199	—	1,984	—
Demographic gain/loss	2,069	4,492	—	—
Assumption changes	761	—	—	—
Change between projected and actual experience in total pension liability	—	—	3,254	2,389
Net difference between projected and actual pension investment earnings	4,627	—	—	1,234
Total	$ 38,981	14,282	20,829	15,746

Contributions subsequent to the measurement date for each of the pension plans total $12,500 as of June 30, 2017 and are recognized in pension expense during the year ended June 30, 2018. 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
General Employees':		
2018	$ (282)	40
2019	(282)	40
2020	2,348	—
2021	1,670	—
Firefighters':		
2018	2,023	923
2019	2,023	923
2020	5,489	923
2021	3,276	923
2022	521	923
Thereafter	2,238	5,095
Police Officers':		
2018	886	481
2019	886	481
2020	2,628	481
2021	1,630	481
2022	350	481
Thereafter	1,077	2,087

Defined Contribution Plan

The City's General Employees' Defined Contribution Plan provides funds at retirement for employees of the City and in the event of death, provides funds for their beneficiaries, through an arrangement by which contributions are made to the plan by employees and the City. The contribution of the City for the year ended June 30, 2017 and 2016 is 6% of employee payroll.

Employees also make a mandatory pretax contribution of 6% plus have the option to contribute amounts up to the amount legally limited for retirement contributions. All modifications to the Plan, including contribution requirements, must receive the recommendations and advice from the offices of the Chief Financial Officer and the City Attorney, respectively. Each pension law modification must be adopted by at least two-thirds vote of the City Council and 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 nonclassified employees pay grade 18, or its equivalent, and below then enrolled in the General Employees' Defined Contribution Plan had the one-time option of transferring to the General Employee's Pension Plan. Classified employees and certain nonclassified employees pay grade 18 and below, not covered by either the Police Officers' or Firefighters' Pension Plans, hired after September 1, 2005 are required to become members of the General Employee's Pension Plan.

Amendments to Defined Contribution Plan

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

As of June 30, 2017, there were 1,733 participants in the General Employees' Defined Contribution Plan. The covered payroll for employees in the Plan was $128.6 million. Employer contributions for the year ended June 30, 2017 were $11.1 million and employee contributions were $11.0 million or 17.2% of covered payroll.

As of June 30, 2016, there were 1,603 participants in the General Employees' Defined Contribution Plan. The covered payroll for employees in the Plan was $113.9 million. Employer contributions for the year ended June 30, 2016 were $9.6 million and employee contributions were $9.7 million or 17.0% 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.

Postretirement Benefits

Plan Description

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

(Continued)

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, 2017, the City made $48.9 million "pay-as-you-go" payments on behalf of the Plan. Retiree contributions vary based on the plan elected, dependent coverage and Medicare eligibility. Eligible retirees receiving benefits contributed $41.7 million through their required contributions.

For the fiscal years ended June 30, 2017 and 2016, the Department made $6.3 million and $5.6 million "pay-as-you-go" payments, respectively, on behalf of the Plan.

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

The following table shows the elements of the Department's portion of the City's OPEB cost for the year, the amount actually contributed on behalf of the Plan, and changes in the Department's portion of the City's net OPEB obligation to the Plan for the years ended June 30, 2017 and 2016 (in thousands):

		2017	2016
Annual required contributions	$	10,389	10,170
Interest on net OPEB obligation		2,287	2,156
Adjustment to annual required contribution		(2,723)	(2,450)
Annual OPEB Cost		9,953	9,876
"Pay-as-you-go" payments made		(6,258)	(5,610)
Increase in net OPEB obligation		3,695	4,266
Net OPEB obligation – beginning of the year		60,465	56,199
Net OPEB obligation – end of the year	$	64,160	60,465

(Continued)

The Department's portion of the City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the Department's portion of the City's net OPEB obligation for the fiscal years ended June 30, 2017, 2016, and 2015 are as follows (in thousands):

	Annual OPEB cost	Percentage of annual OPEB cost paid	Net OPEB obligation
Fiscal year ended:			
June 30, 2017	$ 9,953	62.9%	$ 64,160
June 30, 2016	9,876	56.8	60,465
June 30, 2015	9,475	58.9	56,199

Funded Status and Funding Progress

As of June 30, 2016, the most recent actuarial valuation date, the Plan was not funded, except "pay-as-you-go" payments. The unfunded actuarial accrued liability (UAAL) for benefits was $1.14 billion. The covered payroll was $385 million, and the ratio of the UAAL to the covered payroll was 297.4%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The determined actuarial valuations of OPEB provided under the Plan incorporated the use of various assumptions including demographic and salary increases, among others. Amounts determined regarding the funded status of the Plan and the annual required contributions of the City are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown as required supplementary information following the notes to the financial statements, presents the results of the OPEB valuation as of June 30, 2016. The schedule will eventually provide additional multi-year trend information about whether the actuarial values of Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Under the provisions of GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the City elected to use the June 30, 2016 actuarial report as the basis for determining the current year ARC requirement.

