



Annual Comprehensive Financial Report

*For the fiscal years ended June 30, 2021 and 2020
Prepared by the Finance Division*



Department of Aviation

An enterprise fund of the City of Atlanta, Georgia



Annual Comprehensive Financial Report

For the Fiscal Years Ended June 30, 2021 and 2020

Department of Aviation

An enterprise fund of the City of Atlanta, Georgia

Prepared by the Finance Division

Keisha Lance Bottoms

Mayor

Balram Bheodari

Airport General Manager

ATL | Annual Comprehensive
Financial Report

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

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A Walk Through Atlanta History

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SOME
EXTRA
SPACE



INTRODUCTORY SECTION

Letter of Transmittal

GFOA Certificate of Achievement

Principal Officers

Organizational Chart

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Keisha Lance Bottoms
Mayor

Balram Bheodari
Airport General Manager

Letter of Transmittal

December 17, 2021

Honorable Mayor Keisha Lance Bottoms, City of Atlanta

Honorable City Council President Felicia A. Moore, Atlanta City Council
Honorable Andre Dickens, Chair – Transportation Committee, Atlanta City Council
Honorable Jennifer N. Ide, Chair – Finance Executive Committee, Atlanta City Council
Honorable Members, Atlanta City Council
Jon Keen, Chief Operating Officer
55 Trinity Avenue
Atlanta, Georgia 30303
Ladies and Gentlemen:

We are pleased to present the 2021 Annual Comprehensive Financial Report (ACFR) for the City of Atlanta’s Department of Aviation (the Department). Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the presented data is accurate in all material aspects and is reported in a manner that fairly presents the Department’s financial position, the results of its operations and all disclosures necessary to enable the reader to gain the maximum understanding of the Department’s financial activities.

To provide a reasonable basis for making these representations, the Department has established an internal control framework that is designed both to protect the Department’s assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the Department’s financial statements that conform with U.S. generally accepted accounting principles (GAAP). The cost of internal controls should never outweigh their benefits. The Department’s framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements are free from material misstatement. This report conforms to the guidelines of GAAP as prescribed by the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA).

In addition, an audit of the financial statements has been completed by the Department’s independent auditor, KPMG LLP. The audit was performed to provide reasonable assurance that the Department’s financial statements are free of material misstatements. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for issuing an unmodified (clean) opinion that the Department’s financial statements for the fiscal year ended June 30, 2021, are fairly presented in all material respects, in conformity with GAAP. This Independent Auditors’ Report is presented at the beginning of the Financial Section of the ACFR.



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

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

This report also may be accessed online at www.atl.com.

Background

Hartsfield-Jackson Atlanta International Airport (Airport) is owned by the City of Atlanta (City) and operated by the Department. The Airport is classified as a large hub by the Federal Aviation Administration (FAA), is the principal airport serving the state of Georgia and the southeastern United States, and serves as a primary transfer point in the national air transportation system. The Department, led by the Airport General Manager, directly supervises Airport operations. The Department has a staff of 1,294, including Atlanta Fire Rescue Department and Atlanta Police Department employees. The Department is responsible for managing, operating, and developing the Airport and any other airfields that the City may control in the future; negotiating leases, agreements and contracts; computing and supervising the collection of revenue generated by the Airport; and coordinating aviation activities with the FAA. The FAA has regulatory authority over equipment, air traffic control and operating standards at the Airport.

For financial reporting purposes, the Department is classified as an enterprise fund. The Airport does not receive any funding from the General Fund of the City, income that 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 Airport Use and Lease Agreements (AULA) 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

The economic dislocation caused by the novel coronavirus disease ("COVID-19") pandemic, combined with travel restrictions, public health concerns about the contagion, and social distancing requirements resulted in drastic and unprecedented reductions in passenger volumes and flights at the Airport and most other U.S. airports. The resultant restrictions have had an adverse effect on airlines serving the Airport, Airport concessionaires, and Airport revenues, and continue to have an ongoing impact on the Airport. International travel restrictions and inconsistencies in restrictions from region to region are also creating uncertainty and a slower recovery in international travel.

Information regarding the COVID-19 pandemic and its effects evolves on a weekly basis, rendering predictions difficult to make with any reasonable degree of certainty. Due to the evolving nature of the COVID-19 pandemic, including variants of COVID-19 and the acceptance and effectiveness of COVID-19 vaccines, and the responses of governments, businesses, and individuals to the COVID-19 pandemic, the City cannot predict, the scope, duration or extent of the COVID-19 pandemic or any other outbreak or pandemic may have on the operations of the Airport and the revenues and expenditures of the Department of Aviation.

Historically, airline passenger traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. The globalization of business and the increased importance of international trade and tourism, international economics, trade, balances, currency exchange rates, government policies, and geopolitical relationships all influence passenger traffic at major U.S. airports.

Over time, these influences are expected to return; however, the impact of the current COVID-19 pandemic is the key driver of current and near-term passenger traffic.

Concerns about hostilities, terrorist attacks, other perceived security and public health risks, - including pandemics, and associated travel restrictions - also affect travel demand to and from particular international destinations, as clearly evidenced with our current COVID-19 pandemic.

Once the impact of the COVID-19 pandemic subsides, future increases in international passenger traffic at the Airport will still be dependent on global economic growth, a stable and secure travel environment, and government policies that do not unreasonably restrict or deter travel.

For a more detailed discussion of the impact of the COVID-19 pandemic on the Airport, see the Impact of COVID-19 Pandemic in the Notes to Financial Statements.

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, maintenance, and debt service expenses. Collectively, these airline rentals, fees, and charges are considered aeronautical in nature, and a majority of them are used to calculate the “direct” cost per enplaned passenger (CPE), a key metric for the industry. Some operating and maintenance costs incurred by third-party facility operators are paid directly by the airlines and are reflected in the Airport’s all-in CPE figure.

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

Below is a chart reflecting the various metrics monitored by the Airport and which are derived using aeronautical and non-aeronautical revenues. Please note that a portion of the All-in CPE is based on an estimate and is updated once we receive the actual numbers. Therefore, the All-in CPE may differ from what was previously reported.

Year	Landing Fee	Direct CPE	All-in CPE	Non-aeronautical revenue per enplaned passenger	Total revenue per enplaned passenger
2017	\$ 0.28687	\$ 2.50	\$ 4.76	\$ 6.24	\$ 9.56
2018	0.74770	2.61	4.97	6.54	10.00
2019	0.76270	2.81	5.16	6.67	10.43
2020	0.95130	3.33	6.29	6.62	11.13
2021	0.95130	5.72	9.97	6.60	14.25

Major Initiatives

One of the Airport’s major challenges has been its ability to expand to meet the increasing demand for air travel. The Airport’s master plan serves as the blueprint for Airport development over the next two decades. Currently, the Airport is modernizing various elements of the Domestic Terminal and is expanding cargo facilities and concourses including the addition of five domestic gates, building an end-around taxiway for Runway 9L – 27R, and building new parking capacity to mitigate future reductions due to construction. Longer-term plans anticipate the enhancement of the North and South parking decks, additional gates, and major concourse renewal and replacement projects.

