

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

Relating to:

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

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

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

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

This annual disclosure filing is dated December 23, 2015.

EXHIBIT A

LIST OF AFFECTED BONDS

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

CUSIP

194315 AX5
194315 AY3
194315 AZ0
194315 BA4
194315 BB2
194315 BC0
194315 BD8
194315 BE6

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

CUSIP

194315 AK3
194315 AL1
194315 AM9

EXHIBIT B

OPERATING DATA OF THE

CITY OF ATLANTA DEPARTMENT OF AVIATION

Relating to:

VARIOUS SERIES OF COLLEGE PARK, GEORGIA

REVENUE BONDS

AS MORE PARTICULARLY IDENTIFIED IN EXHIBIT A ATTACHED HERETO

TABLE 1

**Airlines Serving the Airport
(as of June 30, 2015)**

Mainline Airlines	Regional Airlines	Foreign-flag Airlines	All-cargo Airlines (7)
Alaska Airlines	Endeavor Air (2)(5)	Air Canada Jazz	ABX
American Airlines (1)(3)	Envoy Air	Air France (4)	Air France/KLM Cargo
Delta Air Lines(1)(2)(4)	ExpressJet Airlines (1)(2)(5)	British Airways	Air Transport Int'l
Frontier Airlines	GoJet Airlines	KLM Royal Dutch Airlines (4)	Asiana Cargo
Southwest Airlines (1)(2)	Mesa Airlines	Korean Air (4)	Atlas Air
Spirit Airlines	Republic Airlines	Lufthansa German Airlines	Baron Aviation
United Airlines(1)	Shuttle America	Virgin Atlantic Airways (6)	Cargolux Airlines
US Airways(1)(3)	SkyWest Airlines (5)		Cathay Pacific Airways
	PSA		China Airlines Cargo
			DHL Worldwide Express
			Emirates Sky Cargo
			EVA Airways
			FedEx
			Kalitta Air
			Korean Air Cargo
			Lufthansa Cargo
			Qatar Airways
			Singapore Cargo
			Suburban Air Freight
			TNT Airways
			UPS Air Cargo

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- (1) Airlines signatory to the CPTC Leases.
(2) U.S. flag airlines providing international service.
(3) Effective December 2013, American Airlines and US Airways merged to form American Airlines Group. The two airlines continue to operate separately. The last US Airways flight was on October 17, 2015.
(4) Members of SkyTeam alliance.
(5) Airlines operating as an affiliate of Delta Air Lines.
(6) Delta Air Lines reports that it owns a 49% equity stake in Virgin Atlantic Airways. Further, these carriers have entered into a collaborative agreement on routes between the United Kingdom and North America and the USDOT has granted anti-trust immunity on these routes.
(7) Airlines listed operated regular all-cargo service at the Airport. Other cargo airlines not listed in this table operated ad hoc charter service at the Airport. Certain mainline and foreign-flag airlines also operated cargo services.

Source: City of Atlanta, Department of Aviation.

TABLE 2

Historical Enplaned Passengers

Fiscal Year⁽¹⁾	Domestic	Percent Annual Change	International	Percent Annual Change	Total	Percent Annual Change
2007	39,022,194	-	4,270,417	-	43,292,611	-
2008	40,747,762	4.4%	4,539,412	6.3%	45,287,174	4.6%
2009	40,344,232	-1.0%	4,464,750	-1.6%	44,808,982	-1.1%
2010	40,953,747	1.5%	4,421,551	-1.0%	45,375,298	1.3%
2011	41,442,852	1.2%	4,748,815	7.4%	46,191,667	1.8%
2012	42,277,924	2.0%	4,869,391	2.5%	47,147,315	2.1%
2013	42,565,430	0.7%	4,960,813	1.9%	47,526,243	0.8%
2014	42,077,139	-1.1%	5,241,616	5.7%	47,318,755	-0.4%
2015	43,630,709	3.7%	5,425,607	3.5%	49,056,316	3.7%

Calendar Year⁽¹⁾	Domestic	Percent Annual Change	International	Percent Annual Change	Total	Percent Annual Change
2006	38,463,582	-3.0%	4,060,639	20.9%	42,524,221	-1.2%

(1) The information presented in this table for 2007 through 2015 is based on the 12 month periods beginning July 1 and ending June 30 which coincide with the City's Fiscal Year for those years. Although the City's Fiscal Year 2006 was a six month period, the information presented in this table is based on a 12 month calendar year for statistical comparison purposes. For purposes of continuing disclosure from and after Fiscal Year 2007, the information in this table will be presented on a Fiscal Year basis only.

Source: City of Atlanta, Department of Aviation.

TABLE 3

Historical Enplaned Passengers by Airline
Fiscal Year

	2011	2012	2013	2014	2015
Domestic					
Delta and affiliates					
Delta	25,898,917	27,172,710	28,416,865	29,960,075	32,525,732
ExpressJet ⁽²⁾	4,979,386	4,578,759	4,120,999	3,815,707	2,992,624
Endeavor (formerly Pinnacle)	777,032	944,936	745,752	320,369	221,979
Compass	36,732	73,313	74,825	14,483	-
Comair ⁽³⁾	189,558	64,606	1,442	-	-
GoJet	-	-	-	727	-
SkyWest	26,369	46,674	-	33,101	82,339
Shuttle America	59,704	15,271	6,691	3,232	-
Mesaba ⁽⁴⁾	50,929	-	-	-	-
Subtotal Delta	32,018,627	32,896,269	33,366,574	34,147,694	35,822,674
Southwest/AirTran ⁽⁵⁾	6,990,177	6,810,076	6,393,147	5,350,342	4,787,598
Other U.S.-flag airlines					
US Airways ⁽¹⁾⁽⁷⁾	637,258	690,995	723,162	786,233	828,137
United ⁽¹⁾⁽⁶⁾	674,904	717,165	872,597	553,992	707,931
American ⁽¹⁾⁽⁷⁾	788,722	798,337	767,684	740,424	634,997
Spirit	123,282	164,704	231,276	260,716	385,580
Frontier ⁽¹⁾	125,419	124,881	92,160	100,783	379,076
Alaska	54,883	56,378	94,266	105,914	71,575
Other	29,580	19,119	24,564	31,041	13,141
Subtotal other U.S.flag airlines	2,434,048	2,571,579	2,805,709	2,579,103	3,020,437
Total Domestic	41,442,852	42,277,924	42,565,430	42,077,139	43,630,709
International					
Delta and affiliates					
Delta	3,714,948	3,718,049	3,799,899	4,034,304	4,238,852
ExpressJet ⁽²⁾	124,644	116,934	189,406	314,900	319,245
Endeavor (formerly Pinnacle)	52,102	138,198	76,933	773	17,787
Compass	3,843	9,038	431	69	-
Comair ⁽³⁾	1,577	173	-	-	-
SkyWest	-	-	-	-	70
Subtotal Delta	3,897,114	3,982,392	4,066,669	4,350,046	4,575,954
Southwest/AirTran ⁽⁵⁾	186,816	255,205	249,430	236,390	119,092
Foreign-flag airlines	563,721	568,447	642,103	654,335	730,561
Other U.S.-flag airlines	101,164	63,347	2,611	845	-
Total International	4,748,815	4,869,391	4,960,813	5,241,616	5,425,607
Total	46,191,667	47,147,315	47,526,243	47,318,755	49,056,316

(1) Includes regional affiliates.

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

(3) Ceased operations in September 2012.

(4) Ceased operations in January 2012.

(5) Effective May 2, 2011, AirTran began operating as a wholly-owned subsidiary of Southwest. AirTran and Southwest received a single operating certificate from the FAA in March 2012 and fully integrated operations in December 2014.

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

(7) Effective December 2013, American Airlines and US Airways merged to form American Airline Group. The last US Airways flight was on October 17, 2015.

Source: City of Atlanta, Department of Aviation.

TABLE 4

Historical Market Share by Airline					
Fiscal Year					
	2011	2012	2013	2014	2015
Domestic					
Delta and affiliates					
Delta	56.1%	57.6%	59.8%	63.3%	66.3%
ExpressJet ⁽²⁾	10.8%	9.7%	8.7%	8.1%	6.1%
Endeavor Air (formerly Pinnacle)	1.7%	2.0%	1.6%	0.7%	0.5%
Compass	0.1%	0.2%	0.2%	0.0%	0.0%
Comair ⁽³⁾	0.4%	0.1%	0.0%	0.0%	0.0%
GoJet	0.0%	0.0%	0.0%	0.0%	0.0%
SkyWest	0.0%	0.1%	0.0%	0.1%	0.2%
Shuttle America	0.1%	0.0%	0.0%	0.0%	0.0%
Mesaba ⁽⁴⁾	0.1%	0.0%	0.0%	0.0%	0.0%
Subtotal Delta	69.3%	69.7%	70.2%	72.2%	73.0%
Southwest/AirTran ⁽⁵⁾	15.1%	14.5%	13.5%	11.3%	9.8%
Other U.S.-flag airlines					
US Airways ⁽¹⁾⁽⁷⁾	1.4%	1.5%	1.5%	1.7%	1.7%
United ⁽¹⁾⁽⁶⁾	1.5%	1.5%	1.8%	1.2%	1.4%
American ⁽¹⁾⁽⁷⁾	1.7%	1.7%	1.6%	1.6%	1.3%
Spirit	0.3%	0.3%	0.5%	0.6%	0.8%
Frontier ⁽¹⁾	0.3%	0.3%	0.2%	0.2%	0.8%
Alaska	0.1%	0.1%	0.2%	0.2%	0.1%
Other	0.1%	0.1%	0.1%	0.1%	0.0%
Subtotal other U.S.-flag airlines	5.4%	5.5%	5.9%	5.5%	6.2%
Total Domestic	89.8%	89.7%	89.6%	88.9%	88.9%
International					
Delta and affiliates					
Delta	8.0%	7.9%	8.0%	8.5%	8.6%
ExpressJet ⁽²⁾	0.3%	0.2%	0.4%	0.7%	0.7%
Endeavor (formerly Pinnacle)	0.1%	0.3%	0.2%	0.0%	0.0%
Compass	0.0%	0.0%	0.0%	0.0%	0.0%
Comair ⁽³⁾	0.0%	0.0%	0.0%	0.0%	0.0%
SkyWest	0.0%	0.0%	0.0%	0.0%	0.0%
Subtotal Delta	8.4%	8.4%	8.6%	9.2%	9.3%
Southwest/AirTran ⁽⁵⁾	0.4%	0.5%	0.5%	0.5%	0.2%
Foreign-flag airlines	1.2%	1.2%	1.4%	1.4%	1.5%
Other U.S.-flag airlines	0.2%	0.1%	0.0%	0.0%	0.0%
Total International	10.2%	10.3%	10.4%	11.1%	11.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

(1) Includes regional affiliates.

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

(3) Ceased operations in September 2012.

(4) Ceased operations in January 2012.

(5) Effective May 2, 2011, AirTran began operating as a wholly-owned subsidiary of Southwest. AirTran and Southwest received a single operating certificate from the FAA in March 2012 and fully integrated operations in December 2014.

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

(7) Effective December 2013, American Airlines and US Airways merged to form American Airline Group. The last US Airways flight was on October 17,

Source: City of Atlanta, Department of Aviation.

TABLE 5

Historical Aircraft Operations

Fiscal Year⁽¹⁾	Air Carrier	Air Taxi/ Commuter	General Aviation	Military	Total Operations	Percent Annual Change
2007	708,158	268,761	9,949	917	987,785	-
2008	748,467	237,631	11,972	1,058	999,128	1.1%
2009	735,237	222,623	7,515	1,081	966,456	-3.3%
2010	717,424	237,899	7,342	1,141	963,806	-0.3%
2011	723,801	205,655	7,128	520	937,104	-2.8%
2012	739,175	184,940	7,045	394	931,554	-0.6%
2013	733,575	177,234	7,653	295	918,757	-1.4%
2014	719,974	160,437	7,373	230	888,014	-3.3%
2015	758,440	103,858	7,555	528	870,381	-2.0%
Calendar Year⁽¹⁾	Air Carrier	Air Taxi/ Commuter	General Aviation	Military	Total Operations	Percent Annual Change
2006	673,734	291,762	9,417	1,534	976,447	-0.4%

(1) The information presented in this table for 2007 through 2015 is based on the 12 month periods beginning July 1 and ending June 30 which coincide with the City's Fiscal Year for those years. Although the City's Fiscal Year 2006 was a six month period, the information presented in this table is based on a 12 month calendar year for statistical comparison purposes. For purposes of continuing disclosure from and after Fiscal Year 2007, the information in this table will be presented on a Fiscal Year basis only.

Source: City of Atlanta, Department of Aviation.

TABLE 6

Historical Aircraft Landed Weight
(amounts in thousands of pounds)

Fiscal Year	Signatory Airlines	Non-signatory Airlines	Total	Percent Annual Change
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%

Source: City of Atlanta, Department of Aviation.

TABLE 7

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

Fiscal Year	Cargo	Mail	Total	Percent Annual Change
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%

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

Source: City of Atlanta, Department of Aviation.

TABLE 8

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

	Fiscal Year				
	2011	2012	2013	2014	2015
Domestic					
FedEx	112,069	106,301	99,936	88,429	87,451
Delta	83,937	77,899	76,792	67,252	62,273
UPS	38,489	38,610	46,736	47,392	50,774
ABX	3,983	6,424	3,151	5,793	7,352
Air Transport Int'l	7,227	1,470	-	-	-
Other	14,723	12,348	14,149	15,628	19,351
Total Domestic	260,428	243,052	240,764	224,494	227,201
International					
Delta	140,418	125,892	118,429	109,050	105,661
Korean	49,163	36,512	29,679	30,793	33,729
EVA Airways	34,627	29,802	26,344	26,968	26,953
Cathay Pacific	18,424	16,552	16,896	19,314	25,520
China Airlines	23,974	23,530	21,358	24,976	25,478
Lufthansa	32,481	30,262	27,571	22,772	24,450
Cargolux	15,547	19,644	18,950	19,653	19,126
Qatar Airways	-	5,713	8,815	8,586	16,556
Asiana	12,088	18,824	16,782	13,835	14,551
Emirates Sky Cargo	-	-	-	1,974	14,429
Air France	6,673	12,552	15,510	13,402	11,875
British Airways	23,004	23,554	22,590	18,194	6,646
China Cargo	-	-	11,528	-	-
Other	32,435	35,928	16,888	18,034	24,151
Total International	388,834	378,765	351,340	327,551	349,125
Total	649,262	621,817	592,104	552,045	576,326

(1) Air cargo only (excluding mail).

Source: City of Atlanta, Department of Aviation.