Actuarial Methods and Assumptions

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

(Continued)

In the June 30, 2016 actuarial valuation, the Entry Age Normal actuarial cost method was used. It is amortized as a level percent of payroll over a 21 year period and a closed amortization method. The actuarial assumptions included 4.0% investment rate of return (net of administrative expenses) and an annual medical cost trend rate of 7% initially, reduced by decrements to an ultimate trend rate of 4.5% after 5 years. Both rates include a 3% inflation assumption. Currently there are no assets set aside that are legally held exclusively for OPEB.

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.

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

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

(Continued)

(b) Property Insurance Claim

On March 18, 2013, the Department sustained hail damage to several buildings and other structures. Negotiations are currently ongoing with the insurance parties involved. Based upon initial estimates, repair costs are expected to range between $30 million and $50 million. The Department has a deductible of $250 thousand for this incident. As of June 30, 2017, repair costs of $23.1 million have been incurred by the Department related to this incident.

(c) Workers' Compensation

The City's workers' compensation liability is calculated by an outside actuary. Liabilities are reported 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 2017 and 2016.

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

Changes in the balances of the liabilities for workers' compensation attributable to the Department during 2017, 2016, and 2015 were as follows (in thousands):

	Beginning of year	Current year claims and changes in estimates	Claim payments	End of year
Workers' compensation:				
2017	$ 1,103	1,571	(238)	2,436
2016	383	976	(256)	1,103
2015	637	121	(375)	383

(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, 2017 and 2016, the Department was contractually obligated to expenditures of approximately $801.1 million and $694.4 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, 2017 and 2016, a restricted noncurrent asset is recorded for approximately $5.1 million, as a result of this settlement.

(11) Subsequent Events

The Department has evaluated subsequent events from the statement of net position date through December 21, 2017, the date at which the financial statements were available to be issued, and determined that there were no additional matters requiring disclosure.

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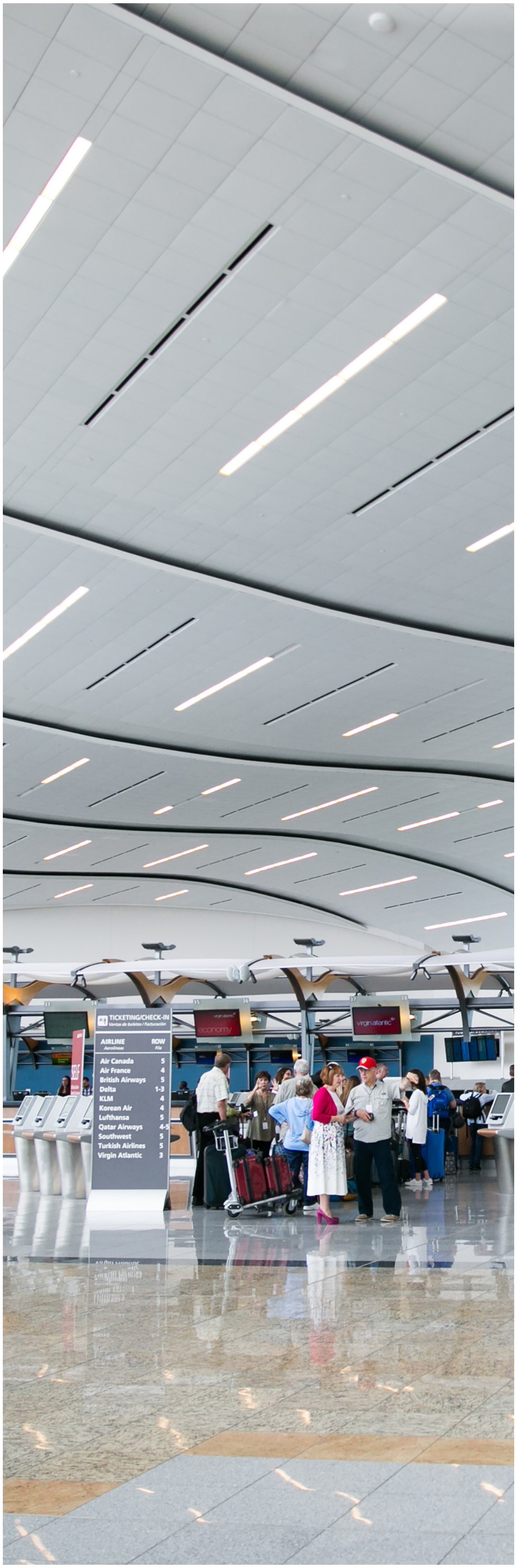
Comprehensive Annual Financial Report