Awards

Hartsfield-Jackson was awarded the U.S. Green Building Council Regional Leadership Award for prioritizing sustainability in the Airport's multibillion-dollar capital improvement program, ATLNext, and creating a robust sustainability program to support those efforts.

Hartsfield-Jackson was awarded the 2021 Airports Council International-North America (ACI) Inclusion Champion Award Large Hub Airport for proactive and innovative steps taken by an organization in increasing diverse business partners, workforce diversity, outreach, and advocacy.

Hartsfield-Jackson was awarded the 2021 ACI Large Airport Adaptability Award for demonstrating adaptability and versatility to maintain a safe concessions program while preserving the customer experience during the COVID-19 pandemic.

Government Finance Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Department in connection with its Annual Report for the fiscal year ended June 30, 2020. The Department published an easily readable and efficiently organized Annual Report, which satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe our Annual Report for fiscal year 2021 meets the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA for their consideration.

Acknowledgements

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

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

The Annual Comprehensive Financial Report of the City of Atlanta's Department of Aviation for the fiscal year ended June 30, 2021 (FY 2021) is submitted herewith.

Respectfully,

DocuSigned by:
Balram Bheodari
49658DA27AC64F8...

Balram Bheodari

Airport General Manager
Department of Aviation

DocuSigned by:
Bryan Benefiel
F71F5117840B4C4...

Bryan Benefiel

Airport Deputy General Manager,
Chief Financial Officer, Interim
Department of Aviation



Government Finance Officers Association

**Certificate of
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for Excellence
in Financial
Reporting**

Presented to

City of Atlanta

Department of Aviation

Georgia

For its Annual Comprehensive
Financial Report
for the Fiscal Year Ended
June 30, 2020

Christopher P. Morrell

Executive Director/CEO

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Principal Officers

EXECUTIVE

Mayor	Keisha Lance Bottoms
Chief of Staff	Carmen Chubb
Chief Operating Officer	Jon Keen
Chief Financial Officer	Mohamed M. Balla
City Attorney	Nina Hickson

LEGISLATIVE

President of Council..... Felicia A. Moore

Members of Council

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

Committee Members with Department Oversight

* Finance Executive Committee (FEC)

+ Transportation Committee (TC)

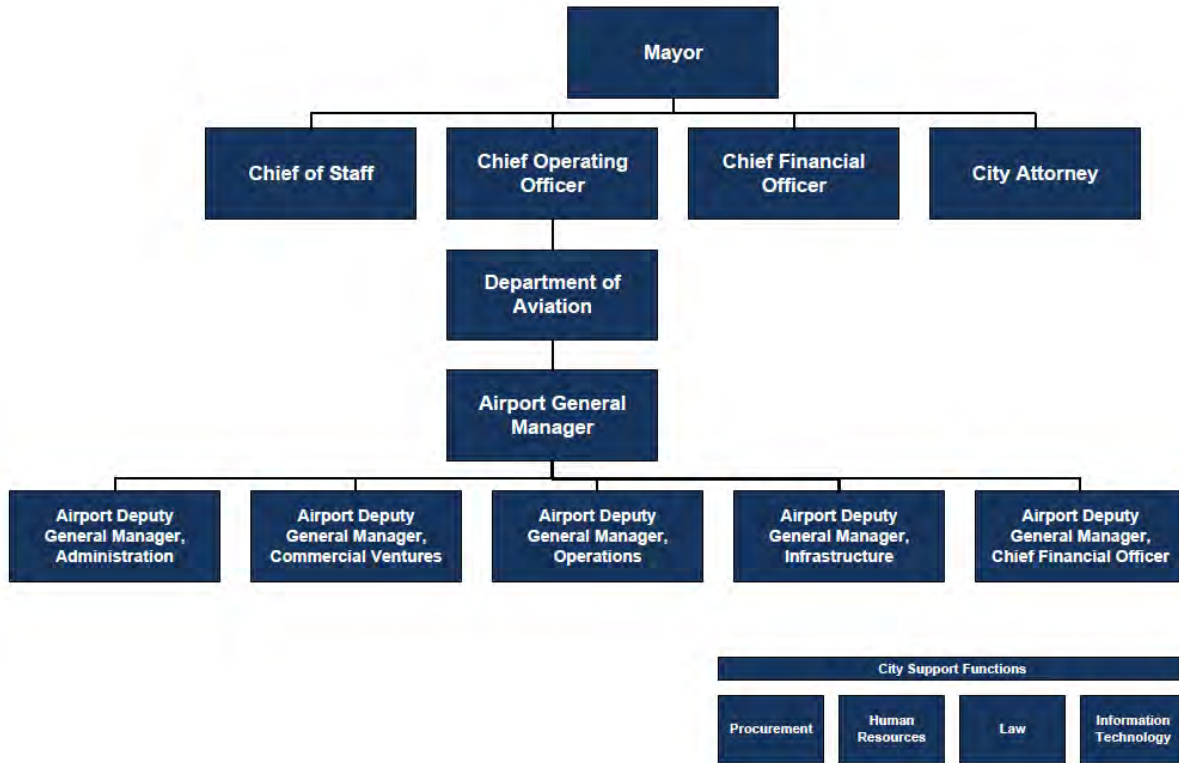
DEPARTMENT OF AVIATION ADMINISTRATIVE OFFICIALS

Airport General Manager
Balram Bheodari

Airport Senior Deputy General Manager, Administration	Michael L. Smith
Airport Deputy General Manager, Chief Financial Officer, Interim	Bryan Benefiel
Airport Deputy General Manager, Operations	Jan Lennon
Airport Deputy General Manager, Commercial Ventures	Vacant
Airport Deputy General Manager, Infrastructure	Frank Rucker

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



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FINANCIAL SECTION

Independent Auditors' Report
Management's Discussion and Analysis
(Unaudited)
Basic Financial Statements
Notes to Financial Statements
Required Supplementary Information
(Unaudited)

ATL | Annual Comprehensive
Financial Report



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 business-type activities of the Department of Aviation (the Department), a major enterprise fund of the City of Atlanta, Georgia, (the "City"), as of June 30, 2021 and 2020, 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, in accordance with 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 business-type activities of the Department as of June 30, 2021 and 2020, and the changes in financial position and cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.