TABLE 9

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Landing Fees					
Signatory	\$ 51,652	\$ 47,712	\$ 47,145	\$ 46,745	\$ 31,893
Nonsignatory & Other	245	297	271	339	273
Total Landing Fees	51,897	48,009	47,416	47,084	32,166
CPTC Rentals					
Central Terminal Building & Apron	\$ 37,126	\$ 34,982	\$ 77,615	\$ 64,128	\$ 64,227
Central Terminal Tenant Finishes	57,903	52,564	75,739	81,610	79,403
Concession Credits	(35,184)	(44,861)	(49,147)	(49,728)	(54,060)
Total CPTC Rentals	59,845	42,685	104,207	96,010	89,570
CPTC Cost Recoveries					
Operations Charge	\$ 12,440	\$ 12,892	\$ 16,347	\$ 14,631	\$ 18,564
Automated Gateway Transit System	7,851	8,437	14,463	17,560	13,715
MHJIT O & M		212	4,364	3,690	747
Insurance Premium Reimbursement	632	524	612	977	2,066
Total CPTC Cost Recoveries	20,923	22,065	35,786	36,858	35,092
Concession Revenues					
Terminal Concessions	\$ 72,636	\$ 75,383	\$ 93,189	\$ 97,874	\$ 101,753
Communication Services & Other	2,954	7,688	2,357	3,375	1,152
Parking	114,354	114,129	117,425	118,462	124,047
Car Rentals	31,202	30,764	31,765	32,380	36,347
Ground Transportation	1,650	1,621	1,857	1,957	2,286
Total Concession Revenues	222,796	229,585	246,593	254,048	265,585
Other Revenues					
Other Building Revenues	\$ 13,575	\$ 16,056	\$ 16,086	\$ 11,844	\$ 12,030
Ground Rentals	19,770	21,837	22,599	28,748	28,783
Other Income	11,419	4,693	8,563	9,794	6,382
Total Other Revenues	44,764	42,586	47,248	50,386	47,195
Non-Airline Cost Recoveries					
SkyTrain and Rental Car Center	\$ 3,996	\$ 4,364	\$ 4,410	\$ 6,582	\$ 6,985
Rental Car Center O&M	6,992	4,838	4,726	5,284	6,429
Total Non-Airline Cost Recoveries	10,988	9,202	9,136	11,866	13,414
Revenues	\$ 411,213	\$ 394,132	\$ 490,386	\$ 496,252	\$ 483,022
Accrual to Cash Basis Adjustment ⁽²⁾	(4,040)	6,061	(5,440)	3,002	15,558
Total Operating Revenues (Cash Basis)	<u>\$ 407,173</u>	<u>\$ 400,193</u>	<u>\$ 484,946</u>	<u>\$ 499,254</u>	<u>\$ 498,580</u>

(1) Totals may not add due to rounding.

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

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

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

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

Source: City of Atlanta, Department of Aviation.

TABLE 9

Historical Revenue and Expenses
Cash Basis: Conversion from Accrual to Cash Basis⁽¹⁾⁽²⁾
Fiscal Years Ended June 30
(amounts in thousands)
(CONTINUED FROM PREVIOUS PAGE)

	2011	2012	2013	2014	2015
Expenses					
Administration	\$ 34,106	\$ 30,375	\$ 38,775	\$ 55,809	\$ 54,404
Operations & Security	24,855	21,770	22,715	22,222	25,612
AGTS Maintenance	12,080	17,908	18,858	17,825	20,688
Building Maintenance	4,960	5,412	5,411	5,766	6,667
Rental Car Center Operations	3,626	4,386	4,441	5,013	5,218
SkyTrain	4,873	7,018	3,621	5,425	6,378
Parking Operations	19,316	20,844	30,652	32,198	31,553
Airfield Maintenance	18,535	18,196	14,975	17,940	17,693
Fire Services	24,447	22,571	21,852	24,996	22,956
Police Services	14,855	14,621	17,115	16,613	16,669
Other City Departments	5,277	11,369	8,294	7,410	10,474
Nondepartmental	8,937	22,833	23,609	20,322	13,704
Planning & Development	27,509	22,740	19,245	28,178	36,463
Expenses	\$ 203,376	\$ 220,043	\$ 229,563	\$ 259,717	\$ 268,479
Accrual to Cash Basis Adjustment⁽³⁾	(6,067)	(10,495)	878	(7,263)	(6,827)
Total Operating Expenses (Cash Basis)⁽⁴⁾	\$ 197,309	\$ 209,548	\$ 230,441	\$ 252,454	\$ 261,652
Adjustment: Major Maintenance Expenditures (Planning and Development)⁽²⁾	\$ 27,509	\$ 22,740	\$ 19,245	\$ 28,178	\$ 36,463
Net Operating Revenues (Cash Basis)	\$ 237,374	\$ 213,385	\$ 273,750	\$ 274,978	\$ 273,391
Investment Income⁽⁵⁾	\$ 9,575	\$ 6,901	\$ 12,219	\$ 10,637	\$ 14,372
Net Revenues	\$ 246,949	\$ 220,286	\$ 285,969	\$ 285,615	\$ 287,763

(1) Totals may not add due to rounding.

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

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

(4) Includes amounts from construction in progress reconciliation as reported by the Department of Aviation.

(5) As reported in the financial records of the City. The above presentation includes investment earnings on the Operating Fund and the Renewal and Extension Fund only. Earnings exclude unrealized gains.

Source: City of Atlanta, Department of Aviation.

TABLE 10

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

	2011	2012	2013	2014	2015
Revenues:					
Operating Revenues - Receipts from Customers & Tenants	407,173	400,193	484,946	499,254	498,580
Investment Income ⁽²⁾	9,575	6,901	12,219	10,637	14,372
Total Revenues	416,748	407,094	497,165	509,891	512,952
Operating Expenses:					
Payments to Suppliers for Goods & Services	124,976	134,631	155,482	168,740	175,378
Payments to or on Behalf of Employees	72,332	74,917	74,959	83,714	86,274
Total Operating Expenses	197,308	209,548	230,441	252,454	261,652
Adjustment: Major Maintenance Expenditures (Planning & Development) ⁽⁴⁾	27,509	22,740	19,245	28,178	36,463
Net Revenues	246,949	220,286	285,969	285,615	287,763
General Revenue Bond Debt Service Requirements	120,154	125,366	157,237	158,935	153,298
General Revenue Bond Debt Service paid from PFC Revenues ⁽³⁾	24,800	8,300	-	-	-
General Revenue Bond Debt paid from Net Revenues	95,354	117,066	157,237	158,935	153,298
Debt Service Coverage on General Revenue Bond Debt Service paid from Net Revenues	2.59	1.88	1.82	1.80	1.88

-
- (1) The information presented in this table is included as part of the unaudited statistical section in the 2015 Comprehensive Annual Financial Report for the Department of Aviation available through EMMA.
- (2) As reported in the financial records of the Department of Aviation. For purposes of the calculation of the debt service coverage, the above presentation includes investment earnings on the Operating Fund and the Renewal and Extension Fund only. Earnings exclude unrealized gains.
- (3) In Fiscal Years 2011 and 2012, \$24.8 and \$8.3 million respectively, of PFC Revenues were used to fund interest in lieu of capitalized interest funds. No PFCs were used in Fiscal Years 2013 or 2014.
- (4) Adjustment for major maintenance expenditures reflects modification presented in Material Event Notice dated November 21, 2014.

Source: City of Atlanta, Department of Aviation.

TABLE 11

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

	2011	2012	2013	2014	2015
PFC Collections	171,432	175,005	181,970	182,046	185,667
Investment Earnings ⁽¹⁾⁽²⁾	3,623	2,805	3,974	3,901	5,162
PFC Revenues	175,055	177,810	185,944	185,947	190,829
Debt Service Requirements for Outstanding PFC Revenue Hybrid Bonds ⁽²⁾	39,235	46,785	70,505	70,508	69,916
Outstanding PFC Revenue Hybrid Bond Debt Service paid from General Revenues	-	-	-	-	-
Outstanding PFC Revenue Hybrid Bond Debt Service paid from PFC Revenues	39,235	46,785	70,505	70,508	69,916
Debt Service Coverage on Outstanding PFC Revenue Hybrid Bonds paid from PFC Revenues	4.46	3.80	2.64	2.64	2.73

(1) Fiscal Years 2011 through 2015 are reported earnings from the Department of Aviation audited financial statements. Earnings exclude unrealized gains.

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

Source: City of Atlanta, Department of Aviation.

TABLE 12

Historical Airline Payments per Enplaned Passenger Paid to the City**Accrual Basis, Unaudited⁽¹⁾****Fiscal Years Ended June 30****(dollars and passengers in thousands except per passenger rates)**

	2011	2012	2013	2014	2015
Landing fees	51,897	48,009	47,416	47,084	32,166
Less: Landing fees paid by all-cargo and non-signatory airlines	(1,681)	(2,228)	(2,133)	(1,777)	(1,045)
Subtotal	50,216	45,781	45,283	45,307	31,121
CPTC rentals	95,029	87,546	153,354	145,738	143,630
Less: Inside concession credit	(35,184)	(44,861)	(49,147)	(49,728)	(54,060)
Less: Non-aeronautical CPTC Rentals ⁽²⁾	---	---	(9,284)	(19,213)	(15,610)
Subtotal	59,845	42,685	94,923	76,797	73,960
CPTC cost recoveries	20,923	22,065	35,786	36,858	35,092
Total	130,984	110,531	175,992	158,962	140,173
Enplaned passengers	46,192	47,147	47,526	47,319	49,056
Airline payments per enplaned passenger	2.84	2.34	3.70	3.36	2.86

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

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

Source: City of Atlanta, Department of Aviation.

EXHIBIT C

COMPREHENSIVE ANNUAL FINANCIL REPORT OF THE

CITY OF ATLANTA DEPARTMENT OF AVIATION

CONTAINING THE AUDITED FINANCIAL STATEMENTS

FOR FISCAL YEAR ENDED JUNE 30, 2015



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

Comprehensive Annual Financial Report

June 30, 2015 and 2014

(With Independent Auditors' Report Thereon)

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

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

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INTRODUCTORY SECTION

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KASIM REED
Mayor

MIGUEL SOUTHWELL
Aviation General Manager

Letter of Transmittal

December 7, 2015

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

Ladies and Gentlemen:

We are pleased to present the 2015 Comprehensive Annual Financial Report (CAFR) for the City of Atlanta's Department of Aviation (Department). Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the presented data are accurate in all material aspects and reported in a manner that fairly presents the Department's financial position, the results of its operations and all disclosures necessary to enable the reader to gain the maximum understanding of the Department's financial activities. To provide a reasonable basis for making these representations, the Department has established an internal control framework that is designed both to protect the Department's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the Department's financial statements that conform with U.S. generally accepted accounting principles (GAAP). The cost of internal controls should never outweigh their benefits. The Department's framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements are free from material misstatement. This report conforms to the guidelines of GAAP as prescribed by the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA).

In addition, an audit of the financial statements has been completed by the Department's independent auditor, KPMG LLP. The audit was performed to provide reasonable assurance that the Department's financial statements are free of material misstatements. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for issuing an unmodified (clean) opinion that the Department's financial statements for the fiscal year ended June 30, 2015, are fairly presented in all material respects, in conformity with GAAP. The Independent Auditors' Report is presented at the front of the financial section of the CAFR.

The Letter of Transmittal is designed to complement and should be read in conjunction with the Management's Discussion and Analysis (MD&A), which is presented in the Financial Section immediately following the Independent Auditors' Report. MD&A provides a narrative introduction, overview and analysis of the basic financial statements.

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

Background

Hartsfield-Jackson Atlanta International Airport (Airport) is owned by the City of Atlanta (City) and operated by the Department. It is classified as a large hub by the Federal Aviation Administration (FAA), is the principal airport serving the state of Georgia and the southeastern United States, and serves as a primary transfer point in the national air transportation system. The Department, led by the Aviation general manager, directly supervises Airport operations. The Department has a staff of 1,143, including Atlanta Fire Department and Atlanta Police Department employees. The Department is responsible for managing, operating and developing the Airport and any other airfields that the City may control in the future; negotiating leases, agreements and contracts; computing and supervising the collection of revenues generated by the Airport; and coordinating aviation activities with the FAA. The FAA has regulatory authority over equipment, air traffic control and operating standards at the Airport.

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

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

Economic Conditions and Outlook

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

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

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

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

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

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

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

Aeronautical and Non-Aeronautical Revenue

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

Nonaeronautical 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
2011	0.88231	2.84	4.27	6.03	8.90
2012	0.82084	2.34	3.85	5.97	8.36
2013	0.81206	3.70	5.61	6.37	10.32
2014	0.82049	3.36	5.37	6.08	10.49
2015	0.81662	2.86	4.86	6.06	9.85

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 replacing existing four-level parking decks with higher decks in order to double on-site parking; expanding south cargo facilities; remodeling various elements of the domestic terminal and concourses; and building an end-around taxiway for Runway 9L – 27R. Longer-term plans include additional gates and a possible sixth runway, to be built just north of the fifth runway.

The Airport has expanded the midpoint area of Concourse C to further enhance the guest's experience. The midpoint expansion provides approximately 15,000 square feet of additional circulation space for passengers and new concessions.

Awards

Hartsfield-Jackson Atlanta International Airport, for the 17th consecutive year, retained the title of the world's busiest airport. The Airport handled 96.1 million passengers in calendar year 2014.

For the 12th 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, 2014. 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.

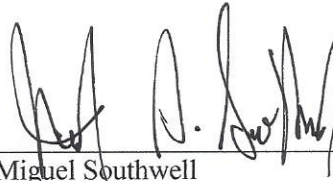
Acknowledgements

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.

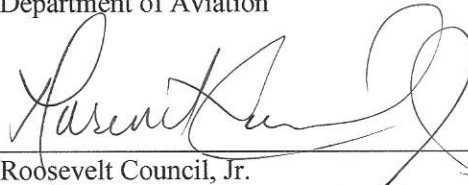
Finally, a special acknowledgement is extended to the Mayor, the Atlanta City Council and members of the Transportation and Finance Executive committees, and the chief operating officer for their continued leadership in enabling the Department to fulfill its role.

The Comprehensive Annual Financial Report of the City of Atlanta's Department of Aviation for the fiscal year ended June 30, 2105 (FY 2015) is submitted herewith.