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

Year ended June 30, 2017

(Dollars in thousands)

Plan	Department's proportionate share of the net pension liability	Department's proportionate share of the net pension liability	Department's covered-employee payroll	Department's proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
General Employees:					
2015	11.49%	$ 78,999	16,373	482.51%	62.49%
2016	11.49	82,670	16,736	493.98	61.59
2017	11.49	91,092	17,422	522.86	58.61
Firefighters:					
2015	24.30%	$ 45,640	10,907	418.45%	77.81%
2016	24.30	50,797	11,465	443.06	75.51
2017	24.30	60,472	11,401	530.41	71.11
Police officers:					
2015	7.90%	$ 22,356	7,255	308.15%	77.73%
2016	7.89	24,582	7,404	331.98	75.94
2017	7.80	28,659	7,251	395.24	72.12

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 Funding Progress for OPEB

Year ended June 30, 2017

(Dollars in thousands)

Actuarial valuation date	Actuarial value of assets	AAL projected unit credit	Unfunded AAL (UAAL)	Funded ratio	Covered payroll	Unfunded AAL as a percentage of covered payroll
7/1/2012	$ —	1,482,842	1,482,842	—	321,056	461.9%
7/1/2014	—	1,119,689	1,119,689	—	348,412	321.4
7/1/2016	—	1,143,278	1,143,278	—	384,478	297.4

See accompanying independent auditors' report.

Notes to Required Supplementary Information

Year Ended June 30, 2017

(Unaudited)

(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) Changes of Assumptions and Benefit Terms

Changes of assumptions: Amounts reported for fiscal year 2017 reflect no changes in assumptions.

Changes of benefit terms: Amounts reported for fiscal year 2017 reflect no change in benefit terms.

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STATISTICAL SECTION

Unlike the financial statements, this section usually covers more than one fiscal year and may present 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