Emphasis of Matter

As discussed in Note 1, the financial statements of the Department are intended to present the financial position, the changes in financial position and cash flows of only that portion of the business-type activities and each major fund of the City that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the City as of June 30, 2021 and 2020, the changes in its financial position, or its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis on pages 3-12 and the Schedule of Proportionate Share of Net Pension Liability and Related Ratios, the Schedule of Proportionate Share of Total OPEB Liability and Related Ratios, and notes thereon on pages 74-77 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 audits 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements at collectively comprise the Department's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not required part of the basic financial statements.

The introductory and statistical sections have 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2021 on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

Atlanta, Georgia
December 17, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS

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CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Management's Discussion and Analysis (Unaudited)

June 30, 2021 and 2020

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 the fiscal years ended June 30, 2021 and 2020 with selected comparable data for the fiscal year ended June 30, 2019. This discussion has been prepared by management and should be read in conjunction with the basic financial statements, notes, and supplementary information found in this report. This information taken collectively is designed to provide the reader with an understanding of the Department's finances.

Overview of the Financial Statements

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

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

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

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

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

Impact of COVID-19 Pandemic

The outbreak of the COVID-19 pandemic and resultant restrictions have had an adverse effect on airlines serving the Airport, Airport concessionaires, and Airport revenues. Historical patterns of passenger and cargo traffic at the Airport were drastically disrupted by the emergence of COVID-19 and the Airport witnessed a sharp contraction in activity beginning March 2020.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Management's Discussion and Analysis (Unaudited)

June 30, 2021 and 2020

Since the outbreak of the COVID-19 pandemic, April 2020 represented the low point in terms of enplaned passengers, which totaled 226,048 or 4.9% of April 2019 enplanements. International passenger numbers at the Airport decreased beginning in February 2020 as international travel restrictions took effect as a result of the COVID-19 pandemic, although seat capacity was not reduced until March.

As a result of decreased passenger traffic, parking, ground transportation companies, retail, and other service concessionaires within the terminal facilities of the Airport experienced significant declines in sales and many locations temporarily closed.

During fiscal year 2021, passenger traffic gradually increased. In the month of June 2021, the number of enplaned domestic and international passengers were 79% and 45%, respectively, of the enplaned passengers in June 2019. For a more detailed narrative of the impact of the COVID-19 pandemic on the Airport, see the Impact of COVID-19 Pandemic in the Notes to Financial Statements.

Aviation Achievements

While navigating challenges presented with the COVID-19 pandemic, the Department has continued to focus on its three strategic pillars: people, purpose, and performance. The achievements of fiscal year 2021 are summarized below:

- Completion of the ATL West Parking Deck.
- Expansion of the South Security Checkpoint.
- Completion of four new pedestrian bridges from the parking garages to the terminal building.
- Awarded the Federal Aviation Administration's Southern Region Air Carrier Safety Award for the Airport's enhancements to the Wildlife Strike Reporting Program and further advancement of the use of geospatial data to track and maintain airfield lighting and signage.
- Awarded two Airports Council International (ACI) Airport Service Quality Awards: Best Airport by Size and Region and Best Hygiene Measures by Region.
- Awarded the Air Transport Research Society (ATRS) Award of Excellence - Top North American Airport Efficiency Excellence for 18th year.
- Awarded the Airports Council International Voice of the Customer Award for demonstrating significant efforts in gathering passenger feedback through the Airport Service Quality program to better understand passengers during the COVID-19 pandemic.
- Awarded by the Association for Commuter Transportation for the Airport's AERO Insider Carpool Parking Program, which offers deeply discounted parking perks for employee participants.
- Hartsfield-Jackson won the Community Impact Award by the U.S. Green Building Council Georgia for the Airport's commitment to prioritizing sustainability standards within all planning, design, and construction projects.
- Named Airport of the Year by the Airport Minority Advisory Council (AMAC).

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Management's Discussion and Analysis (Unaudited)

June 30, 2021 and 2020

During fiscal year 2021, enplanements decreased by 37.4% from the previous year. The following chart shows total enplaned passengers, flight operations, and air cargo and mail activity (measured in metric tons).

	2021	2020	2019
Enplanements and operations activity:			
Total enplanements	24,883,705	39,747,596	54,531,948
Percent change from prior year	(37.4)%	(27.1)%	3.7 %
Flight operations	616,355	723,317	901,283
Percent change from prior year	(14.8)%	(19.7)%	1.9 %
Air cargo and mail (metric tons)	685,444	593,134	676,778
Percent change from prior year	15.6 %	(12.4)%	(3.9)%

The total number of enplaned and deplaned passengers served by the Airport in fiscal year 2021 was approximately 49.7 million, which is a decrease of 37.7% from the previous year as a result of the COVID-19 pandemic. Total enplaned and deplaned passengers in fiscal year 2020 and 2019 were 79.7 million and 109.1 million, respectively.

Financial Highlights

Revenues

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

Total revenue for the Airport decreased by 33.5% in 2021 compared to 2020 due to decreased passenger traffic as a result of the COVID-19 pandemic. Operating revenue decreased by 19.9% while nonoperating revenue decreased by 59.2%. Comparative figures for the last three fiscal years are as follows (in thousands).

	2021	2020	2019
Operating revenue	\$ 354,470	442,318	568,507
Percent change	(19.9)%	(22.2)%	8.2 %
Nonoperating revenue, net	\$ 95,009	233,141	332,009
Percent change	(59.2)%	(29.8)%	33.8 %
Total revenue	\$ 449,479	675,459	900,516
Total percent change	(33.5)%	(25.0)%	16.4 %

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

Management's Discussion and Analysis (Unaudited)

June 30, 2021 and 2020

Operating Revenue

Operating revenue decreased by 19.9% in fiscal year 2021 compared to fiscal year 2020. Parking decreased by \$41.6 million, Other Concessions decreased by \$64.1 million and Landing Fees decreased by \$1.6 million. This was due to the significant decrease in passenger traffic as a result of the COVID-19 pandemic. Car Rental, Building and Land Rental, and Other Revenue increased by \$1.4 million, \$12.7 million and \$5.2 million, respectively. Car Rental increased due to growth in non-airline passenger car rentals at the Rental Car Center. Other Revenues increased due to insurance proceeds and recoverable maintenance costs for the Rental Car Center.