Respectfully,

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

Miguel Southwell
General Manager
Department of Aviation

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

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

CAFR Certificate



Government Finance Officers Association

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

Presented to

**City of Atlanta
Department of Aviation
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014



Executive Director/CEO

Principal Officers

EXECUTIVE

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

LEGISLATIVE

President of Council	Cesar C. Mitchell
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Members of Council

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

Members of Council – At-Large

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

Committee Members with Department Oversight

* Financial Executive Committee (FEC)

+ Transportation Committee (TC)

DEPARTMENT OF AVIATION ADMINISTRATIVE OFFICIALS

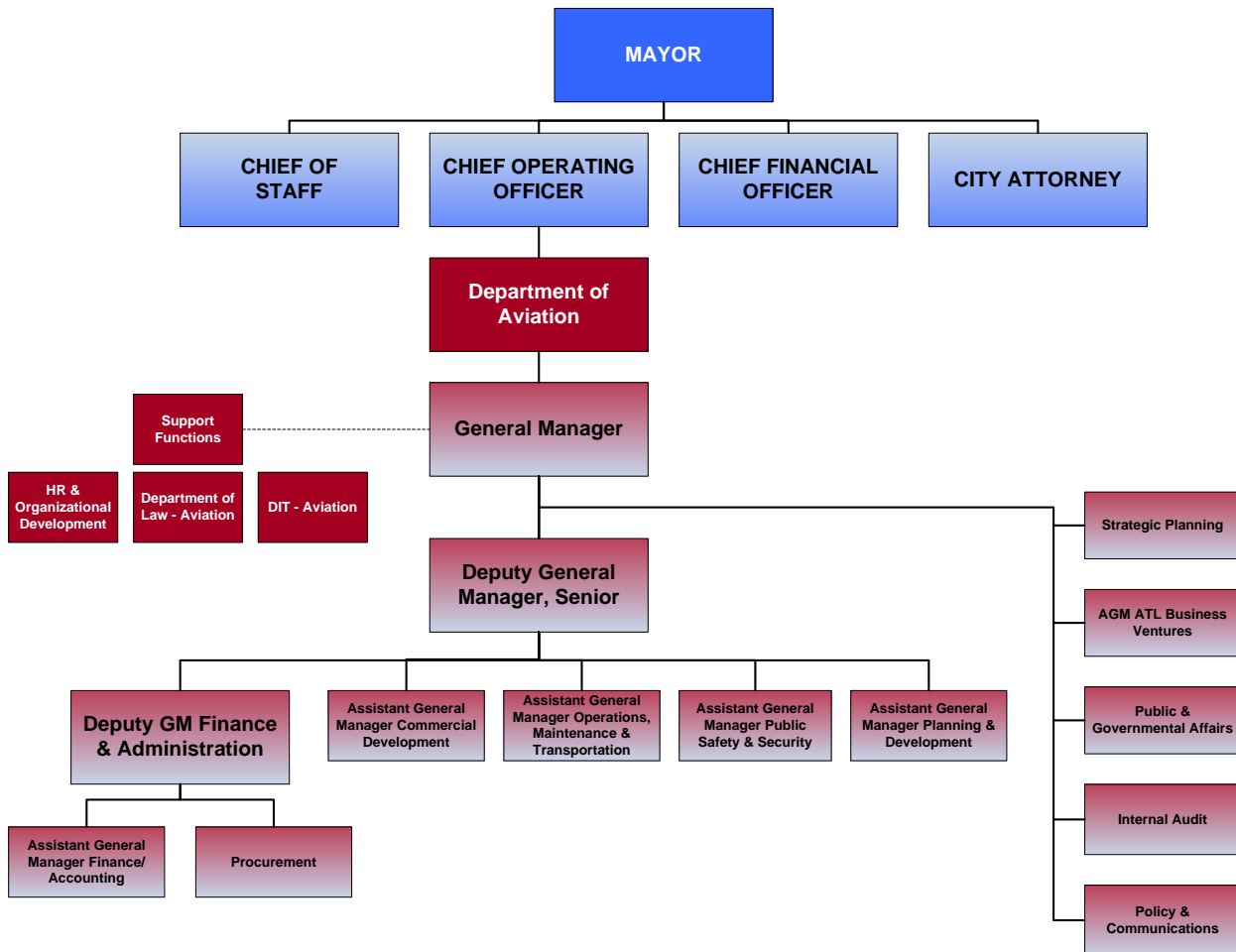
Aviation General Manager
Miguel Southwell

Aviation Senior Deputy General Manager
 Aviation Deputy General Manager – Chief Financial Officer
 Assistant General Manager Public Safety and Security
 Assistant General Manager Operations, Maintenance & Transportation
 Assistant General Manager Planning and Development
 Assistant General Manager Accounting and Finance
 Assistant General Manager ATL Business Ventures
 Assistant General Manager Commercial Development
 Assistant General Manager Information Systems
 Director, Marketing and Stakeholder Engagement
 Director, Human Resources and Organizational Development

Michael Smith
 Roosevelt Council, Jr.
 Richard L. Duncan
 Paul Meyer
 Frank Rucker
 Greg Richardson
 Cortez Carter
 Vivica Brown
 Sharon Jones
 Myrna White
 Jim Beam

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CITY OF ATLANTA, GEORGIA DEPARTMENT OF AVIATION ORGANIZATIONAL CHART



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FINANCIAL SECTION

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

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Department of Aviation (the Department) of the City of Atlanta, Georgia (the City), a major enterprise fund of the City, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department as of June 30, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

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Emphasis of Matter

As discussed in note 1(a), the financial statements only include the Department of Aviation and do not purport to, and do not, present fairly the financial position of the City of Atlanta, Georgia, as of June 30, 2015 and 2014, 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.

As discussed in note 1(s) to the basic financial statements, the Department adopted in fiscal year 2015, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27 and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date*, which resulted in a restatement of beginning net position. 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 4 through 12 and the required supplementary information on pages 59 through 61 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.

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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2015 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 7, 2015

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CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Management's Discussion and Analysis (Unaudited)

June 30, 2015 and 2014

The following discussion and analysis of the financial performance and activity of the City of Atlanta, Georgia, Department of Aviation (Department) provides an introduction and understanding of the Department's basic financial statements for fiscal years ended June 30, 2015 and June 30, 2014 with selected comparable data for the fiscal year ended June 30, 2013. This discussion has been prepared by management and should be read in conjunction with the basic financial statements, notes and supplementary information found in this report. This information taken collectively is designed to provide the reader with an understanding of the Department's finances.

Overview of the Financial Statements

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

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

The Statements of Net Position present information on all of the Department's assets, deferred outflows of resources, 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.

As discussed in Note 1(s) of the Notes to Financial Statements, the Department implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as of June 30, 2014. While the net position has been restated for the impact of GASB 68, the following tables throughout management's discussion and analysis reflect comparative data for fiscal years 2014 and 2013 as it was originally reported prior to the implementation of GASB 68.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Management's Discussion and Analysis (Unaudited)

June 30, 2015 and 2014

Aviation Highlights

Fiscal year 2015 was a year focused on further enhancing customer service and the financial health of the Airport. Some of the significant accomplishments are summarized below:

- Virgin Atlantic has begun daily service to London Heathrow. It is the first airline to benefit from ATL's air service incentive program directed at passenger service expansion.
- Lufthansa Cargo begins new direct freighter service from Atlanta to Manchester, United Kingdom.
- The Airport completed all major elements of the inbound roadway project. This project constructed significant infrastructure improvements for safety, decision making and wayfinding for Airport passengers travelling to the Airport.
- Airport runway 8L/26R was repaved with more than 20 acres of new pavement at the northern edge of the airfield.
- Hartsfield-Jackson hosts Airport Council International – North America (ACI) Conference. Aviation leaders from more than 300 airports gathered in Atlanta for the three day conference.
- Economic impact study highlights Hartsfield-Jackson's economic role. The total annual economic impact of the Airport on metro Atlanta has grown to \$64 billion in 2013. Direct Airport-generated jobs increased to 63,000 in 2013.

During fiscal year 2015, enplanements increased by 3.7% from the previous year. The following chart shows total enplaned passengers, flight operations, and air cargo and mail activity (measured in metric tons).

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Enplanements and operations activity:			
Total enplanements	49,056,316	47,318,755	47,526,243
Percent change from prior year	3.7%	-0.4%	0.8%
Flight operations	870,381	888,014	918,757
Percent change from prior year	-2.0%	-3.3%	-1.4%
Air Cargo and Mail (metric tons)	624,327	601,441	637,022
Percent change from prior year	3.8%	-5.6%	-2.5%

The total number of passengers served by the Airport in fiscal year 2015 was 98.3 million, which is an increase of 3.7% from the previous year. Total passengers in fiscal year 2014 and 2013 were 94.8 million and 95.2 million, respectively.

Enplanements have been positively impacted by the steady growth in the economy during FY15. Flight operations continued its downward trend compared to the previous years, as airlines remain focused on reducing the utilization of smaller regional jets and increasing the utilization of mid-size and large jets for passenger traffic in Atlanta. Generally speaking, this would result in lower operations but equal or increased passenger traffic.

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

Management's Discussion and Analysis (Unaudited)

June 30, 2015 and 2014

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 20, 2017 under the Extended and Amended Airline Use Agreements and the Extended and Amended Airline Agreements.

Total revenues for the Airport decreased 0.3% in 2015 compared to 2014. Operating revenues for the Airport decreased by 2.7% while nonoperating revenues increased by 5.2%. Comparative figures for the last three fiscal years are in the chart below (in thousands):

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating revenues	\$ 483,022	496,252	490,386
Percent change	-2.7%	1.2%	24.4%
Nonoperating revenue	221,588	210,678	215,712
Percent change	5.2%	-2.3%	6.8%
Total revenues	<u>\$ 704,610</u>	<u>706,930</u>	<u>706,098</u>
Total percent change	-0.3%	0.1%	18.5%

Operating Revenues

Overall, operating revenues decreased by 2.7% in fiscal year 2015 compared to fiscal year 2014. Other concessions increased by \$1.9 million due to higher percentage rents and new outlets opening throughout the Airport. In fiscal year 2015, building and land rental decreased by \$6.2 million. The largest contributing factor to this decrease is an increase in concession credits given to the airlines and a decrease in cargo operations. Landing fees decreased 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). Fiscal year 2015 increases in enplaned passengers resulted in an increase in parking and rental car revenue; offsetting these decreases.

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

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increased by \$5.0 million, due primarily to police, fire, automated ground transportation system (AGTS), and other cost recoveries fees.

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Parking	\$ 124,047	118,462	117,425
Car rental	36,347	32,380	31,765
Other concessions	105,191	103,205	97,403
Building and land rental	130,383	136,603	142,893
Landing fees	32,166	47,084	47,416
Other	54,888	58,518	53,484
Total operating revenues	<u>\$ 483,022</u>	<u>496,252</u>	<u>490,386</u>

Nonoperating Revenues

Nonoperating revenues consist of net investment income, passenger facility charges (PFC's), customer facility charges (CFC's), and other nonoperating income net of expenses. Net investment income was \$22.6 million in 2015, \$23.3 million in 2014 and \$9.1 million in 2013. PFCs were \$187.3 million in 2015, \$180.4 million in 2014 and \$180.1 million in 2013. CFCs, which are collected to fund the financing and operation of the Rental Car Center (RCC), were \$35.3 million in 2015, \$34.0 million in 2014 and \$32.7 million in 2013. For fiscal years 2015, 2014 and 2013 operating expenses of \$9.8 million, \$10.6 million, and \$8.4 million, respectively, are netted against gross revenues to arrive at each year's reported revenues of \$25.4 million, \$23.4 million, and \$24.3 million.

Operating Expenses

Operating expenses in fiscal year 2015 increased by \$5.0 million in comparison to fiscal year 2014. Repairs, maintenance and other contractual services contributed \$11.7 million to this increase, which is primarily attributed to an increase in consulting and professional services costs in fiscal year 2015 compared to 2014. General services contributed \$1.6 million to the increase driven mainly by an increase in motor equipment fuel and repair costs and training costs, which are being offset by a reduction in indirect costs charged to the Airport for services rendered by other City Departments. Salaries and employee benefits expense decreased by \$3.9 million in comparison to fiscal year 2014. This decrease was the result of adjustments to pension and other post-employee benefits liabilities. The pension change resulted from defined benefit plan contributions for the current year being classified as deferred outflows versus operating expenses as a result of the implementation of GASB 68 (see note 1(s) and note 8). Overtime and workers compensation expenses also decreased during the fiscal year. These changes are being offset by increases in employee salaries and benefits due to staffing of vacant positions, and an increase in health and pension benefits in 2015 compared to 2014. Depreciation and amortization expense decreased by \$3.7 million in

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comparison to fiscal year 2014, offsetting the increases noted above. This decrease is primarily attributable to several large airfield and terminal assets becoming fully depreciated during 2015.

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Salaries and employee benefits	\$ 87,756	91,691	82,050
Repairs, maintenance and other contractual services	124,339	112,676	101,742
General services	18,524	16,898	20,504
Utilities	8,983	8,990	8,768
Materials and supplies	5,003	4,720	4,353
Other operating expenses	23,874	24,742	12,146
Depreciation and amortization expenses	218,732	222,446	211,110
Total operating expenses	<u>\$ 487,211</u>	<u>482,163</u>	<u>440,673</u>

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

Nonoperating Expenses

Nonoperating expenses consist primarily of interest on long term debt. Interest expense was \$128.0 million in 2015, \$139.8 million in 2014, and \$146.7 million in 2013. These amounts are net of any capitalized interest, which is recorded in the Department's capital assets as part of construction in process.

The decrease in interest expense in fiscal year 2015 is a result of savings associated with the 2014 refunding of the Series 2004 C&J PFC bonds and Series 2003RF-D and 2004A, B, F & G General Airport Revenue bonds. The change in interest expense also includes an increase in interest payment on the 2014 series (A, B, C) refunding series bonds and an increase in amortization of premiums and discounts, which is being offset by a decrease in capitalized interest and amortization of gain and loss on debt refunding. The decrease in interest expense can also be attributed to the principle of amortization, where interest payments decrease as debt matures.

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Changes in Net Position

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating revenues	\$ 483,022	496,252	490,386
Operating expenses, excluding depreciation and amortization	<u>268,479</u>	<u>259,717</u>	<u>229,563</u>
Operating income, before depreciation and amortization	214,543	236,535	260,823
Depreciation and amortization	<u>218,732</u>	<u>222,446</u>	<u>211,110</u>
Operating income (loss)	(4,189)	14,089	49,713
Nonoperating income, net	<u>93,647</u>	<u>70,852</u>	<u>68,994</u>
Income before capital contributions and transfers	89,458	84,941	118,707
Capital contributions	26,851	10,888	33,500
Transfers in (out)	<u>(518)</u>	<u>(6,781)</u>	<u>(193)</u>
Increase in net position	115,791	89,048	152,014
Net position, beginning of the year, as restated	<u>4,551,171</u>	<u>4,620,602</u>	<u>4,468,588</u>
Net position, end of the year	<u><u>\$ 4,666,962</u></u>	<u><u>4,709,650</u></u>	<u><u>4,620,602</u></u>

The Airport receives Airport Improvement Program Grants and other grant related funds from various sources to support particular programs. In fiscal year 2015 the Airport recorded revenue of \$19.4 million from the FAA, and \$7.5 million from the Transportation Security Administration. In fiscal year 2014 the Airport recorded revenue of \$5.6 million from the FAA, and \$5.3 million from the Transportation Security Administration.

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 the Airport. Net position represents the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows and can be viewed as an indicator of the financial health of the Airport. During fiscal year 2015, net position increased by \$115.8 million, or 2.5%, over the previous fiscal year. Net position increased in fiscal year 2014 by \$89.0 million, or 1.9% compared to fiscal year 2013.

Total assets increased by \$27.9 million, or 0.4%, in fiscal year 2015 compared to fiscal year 2014. Non-Current Assets (excluding capital assets) which are predominately comprised of restricted cash and cash equivalents and investments decreased by \$18.3 million, or 1.7% in 2015. Capital assets, net of accumulated depreciation, increased by \$43.7 million, or 0.7% in 2015. These assets will be used for annual debt obligations.

Current assets increased by \$2.5 million, which is primarily due to an increase in restricted other assets driven by increases in government grants receivable and PFC receivable.

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Deferred outflows of resources, which includes unamortized amounts for losses on the refunding of bond debt and pension related deferred outflows, increased by \$15.1 million in fiscal year 2015 compared to fiscal year 2014. This increase is a result of implementing GASB 68 which increased pension related deferred outflows \$22.4 million, which is being offset by amortization of deferred outflows on refunding of bond debt.