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION
Total Annual Revenues, Expenses, and Changes in Net Position
Fiscal years ended 2008-2017
(Accrual basis)
(Unaudited)
(In thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total revenues:										
Operating revenues:										
Parking, car rental, and other concessions	$ 206,139	203,027	199,453	222,796	229,585	246,593	254,047	265,585	285,722	293,199
Terminal, maintenance buildings, and other rentals	98,029	99,393	105,495	93,190	80,578	142,893	136,603	130,383	124,110	126,882
Landing fees	55,094	60,944	62,603	51,897	48,009	47,416	47,084	32,166	17,246	17,220
Other	26,944	26,171	33,248	43,330	35,960	53,484	58,518	54,888	59,734	60,654
Total operating revenues	386,206	389,535	400,799	411,213	394,132	490,386	496,252	483,022	486,812	497,955
Nonoperating revenues:										
Investment income (loss), net	53,382	27,254	(38,382)	13,798	16,063	9,102	23,322	22,601	21,644	4,347
Passenger facility charges	167,520	166,911	165,022	172,673	177,899	180,077	180,382	187,308	201,146	199,431
Customer facility charges, net	23,892	23,136	21,316	19,265	22,943	24,290	23,437	25,351	28,526	29,019
Other	(2,015)	(12,634)	125	2,382	(14,943)	2,243	(16,463)	(13,672)	(782)	(7,074)
Total nonoperating revenues	242,779	204,667	148,081	208,118	201,962	215,712	210,678	221,588	250,534	225,723
Capital contributions	52,692	80,043	19,266	49,379	37,522	33,500	10,888	26,851	22,505	11,521
Total revenues	681,677	674,245	568,146	668,710	633,616	739,598	717,818	731,461	759,851	735,199
Total expenses:										
Operating expenses:										
Salaries and employees benefits	92,604	89,963	90,912	82,482	79,785	82,050	91,691	87,756	91,394	103,048
Repair, maintenance, and other contractual services	57,646	63,812	82,461	85,945	98,258	101,742	112,676	124,339	138,793	139,360
General services	13,291	11,721	15,550	15,300	21,997	20,504	16,898	18,524	18,187	18,222
Utilities	6,108	8,438	8,420	9,627	8,151	8,768	8,990	8,983	9,270	9,025
Materials and supplies	3,280	5,042	4,164	2,888	4,090	4,353	4,720	5,003	4,625	6,521
Other	8,762	(413)	8,662	7,133	7,761	12,146	24,742	23,874	28,340	36,084
Depreciation and amortization	108,348	150,133	174,124	152,395	161,642	211,110	222,446	218,732	223,330	229,983
Total operating expenses	290,039	328,696	384,293	355,770	381,684	440,673	482,163	487,211	513,939	542,243
Operating income (loss)	96,167	60,839	16,506	55,443	12,448	49,713	14,089	(4,189)	(27,127)	(44,288)
Nonoperating expenses:										
Interest expense	83,223	81,559	64,572	84,010	112,314	146,718	139,826	127,941	121,047	123,710
Total nonoperating expenses	83,223	81,559	64,572	84,010	112,314	146,718	139,826	127,941	121,047	123,710
Total expenses	373,262	410,255	448,865	439,780	493,998	587,391	621,989	615,152	634,986	665,953
Total expenses net of depreciation and amortization	264,914	260,122	274,741	287,385	332,356	376,281	399,543	396,420	416,681	435,970
Transfer (to)/from City	—	(2,116)	—	194	—	(193)	(6,781)	(518)	—	(5,228)
Impairment losses	—	(14,672)	—	—	—	—	—	—	—	—
Increase in net position	$ 308,415	247,202	119,281	229,124	139,618	152,014	89,048	115,791	124,865	64,018
Prior year change in net position	$ (63,795)	—	—	—	(34,251)	—	—	(158,479)	—	—
Net position:										
Net investment in capital assets	$ 2,786,934	3,006,567	3,127,052	3,062,698	2,940,208	3,111,590	3,065,175	3,147,404	3,190,333	3,318,001
Restricted for capital projects and debt service	498,563	619,296	571,529	676,097	869,781	889,522	936,495	1,013,484	1,042,955	1,069,578
Unrestricted	482,117	388,953	435,516	624,426	658,599	619,490	707,980	506,074	558,539	468,266
Total net position	$ 3,767,614	4,014,816	4,134,097	4,363,221	4,468,588	4,620,602	4,709,650	4,666,962	4,791,827	4,855,845

Sources: City of Atlanta, Department of Aviation

2008 contains some adjustments due to adoption of GASB 45; 2012 contains some adjustments due to adoption of GASB 65; 2015 contains some adjustments due to adoption of GASB 68.

See accompanying independent auditors' report.