	2021	2020	2019
Parking	\$ 65,807	107,378	147,410
Car rental	33,423	32,001	43,607
Other concessions	35,082	99,143	134,616
Building and land rental	159,344	146,612	158,044
Landing fees	36,673	38,285	53,049
Other	24,141	18,899	31,781
Total operating revenue	<u>354,470</u>	<u>442,318</u>	<u>568,507</u>

Operating revenue decreased by 22.2% in fiscal year 2020 compared to fiscal year 2019. Parking decreased by \$40.0 million, Car Rental by \$11.6 million, Other Concessions by \$35.5 million, and Building and Land Rental by \$11.4 million as a result of the significant decrease in passenger traffic due to the COVID-19 pandemic. Landing Fees decreased by \$14.8 million due to suspending fees for the fourth quarter of fiscal year 2020.

Nonoperating Revenue

Nonoperating revenue consists of net investment income, passenger facility charges (PFCs), customer facility charges (CFCs), and other nonoperating income net of expenses. Net investment income was \$11.7 million in 2021, \$67.4 million in 2020, and \$78.6 million in 2019. PFCs were \$90.2 million in 2021, \$154.4 million in 2020, and \$209.3 million in 2019. CFCs, which are collected to fund the financing and operation of the Rental Car Center (RCC), were \$21.0 million in 2021, \$33.8 million in 2020, and \$41.0 million in 2019. For fiscal years 2021, 2020, and 2019 operating expenses related to the RCC of \$13.7 million, \$14.4 million and \$12.4 million, respectively, are netted against gross CFC revenues to arrive at each year's reported CFC revenues of \$7.3 million, \$19.5 million, and \$28.6 million, respectively.

Operating Expenses

Operating expenses in fiscal year 2021 increased by \$8.7 million in comparison to fiscal year 2020. Salaries and employee benefits expense contributed \$8.0 million to this increase, which is attributed to staffing of vacant positions, an increase in hazardous and comp-time pay related to the COVID-19 pandemic, and yearly

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Management's Discussion and Analysis (Unaudited)

June 30, 2021 and 2020

adjustments related to pension. These increases were offset by decreases in vacancies in sworn officer positions, overtime, and other postemployment benefit liabilities.

Depreciation and amortization expense increased by \$13.3 million in comparison to fiscal year 2020, which is attributable to a net increase of \$416.9 million of depreciable assets during fiscal year 2021. Repairs, maintenance, and other contractual services decreased by \$7.9 million in comparison to fiscal year 2020. These decreases were offset by increases in repair and maintenance costs.

General services expenses contributed \$0.4 million to the decrease driven mainly by decreases in business meetings, training, and travel expenses as a result of the COVID-19 pandemic and decreases in indirect costs charged to the Airport for services rendered by other City departments. These decreases were offset by increases in telephone expense, computer and equipment purchases, and increases in bank charges.

Utilities expenses were essentially unchanged between fiscal years 2021 and 2020. The slight increase in usage in fiscal year 2021 was related to an increase in electricity usage due to operations of vertical transportation at the Rental Car Center offset by decreases in water and sewer expenses as a result of the COVID-19 pandemic.

Material and supplies expenses decreased by \$0.9 million in comparison to fiscal 2020. This decrease was driven by reductions in consumption and purchases of less consumable and non-consumable supplies as a result of a large number of employees working remotely.

Other operating expenses decreased by \$3.5 million in comparison to fiscal year 2020. This decrease was driven by decreases in major maintenance-type expenditures and litigation expenses, which were offset by an increase in fuel facility costs and insurance expenses.

	2021	2020	2019
Salaries and employee benefits	\$ 105,262	97,237	92,250
Repairs, maintenance, and other contractual services	150,092	158,015	158,157
General services	22,773	23,149	23,893
Utilities	8,141	8,105	10,201
Materials and supplies	3,694	4,559	5,148
Other operating expenses	28,660	32,137	26,540
Depreciation and amortization expenses	285,808	272,495	257,512
Total operating expenses	<u>\$ 604,430</u>	<u>595,697</u>	<u>573,701</u>

Operating expenses in fiscal year 2020 increased by \$22.0 million in comparison to fiscal year 2019. Salaries and employee benefits expense contributed \$5.0 million to this increase resulting from the staffing of vacant positions, an increase in hazardous pay related to COVID-19 pandemic, and yearly adjustments related to pension and other postemployment benefit liabilities. These increases were being offset by decreases in overtime, workers' compensation, and employee benefit expenses. Other operating expenses increased by \$5.6 million in comparison to fiscal year 2019. This increase was driven by increases in major maintenance-type expenditures which were offset by a reduction in fuel facility costs and advertising expenses.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Management's Discussion and Analysis (Unaudited)

June 30, 2021 and 2020

Depreciation and amortization expense increased by \$15.0 million in comparison to fiscal year 2019, which is attributable to a net increase of \$727.3 million of depreciable assets during fiscal year 2020. Repairs, maintenance, and other contractual services decreased by \$0.1 million in comparison to fiscal year 2019. This decrease was driven by a reduction in consulting and professional services in fiscal year 2020 compared to 2019. General services expenses contributed \$0.7 million to the decrease, driven mainly by decreases in motor equipment fuel and repairs, decreases in equipment purchases and decreases in business meeting and training and travel expenses as a result of the COVID-19 pandemic. These decreases were offset by increases in telephone expense and indirect costs charged to the Airport for services rendered by other City departments. Utilities expenses decreased by \$2.1 million in comparison to fiscal 2019. This decrease was driven by reductions in water and electricity as a result of a large number of employees working remotely.

Nonoperating Expenses

Nonoperating expenses consist primarily of interest on long-term debt. Interest expense was \$94.5 million in 2021, \$112.4 million in 2020, and \$115.2 million in 2019. These amounts are net of any capitalized interest, which is recorded in the Department's capital assets as part of construction in process.

The net decrease in interest expense in fiscal year 2021 is the result of a reduction of outstanding principal, 2021 debt refunding of the series 2010C and 2011B, a decrease in amortization of gain or loss on refunding (which were offset by an increase in premiums amortization), and a decrease of capitalized interest. The impact of capitalized interest is a reduction in interest expense and an increase in construction in progress.