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current assets	\$ 927,979	925,520	838,463
Noncurrent assets	1,090,109	1,108,416	1,131,196
Capital assets, net	5,949,818	5,906,070	5,941,238
Deferred outflows of resources	<u>89,440</u>	<u>74,291</u>	<u>64,385</u>
	<u>\$ 8,057,346</u>	<u>8,014,297</u>	<u>7,975,282</u>

For fiscal year 2015, total liabilities increased by \$54.3 million, due to the addition of net pension liability as a result of implementing GASB 68 (see note 1(s) and note 8), increases in accrued expenses and accrued interest payable, which is being offset by debt service payouts in 2015 and a reduction in the other post-employment benefits liability.

Deferred inflows of resources, which includes pension related deferred inflows, increased \$31.4 million in fiscal year 2015 as a result of implementing GASB 68.

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current liabilities			
(payloadable from unrestricted assets)	\$ 180,150	147,500	150,135
Current liabilities			
(payloadable from restricted assets)	108,250	105,791	94,393
Noncurrent liabilities	3,070,539	3,051,356	3,110,152
Deferred inflows of resources	<u>31,445</u>	<u>—</u>	<u>—</u>
	<u>\$ 3,390,384</u>	<u>3,304,647</u>	<u>3,354,680</u>

The majority of the Department's total net position for each of the fiscal years reflects the investment in capital assets less the related indebtedness outstanding used to acquire those capital assets. The Department uses these capital assets to provide services to the airlines and to its passengers and visitors to the Airport; consequently, these assets are not available for future spending. The Airport reports its investment in capital assets net of related debt.

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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, \$506.1 million as of June 30, 2015, represents amounts that are not subject to external restrictions (in thousands).

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net investment in capital assets component of net position	\$ 3,147,404	3,065,175	3,111,590
Restricted component of net position	1,013,484	936,495	889,522
Unrestricted component of net position	<u>506,074</u>	<u>707,980</u>	<u>619,490</u>
Total net position	<u>\$ 4,666,962</u>	<u>4,709,650</u>	<u>4,620,602</u>

Airport Capital Assets and Capital Improvement Plan

As of fiscal years ended 2015, 2014 and 2013, the Airport had capital assets of \$5.9 billion in each of these fiscal years. The majority of these balances are in runways, taxiways, and other land improvements and terminal, maintenance buildings and other structures; net of any related accumulated depreciation. For these fiscal years, the balance in construction in process was \$262.7 million, \$240.5 million, and \$259.4 million, respectively. For fiscal year 2015, the list below identifies the major components of the Airport's construction in process account. Additional information regarding the Department's capital assets can be found in note 5 in the Notes to Financial Statements (in thousands).

	<u>2015</u>
Concourse projects	\$ 9,773
Airfield and runway projects	57,509
Concourse transportation system (AGTS)	11,870
Terminal/passenger projects	146,161
Security/operations projects	8,272
Other	<u>29,132</u>
Total construction in process	<u>\$ 262,717</u>

Long-Term Debt

As of June 30, 2015, the Airport had a total of \$2.9 billion outstanding in General Airport Revenue, PFC Subordinate Revenue, and CFC Taxable Revenue Bonds. These bonds mature from January 1, 2015 to January 1, 2042, with interest rates ranging from 2.00% to 6.00%. The bonds do not constitute debt of the City of Atlanta, or a pledge of the full faith and credit of the City. Additional information regarding long-term obligations can be found in note 6 in the Notes to Financial Statements.

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June 30, 2015 and 2014

Requests for Information

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

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

CITY OF ATLANTA, GEORGIA
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Statements of Net Position

June 30, 2015 and 2014

(In thousands)

Assets	2015	2014
Current assets:		
Cash and cash equivalents	\$ 57	67
Restricted cash and cash equivalents	66,351	67,619
Equity in cash management pool	799,317	799,071
Accounts receivable, net of allowance for doubtful accounts of \$3,869 in 2015 and \$3,780 in 2014	11,208	11,442
Restricted other assets	41,899	38,172
Prepaid expenses	1,101	1,172
Materials and supplies, net of allowance of \$825 in 2015 and \$567 in 2014	8,046	7,977
Total current assets	<u>927,979</u>	<u>925,520</u>
Noncurrent assets:		
Restricted cash and cash equivalents	605,766	661,016
Restricted investments	473,703	436,760
Due from other governments	10,640	10,640
Capital assets:		
Land	584,230	584,230
Land purchased for noise abatement	277,776	293,207
Runways, taxiways, and other land improvements	3,205,540	3,093,749
Terminal, maintenance buildings, and other structures	3,862,425	3,800,125
Other property and equipment	299,935	288,296
Construction in process	262,717	240,473
Less accumulated depreciation	<u>(2,542,805)</u>	<u>(2,394,010)</u>
Total capital assets, net	<u>5,949,818</u>	<u>5,906,070</u>
Total noncurrent assets	<u>7,039,927</u>	<u>7,014,486</u>
Total assets	<u>7,967,906</u>	<u>7,940,006</u>
Deferred outflows of resources:		
Pension related deferred outflows	22,423	—
Accumulated deferred amount of debt refundings	67,017	74,291
Total assets and deferred outflows of resources	<u>\$ 8,057,346</u>	<u>8,014,297</u>

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

Statements of Net Position

June 30, 2015 and 2014

(In thousands)

Liabilities and Net Position	2015	2014
Current liabilities:		
Accounts payable	\$ 23,570	16,327
Accrued expenses	30,991	17,486
Current maturities of long-term debt	80,600	71,385
Accrued interest payable	44,925	42,146
Current portion of other liabilities	64	156
Current liabilities	<u>180,150</u>	<u>147,500</u>
Current liabilities payable from restricted assets:		
Current maturities of long-term debt	35,485	33,730
Accrued interest payable	26,581	20,344
Accounts payable	40,208	46,653
Contract retention	5,976	5,064
Current liabilities payable from restricted assets	<u>108,250</u>	<u>105,791</u>
Total current liabilities	<u>288,400</u>	<u>253,291</u>
Long-term liabilities:		
Long-term debt, less current maturities	2,862,832	2,997,127
Contract retention	4,194	1,448
Accrued workers' compensation	319	481
Net pension liability	146,995	—
Other post-retirement benefits	56,199	52,300
Total long-term liabilities	<u>3,070,539</u>	<u>3,051,356</u>
Total liabilities	3,358,939	3,304,647
Deferred inflows of resources:		
Pension related deferred inflows	31,445	—
Total liabilities and deferred inflows of resources	<u>\$ 3,390,384</u>	<u>3,304,647</u>
Net position:		
Net investment in capital assets	\$ 3,147,404	3,065,175
Restricted for:		
Capital projects	607,322	554,081
Debt service	406,162	382,414
Unrestricted	506,074	707,980
Total net position	<u>\$ 4,666,962</u>	<u>4,709,650</u>

See accompanying notes to financial statements.

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Statements of Revenue, Expenses, and Changes in Net Position

Years ended June 30, 2015 and 2014

(In thousands)

	2015	2014
Operating revenue:		
Parking, car rental, and other concessions	\$ 265,585	254,047
Terminal, maintenance buildings, and other rentals	130,383	136,603
Landing fees	32,166	47,084
Other	54,888	58,518
Total operating revenue	<u>483,022</u>	<u>496,252</u>
Operating expenses:		
Salaries and employee benefits	87,756	91,691
Repairs, maintenance and other contractual services	124,339	112,676
General services	18,524	16,898
Utilities	8,983	8,990
Materials and supplies	5,003	4,720
Other	23,874	24,742
Depreciation and amortization expenses	218,732	222,446
Total operating expenses	<u>487,211</u>	<u>482,163</u>
Operating income (loss)	<u>(4,189)</u>	<u>14,089</u>
Nonoperating revenue (expenses):		
Investment income, net	22,601	23,322
Passenger facility charges	187,308	180,382
Customer facility charges, net	25,351	23,437
Interest on long-term debt	(127,941)	(139,826)
Other revenue (expenses)	(13,672)	(16,463)
Nonoperating revenue (expenses), net	<u>93,647</u>	<u>70,852</u>
Income before contributions and transfers	89,458	84,941
Capital contributions	26,851	10,888
Operating transfer to the City	(518)	(6,781)
Change in net position	<u>115,791</u>	<u>89,048</u>
Net position, beginning of the year, as restated	<u>4,551,171</u>	<u>4,620,602</u>
Net position, end of the year	<u>\$ 4,666,962</u>	<u>4,709,650</u>

See accompanying notes to financial statements.

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

Statements of Cash Flows

Years ended June 30, 2015 and 2014

(In thousands)

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Receipts from customers and tenants	\$ 498,580	499,254
Payments to suppliers for goods and services	(175,378)	(168,740)
Payments to employees for services	(86,274)	(83,714)
Net cash provided by operating activities	<u>236,928</u>	<u>246,800</u>
Cash flows from investing activities:		
Interest and dividends on investments	25,093	19,314
Purchases of restricted investments	(192,838)	(126,728)
Sales and redemptions of restricted investments	155,895	92,377
Change in pooled investment fund	(2,738)	(85,101)
Net cash used in investing activities	<u>(14,588)</u>	<u>(100,138)</u>
Cash flows from capital and related financing activities:		
Capital grants	25,451	8,482
Principal repayments of long-term debt	(105,115)	(982,615)
Proceeds from bond and note issuances	—	929,738
Acquisition, construction, and improvement of capital assets	(295,471)	(186,936)
Passenger and customer facility charges	210,332	207,378
Contract retention withheld	3,658	(1,178)
Interest and other fees paid on bonds	(117,723)	(182,576)
Net cash used in capital and related financing activities	<u>(278,868)</u>	<u>(207,707)</u>
Decrease in cash and cash equivalents	(56,528)	(61,045)
Cash and cash equivalents:		
Beginning of year	<u>728,702</u>	<u>789,747</u>
End of year	<u>\$ 672,174</u>	<u>728,702</u>

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

Statements of Cash Flows

Years ended June 30, 2015 and 2014

(In thousands)

	<u>2015</u>	<u>2014</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (4,189)	14,089
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	218,732	222,446
Changes in assets and liabilities:		
Accounts receivable, net of allowances	234	(1,009)
Prepaid expenses	71	594
Materials and supplies, net of allowance	(69)	(2,600)
Accounts payable and accrued expenses	20,713	5,541
Net pension liability	(2,463)	—
Other post-retirement benefits	3,899	7,739
Net cash provided by operating activities	<u>\$ 236,928</u>	<u>246,800</u>
Schedule of noncash capital and related financing activity:		
Acquisition of capital assets with accounts payable	\$ 33,629	39,990
Amortization of bond discount and premium, net	\$ 18,210	12,465

See accompanying notes to financial statements.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2015 and 2014

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The Department of Aviation (the Department) of the City of Atlanta, Georgia (the City) operates Hartsfield-Jackson Atlanta International Airport (the Airport). The accompanying financial statements include only the financial activities of the Department. The Department is an integral part of the City's financial reporting entity, and its results are included in the Comprehensive Annual Financial Report (CAFR) of the City as a major enterprise fund. The latest available CAFR is as of and for the year ended June 30, 2015; 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, 2015 and 2014, cash and cash equivalents included the following (in thousands):

	<u>2015</u>	<u>2014</u>
Unrestricted cash and cash equivalents	\$ 57	67
Restricted cash and cash equivalents	<u>672,117</u>	<u>728,635</u>
Total cash and cash equivalents	\$ <u>672,174</u>	<u>728,702</u>

(d) Investments

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

(e) Materials and Supplies

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

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

Notes to Financial Statements

June 30, 2015 and 2014

(f) Restricted Assets

Restricted assets represent the current and non-current 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 fair value if donated. Major outlays for capital assets and improvements and all expenses incurred in support of construction are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

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

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

(h) Capitalization of Interest Costs

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

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amount of interest costs to be capitalized. Net interest costs capitalized for the years ended June 30, 2015 and 2014 totaled approximately \$11.3 million and \$11.6 million, respectively.

(i) *Compensated Absences*

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

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

(j) *Bond Discounts and Premiums*

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

(k) *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, 2015 was \$31.4 million.

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, 2015 was \$67.0 million, compared to \$74.3 million at June 30, 2014. Total pension related deferred outflows at June 30, 2015 was \$22.4 million.

(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, 2015 and 2014, the Department recorded \$26.9 million and \$10.9 million, respectively,

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in capital contributions consisting of federal grants in aid of construction and funding of debt services, 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 years ended June 30, 2015 and 2014, the Department recorded \$0.5 million and \$6.8 million, respectively, in operating transfers. These transfers that occurred during fiscal year 2015 and 2014 were related to the Department's portion of the City's Oracle ERP system upgrade.

(o) Net Position

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

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

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

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

(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 aircrafts landing at the Airport. Revenue from "terminal, maintenance buildings, and other rentals" is derived from the leasing of various Airport facilities to air carriers and other tenants. Concession revenue is earned through various agreements providing for the operation of concessions at the Airport, such as parking lots, car rental agencies, newsstands, restaurants, etc. Nonoperating revenue and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

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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 \$187.3 million and \$180.4 million in passenger facility charges for the years ended June 30, 2015 and 2014, respectively.

Customer Facility Charges

The Installment Purchase Agreement entered into by the City with the City of College Park for the purchase of a Rental Car Center (the RCC) on June 1, 2006 obligates the City to make debt service payments through 2031, totaling \$443.1 million, on the Series 2006A and Series 2006B Bonds issued 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 \$35.2 million and \$34.0 million in customer facility charges for the years ended June 30, 2015 and 2014, respectively. Operating expenses related to the RCC during fiscal years 2015 and 2014 of approximately \$9.8 million and \$10.6 million, respectively, are netted against the CFC revenue and result in net CFC income of \$25.4 million for 2015 and \$23.4 million for 2014.

(q) Economic Concentration

Delta Air Lines and the Airport-owned parking facilities accounted for approximately 22.8% and 25.7% of total operating revenues, respectively, for the year ended June 30, 2015. Delta Air Lines and the Airport-owned parking facilities accounted for approximately 21.1% and 24% of total operating revenues, respectively, for the year ended June 30, 2014.

(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 \$18.5 million and \$16.9 million in general services costs for the years ended June 30, 2015 and 2014, respectively, the allocated expense amount for the year ended June 30, 2015 was \$7.9 million, compared to \$8.5 million for the year ended June 30, 2014.

(s) New Accounting Standards

On July 1, 2014, the Department adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement requires cost-sharing entities providing defined benefit pensions to their employees to recognize their proportionate share of the pension plan's net pension liability or net pension asset, which is measured as the total pension liability less the amount of the pension plan's fiduciary net position. The total pension liability is determined by discounting projected

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benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year end. Projected benefit payments are required to be discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits. When plan assets are insufficient to pay benefits, the discount rate used is a blended rate comprised of the expected rate of return over the period when projected plan assets exist to pay benefits, and then a tax-exempt, high-quality municipal bond rate for the periods when projected plan assets are not available. This Statement requires that most changes in the net pension liability be included in pension expense in the period of the change. Prior to adopting this Statement, the Department reported pension expense based on cash contributions to the City (pension plan administrator).