Exhibit 2

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION
Changes in Cash and Cash Equivalents
Years ended 2008-2017
(Unaudited)
(In thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Cash flows from operating activities:										
Receipts from customers and tenants	$ 382,013	391,497	405,237	407,173	400,193	484,946	499,254	498,580	482,647	497,939
Payments to suppliers for goods and services	(89,728)	(86,850)	(118,161)	(124,976)	(134,631)	(155,482)	(168,740)	(175,378)	(194,491)	(213,715)
Payments to employees for service	(76,546)	(86,554)	(82,894)	(72,332)	(74,917)	(74,959)	(83,714)	(86,274)	(91,513)	(94,262)
Net cash provided by operating activities	215,739	218,093	204,182	209,865	190,645	254,505	246,800	236,928	196,643	189,962
Cash flows from investing activities:										
Interest and dividends on investments	105,541	45,840	26,731	17,578	12,812	21,059	19,314	25,093	25,794	22,528
Swap termination	—	—	(58,470)	—	—	—	—	—	—	—
Change in restricted investments	440,384	252,119	271,098	214,952	(138,175)	(111,844)	(34,351)	32,782	(274,495)	(104,107)
Change in pooled investment fund	(47,286)	51,475	11,899	34,342	(184,052)	(125,640)	(85,101)	(2,738)	(52,633)	45,767
Net cash provided by (used in) investing activities	498,639	349,434	251,258	266,872	(309,415)	(216,425)	(100,138)	55,137	(301,334)	(35,812)
Cash flows from capital and related financing activities:										
Capital grants or capital contributions	41,841	91,470	17,151	48,400	29,379	40,076	8,482	25,451	26,552	12,459
Principal repayments of long-term debt	(470,575)	(65,872)	(108,263)	(858,161)	(867,292)	(96,810)	(982,615)	(105,115)	(116,085)	(121,480)
Acquisition, construction, and improvement of capital assets	(420,710)	(579,490)	(491,726)	(474,498)	(411,506)	(309,231)	(186,936)	(295,471)	(206,789)	(363,470)
Passenger and customer facility charges	204,536	189,844	185,045	191,231	198,204	205,783	207,378	210,332	227,522	221,016
Contract retainage withheld	(5,293)	16,862	4,254	1,033	(8,458)	(29,140)	(1,178)	3,658	(5,361)	9,248
Proceeds from bond and note issuances, net	53,237	18,120	55,625	1,646,949	978,496	—	929,738	—	320,000	126,926
Interest and other fees paid on revenue bonds	(147,116)	(155,296)	(117,245)	(105,431)	(137,256)	(148,412)	(182,576)	(117,723)	(134,951)	(147,070)
Net cash provided by (used in) capital and related financing activities	(744,080)	(484,362)	(455,159)	449,523	(218,433)	(337,734)	(207,707)	(278,868)	110,888	(262,371)
Net increase (decrease) in cash and cash equivalents	(29,702)	83,165	281	926,260	(337,203)	(299,654)	(61,045)	13,197	6,197	(108,221)
Cash and cash equivalents:										
Beginning of year	51,311	21,609	104,774	105,055	1,426,604	1,089,401	789,747	616,985	630,182	636,379
End of year	$ 21,609	104,774	105,055	1,031,315	1,089,401	789,747	728,702	630,182	636,379	528,158

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

ATL | Comprehensive Annual Financial Report

Exhibit 3

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION
Principal Operating Revenues, Airlines Rates, and Charges and Cost per Enplaned Passenger
Years ended 2008-2017
(Unaudited)
(In thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Landing fees:										
Signatory	$ 54,744	60,655	62,190	51,652	47,712	47,145	46,745	31,893	17,034	16,971
Nonsignatory and other	350	289	413	245	297	271	339	273	212	249
Total landing fees	55,094	60,944	62,603	51,897	48,009	47,416	47,084	32,166	17,246	17,220
CPTC Rentals:										
Central Terminal Building and Apron	48,340	43,088	42,817	37,126	34,982	77,615	64,128	64,227	64,172	64,414
Central Terminal Tenant Finishes	51,228	57,868	60,997	57,903	52,564	75,739	81,610	79,403	78,846	84,132
Concession Credits	(28,340)	(32,176)	(30,461)	(35,184)	(44,861)	(49,147)	(49,728)	(54,060)	(58,920)	(61,167)
Total CPTC Rentals	71,228	68,780	73,353	59,845	42,685	104,207	96,010	89,570	84,098	87,379
CPTC cost recoveries:										
Operations charge	12,160	13,643	12,013	12,440	12,892	16,347	14,631	18,564	17,376	18,600
Automated Guideway Transit System	6,528	6,708	8,260	7,851	8,437	14,463	17,560	13,715	15,239	15,075
Insurance premium reimbursement	1,558	1,278	1,097	632	524	612	977	747	748	714
MHJIT O&M	—	—	—	—	212	4,364	3,690	2,066	2,859	3,501
Total cost recoveries	20,246	21,629	21,370	20,923	22,065	35,786	36,858	35,092	36,222	37,890
Concession revenues:										
Terminal concessions	64,430	71,804	71,961	72,636	75,383	93,189	97,874	101,753	110,787	113,874
Communication services and other	2,837	2,563	3,675	2,954	7,688	2,357	3,375	1,152	1,515	1,348
Parking	105,653	98,016	95,577	114,354	114,129	117,425	118,462	124,047	132,090	131,895
Car rentals	32,165	29,758	26,665	31,202	30,764	31,765	32,380	36,347	38,812	40,359
Ground transportation	1,054	886	1,575	1,650	1,621	1,857	1,957	2,286	2,518	5,723
Total concessions revenues	206,139	203,027	199,453	222,796	229,585	246,593	254,048	265,585	285,722	293,199
Other revenues:										
Landside rentals	10,019	10,069	14,527	13,575	16,056	16,086	11,844	12,030	11,885	9,236
Airside rentals	16,782	20,544	17,615	19,770	21,837	22,599	28,748	28,783	28,127	30,267
Other income	6,698	4,542	5,722	11,419	4,693	8,563	9,794	6,382	9,301	7,363
Total other revenues	33,499	35,155	37,864	44,764	42,586	47,248	50,386	47,195	49,313	46,866
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
Rental Car Center O&M	—	—	2,058	6,992	4,838	4,726	5,284	6,429	7,091	7,496
Total Non-Airline Cost Recoveries	—	—	6,156	10,988	9,202	9,136	11,866	13,414	14,211	15,401
Revenues	$ 386,206	389,535	400,799	411,213	394,132	490,386	496,252	483,022	486,812	497,955
Airline rates and charges:										
Signatory landing fee rate (per 1,000 lbs.)	$ 0.91307	1.05050	1.09795	0.88231	0.82084	0.81206	0.82049	0.81662	0.28666	0.28687
Enplaned passengers	45,287,174	44,808,982	45,375,298	46,191,667	47,147,315	47,526,243	47,318,755	49,056,316	51,807,372	52,097,740
Cost per enplaned passenger	3.18	3.33	3.41	2.84	2.34	3.70	3.36	2.86	2.38	2.50