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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):

	2021	2020	2019
Operating revenue	\$ 354,470	442,318	568,507
Operating expenses, excluding depreciation and amortization	318,622	323,202	316,189
Operating income before depreciation and amortization	35,848	119,115	252,318
Depreciation and amortization	285,808	272,495	257,512
Operating (loss)	(249,960)	(153,379)	(5,194)
Nonoperating income, net	115,359	201,669	216,801
Income (loss) before capital contributions and transfers	(134,601)	48,290	211,607
Capital contributions	44,956	29,615	21,599
Transfers in (out)	(4,339)	—	(420)
Increase in net position	(93,984)	77,905	232,786
Net position, beginning of the year	5,197,779	5,119,874	4,887,088
Adjustment to beginning of year net position, related to other postemployment benefit liability	—	—	—
Net position, end of the year	<u>\$ 5,103,795</u>	<u>5,197,779</u>	<u>5,119,874</u>

The Airport receives Airport Improvement Program Grants and other grant-related funds from various sources to support particular programs. In fiscal year 2021, the Airport recorded revenue of \$45.0 million from the Federal Aviation Administration which includes \$36.9 million for airport wide projects, \$7.8 million from the Transportation Security Administration, and \$0.2 million from Georgia Department of Transportation. The Airport also received \$114.8 million from the CARES Act as a result of the COVID-19 pandemic. In fiscal year 2020, the Airport recorded revenue of \$29.6 million from the Federal Aviation Administration, \$22.8 million for airport-wide projects, \$6.4 million from the Transportation Security Administration, and \$0.4 million from Georgia Department of Transportation. The Airport also received \$80.9 million from the CARES Act due to the COVID-19 pandemic.

Financial Position

The statement of net position presents the financial position of the Airport at the end of a fiscal year. The statement includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Airport. Net position represents the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources and can be viewed as an indicator of the financial health of

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the Airport. During fiscal year 2021, net position decreased by \$94.0 million, or 1.8%. Net position increased in fiscal year 2020 by \$77.9 million, or 1.5%, compared to fiscal year 2019.

Total assets decreased by \$165.7 million, or 1.8%, in fiscal year 2021 compared to fiscal year 2020. Non-current assets (excluding capital assets), which are predominately comprised of restricted cash and cash equivalents and investments, decreased by \$388.3 million, or 36.6% in 2021. These assets will be used for annual debt obligations. Capital assets, net of accumulated depreciation, increased by \$79.9 million, or 1.2% in 2021.

Current assets increased by \$142.7 million in fiscal year 2021 compared to fiscal year 2020, which is primarily due to increases in restricted cash and cash equivalents, equity in cash management pool, restricted other assets and materials and supplies. These increases were being offset by decreases in accounts receivable and prepaid expenses.

Deferred outflows of resources, which includes unamortized amounts for losses on the refunding of bond debt and pension and other postemployment benefit-related deferred outflows, increased by \$2.4 million in fiscal year 2021 compared to fiscal year 2020. This increase is a result of an increase of pension and other postemployment benefit-related deferred outflows of \$5.6 million, and a decrease in amortization of deferred outflows on refunding of bond debt of \$3.2 million.

Total assets increased by \$337.8 million, or 3.8%, in fiscal year 2020 compared to fiscal year 2019. Non-current assets (excluding capital assets), which are predominately comprised of restricted cash and cash equivalents and investments, decreased by \$15.6 million, or 1.4% in 2020. These assets will be used for annual debt obligations. Capital assets, net of accumulated depreciation, increased by \$170.6 million, or 2.6% in 2020.

Current assets increased by \$182.8 million in fiscal year 2020 compared to fiscal year 2019, which is primarily due to increases in restricted cash and cash equivalents, equity in cash management pool, and accounts receivable. These increases were being offset by a decrease in restricted other assets and prepaid expenses.

Deferred outflows of resources, which includes unamortized amounts for gains and losses on the refunding of bond debt and pension-related deferred outflows, decreased by \$9.9 million in fiscal year 2020 compared to fiscal year 2019. This increase is the result of an increase of pension-related deferred outflows of \$1.6 million, and a decrease in amortization of deferred outflows on refunding of bond debt of \$8.3 million.

	2021	2020	2019
Current assets	\$ 1,553,911	1,411,170	1,228,370
Noncurrent assets	672,959	1,061,281	1,076,885
Capital assets, net	6,748,045	6,668,192	6,497,621
Deferred outflows of resources	79,702	77,318	87,203
	<u>\$ 9,054,617</u>	<u>9,217,961</u>	<u>8,890,079</u>

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For fiscal year 2021, total liabilities decreased by \$62.5 million due primarily to decreases in restricted accounts payable, unearned revenue, contract retention, other postemployment benefit liability, and long-term debt, which is being offset by increases in accrued expenses, commercial paper notes, and net pension liability in 2021.

Deferred inflows of resources, which includes pension and other postemployment benefit-related deferred inflows, decreased by \$6.9 million in fiscal year 2021 as a result of charges related to GASB 68 and GASB 75.

For fiscal year 2020, total liabilities increased by \$266.1 million due primarily to increases in restricted accounts payable, net pension liability, other postemployment benefit liability, and long-term debt, which is being offset by decreases in accrued expenses, unearned revenue, contract retention, and bond anticipation and commercial paper notes in 2020. The bond anticipation notes of \$300.0 million were paid off during fiscal year 2020.

Deferred inflows of resources, which includes pension-related deferred inflows, decreased by \$16.1 million in fiscal year 2020 as a result of charges related to GASB 68 and GASB 75.

	2021	2020	2019
Current liabilities (payable from unrestricted assets)	\$ 154,562	197,376	212,883
Current liabilities (payable from restricted assets)	644,329	535,083	889,376
Noncurrent liabilities	3,089,794	3,218,685	2,582,825
Deferred inflows of resources	62,137	69,038	85,120
	<u>\$ 3,950,822</u>	<u>4,020,182</u>	<u>3,770,204</u>

The majority of the Department’s total net position for each fiscal year 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, its passengers, and visitors to the Airport. Consequently, these assets are not available for future spending; the Airport reports its net investment in capital assets net of related debt. The resources required to repay the debt must be provided annually from operations since it is unlikely that the capital assets themselves will be liquidated to pay the liabilities.

Restricted net position reflects the portion of the Airport’s net position restricted for debt and capital projects that are subject to external restrictions under the Department’s Restated and Amended Master Bond Ordinance (adopted on March 20, 2000, as amended) and PFCs that are restricted by federal regulations. The unrestricted portion of net position—\$548.7 million as of June 30, 2021—represents amounts that are not subject to external restrictions (in thousands).

**CITY OF ATLANTA, GEORGIA
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Management's Discussion and Analysis (Unaudited)

June 30, 2021 and 2020

	2021	2020	2019
Net investment in capital assets component of net position	\$ 3,606,718	3,612,986	3,538,961
Restricted component of net position	948,330	1,124,454	1,187,039
Unrestricted component of net position	548,748	460,339	393,874
Total net position	<u>\$ 5,103,796</u>	<u>5,197,779</u>	<u>5,119,874</u>

Airport Capital Assets and Capital Improvement Plan

As of fiscal years ended 2021, 2020, and 2019, the Airport had capital assets, net of \$6.7 billion, \$6.7 billion, and \$6.5 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 \$741.5 million, \$793.4 million, and \$1.1 billion, respectively. For fiscal year 2021, the list below identifies the major components of the Airport's construction in process account. Additional information regarding the Department's capital assets can be found in note 5 in the Notes to Financial Statements (in thousands).