Although the Department's Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows present comparative results, the Department elected to implement GASB 68 on June 30, 2014, because it was not practical to implement at the beginning of fiscal year 2014 due to lack of available information to prepare comparative financial statements related to the implementation. The following schedule summarizes the impact on beginning net position (in thousands):

<u>Net position</u>	<u>2015</u>
Beginning of year, as previously reported	\$ 4,709,650
Effect of adoption of GASB 68	<u>(158,479)</u>
Beginning of year, as restated	<u><u>\$ 4,551,171</u></u>

During fiscal year 2015, the Department adopted GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, effective concurrently with the implementation of GASB Statement No. 68. This statement addresses an issue in Statement No. 68 concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to the implementation of that statement by employers and nonemployer contributing entities.

(t) Recently Issued Accounting Standards

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement generally requires 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. Valuations techniques will be 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. This statement is effective for fiscal years beginning after June 15, 2015.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions that are provided to

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the employees not within the scope of Statement 68. Requirements are also established for assets accumulated for purposes of providing pensions through defined benefit pension plans that are not administered through trusts that meet the criteria within the scope of Statement 67. This statement is effective for fiscal years beginning after June 15, 2016.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement establishes financial reporting standards for Other Post-Employment Benefit Plans (OPEB) that is 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, 2016.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*. This statement establishes accounting and 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.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement establishes the hierarchy of GAAP for state and local governments. This Statement is effective for fiscal years beginning after June 15, 2015.

The impact of these pronouncements 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.

(2) Deposits and Investments

Cash and cash equivalents and investments as of June 30, 2015 and 2014 are classified in the accompanying financial statements as follows (in thousands):

	<u>2015</u>	<u>2014</u>
Unrestricted:		
Cash and cash equivalents	\$ 57	67
Equity in cash management pool	799,317	799,071
Restricted:		
Cash and cash equivalents	672,117	728,635
Investments	473,703	436,760
Total deposits and investments	<u>\$ 1,945,194</u>	<u>1,964,533</u>

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(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, 2015 and 2014, the Department had approximately \$799.3 million and \$799.1 million, respectively, within the City's cash management pool. At June 30, 2015 and 2014, 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.

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(c) Investment in Local Government Investment Pool

The Department is a voluntary participant in Georgia Fund 1 that is managed by the Office of Treasury and Fiscal Services. As of June 30, 2015 and 2014, the Department's cash equivalent deposits in the Georgia Fund 1 are approximately \$93.1 million and \$93.7 million, respectively. The total amount recorded by all public agencies in Georgia Fund 1 at June 30, 2015 and 2014, was approximately \$11.2 billion and \$10.9 billion, respectively.

(d) Investment Risk Disclosures

Interest Rate Risk

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

Credit Risk

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

As of June 30, 2015, the Department had the following investments with the corresponding credit ratings and maturities (in thousands):

Type of investments	Credit rating	Maturity					Carrying value
		Under 30 Days	31 – 180 Days	181 – 365 Days	1 – 5 Years	Over 5 years	
U.S. government obligations	Aaa/AAA	\$ 5,010	20,054	5,004	340,853	—	370,921
U.S. government treasuries	Exempt	—	—	30,042	49,950	—	79,992
Equity in cash management pool	AAA	799,317	—	—	—	—	799,317
GIC's	*	—	—	—	—	22,790	22,790
		<u>\$ 804,327</u>	<u>20,054</u>	<u>35,046</u>	<u>390,803</u>	<u>22,790</u>	<u>1,273,020</u>

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

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

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

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

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, 2015 and 2014, the City's collateralization for pledged securities at Wells Fargo was 110% in deposit accounts.

Custodial credit risks for investments, is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. There was no counterparty risk to the City as of June 30, 2015 and 2014.

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, 2015 and 2014, 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, 2015 and 2014 are due from airport tenants, customers, and concessionaires. There are no material receivables expected to take longer than one year to collect.

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(4) Restricted Assets

Restricted assets at June 30, 2015 and 2014 are summarized as follows (in thousands):

	<u>2015</u>	<u>2014</u>
Airport Revenue Fund:		
Cash and cash equivalents	\$ 5,060	5,047
Renewal and Extension Fund:		
Cash and cash equivalents	23,599	34,991
Other assets	8,468	7,068
Passenger Facility Charge Fund:		
Cash and cash equivalents	122,652	110,786
Other assets	30,419	28,326
Investments	450,913	413,970
Customer Facility Charge Fund:		
Cash and cash equivalents	28,203	25,373
Other assets	3,012	2,778
Construction Fund:		
Cash and cash equivalents	109,231	192,813
Sinking Funds:		
Cash and cash equivalents	383,372	359,625
Investments	22,790	22,790
Total	\$ <u>1,187,719</u>	<u>1,203,567</u>

The following table is a summary of carrying amount of restricted assets as shown on the accompanying statements of net position at June 30, 2015 and 2014 (in thousands):

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 672,117	728,635
Other assets	41,899	38,172
Investments	473,703	436,760
Total	\$ <u>1,187,719</u>	<u>1,203,567</u>

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(5) Capital Assets

Summaries of capital asset activity and changes in accumulated depreciation for the years ended June 30, 2015 and June 30, 2014 are as follows (in thousands):

	Balance at June 30, 2014	Additions	Deletions and retirements	Transfers to additions	Balance at June 30, 2015
Capital assets not being depreciated:					
Land	\$ 877,437	—	(15,431)	—	862,006
Construction in progress	240,473	277,720	—	(255,476)	262,717
Total capital assets not being depreciated	1,117,910	277,720	(15,431)	(255,476)	1,124,723
Capital assets being depreciated:					
Runways, taxiways, and other land improvements	3,093,749	—	(65,984)	177,775	3,205,540
Terminal, maintenance buildings, and other structures	3,800,125	—	(6,865)	69,165	3,862,425
Other property and equipment	288,296	13,618	(10,515)	8,536	299,935
Total capital assets being depreciated	7,182,170	13,618	(83,364)	255,476	7,367,900
Less accumulated depreciation for:					
Runways, taxiways, and other land improvements	(1,261,248)	(85,187)	57,081	—	(1,289,354)
Terminal, maintenance buildings, and other structures	(1,001,278)	(113,815)	2,387	—	(1,112,706)
Other property and equipment	(131,484)	(19,730)	10,469	—	(140,745)
Total accumulated depreciation	(2,394,010)	(218,732)	69,937	—	(2,542,805)
Net capital assets	\$ 5,906,070	72,606	(28,858)	—	5,949,818

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

(6) Long-Term Debt

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

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Long-term debt at June 30, 2015 and 2014 consists of the following (in thousands):

	<u>2015</u>	<u>2014</u>
General Revenue Bonds:		
Airport General Revenue Bonds, Series 2004F at 5.25% due serially through 2017	\$ 9,950	14,885
Airport General Revenue Bonds, Series 2010A, combination serial at 2.00% – 5.00% and term at 4.625% – 5.00% through 2040	171,205	174,670
Airport General Revenue Refunding Bonds, Series 2010C, combination serial at 2.00% – 5.875% and term at 5.25% – 6.00% through 2030	451,030	470,330
Airport General Revenue Refunding Bonds, Series 2011A at 3.00% – 5.00% due serially through 2021	192,245	214,545
Airport General Revenue Refunding Bonds, Series 2011B at 3.00% – 5.00% due serially through 2030	177,730	179,685
Airport General Revenue and Refunding Bonds, Series 2012A, combination serial at 2.00% – 5.00% and term at 4.00% – 5.00% through 2042	62,845	63,185
Airport General Revenue and Refunding Bonds, Series 2012B, combination serial at 3.00% – 5.00% and term at 5.00% through 2042	182,650	183,480
Airport General Revenue and Refunding Bonds, Series 2012C, combination serial at 4.00% – 5.00% and term at 5.00% through 2042	222,905	224,085
Airport General Revenue and Refunding Bonds, Series 2014B at 3.00% – 5.00% due serially through 2033	141,005	141,005
Airport General Revenue and Refunding Bonds, Series 2014C at 2.00% – 5.00% due serially through 2030	<u>164,795</u>	<u>181,875</u>
Total General Revenue Bonds	<u>1,776,360</u>	<u>1,847,745</u>
Passenger Facility Charge (PFC) Subordinate Revenue Bonds:		
PFC and Subordinate Lien General Revenue Bonds, Series 2010B, at 2.00% – 5.00%, due serially through 2026	333,030	359,850
PFC and Subordinate Lien General Revenue Bonds, Series 2014A, at 4.00% – 5.00%, due serially through 2034	<u>523,605</u>	<u>523,605</u>
Total PFC and Subordinate Lien General Revenue Bonds	<u>856,635</u>	<u>883,455</u>
Customer Facility Charge (CFC) Bonds:		
City of College Park Taxable Revenue Bonds, (Hartsfield-Jackson Atlanta International Airport Consolidated Rental Car Facility Project), Series 2006A at 5.758% – 5.965% (Conduit Debt)	\$ 168,550	174,740
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)	<u>16,665</u>	<u>17,385</u>
Total Customer Facility Charge (CFC) Bonds	<u>185,215</u>	<u>192,125</u>
Total Bonds	2,818,210	2,923,325
Unaccreted bond discounts	(174)	(193)
Unamortized bond premiums	160,881	179,110
Less current maturities	<u>(116,085)</u>	<u>(105,115)</u>
Total long-term debt	<u>\$ 2,862,832</u>	<u>2,997,127</u>

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

	Balance at June 30, 2014	Additions	Retirements	Balance at June 30, 2015	Due within one year
Revenue, PFC, and CFC Bonds	\$ 2,923,325	—	(105,115)	2,818,210	116,085
Less:					
Issuance discount and premium, net	178,917	—	(18,210)	160,707	—
Total bonded debt	<u>\$ 3,102,242</u>	<u>—</u>	<u>(123,325)</u>	<u>2,978,917</u>	<u>116,085</u>
	Balance at June 30, 2013	Additions	Retirements	Balance at June 30, 2014	Due within one year
Revenue, PFC, and CFC Bonds	\$ 3,059,455	846,485	(982,615)	2,923,325	105,115
Less:					
Issuance discount and premium, net	108,129	83,253	(12,465)	178,917	—
Total bonded debt	<u>\$ 3,167,584</u>	<u>929,738</u>	<u>(995,080)</u>	<u>3,102,242</u>	<u>105,115</u>

On June 21, 2006, the City of College Park, Georgia issued \$211.9 million in Taxable Revenue Bonds (Hartsfield-Jackson Atlanta International Airport Rental Car Center Project), Series 2006A for the purpose of acquiring, constructing, and installing a consolidated rental car facility. In addition, College Park issued \$22.0 million in Revenue Bonds (Hartsfield-Jackson Atlanta International Airport Automated People Mover System Maintenance Facility Project), Series 2006B for the purpose of acquiring, constructing, and installing a maintenance facility for an automated people mover. The City (the Purchaser) pursuant to the terms of an Installment Purchase Agreement dated June 1, 2006 (the Agreement) with the City of College Park (the Issuer) obligates the Purchaser to make installment payments to the Issuer to cover the principal, premium and interest of the Series 2006A/B Bonds. The City has adopted an Ordinance imposing a customer facility charge (CFC) effective October 1, 2005. The CFC revenues have been pledged to secure the payments due under the Agreement. At June 30, 2015 and 2014, the balance of outstanding conduit debt totaled \$185.2 million and \$192.1 million, respectively.

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

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

The annual debt service requirements at June 30, 2015 are as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>
Year:			
2016	\$ 116,085	143,013	259,098
2017	121,480	137,403	258,883
2018	127,675	131,377	259,052
2019	134,710	124,996	259,706
2020	136,490	118,244	254,734
2021 – 2025	666,685	488,732	1,155,417
2026 – 2030	838,035	302,315	1,140,350
2031 – 2035	437,835	113,331	551,166
2036 – 2040	179,185	42,762	221,947
2041 – 2042	60,030	4,540	64,570
Total	\$ <u>2,818,210</u>	<u>1,606,713</u>	<u>4,424,923</u>

All of the bond ordinances require the maintenance of sinking funds to provide for debt service on the related bonds. The Airport Master Bond Ordinance also requires the Department to maintain a ratio of Net Airport Revenue to Aggregate Debt Service, as defined, of at least 120%. As of June 30, 2015 and 2014, the Department was in compliance with all significant limitations and restrictions contained in the various revenue bond indentures.

(7) Leased Facilities

The Department leases terminal space, aircraft maintenance and overhaul facilities, cargo facilities, hangars, and other structures to air carriers and other tenants at the Airport under various operating leases, a majority of which terminate no later than 2017. The total cost of the facilities described above that are substantially leased to various tenants is \$5.3 billion with a carrying value of \$3.5 billion. Depreciation expense for fiscal year 2015 and 2014 on the facilities was \$149.2 million and \$152.6 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 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

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receipts as defined were \$124.0 million and \$118.5 million for the years ended June 30, 2015 and 2014, respectively.

At June 30, 2015, minimum future rentals and fees to be received under noncancelable leases or concession agreements for each fiscal year are as follows (in thousands):

2016	\$ 323,643
2017	254,340
2018	230,303
2019	101,840
2020	103,127
2021 – 23	<u>317,360</u>
	<u>\$ 1,330,613</u>

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

(8) Pension and Other Employee Benefits Plans

Pension Plans

The City maintains the following separately administered pension plans:

<u>Plan Type</u>	<u>Plan Name</u>
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.

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Prior to July 1, 2001, all permanent employees of the Department were eligible to participate in the 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, 2014.

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.

Disclosures Under GASB 68

The Department's effective date of implementation of GASB 68 was July 1, 2014. The Department elected to implement GASB 68 at the beginning of fiscal year 2015 because it was not practical to implement at the beginning of fiscal year 2014 due to lack of available information to prepare comparative financial statements related to the implementation. As a result, the pension disclosures that follow for the current year include all disclosures under the adoption of GASB 68 using the latest valuation reports available (July 1, 2014). These changes have not been applied to prior year disclosures due to the constraints of available information, therefore the Department is following the applicable pension disclosure guidance outlined under GASB 27 for the year ended June 30, 2014 using the same valuation reports.

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 of Atlanta (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

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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 of Trustees. Each pension law modification must be adopted by at least two-thirds vote of the City Council and 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 contribution 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

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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 2015 the City had an actuary assessment conducted to review the pay cap. The assessment determined the City was at 26.9%, 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).

	<u>GEPP</u>
Proportionate share of contributions for the fiscal year ended June 30, 2014	\$ 4,842
Allocation percentage of proportionate share of collective pension amount as of June 30, 2014 measurement date	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:

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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 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.

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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.

(a) 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 approved by the Mayor.

(b) 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.

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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 months 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 2015 the City had an actuary assessment conducted to review the pay cap. The assessment determined the City was at 26.9%, 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).

	<u>FPP</u>	<u>PPP</u>
Proportionate share of contributions for the fiscal year ended June 30, 2014	\$ 5,019	2,096
Allocation percentage of proportionate shares of collective pension amounts as of June 30, 2014 measurement date	24.30%	7.90%

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(c) 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).