Sources: City of Atlanta, Department of Aviation

See accompanying independent auditors' report.

ATL | Comprehensive Annual Financial Report

DEBT CAPACITY

ATL | Comprehensive Annual Financial Report

Exhibit 4

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION
Net Revenues Available for General Aviation Revenue Bonds Debt Service
Years ended 2008-2017
(Unaudited)
(In thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Operating revenues – receipts from customers and tenants	$ 382,013	391,497	405,237	407,173	400,193	484,946	499,254	498,580	482,647	497,939
Investment income	23,855	13,227	9,661	9,575	6,901	12,219	10,637	14,372	17,145	14,787
Total revenues	405,868	404,724	414,898	416,748	407,094	497,165	509,891	512,952	499,792	512,726
Operating expenses:										
Payments to suppliers for goods and services	89,728	86,850	118,161	124,976	134,631	155,482	168,740	175,378	194,491	213,715
Payments to or on behalf of employees	76,546	86,554	82,894	72,332	74,917	74,959	83,714	86,274	91,513	94,262
Other payments	—	—	—	—	—	—	—	—	—	—
Additions from CIP reconciliations	—	—	—	—	—	—	—	—	—	—
Total operating expenses	166,274	173,404	201,055	197,308	209,548	230,441	252,454	261,652	286,004	307,977
Adjustment: Major Maintenance Expenditures – Planning and Development	—	7,409	16,780	27,509	22,740	19,245	28,178	36,463	45,572	43,852
Net revenues	$ 239,594	238,729	230,623	246,949	220,286	285,969	285,615	287,763	259,360	248,601
General revenue bond debt service requirements	$ 114,312	152,181	145,835	120,154	125,366	157,237	158,935	153,298	168,552	167,951
General revenue bond debt service paid from PFC revenues	—	23,100	19,000	24,800	8,300	—	—	—	42,675	28,318
General revenue bond debt paid from net revenues	$ 114,312	129,081	126,835	95,354	117,066	157,237	158,935	153,298	125,877	139,633
Debt service coverage on general revenue bond debt service paid from net revenues	2.10	1.85	1.82	2.59	1.88	1.82	1.80	1.88	2.06	1.78

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 2008-2017
(Unaudited)
(In thousands, except for per enplanement figures)

		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Debt Service (GARB only)	$	114,312	129,081	126,835	95,354	117,066	157,237	158,935	153,298	125,877	139,757
Total Operating Expenses net of											
Depreciation & Amortization	$	181,691	178,563	210,169	203,375	220,042	229,563	259,717	268,479	290,609	312,260
Debt Service per Enplaned Passenger:											
Enplaned Passenger		45,287	44,809	45,375	46,192	47,147	47,526	47,319	49,056	51,807	52,098
Debt Service per Enplaned Passenger	$	2.52	2.88	2.80	2.06	2.48	3.31	3.36	3.12	2.43	2.68
Outstanding Debt per Enplaned Passenger:											
Outstanding Debt (GARB, PFC and CFC)	$	2,418,862	2,342,431	2,233,835	2,857,132	3,275,729	3,167,584	3,102,242	2,978,917	3,145,561	3,007,984
Enplaned Passengers		45,287	44,809	45,375	46,192	47,147	47,526	47,319	49,056	51,807	52,098
Outstanding Debt per Enplaned Passenger	$	53.41	52.28	49.23	61.85	69.48	66.65	65.56	60.72	60.72	57.74