Concourse projects	\$ 432,125
Airfield and runway projects	78,709
Concourse transportation system (AGTS)	133,142
Terminal/passenger projects	30,170
Security/operations projects	25,914
Other	41,427
Total construction in process	<u>\$ 741,487</u>

Long-Term Debt

As of June 30, 2021, the Airport had a total of \$2.6 billion outstanding in General Airport Revenue, PFC Subordinate Revenue, and CFC Taxable Revenue Bonds. These bonds mature from January 1, 2021 to July 1, 2049, with interest rates ranging from 2.00% to 6.00%. The bonds do not constitute debt of the City, or a pledge of the full faith and credit of the City. Additional information regarding long-term debt can be found in note 6 in the Notes to Financial Statements.

Requests for Information

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

Chief Financial Officer

P.O. Box 20509
Atlanta, Georgia, 30320



BASIC FINANCIAL STATEMENTS

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

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Statements of Net Position

June 30, 2021 and 2020

(In thousands)

Assets	2021	2020
Current assets:		
Cash and cash equivalents	\$ 13	49
Restricted cash and cash equivalents	589,115	511,050
Equity in cash management pool	907,187	840,537
Accounts receivable, net of allowance for doubtful accounts of \$8,037 in 2021 and \$8,267 in 2020	14,029	21,961
Restricted other assets	29,017	23,984
Prepaid expenses	1,426	1,699
Materials and supplies	13,124	11,890
Total current assets	1,553,911	1,411,170
Noncurrent assets:		
Restricted cash and cash equivalents	—	300,651
Restricted investments	672,959	760,630
Capital assets:		
Land	584,230	584,230
Land purchased for noise abatement	277,776	277,776
Runways, taxiways, and other land improvements	3,583,712	3,572,479
Terminal, maintenance buildings, and other structures	5,091,310	4,708,993
Other property and equipment	512,201	488,835
Construction in process	741,487	793,389
Less accumulated depreciation	(4,042,671)	(3,757,510)
Total capital assets, net	6,748,045	6,668,192
Total noncurrent assets	7,421,004	7,729,473
Total assets	8,974,915	9,140,643
Deferred outflows of resources:		
Pension and other postemployment benefit related deferred outflows	50,963	45,359
Accumulated deferred amount of debt refundings	28,739	31,959
Total assets and deferred outflows of resources	\$ 9,054,617	9,217,961

(Continued)

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Statements of Net Position

June 30, 2021 and 2020

(In thousands)

Liabilities and Net Position	2021	2020
Current liabilities:		
Accounts payable	\$ 29,289	31,734
Accrued expenses	44,390	22,917
Current portion of unearned revenue	3,779	3,779
Claims payable	800	—
Current maturities of long-term debt	33,950	94,815
Accrued interest payable	37,148	39,075
Current portion of other postemployment benefit liability	4,548	4,518
Current portion of other liabilities	658	538
	<u>154,562</u>	<u>197,376</u>
Current liabilities payable from restricted assets:		
Current maturities of long-term debt	39,190	45,245
Current portion of capital lease obligation	488	458
Accrued interest payable	28,813	29,980
Accounts payable	65,311	81,994
Contract retention	11,713	19,504
	<u>498,814</u>	<u>357,902</u>
Current liabilities payable from restricted assets	644,329	535,083
Total current liabilities	<u>798,891</u>	<u>732,459</u>
Long-term liabilities:		
Long-term debt, less current maturities	2,794,098	2,919,986
Capital lease obligation, less current portion	7,124	7,611
Unearned revenue	21,470	25,249
Contract retention	3,766	5,448
Accrued workers' compensation, health, and dental claims	2,724	2,268
Net pension liability	160,617	145,334
Other postemployment benefit liability	99,995	112,789
Total long-term liabilities	<u>3,089,794</u>	<u>3,218,685</u>
Total liabilities	<u>3,888,685</u>	<u>3,951,144</u>
Deferred inflows of resources:		
Pension and other postemployment benefit related deferred inflows	62,137	69,038
Total liabilities and deferred inflows of resources	<u>\$ 3,950,822</u>	<u>4,020,182</u>
Net position:		
Net investment in capital assets	\$ 3,606,718	3,612,986
Restricted for:		
Capital projects	544,054	665,704
Debt service	404,275	458,750
Unrestricted	548,748	460,339
Total net position	<u>\$ 5,103,795</u>	<u>5,197,779</u>

See accompanying notes to financial statements.

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

Statements of Revenue, Expenses, and Changes in Net Position

Years Ended June 30, 2021 and 2020

(In thousands)

	<u>2021</u>	<u>2020</u>
Operating revenue:		
Parking, car rental, and other concessions	\$ 134,312	238,522
Terminal, maintenance buildings, and other rentals	159,344	146,612
Landing fees	36,673	38,285
Other	24,141	18,899
Total operating revenue	<u>354,470</u>	<u>442,318</u>
Operating expenses:		
Salaries and employee benefits	105,262	97,237
Repairs, maintenance, and other contractual services	150,092	158,015
General services	22,773	23,149
Utilities	8,141	8,105
Materials and supplies	3,694	4,559
Other	28,660	32,137
Depreciation and amortization expenses	285,808	272,495
Total operating expenses	<u>604,430</u>	<u>595,697</u>
Operating loss	<u>(249,960)</u>	<u>(153,379)</u>
Nonoperative revenue (expenses):		
Investment income, net	11,676	67,418
Passenger facility charges	90,153	154,393
Customer facility charges, net	7,307	19,474
Non-capital grants	114,805	80,881
Interest on long-term debt	(94,455)	(112,353)
Other revenue (expenses), net	(14,127)	(8,144)
Non-operating revenue, net	<u>115,359</u>	<u>201,669</u>
Income (loss) before contributions and transfers	<u>(134,601)</u>	<u>48,290</u>
Capital contributions	44,956	29,615
Transfers (out) to the City	(4,339)	—
Change in net position	<u>(93,984)</u>	<u>77,905</u>
Net position, beginning of the year	<u>5,197,779</u>	<u>5,119,874</u>
Net position, end of the year	<u>\$ 5,103,795</u>	<u>\$ 5,197,779</u>

See accompanying notes to financial statements.