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

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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 Plan's 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

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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.

The investment policy for the three Plans was revised during fiscal year 2014. There were no changes to the policy in fiscal year 2015. 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, 2015 and 2014 are summarized in the following tables:

General employees'		
Asset class	Target allocation	Long-term expected real rate of return
Domestic equity	50%	6.6%
International equity	20	2.2
Fixed income	25	7.1
Alternative investments	5	6.2
	<u>100%</u>	
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
	<u>100%</u>	

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For the year ended June 30, 2014, the annual money-weighted rate of return for General Employees', Firefighters' and Police Officers' Pension Plan investments, net of pension plan investment expense was 4.64%, 0.79% and 1.22%, 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 pension liability is based on the July 1, 2013 actuarial valuation rolled forward to June 30, 2014 using standard roll-forward techniques. The net pension liability at June 30, 2014 is as follows (dollars in thousands):

	<u>General employees'</u>	<u>Firefighters'</u>	<u>Police officers'</u>	<u>Total</u>
Total pension liability	\$ 1,832,883	846,325	1,270,494	3,949,702
Plan fiduciary net position	<u>1,145,333</u>	<u>658,508</u>	<u>987,507</u>	<u>2,791,348</u>
Net pension liability	<u>\$ 687,550</u>	<u>187,817</u>	<u>282,987</u>	<u>1,158,354</u>
Plan fiduciary net position as a percentage of the total pension liability	62.49%	77.81%	77.73%	70.67%

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 proportion of the net pension liability at June 30, 2015 is as follows (dollars in thousands):

<u>Plan</u>	<u>Department's proportionate share of the net pension liability</u>	<u>Department's proportionate share of the net pension liability</u>
General employees' 2015	11.49%	\$ 78,999
Firefighters' 2015	24.30%	45,640
Police officers' 2015	7.90%	<u>22,356</u>
		<u>\$ 146,995</u>

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

Notes to Financial Statements

June 30, 2015 and 2014

Changes in Net Pension Liability

The changes in net pension liability as of June 30, 2014 are as follows (dollars in thousands):

General Employees'

	Increase (decrease)		
	Total pension liability	Plan net position	Net pension liability
Balances at June 30, 2013	\$ 1,791,135	1,014,429	776,706
Changes for the year:			
Service cost	19,644	—	19,644
Interest expense	130,279	—	130,279
Difference between expected and actual experience	—	—	—
Contributions – employer	—	42,145	(42,145)
Contributions – employee	—	17,366	(17,366)
Net investment income	—	188,381	(188,381)
Benefit payments and refunds	(108,175)	(108,175)	—
Administrative expenses	—	(8,813)	8,813
Net changes	41,748	130,904	(89,156)
Balances at June 30, 2014	\$ 1,832,883	1,145,333	687,550

Firefighters'

	Increase (decrease)		
	Total pension liability	Plan net position	Net pension liability
Balances at June 30, 2013	\$ 788,355	561,450	226,905
Changes for the year:			
Service cost	13,783	—	13,783
Interest expense	59,472	41,046	18,426
Difference between expected and actual experience	10,092	—	10,092
Assumption changes	16,252	—	16,252
Contributions – employer	—	20,656	(20,656)
Contributions – employee	—	5,670	(5,670)
Net investment income	—	71,328	(71,328)
Benefit payments and refunds	(41,629)	(41,268)	(361)
Administrative expenses	—	(374)	374
Net changes	57,970	97,058	(39,088)
Balances at June 30, 2014	\$ 846,325	658,508	187,817

**CITY OF ATLANTA, GEORGIA
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Notes to Financial Statements

June 30, 2015 and 2014

Police Officers'

	Increase (decrease)		
	Total pension liability	Plan net position	Net pension liability
Balances at June 30, 2013	\$ 1,158,631	828,815	329,816
Changes for the year:			
Service cost	23,755	—	23,755
Interest expense	89,442	60,960	28,482
Difference between expected and actual experience	—	—	—
Demographic experience	36,363	—	36,363
Assumption changes	13,373	—	13,373
Contributions – employer	—	26,525	(26,525)
Contributions – employee	—	11,157	(11,157)
Net investment income	—	111,676	(111,676)
Benefit payments and refunds	(51,070)	(51,299)	229
Administrative expenses	—	(327)	327
Net changes	111,863	158,692	(46,829)
Balances at June 30, 2014	\$ 1,270,494	987,507	282,987

Discount Rate

The discount rates used to measure the total pension for the Plans is 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 plan's 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, 2014:

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

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Notes to Financial Statements

June 30, 2015 and 2014

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, 2014, 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 than the current rate (dollars in thousands):

		1% Decrease 6.50%	Current discount rate 7.50%	1% Increase 8.50%
General Employees'	\$	901,829	687,550	507,921
Department's Proportionate Share		103,620	78,999	58,360
			Current discount rate 7.41%	1% Increase 8.41%
Firefighters'	\$	290,823	187,817	92,966
Department's Proportionate Share		70,670	45,640	22,591
Police Officers'	\$	460,925	282,987	138,238
Department's Proportionate Share		36,413	22,356	10,921

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 most recent contribution rate as follows:

	General Employees'	Firefighters'	Police Officers'
Valuation date	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%

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Notes to Financial Statements

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Mortality rates were based on the RP-2000 Combined Healthy Table published by the Society of Actuaries. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

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

For the year ended June 30, 2015, the City recognized \$82.8 million in pension expense. The Department's proportionate share of pension expense was \$10.5 million related to the Plans.

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):

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
General employees':		
Contributions subsequent to the measurement date	\$ 5,512	
Net difference between projected and actual pension investment earnings		10,521
Firefighters':		
Contributions subsequent to the measurement date	5,070	
Net difference between projected and actual experience in total pension liability	5,881	
Net difference between projected and actual pension investment earnings		13,866
Police Officers':		
Contributions subsequent to the measurement date	2,386	
Net difference between projected and actual experience in total pension liability	3,574	
Net difference between projected and actual pension investment earnings		7,058
Total	\$ <u>22,423</u>	<u>31,445</u>

CITY OF ATLANTA, GEORGIA
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Notes to Financial Statements

June 30, 2015 and 2014

The 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, are as follows (in thousands):

	Deferred outflows	Deferred inflows
General employees':		
2016	\$ —	2,105
2017	—	2,104
2018	—	2,104
2019	—	2,104
2020	—	2,104
Firefighters':		
2016	1,177	2,774
2017	1,176	2,773
2018	1,176	2,773
2019	1,176	2,773
2020	1,176	2,773
Police officers':		
2016	715	1,412
2017	715	1,412
2018	715	1,412
2019	715	1,412
2020	714	1,410

Disclosures Under GASB 27

For fiscal year 2014, the following pension disclosures are presented under GASB 27, as this period was prior to the adoption of GASB 68 and information to prepare comparative financial statements for this period is not available.

**CITY OF ATLANTA, GEORGIA
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Notes to Financial Statements

June 30, 2015 and 2014

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

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

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

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

Annual Pension Cost

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

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

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

CITY OF ATLANTA, GEORGIA
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Notes to Financial Statements

June 30, 2015 and 2014

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

Plan/period	Annual pension cost (APC)	Percentage of ARC contributed	Net pension obligation
General employees:			
Year ended June 30, 2012	35,237	100.0	—
Year ended June 30, 2013	38,694	100.0	—
Year ended June 30, 2014	42,145	100.0	—
Firefighters:			
Year ended June 30, 2012	21,092	100.0	—
Year ended June 30, 2013	17,491	100.0	—
Year ended June 30, 2014	20,656	100.0	—
Police officers:			
Year ended June 30, 2012	33,748	100.0	—
Year ended June 30, 2013	26,525	100.0	—
Year ended June 30, 2014	30,197	100.0	—

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

Funded Status and Funding Progress

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

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

CITY OF ATLANTA, GEORGIA
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Notes to Financial Statements

June 30, 2015 and 2014

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

The City accounts for and funds the costs of the defined benefit plans as they accrue. Such costs are based on contribution rates determined by annual actuarial valuations. The total contributions by the Department were \$12.2 million for the year ended June 30, 2014.

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 this plan by employees and the City. The contribution of the City for the year ended June 30, 2014 is 6% of employee payroll.

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

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

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

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

Amendments to Defined Contribution Plan

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

As of June 30, 2015 there were 1,364 participants in the General Employees' Defined Contribution Plan. The covered payroll for employees in the Plan was \$95.5 million. Employer contributions for the year ended June 30, 2015 were \$8.0 million and employee contributions were \$7.9 million or 17.7% of covered payroll.

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June 30, 2015 and 2014

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

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.

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, 2015, the City made \$43.3 million "pay-as-you-go" payments on behalf of the Plan. Retiree contributions vary based on the plan elected, dependent coverage and Medicare eligibility. Eligible retirees receiving benefits contributed \$47.7 million through their required contributions.

For the fiscal years ended June 30, 2015 and 2014, the Department made \$5.6 million and \$5.4 million "pay-as-you-go" payments, respectively, on behalf of the Plan.

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

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Notes to Financial Statements

June 30, 2015 and 2014

The following table shows the elements of the Department's portion of the City's OPEB cost for the year, the amount actually contributed on behalf of the Plan, and changes in the Department's portion of the City's net OPEB obligation to the Plan for the year ended June 30, 2015 and 2014 (in thousands):

	<u>2015</u>	<u>2014</u>
Annual required contributions	\$ 9,646	13,231
Interest on net OPEB obligation	1,967	1,652
Adjustment to annual required contribution	<u>(2,138)</u>	<u>(1,721)</u>
Annual OPEB Cost	9,475	13,162
"Pay-as-you-go" payments made	<u>(5,576)</u>	<u>(5,423)</u>
Increase in net OPEB obligation	3,899	7,739
Net OPEB obligation – Beginning of the year	<u>52,300</u>	<u>44,561</u>
Net OPEB obligation – End of the year	<u>\$ 56,199</u>	<u>52,300</u>

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, 2013 through June 30, 2015 are as follows (in thousands):

	<u>Annual OPEB cost</u>	<u>Percentage of annual OPEB cost paid</u>	<u>Net OPEB obligation</u>
Fiscal year ended:			
June 30, 2013	\$ 12,606	39.4%	\$ 44,561
June 30, 2014	13,162	41.2	52,300
June 30, 2015	9,475	58.9	56,199

Funded Status and Funding Progress

As of June 30, 2014, 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 \$1.12 billion. The covered payroll was \$348 million, and the ratio of the UAAL to the covered payroll was 321.4%.

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

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2015 and 2014

the OPEB valuation as of June 30, 2014, 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, the City elected to use the June 30, 2014 actuarial report as the basis for determining the current year ARC requirement.

Actuarial Methods and Assumptions

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

In the June 30, 2014 actuarial valuation, the Individual Entry Age Normal actuarial cost method was used. It is amortized as a level percent of payroll over a 23 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 9% initially, reduced by decrements to an ultimate trend rate of 5% after 8 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 owners and operators liability, and environmental liability. The policy limits are established in order to maximize potential recovery via insurance in the event of loss. Policy limits may range up to \$1 billion based on exposure to loss, and policies are subject to a range of deductibles.

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

CITY OF ATLANTA, GEORGIA
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Notes to Financial Statements

June 30, 2015 and 2014

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.

(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, 2015, repair costs of \$5.5 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 2015 and 2014.

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

(d) *Health and Dental Insurance*

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

CITY OF ATLANTA, GEORGIA
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Notes to Financial Statements

June 30, 2015 and 2014

Changes in the balances of the liabilities for worker's compensation attributable to the Department during 2015, 2014, and 2013 were as follows (in thousands):

	<u>Beginning of year</u>	<u>Current year claims and changes in estimates</u>	<u>Claim payments</u>	<u>End of year</u>
Workers' compensation:				
2015	\$ 637	121	(375)	383
2014	373	578	(314)	637
2013	810	(243)	(194)	373

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, 2015 and 2014, the Department was contractually obligated to expenditures of approximately \$326.7 million and \$412.1 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.

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Notes to Financial Statements

June 30, 2015 and 2014

(d) *Environmental Obligation*

In an Assignment, Assumption and Release Agreement and Claim Resolution Agreement dated February 25, 2011, the City entered into settlement agreements with Northwest and the Georgia Environmental Protection Division (EPD) to settle all claims in exchange for transfer and assumption of environmental obligations at the Leased Space formerly between Northwest and the Georgia EPD. As of June 30, 2015 and 2014, a restricted noncurrent asset is recorded for approximately \$5.0 million as a result of this settlement.

(11) Subsequent Events

The Department has evaluated subsequent events from the statement of net position date through December 2, 2015, the date at which the financial statements are available to be issued, and identified the following item requiring disclosure.

Subsequent to the close of fiscal year 2015, the City authorized the issuance of the following Commercial Paper Notes: (a) Series D-1 (Non-AMT), Series D-2 (AMT), Series D-3 (Non-AMT), Series D-4 (AMT), up to the amount of \$225,000,000 (the Series D Notes) and (b) Series E-1 (Non-AMT), Series E-2 (AMT), Series E-3 (Non-AMT), Series E-4 (AMT), up to the amount of \$225,000,000 (the 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." On August 1, 2015, the City entered into a Letter of Credit Reimbursement Agreement with Bank of America, N.A. and The Bank of Tokyo-Mitsubishi UFJ, Ltd. to facilitate the payment of and interest on the Series D and the Series E notes in the aggregate principal amount of \$450 million (issued at \$225 million each) for the Airport Commercial Paper Program. 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 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.

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

Required Supplementary Information (Unaudited)

Schedule of Proportionate Share of Net Pension Liability

Year ended June 30, 2015

(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	482.50%	62.49%
Firefighters: 2015	24.30%	\$ 45,640	10,907	418.45%	77.81%
Police officers: 2015	7.90%	\$ 22,356	7,255	308.15%	77.73%

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
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Required Supplementary Information (Unaudited)

Schedule of Funding Progress for OPEB

Year ended June 30, 2015

(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
7/01/2010	\$ —	1,408,268	1,408,268	—	312,984	449.9%
7/01/2012	—	1,482,842	1,482,842	—	321,056	461.9
7/01/2014	—	1,119,869	1,119,869	—	348,412	321.4

Schedule of Funding Progress for Pension Plans

(Dollars in thousands)

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

See accompanying independent auditors' report.

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

Notes to Required Supplementary Information

Year ended June 30, 2015

(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 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 ten-year presentation.

(2) Changes of Assumptions and Benefit Terms

Changes of assumptions: For the amounts reported for fiscal year 2015, the assumed interest (or discount) rate was decreased from 7.75% per annum to 7.50% per annum. The mortality basis was also changed from the RP-2000 Mortality Table, projected to 2007 by Scale AA, to the RP 2000 Combined Healthy Mortality Table.

Changes of benefit terms: Amounts reported for fiscal year 2015 reflect no change in benefit terms.