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)
2007	5,066,356	$ 207,457,773	$ 40,948	4.4%
2008	5,170,099	210,916,883	40,796	6.2
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	266,265,297	45,989	4.8

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; 2007-2009 and 2011-2016 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. 2007 through 2015 data from U.S. Department of Commerce, Bureau of Economic Analysis last updated in November 2016. Note: 2016 is an estimate based on compound annual growth rate between 2005 through 2015. [http://www.bea.gov/regional/bearfacts/]
4. Per capita personal income is calculated by dividing personal income by population multiplied by 100.
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)

		2017 (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	30,813	1	1.07%	31,606	1	1.15%
Walmart	Marketing and Manufacturing	20,532	2	0.71	14,700	3	0.53
AT&T Services, Inc	Telecommunication	16,950	3	0.59	12,000	4	0.44
United Parcel Service Inc.	Transportation	15,252	4	0.53	8,500	6	0.31
Welstar Health System Inc.	Healthcare	14,500	5	0.50	N/A	N/A	N/A
Northside Hospital	Healthcare	10,973	6	0.38	N/A	N/A	N/A
Publix Super Markets Inc.	Marketing and Manufacturing	10,022	7	0.35	N/A	N/A	N/A
The Home Depot	Marketing and Manufacturing	10,000	8	0.35	9,889	5	0.36
Piedmont Healthcare	Healthcare	9,308	9	0.32	N/A	N/A	N/A
Cox Enterprises	Media/Entertainment	8,269	10	0.29	5,820	11	0.21
Children’s Healthcare of Atlanta	Healthcare	6,801	11	0.24	N/A	N/A	N/A
State Farm, Southeastern Market Area	Insurance	6,200	12	0.21	N/A	N/A	N/A
SunTrust Bank	Banking	5,989	13	0.21	6,835	10	0.25
Northeast Georgia Health System	Healthcare	5,551	14	0.19	N/A	N/A	N/A
Turner Broadcasting	Media/Entertainment	5,421	15	0.19	5,493	12	0.20
Lockheed Martin Aeronautics, Co.	Marketing and Manufacturing	5,200	16	0.18	7,000	9	0.25
Grady Health System	Healthcare	4,381	17	0.15	N/A	N/A	N/A
Verizon Wireless	Telecommunication	4,349	18	0.15	N/A	N/A	N/A
Wells Fargo & Co.	Banking	4,253	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
		194,764		6.76	141,003		5.11
	Other Employees (3)	2,493,136		92.60	2,617,558		94.89
		2,687,900		99.4%	2,758,561		100.00%

Source:

1. 2016 Largest Employers, Atlanta Business Journal, Book of Lists, 2015-2016; pg 170
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 2008-2017

(Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Aircraft operations:										
Domestic:										
Air carrier	680,325	671,757	656,791	658,152	670,585	665,578	649,355	683,105	722,372	710,856
Air taxi	237,631	222,623	237,899	205,655	184,940	177,234	160,437	103,858	91,128	93,542
General aviation	11,972	7,515	7,342	7,128	7,045	7,653	7,373	7,555	7,612	7,978
Military	1,058	1,080	1,141	520	394	295	230	528	345	178
Sub total	930,986	902,975	903,173	871,455	862,964	850,760	817,395	795,046	821,457	812,554
International:										
Air carrier	68,142	63,480	60,633	65,649	68,590	67,997	70,619	75,335	76,026	76,651
Total	999,128	966,455	963,806	937,104	931,554	918,757	888,014	870,381	897,483	889,205
Passengers:										
Domestic:										
Enplaned	40,747,762	40,344,232	40,953,747	41,442,852	42,277,924	42,565,430	42,077,139	43,630,709	46,091,894	46,226,593
Deplaned	39,808,443	39,044,751	38,475,261	39,774,242	42,312,567	42,609,947	42,133,485	43,721,712	46,120,783	46,245,107
Sub total	80,556,205	79,388,983	79,429,008	81,217,094	84,590,491	85,175,377	84,210,624	87,352,421	92,212,677	92,471,700
International:										
Enplaned	4,539,412	4,464,750	4,421,551	4,748,815	4,869,391	4,960,813	5,241,616	5,425,607	5,715,478	5,871,147
Deplaned	4,565,057	4,497,442	4,500,861	4,822,110	4,933,473	5,018,821	5,382,072	5,489,021	5,761,333	5,915,765
Sub total	9,104,469	8,962,192	8,922,412	9,570,925	9,802,864	9,979,634	10,623,688	10,914,628	11,476,811	11,786,912
Direct transit	561,976	309,888	102,288	—	—	—	—	—	—	—
Total enplaned	45,287,174	44,808,982	45,375,298	46,191,667	47,147,315	47,526,243	47,318,755	49,056,316	51,807,372	52,097,740
Total passengers	90,222,650	88,661,063	88,453,708	90,788,019	94,393,355	95,155,011	94,834,312	98,267,049	103,689,488	104,258,612