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

Statements of Cash Flows
Years Ended June 30, 2021 and 2020
(In thousands)

	2021	2020
Cash flows from operating activities:		
Receipts from customers and tenants	\$ 377,879	410,654
Payments to suppliers for goods and services	(215,791)	(232,581)
Payments to employees for services	(111,425)	(103,530)
Net cash provided by operating activities	50,663	74,543
Cash flows from investing activities:		
Interest and dividends on investments	22,775	91,747
Purchases of restricted investments	(496,436)	(820,413)
Sales and redemptions of restricted investments	574,592	1,119,432
Change in pooled investment fund	(68,234)	(48,114)
Net cash provided by investing activities	32,697	342,652
Cash flows from capital and related financing activities:		
Grants received	48,238	21,648
Principal repayments of short-term and long-term obligations and capital leases	(617,347)	(1,723,454)
Proceeds from short-term and long-term obligations	602,744	2,024,501
Acquisition, construction, and improvement of capital assets	(397,361)	(438,361)
Passenger and customer facility charges	89,145	200,036
Interest and other fees paid on bonds	(146,206)	(134,162)
Net cash used in capital and related financing activities	(420,787)	(49,792)
Cash flows from non-capital and related financing activities		
Non-capital grants	114,805	80,881
Net cash provided by non-capital and related financing activities	114,805	80,881
Increase (decrease) in cash and cash equivalents	(222,622)	448,284
Cash and cash equivalents:		
Beginning of year	811,750	363,466
End of year	\$ 589,128	811,750

(Continued)

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

Statements of Cash Flows

Years Ended June 30, 2021 and 2020

(In thousands)

	2021	2020
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (249,960)	(153,379)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	285,808	272,495
Changes in assets and liabilities:		
Accounts receivable, net of allowances	7,932	(11,722)
Prepaid expenses	273	160
Materials and supplies	(1,234)	(1,224)
Accounts payable and accrued expenses	21,033	(18,908)
Unearned revenue	(3,779)	(3,787)
Net pension liability and related deferred items	2,778	(9,999)
Other postemployment benefit liability and related deferred items	(12,188)	907
Net cash provided by operating activities	\$ 50,663	74,543
 Schedule of noncash capital and related financing activity:		
Acquisition of capital assets with accounts payable	65,312	81,994
Amortization of bond discount and premium, net	31,777	22,071
Accrued contract retention	15,479	24,952

See accompanying notes to financial statements.



NOTES TO FINANCIAL STATEMENTS

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

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Financial Report

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

Notes to Financial Statements

June 30, 2021 and 2020

(1) Summary of Significant Accounting Policies

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

(a) Reporting Entity

The Department of Aviation (the Department) of the City of Atlanta, Georgia (the City) operates Hartsfield-Jackson Atlanta International Airport (the Airport). The accompanying financial statements include only the financial activities of the Department. The Department is an integral part of the City’s financial reporting entity, and its results are included in the Annual Report of the City as a major enterprise fund. The latest available City Annual Report is as of and for the year ended June 30, 2021; that Annual Report should be read in conjunction with these financial statements.

(b) Basis of Accounting

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

(c) Cash Equivalents

The Department considers all highly liquid securities with an original maturity of three months or less to be cash equivalents. At June 30, 2021 and 2020, cash and cash equivalents included the following (in thousands):

	2021	2020
Unrestricted cash and cash equivalents	\$ 13	49
Restricted cash and cash equivalents	589,115	811,701
Total cash and cash equivalents	\$ 589,128	811,750

(d) Investments

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

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

Notes to Financial Statements

June 30, 2021 and 2020

(e) *Materials and Supplies*

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

(f) *Restricted Assets*

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

(g) *Capital Assets*

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

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

Classification	Range of lives
Runways, taxiways, and other land improvements	10-35 years
Terminal, maintenance buildings, and other structures	10-35 years
Other property and equipment	2-20 years

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

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

(h) *Capitalization of Interest Costs*

Net interest costs incurred during the construction of runways, taxiways, and other land improvements and terminals, maintenance buildings, and other structures are capitalized as part of the historical costs of acquiring these assets. The interest earned on investments acquired with

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2021 and 2020

proceeds from tax-exempt borrowing (where such borrowings are restricted to the acquisition of assets) is offset against the related interest costs in determining either the amount of interest to be capitalized or limitations on the amount of interest costs to be capitalized. Net interest costs capitalized for the years ended June 30, 2021 and 2020 totaled approximately 6.9 million and \$9.6 million, respectively.

(i) *Compensated Absences*

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

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

(j) *Bond Discounts and Premiums*

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

(k) *Net Pension Liability*

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

(l) *Other Postemployment Liability*

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

(m) *Deferred Inflows and Outflows*

Deferred inflows of resources are an increase to net position by the Department that is applicable to a future reporting period and will not be recognized as an inflow of resources (revenue) until then. Deferred inflows include pension and other postemployment benefit related deferred

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inflows. The pension and other postemployment benefit related deferred inflows at June 30, 2021 and 2020 were \$62.1 million and \$69.0 million, respectively.

Deferred outflows of resources are the decrease of net position by the Department that are applicable to a future reporting period and will not be recognized as an outflow of resources (expense) until then. Deferred outflows include the unamortized amounts for losses on the refunding of bond debt, pension, and other postemployment benefit related deferred outflows. Total accumulated deferred amount of debt refunding at June 30, 2021 and 2020 was \$28.7 million and \$32.0 million, respectively. Total pension and other postemployment benefit related deferred outflows at June 30, 2021 and 2020 were \$51.0 million and \$45.4 million, respectively.

(n) Capital and Non-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 and to cover other related airport activities, which are reimbursable under the terms of the grants, have been incurred. During the years ended June 30, 2021 and 2020, the Department recorded \$45.0 million and \$29.6 million, respectively, in federal and state grants that are reimbursable. The Airport also received \$114.8 million and \$80.9 million respectively from CARES Act as a result of the COVID-19 pandemic as of June 30, 2021 and 2020.

(o) Transfers

The Department transfers funds to the City to cover its pro-rata share of costs when certain projects are implemented by the City in which the Department is a direct beneficiary. During the year ended June 30, 2021, \$4.3 million in transfers were recorded. There were no transfers recorded in fiscal year 2020. The transfer that occurred during fiscal year 2021 was related to the Department's portion of the City's Oracle ERP software upgrade costs.

(p) Net Position

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

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

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

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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.”

(q) *Classification of Revenue and Expenses*

Operating revenue and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Department. Operating revenue is principally derived from agreements relating to the use of Airport facilities. Landing fees are determined on the basis of the gross weight of aircraft landing at the Airport. Revenue from “terminal, maintenance buildings, and other rentals” is derived from the leasing of various Airport facilities to air carriers and other tenants. Concession revenue is earned through various agreements providing for the operation of concessions at the Airport, such as parking lots, car rental agencies, newsstands, restaurants, etc. Nonoperating revenue and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities. Amounts collected as advance payment of capital projects are classified as unearned revenue and recognized as revenue over the life of the project. There was \$25.2 million and \$29 million of unearned revenue at June 30, 2021 and 2020, respectively.