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STATISTICAL SECTION (UNAUDITED)

FINANCIAL TRENDS

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

Total Annual Revenues, Expenses, and Changes in Net Position

Fiscal years ended 2006-2015

(Accrual basis)

(In thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total revenues:										
Operating revenues:										
Parking, car rental, and other concessions	\$ 80,801	202,527	206,139	203,027	199,453	222,796	229,585	246,593	254,047	265,585
Terminal, maintenance buildings, and other rentals	40,575	83,425	98,029	99,393	105,495	93,190	80,578	142,893	136,603	130,383
Landing fees	13,646	47,346	55,094	60,944	62,603	51,897	48,009	47,416	47,084	32,166
Other	12,199	19,208	26,944	26,171	33,248	43,330	35,960	53,484	58,518	54,888
Total operating revenues	147,221	352,506	386,206	389,535	400,799	411,213	394,132	490,386	496,252	483,022
Nonoperating revenues:										
Investment income (loss), net	23,378	79,034	53,382	27,254	(38,382)	13,798	16,063	9,102	23,322	22,601
Passenger facility charges	85,438	163,275	167,520	166,911	165,022	172,673	177,899	180,077	180,382	187,308
Customer facility charges, net	12,101	22,887	23,892	23,136	21,316	19,265	22,943	24,290	23,437	25,351
Other	9,997	—	(2,015)	(12,634)	125	2,382	(14,943)	2,243	(16,463)	(13,672)
Total nonoperating revenues	130,914	265,196	242,779	204,667	148,081	208,118	201,962	215,712	210,678	221,588
Capital contributions	30,668	42,526	52,692	80,043	19,266	49,379	37,522	33,500	10,888	26,851
Total revenues	308,803	660,228	681,677	674,245	568,146	668,710	633,616	739,598	717,818	731,461
Total expenses:										
Operating expenses:										
Salaries and employees benefits	32,454	68,958	92,604	89,963	90,912	82,482	79,785	82,050	91,691	87,756
Repair, maintenance, and other contractual services	15,781	41,256	57,646	63,812	82,461	85,945	98,258	101,742	112,676	124,339
General services	5,119	13,876	13,291	11,721	15,550	15,300	21,997	20,504	16,898	18,524
Utilities	1,951	4,542	6,108	8,438	8,420	9,627	8,151	8,768	8,990	8,983
Materials and supplies	1,477	4,161	3,280	5,042	4,164	2,888	4,090	4,353	4,720	5,003
Other	5,744	15,537	8,762	(413)	8,662	7,133	7,761	12,146	24,742	23,874
Depreciation and amortization	26,317	87,573	108,348	150,133	174,124	152,395	161,642	211,110	222,446	218,732
Total operating expenses	88,843	235,903	290,039	328,696	384,293	355,770	381,684	440,673	482,163	487,211
Operating income (loss)	58,378	116,603	96,167	60,839	16,506	55,443	12,448	49,713	14,089	(4,189)
Nonoperating expenses:										
Interest expense	38,977	100,638	83,223	81,559	64,572	84,010	112,314	146,718	139,826	127,941
Other	—	801	—	—	—	—	—	—	—	—
Total nonoperating expenses	38,977	101,439	83,223	81,559	64,572	84,010	112,314	146,718	139,826	127,941
Total expenses	127,820	337,342	373,262	410,255	448,865	439,780	493,998	587,391	621,989	615,152
Total expenses net of depreciation and amortization	101,503	249,769	264,914	260,122	274,741	287,385	332,356	376,281	399,543	396,420
Transfer (to)/from City	—	—	—	(2,116)	—	194	—	(193)	(6,781)	(518)
Impairment losses	(8,500)	(39,401)	—	(14,672)	—	—	—	—	—	—
Increase in net position	\$ 172,483	283,485	308,415	247,202	119,281	229,124	139,618	152,014	89,048	115,791
Prior year change in net position	\$ —	25,683	(63,795)	—	—	—	(34,251)	—	—	(158,479)
Net position:										
Net investment in capital assets	\$ 2,215,260	2,430,843	2,786,934	3,006,567	3,127,052	3,062,698	2,940,208	3,111,590	3,065,175	3,147,404
Restricted for capital projects and debt service	668,742	630,948	498,563	619,296	571,529	676,097	869,781	889,522	936,495	1,013,484
Unrestricted	329,824	461,203	482,117	388,953	435,516	624,426	658,599	619,490	707,980	506,074
Total net position	\$ 3,213,826	3,522,994	3,767,614	4,014,816	4,134,097	4,363,221	4,468,588	4,620,602	4,709,650	4,666,962

Sources: City of Atlanta, Department of Aviation

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

2012 contains some adjustments due to adoption of GASB 65.

2015 contains some adjustments due to adoption of GASB 68.

See accompanying independent auditors' report.

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

Changes in Cash and Cash Equivalents

Years ended 2006-2015

(In thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Cash flows from operating activities:										
Receipts from customers and tenants	\$ 145,040	323,339	382,013	391,497	405,237	407,173	400,193	484,946	499,254	498,580
Payments to suppliers for goods and services	(30,700)	(55,400)	(89,728)	(86,850)	(118,161)	(124,976)	(134,631)	(155,482)	(168,740)	(175,378)
Payments to employees for service	(32,575)	(69,047)	(76,546)	(86,554)	(82,894)	(72,332)	(74,917)	(74,959)	(83,714)	(86,274)
Net cash provided by operating activities	81,765	198,892	215,739	218,093	204,182	209,865	190,645	254,505	246,800	236,928
Cash flows from investing activities:										
Interest and dividends on investment	33,151	97,022	105,541	45,840	26,731	17,578	12,812	21,059	19,314	25,093
Swap termination	—	—	—	—	(58,470)	—	—	—	—	—
Change in restricted investments	(100,488)	294,822	440,384	252,119	271,098	214,952	(138,175)	(111,844)	(34,351)	(36,943)
Change in pooled investment fund	(16,618)	(107,069)	(47,286)	51,475	11,899	34,342	(184,052)	(125,640)	(85,101)	(2,738)
Net cash provided by (used in) investing activities	(83,955)	284,775	498,639	349,434	251,258	266,872	(309,415)	(216,425)	(100,138)	(14,588)
Cash flows from capital and related financing activities:										
Capital grants or capital contributions	31,845	42,430	41,841	91,470	17,151	48,400	29,379	40,076	8,482	25,451
Principal repayments of long-term debt	(45,684)	(94,125)	(470,575)	(65,872)	(108,263)	(858,161)	(867,292)	(96,810)	(982,615)	(105,115)
Acquisition, construction, and improvement of capital assets	(202,907)	(470,266)	(420,710)	(579,490)	(491,726)	(474,498)	(411,506)	(309,231)	(186,936)	(295,471)
Passenger and customer facility charges	94,258	177,587	204,536	189,844	185,045	191,231	198,204	205,783	207,378	210,332
Contract retainage withheld	7,762	(17,797)	(5,293)	16,862	4,254	1,033	(8,458)	(29,140)	(1,178)	3,658
Proceeds from bond issuance, net	228,994	—	53,237	18,120	55,625	1,646,949	978,496	—	929,738	—
Interest and other fees paid on revenue bonds	(68,402)	(151,221)	(147,116)	(155,296)	(117,245)	(105,431)	(137,256)	(148,412)	(182,576)	(117,723)
Net cash provided by (used in) capital and related financing activities	45,866	(513,392)	(744,080)	(484,362)	(455,159)	449,523	(218,433)	(337,734)	(207,707)	(278,868)
Net increase (decrease) in cash and cash equivalents	43,676	(29,725)	(29,702)	83,165	281	926,260	(337,203)	(299,654)	(61,045)	(56,528)
Cash and cash equivalents:										
Beginning of year	37,360	81,036	51,311	21,609	104,774	105,055	1,426,604	1,089,401	789,747	728,702
End of year	\$ 81,036	51,311	21,609	104,774	105,055	1,031,315	1,089,401	789,747	728,702	672,174

Sources: City of Atlanta, Department of Aviation

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

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

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

See accompanying independent auditors' report.

REVENUE CAPACITY

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

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

Years ended 2006-2015

(In thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Landing fees:										
Signatory	\$ 13,495	46,957	54,744	60,655	62,190	51,652	47,712	47,145	46,745	31,893
Nonsignatory and other	151	389	350	289	413	245	297	271	339	273
Total landing fees	13,646	47,346	55,094	60,944	62,603	51,897	48,009	47,416	47,084	32,166
CPTC Rentals:										
Central Terminal Building and Apron	10,095	44,075	48,340	43,088	42,817	37,126	34,982	77,615	64,128	64,227
Central Terminal Tenant Finishes	17,772	43,087	51,228	57,868	60,997	57,903	52,564	75,739	81,610	79,403
Concession Credits	—	(25,366)	(28,340)	(32,176)	(30,461)	(35,184)	(44,861)	(49,147)	(49,728)	(54,060)
Total CPTC Rentals	27,867	61,796	71,228	68,780	73,353	59,845	42,685	104,207	96,010	89,570
CPTC cost recoveries:										
Operations charge	4,073	9,675	12,160	13,643	12,013	12,440	12,892	16,347	14,631	18,564
Automated Gateway Transit System	2,618	5,691	6,528	6,708	8,260	7,851	8,437	14,463	17,560	13,715
Insurance premium reimbursement	593	1,519	1,558	1,278	1,097	632	524	612	977	747
MHJIT O&M	—	—	—	—	—	—	212	4,364	3,690	2,066
Total cost recoveries	7,284	16,885	20,246	21,629	21,370	20,923	22,065	35,786	36,858	35,092
Concession revenues:										
Terminal concessions	24,250	60,981	64,430	71,804	71,961	72,636	75,383	93,189	97,874	101,753
Communication services and other	530	2,785	2,837	2,563	3,675	2,954	7,688	2,357	3,375	1,152
Parking	41,217	105,808	105,653	98,016	95,577	114,354	114,129	117,425	118,462	124,047
Car rentals	14,230	31,976	32,165	29,758	26,665	31,202	30,764	31,765	32,380	36,347
Ground transportation	574	977	1,054	886	1,575	1,650	1,621	1,857	1,957	2,286
Total concessions revenues	80,801	202,527	206,139	203,027	199,453	222,796	229,585	246,593	254,048	265,585
Other revenues:										
Landside rentals	5,854	9,689	10,019	10,069	14,527	13,575	16,056	16,086	11,844	12,030
Airside rentals	6,854	11,940	16,782	20,544	17,615	19,770	21,837	22,599	28,748	28,783
Other income	4,915	2,323	6,698	4,542	5,722	11,419	4,693	8,563	9,794	6,382
Total other revenues	17,623	23,952	33,499	35,155	37,864	44,764	42,586	47,248	50,386	47,195
Non-Airline Cost Recoveries:										
SkyTrain and Rental Car Center	—	—	—	—	4,098	3,996	4,364	4,410	6,582	6,985
Rental Car Center O&M	—	—	—	—	2,058	6,992	4,838	4,726	5,284	6,429
Total Non-Airline Cost Recoveries	—	—	—	—	6,156	10,988	9,202	9,136	11,866	13,414
Revenues	\$ 147,221	352,506	386,206	389,535	400,799	411,213	394,132	490,386	496,252	483,022
Airline rates and charges:										
Signatory landing fee rate (per 1,000 lbs.)	\$ 0.47996	0.82173	0.91307	1.05050	1.09795	0.88231	0.82084	0.81206	0.82049	0.81662
Enplaned passengers	21,079,673	43,292,611	45,287,174	44,808,982	45,375,298	46,191,667	47,147,315	47,526,243	47,318,755	49,056,316
Cost per enplaned passenger	2.31	2.90	3.18	3.33	3.41	2.84	2.34	3.70	3.36	2.86

Sources: City of Atlanta, Department of Aviation

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

See accompanying independent auditors' report.

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DEBT CAPACITY

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

Net Revenues Available for General Aviation Revenue Bonds Debt Service

Years ended 2006-2015

(In thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues:										
Operating revenues – receipts from customers and tenants	\$ 145,040	323,339	382,013	391,497	405,237	407,173	400,193	484,946	499,254	498,580
Investment income	<u>7,561</u>	<u>15,825</u>	<u>23,855</u>	<u>13,227</u>	<u>9,661</u>	<u>9,575</u>	<u>6,901</u>	<u>12,219</u>	<u>10,637</u>	<u>14,372</u>
Total revenues	<u>152,601</u>	<u>339,164</u>	<u>405,868</u>	<u>404,724</u>	<u>414,898</u>	<u>416,748</u>	<u>407,094</u>	<u>497,165</u>	<u>509,891</u>	<u>512,952</u>
Operating expenses:										
Payments to suppliers for goods and services	30,700	55,400	89,728	86,850	118,161	124,976	134,631	155,482	168,740	175,378
Payments to or on behalf of employees	32,575	69,047	76,546	86,554	82,894	72,332	74,917	74,959	83,714	86,274
Other payments	—	—	—	—	—	—	—	—	—	—
Additions from CIP reconciliations	<u>11,078</u>	<u>8,993</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total operating expenses	<u>74,353</u>	<u>133,440</u>	<u>166,274</u>	<u>173,404</u>	<u>201,055</u>	<u>197,308</u>	<u>209,548</u>	<u>230,441</u>	<u>252,454</u>	<u>261,652</u>
Adjustment: Major Maintenance Expenditures – Planning and Development	—	—	—	7,409	16,780	27,509	22,740	19,245	28,178	36,463
Net revenues	<u>\$ 78,248</u>	<u>205,724</u>	<u>239,594</u>	<u>238,729</u>	<u>230,623</u>	<u>246,949</u>	<u>220,286</u>	<u>285,969</u>	<u>285,615</u>	<u>287,763</u>
General revenue bond debt service requirements	\$ 50,314	92,487	114,312	152,181	145,835	120,154	125,366	157,237	158,935	153,298
General revenue bond debt service paid from PFC revenues	—	—	—	23,100	19,000	24,800	8,300	—	—	—
General revenue bond debt paid from net revenues	<u>\$ 50,314</u>	<u>92,487</u>	<u>114,312</u>	<u>129,081</u>	<u>126,835</u>	<u>95,354</u>	<u>117,066</u>	<u>157,237</u>	<u>158,935</u>	<u>153,298</u>
Debt service coverage on general revenue bond debt service paid from net revenues	1.56	2.22	2.10	1.85	1.82	2.59	1.88	1.82	1.80	1.88

Sources: City of Atlanta, Department of Aviation

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

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

See accompanying independent auditors' report.

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

Ratios of Outstanding Debt

Fiscal years ended 2006-2015

(In thousands, except for per enplanement figures)

		<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total Debt Service (GARB only)	\$	50,314	92,487	114,312	129,081	126,835	95,354	117,066	157,237	158,935	153,298
Total Operating Expenses net of Depreciation & Amortization	\$	53,926	155,862	181,691	178,563	210,169	203,375	220,042	229,563	259,717	268,479
Debt Service per Enplaned Passenger:											
Enplaned Passenger		21,080	43,293	45,287	44,809	45,375	46,192	47,147	47,526	47,319	49,056
Debt Service per Enplaned Passenger	\$	2.39	2.14	2.52	2.88	2.80	2.06	2.48	3.31	3.36	3.12
Outstanding Debt per Enplaned Passenger:											
Outstanding Debt (GARB, PFC and CFC)	\$	2,984,024	2,889,899	2,418,862	2,342,431	2,233,835	2,857,132	3,275,729	3,167,584	3,102,242	2,978,917
Enplaned Passengers		21,080	43,293	45,287	44,809	45,375	46,192	47,147	47,526	47,319	49,056
Outstanding Debt per Enplaned Passenger	\$	70.78	66.75	53.41	52.28	49.23	61.85	69.48	66.65	65.56	60.72

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

See accompanying independent auditors' report.