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
2008	59,956,000	211,000	60,167,000	4.8%
2009	57,739,000	195,000	57,934,000	(3.7)
2010	56,642,000	275,000	56,917,000	(1.8)
2011	58,542,000	148,000	58,690,000	3.1
2012	58,126,000	164,000	58,290,000	(0.7)
2013	58,056,000	182,000	58,238,000	(0.1)
2014	57,157,000	166,000	57,323,000	(1.6)
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)

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
2008	703,458	5,764	709,222	(2.9)%
2009	565,250	6,005	571,255	(19.5)
2010	609,683	12,238	621,921	8.9
2011	649,262	19,928	669,190	7.6
2012	621,817	31,566	653,383	(2.4)
2013	592,104	44,918	637,022	(2.5)
2014	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

Source: City of Atlanta, Department of Aviation

See accompanying independent auditors' report.

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	Air Canada	ABX
American Airlines	Contour Airlines	Air France	AirBridgeCargo Airlines
Delta Air Lines	Envoy Air	British Airways	Asiana Cargo
Frontier Airlines	Endeavor Air	KLM Royal Dutch Airlines	CAL Cargo Airlines
JetBlue Airways	ExpressJet Airlines	Korean Air	Cargolux Airlines
Southwest Airlines	GoJet Airlines	Lufthansa German Airlines	Cathay Pacific Airways
Spirit Airlines	Mesa Airlines	Qatar Airways	China Airlines
United Airlines	PSA Airlines	Turkish Airlines	China Cargo Airlines
	Republic Airlines	Virgin Atlantic Airways	DHL Worldwide Express
	Shuttle America		Emirates Sky Cargo
	SkyWest Airlines		EVA Airways
			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 2008-2017

(Unaudited)

Department	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Airport Maintenance	193	196	196	175	179	179	181	186	186	183
Airport Operations	90	85	85	63	74	74	81	71	75	76
Commercial Properties	11	11	11	7	7	7	7	7	7	6
Concessions	17	18	18	15	13	14	16	15	15	22
Customer Service	3	3	3	3	3	3	3	8	9	9
Executive Administration	21	24	25	17	11	11	12	24	48	39
Finance	42	43	43	30	31	34	34	35	41	40
Human Resources	19	15	15	22	22	4	5	1	1	3
Information Technology	53	63	62	46	40	39	41	43	46	47
Internal Audit	4	4	4	3	3	4	4	4	4	3
Marketing	27	27	27	21	22	22	23	17	12	11
Planning and Development	154	142	142	105	113	114	111	111	111	114
Public Safety	446	457	457	455	516	494	536	541	547	549
Purchasing	11	11	11	9	9	9	9	9	9	1
Other City of Atlanta Depts	—	—	37	37	54	62	68	71	73	84
Total	1,091	1,099	1,136	1,008	1,097	1,070	1,131	1,143	1,184	1,187

Sources: City of Atlanta, Department of Aviation

See accompanying independent auditors' report.

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 10,000 feet long (3,048 meters) – Category I 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 III
Parking capacity	There are 33,602 public parking spaces which includes 14,438 walkable Domestic and International parking deck spaces in close proximity of the terminals, 7,199 Walkable Economy spaces, 11,266 Domestic and International Terminal ParkRide shuttle spaces, 535 employee parking spaces, and 164 "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 restaurant complex and the RCC. The SkyTrain system operates 24 hours each day, and consists of 12 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 100 passengers and their baggage, provides transportation between the domestic terminal, international terminal and seven concourses. The Plane Train® operates approximately 20 hours each day, and consists of 59 vehicles, a 3.5 mile loop track, 16 stations, and two maintenance facilities. Each train 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)

Exhibit 13

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Airport Information

Concessions	There are more than 321 concession outlets throughout the Airport, including 167 food and beverage, 127 retail and convenience, 5 duty-free stores, and 22 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.