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Demographic and Economic Statistics

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

Calendar year		Population (4)	Personal income (in thousands) (2)	Per capita personal income (2)	Annual average unemployment rate (3)
2005	\$	4,770,870	179,726,762	37,672	5.3
2006		4,931,848	193,875,407	39,311	4.7
2007		5,066,356	204,549,504	40,374	4.6
2008		5,170,099	206,820,043	40,003	6.2
2009		5,240,828	198,609,824	37,897	9.7
2010		5,286,728	199,483,081	37,733	10.1
2011		5,374,678	214,362,959	39,884	9.8
2012		5,457,831	223,568,847	40,963	8.8
2013		5,522,943	228,134,733	41,307	7.9
2014		5,614,323	236,575,718	42,138	6.8

Source:

1. The Atlanta metropolitan area or metro Atlanta, officially designated by the U.S. Census Bureau as the Atlanta-Sandy Springs-Marietta Metropolitan Statistical Area, spans 29 counties in north Georgia. [<http://www.bea.gov/iTable>]
2. 2005 through 2013 data from U.S. Department of Commerce, Bureau of Economic Analysis last updated in November 2014. Note: 2014 is an estimate based on compound annual growth rate between 2003 through 2013. [<http://www.bea.gov/regional/bearfacts/>]
3. Unemployment Rate data from the U.S. Bureau of Labor Statistics (BLS) [<http://www.bls.gov/>]
4. Population figures for 2010 are decennial census counts; 2005-2009 and 2011-2014 are annual estimates by the U.S. Census Bureau. All population figures based on the 29 county Atlanta MSA delineation. [<http://www.census.gov/>]

See accompanying independent auditors' report.

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

Top Private Sector Employers

Atlanta-Sandy Springs-Marietta, GA Metropolitan Statistical Area

Employer	Product/Service	2015 (1)			2000 (2)		
		Number of Employees (in thousands)	Rank	Percentage of Total MSA Employment	Number of Employees (in thousands)	Rank	Percentage of Total MSA Employment
Delta Air Lines	Transportation	\$ 30,000	1	1.07%	31,606	1	1.15%
Walmart	Marketing and Manufacturing	26,000	2	0.93	14,700	3	0.53
AT&T Services, Inc	Telecommunication	18,076	3	0.65	12,000	4	0.44
WellsStar Health System Inc.	Healthcare	10,581	4	0.38	N/A	N/A	N/A
Publix Super Markets Inc.	Marketing and Manufacturing	9,714	5	0.35	N/A	N/A	N/A
Home Depot	Marketing and Manufacturing	9,000	6	0.32	9,889	5	0.36
United Parcel Service Inc.	Transportation	8,881	7	0.32	8,500	6	0.31
Piedmont Healthcare	Healthcare	8,579	8	0.31	N/A	N/A	N/A
Northside Hospital	Healthcare	8,327	9	0.30	N/A	N/A	N/A
Cox Enterprises	Media/Entertainment	7,136	10	0.26	5,820	12	0.21
Children's Healthcare of Atlanta	Healthcare	6,161	11	0.22	N/A	N/A	N/A
Lockheed Martin Aeronautics, Co.	Marketing and Manufacturing	6,100	12	0.22	7,000	9	0.25
Sun Trust Bank	Banking	5,930	13	0.21	6,835	10	0.25
Wells Fargo & Co.	Banking	5,200	14	0.19	N/A	N/A	N/A
Northeast Georgia Health System	Healthcare	4,731	15	0.17	N/A	N/A	N/A
Grady Health System	Healthcare	4,120	16	0.15	N/A	N/A	N/A
Verizon Wireless	Telecommunication	3,777	17	0.14	N/A	N/A	N/A
Turner Broadcasting	Media/Entertainment	N/A	N/A	N/A	5,493	13	0.20
International Business Machine Corp	Technology Services	N/A	N/A	N/A	8,400	7	0.30
Lucent Technologies Inc	Technology Services	N/A	N/A	N/A	7,200	8	0.26
Bell South Corp	Telecommunication	N/A	N/A	N/A	23,560	2	0.85
		172,313		6.19	141,003		5.11
	Other Employees (3)	2,618,957		93.81	2,617,558		94.89
		\$ 2,791,270		100.00%	2,758,561		100.00%

Source:

1. 2015 Largest Employers, Atlanta Business Journal, Book of Lists, 2015; pg 179
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](http://www.bls.gov/data/Tools/Unemployment/Local%20Area%20Unemployment%20Statistics/Top%20picks/Georgia/Atlanta-Sandy%20Springs-Roswell).

See accompanying independent auditors' report.

OPERATING INFORMATION

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

Aircraft Operations and Enplanement Trends

Fiscal years ended 2006-2015

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Aircraft operations:										
Domestic:										
Air carrier	\$ 289,366	640,566	680,325	671,757	656,791	658,152	670,585	665,578	649,355	683,105
Air taxi	150,377	268,761	237,631	222,623	237,899	205,655	184,940	177,234	160,437	103,858
General aviation	5,037	9,949	11,972	7,515	7,342	7,128	7,045	7,653	7,373	7,555
Military	1,006	917	1,058	1,080	1,141	520	394	295	230	528
Sub total	445,786	920,193	930,986	902,975	903,173	871,455	862,964	850,760	817,395	795,046
International:										
Air carrier	27,617	67,592	68,142	63,480	60,633	65,649	68,590	67,997	70,619	75,335
Total	473,403	987,785	999,128	966,455	963,806	937,104	931,554	918,757	888,014	870,381
Passengers:										
Domestic:										
On	19,066,987	39,022,194	40,747,762	40,344,232	40,953,747	41,442,852	42,277,924	42,565,430	42,077,139	43,630,709
Off	18,815,002	38,150,269	39,808,443	39,044,751	38,475,261	39,774,242	42,312,567	42,609,947	42,133,485	43,721,712
Sub total	37,881,989	77,172,463	80,556,205	79,388,983	79,429,008	81,217,094	84,590,491	85,175,377	84,210,624	87,352,421
International:										
On	2,010,320	4,270,417	4,539,412	4,464,750	4,421,551	4,748,815	4,869,391	4,960,813	5,241,616	5,425,607
Off	1,933,089	4,286,630	4,565,057	4,497,442	4,500,861	4,822,110	4,933,473	5,018,821	5,382,072	5,489,021
Sub total	3,943,409	8,557,047	9,104,469	8,962,192	8,922,412	9,570,925	9,802,864	9,979,634	10,623,688	10,914,628
Direct transit	230,202	593,110	561,976	309,888	102,288	—	—	—	—	—
Total enplaned	4,173,611	9,150,157	9,666,445	9,272,080	9,024,700	9,570,925	9,802,864	9,979,634	10,623,688	10,914,628
Total passengers	\$ 42,055,600	86,322,620	90,222,650	88,661,063	88,453,708	90,788,019	94,393,355	95,155,011	94,834,312	98,267,049

Sources: City of Atlanta, Department of Aviation

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

See accompanying independent auditors' report.

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

Historical Aircraft Landed Weights
(amounts in thousands of pounds)

Year end		Signatory Airlines	Nonsignatory Airlines	Total	Annual percent change
2006	\$	57,581,000	378,000	57,959,000	5.8%
2007		57,144,000	288,000	57,432,000	(0.9)
2008		59,956,000	211,000	60,167,000	4.8
2009		57,739,000	195,000	57,934,000	(3.7)
2010		56,642,000	275,000	56,917,000	(1.8)
2011		58,542,000	148,000	58,690,000	3.1
2012		58,126,000	164,000	58,290,000	(0.7)
2013		58,056,000	182,000	58,238,000	(0.1)
2014		57,157,000	166,000	57,323,000	(1.6)
2015		58,201,000	179,000	58,380,000	1.8

Source: City of Atlanta, Department of Aviation

See accompanying independent auditors' report.

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

Historical Air Cargo and Mail

(amounts in metric tons)

Year end		Cargo	Mail	Total	Annual percent change
2006	\$	738,180	8,322	746,502	2.8%
2007		726,574	4,134	730,708	(2.1)
2008		703,458	5,764	709,222	(2.9)
2009		565,250	6,005	571,255	(19.5)
2010		609,683	12,238	621,921	8.9
2011		649,262	19,928	669,190	7.6
2012		621,817	31,566	653,383	(2.4)
2013		592,104	44,918	637,022	(2.5)
2014		552,045	49,396	601,441	(5.6)
2015		576,326	48,001	624,327	3.8

Source: City of Atlanta, Department of Aviation

See accompanying independent auditors' report.

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

Airlines Serving the Airport

Mainline Airlines	Regional Airlines	Foreign Flag Airlines	All Cargo Airlines
Alaska Airlines	Endeavor Air	Air Canada Jazz	ABX
American Airlines	Envoy Air	Air France	Air France/KLM Cargo
Delta Air Lines	ExpressJet Airlines	British Airways	Air Transport Int'l
Frontier Airlines	GoJet Airlines	KLM Royal Dutch Airlines	Asiana Cargo
Southwest Airlines	Mesa Airlines	Korean Air	Atlas Air
Spirit Airlines	Republic Airlines	Lufthansa German Airlines	Baron Aviation
United Airlines	Shuttle America	Virgin Atlantic Airways	Cargolux Airlines
US Airways	SkyWest Airlines		Cathay Pacific Airways
	PSA		China Airlines Cargo
			DHL Worldwide Express
			Emirates Sky Cargo
			EVA Airways
			FedEx
			Kalitta Air
			Korean Air Cargo
			Lufthansa Cargo
			Qatar Airways
			Singapore Cargo
			Suburban Air Freight
			TNT Airways
			UPS Air Cargo

Sources: City of Atlanta, Department of Aviation

See accompanying independent auditors' report.

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

Budget Staffing Levels

Fiscal years ended 2006-2015

Department	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Airport Maintenance	\$ 198	197	193	196	196	175	179	179	181	186
Airport Operations	79	85	90	85	85	63	74	74	81	71
Commercial Properties	9	11	11	11	11	7	7	7	7	7
Concessions	14	16	17	18	18	15	13	14	16	15
Customer Service	4	4	3	3	3	3	3	3	3	8
Executive Administration	19	22	21	24	25	17	11	11	12	24
Finance	39	42	42	43	43	30	31	34	34	35
Human Resources	10	18	19	15	15	22	22	4	5	1
Information Technology	32	52	53	63	62	46	40	39	41	43
Internal Audit	5	4	4	4	4	3	3	4	4	4
Marketing	22	29	27	27	27	21	22	22	23	17
Planning and Development	148	154	154	142	142	105	113	114	111	111
Public Safety	451	445	446	457	457	455	516	494	536	541
Purchasing	10	11	11	11	11	9	9	9	9	9
Other City of Atlanta Depts	—	—	—	—	37	37	54	62	68	71
Total	\$ 1,040	1,090	1,091	1,099	1,136	1,008	1,097	1,070	1,131	1,143

Sources: City of Atlanta, Department of Aviation

See accompanying independent auditors' report.

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

Airport Information

Official name	Hartsfield-Jackson Atlanta International Airport
Airport code	ATL
Ownership/operator	City of Atlanta/Department of Aviation
Distance from downtown Atlanta	10 miles (16.2 kilometers)
Elevation above sea level	1,026 feet (316 meters)
Total airport area	4,750 acres (1,922 hectares)
Terminal complex	<p>The terminal complex measures 7.0 million square feet, or 160 acres.</p> <p>The complex includes the terminal building and concourses T, A, B, C, and D; and the international terminal building and concourses E and F.</p> <p>Within these concourses, there are 151 domestic and 40 international gates.</p> <p>The Airport is free of any architectural barriers to people with disabilities.</p>
Runways	<p>There are five parallel runways in an east-west configuration:</p> <p>9R-27L is 9,000 feet long (2,743 meters) – Category III</p> <p>9L-27R is 12,390 feet long (3,777 meters) – Category I</p> <p>8R-26L is 10,000 feet long (3,048 meters) – Category II</p> <p>8L-26R is 9,000 feet long (2,743 meters) – Category III</p> <p>10 – 28 is 9,000 feet long (2,743 meters) – Category III</p>
Parking capacity	<p>There are 33,657 public parking spaces which includes 14,438 walkable Domestic and International parking deck spaces in close proximity of the terminals, 7,254 Economy lot walkable 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 the physically challenged in each lot within close proximity.</p>
Ground transportation	<p>The Ground Transportation Center (GTC) is located at the west end of the terminal building, outside of the north and south baggage claim areas. Located within the GTC are shared-ride shuttles that offer door-to-door reservation and on-demand service to hotels, convention centers, businesses and residences. Local shared-ride shuttles run approximately every 15 minutes and provide service to cities located within Clayton, Cobb, 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.</p> <p>The Metropolitan Atlanta Rapid Transit Authority (MARTA) station is located at the west end of the terminal between the north and south baggage claims areas.</p>
Rental car center	<p>The Rental Car Center (RCC) is a convenient, state-of-the-art, 67.5 acre facility that houses all rental car company operations and vehicles. The RCC includes two four-story parking decks, more than 8,700 parking spaces and a 137,000 square-foot customer service center. The rental car center features 13 rental car brands – Advantage, ACE/Airport, Alamo, Avis, Budget, Dollar, Enterprise, EZ, Hertz, National, Payless, SIXT, and Thrifty.</p>
ATL skytrain	<p>The ATL SkyTrain is the Airport's elevated automated people mover system that provides transportation between the main terminal, the RCC, and Georgia International Convention Center and Gateway Center hotel and restaurant complex. The SkyTrain system operates 24 hours each day, and consists of 12 vehicles, nearly 1.5 miles of guideway, 6 stations, and a maintenance facility. Each two-car train carries 100 passengers and their baggage.</p>
The Plane Train®	<p>The Plane Train® is the Airport's underground automated people mover system that provides transportation between the domestic terminal, international terminal and seven concourses. The Plane Train® operates approximately 20 hours each day, and consists of 59 vehicles, a 3.5 mile loop track, 16 stations, and two maintenance facilities. Each train carries approximately 300 passengers and their baggage. The Plane Train® transports approximately 240,000 passengers and employees every day.</p>

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

Airport Information

Concessions	There are more than 315 concession outlets throughout the Airport, including 146 food and beverage, 128 retail and convenience, 5 duty-free stores and 36 service outlets; including a Common Use Lounge, a banking center, Georgia Lottery outlets, shoe shine, ATMs, vending machines and spas. Concessions space covers approximately 306,000 square feet.
Cargo and airfield assets	There are three main airfield complexes: North, South and Midfield, occupying 7.5 million square feet spread over 198 acres. This includes cargo facilities, airline support and maintenance facilities, fixed base operations and fuel farms. Cargo facility assets include cargo operations in all three complexes, including ATL cargo warehouse facilities in the North and South complex, a USDA propagated plant inspection station, a perishables complex, and 28 parking positions for cargo aircraft, 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	<p>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.</p> <p>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.</p>

Sources: City of Atlanta, Department of Aviation

See accompanying independent auditors' report.