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 \$90.2 million and \$154.4 million in passenger facility charges for the years ended June 30, 2021 and 2020, respectively.

Customer Facility Charges

The Installment Purchase Agreement entered into by the City with the City of College Park for the purchase of a Rental Car Center (RCC) on June 1, 2006 obligates the City to make debt service payments through 2031, totaling \$443.1 million, on the Series 2006A and Series 2006B Bonds issued by the City of College Park. In relation to the agreement, the City adopted an ordinance effective October 1, 2005, imposing a Customer Facility Charge (CFC) at the Airport to fund the purchase. The CFC of \$5.00 is a charge on each Airport car rental transaction day applicable to both On-Airport Operators and Off-Airport Operators. The Department recorded \$21.0 million and \$33.8 million in customer facility charges for the years ended June 30, 2021 and 2020, respectively. Operating expenses during fiscal years 2021 and 2020 of approximately \$13.7 million and \$14.4 million, respectively, are netted against the CFC revenue and result in net CFC income of \$7.3 million for 2021 and \$19.5 million for 2020.

(r) *Economic Concentration*

Delta Air Lines and the Airport-owned parking facilities accounted for approximately 23.5% and 18.6% of total operating revenue, respectively, for the year ended June 30, 2021. Delta Air Lines and the Airport-owned parking facilities accounted for approximately 15.2% and 24.3% of total operating revenue, respectively, for the year ended June 30, 2020.

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(s) General Services Costs

The Department is one of a number of departments and/or funds maintained by the City. A portion of general services costs (such as procurement, accounting, budgeting, and personnel administration) are allocated to the Department for services provided by other City departments and/or funds. Such costs are allocated to the Department based on a methodology employed by an independent study. Of the Department's recorded \$22.8 million and \$23.1 million in general services costs for the years ended June 30, 2021 and 2020, respectively, the allocated expense amount for the year ended June 30, 2021 was \$10.9 million, compared to \$12.5 million for the year ended June 30, 2020.

(t) New Accounting Standards

Due to the COVID-19 pandemic, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The requirements of these Statements are effective immediately.

(u) Recently Issued Accounting Standards

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The adoption of this statement is postponed by 18 months.

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

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies

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accounting for interest cost incurred before the end of a construction period. The adoption of this statement will take place in fiscal year 2022.

In May 2020, the GASB issued Statement No. 96, *Subscription - Based Information Technology Arrangements* (SBITAs). The objective of this Statement is to improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for SBITAs transactions. This statement is effective for reporting periods beginning after June 15, 2022.

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

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. Statement establishes the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replaces the instance of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. This statement is effective for reporting periods beginning after December 15, 2021; however, the Department has adopted this statement effective in fiscal year 2021.

(v) Use of Estimates

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

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(2) Deposits and Investments

Cash and cash equivalents and investments as of June 30, 2021 and 2020 are classified in the accompanying financial statements as follows (in thousands):

	2021	2020
Unrestricted		
Cash and cash equivalents	\$ 13	49
Equity in cash management pool	907,187	840,537
Restricted		
Cash and cash equivalents	589,115	811,701
Investments	672,959	760,630
Total deposits and investments	\$ 2,169,274	2,412,917

(a) Pooled Cash Held in City Treasury

The City maintains a cash pool that is available for use by all funds. The Department’s investment in this pool is displayed in the accompanying financial statements as “Equity in cash management pool” and is measured at the net asset value (NAV) per share.

As of June 30, 2021 and 2020, the Department had approximately \$907.2 million and \$840.5 million, respectively, within the City’s cash management pool. At June 30, 2021 and 2020, the composition of the equity in cash management pool portfolio consisted mainly of investments in Georgia Local Government Investment Pool (Georgia Fund 1), United States government securities, Municipal Securities, and Negotiated Investment Deposit Agreements.

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

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

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

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

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

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

(c) *Investment in Local Government Investment Pool*

The Department is a voluntary participant in Georgia Fund 1 that is managed by the State of Georgia's Office of Treasury and Fiscal Services. As of June 30, 2021 and 2020, the Department's cash equivalent deposits in the Georgia Fund 1 are approximately \$74.9 million and \$80.5 million, respectively. The total amount recorded by all public agencies in Georgia Fund 1 at June 30, 2021 and 2020, was approximately \$23.4 billion and \$21.2 billion, respectively.

(d) *Fair Value Measurement*

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

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

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

The following tables present the financial assets carried at fair value by level within the valuation hierarchy, as well as, the assets measured at the net asset value (NAV) per share (or its equivalent) as of June 30, 2021 and 2020, (in thousands):

	2021			
	Level 1	Level 2	Level 3	Total
Debt securities:				
U.S. treasury securities	\$ 94,384	—	—	94,384
U.S. agency securities	—	377,194	—	377,194
State and municipal bonds	—	178,591	—	178,591
Total debt securities	94,384	555,785	—	650,169
Other securities:				
Repurchase agreements (Repos)	—	22,790	—	22,790
Total other securities	—	22,790	—	22,790
Total investments by fair value level	\$ 94,384	578,575	—	672,959
Investments measured at NAV:				
Equity in cash management pool				\$ 907,187
Total investments measured at the NAV				907,187
Total investments				\$1,580,146

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	2020			
	Level 1	Level 2	Level 3	Total
Debt securities:				
U.S. treasury securities	\$ 80,446	—	—	80,446
U.S. agency securities	—	418,419	—	418,419
State and municipal bonds	—	238,975	—	238,975
Total debt securities	80,446	657,394	—	737,840
Other securities				
Repurchase agreements (Repos)	—	22,790	—	22,790
Total other securities	—	22,790	—	22,790
Total investments by fair value level	\$ 80,446	680,184	—	760,630
Investments measured at NAV:				
Equity in cash management pool				\$ 840,537
Total investments measured at the NAV				840,537
Total investments				\$1,601,167

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

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

There are no investments classified in Level 3.

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

(e) Investment Risk Disclosures

Interest Rate Risk

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Additionally, the fair values of the investments may be highly sensitive to interest rate fluctuations. By policy, the City establishes maximum maturity dates by investment type in order to limit interest rate risk. The City manages its exposure to

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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 specify a minimum bond rating for investments.

As of June 30, 2021, the Department had the following investments with the corresponding credit ratings and maturities (in thousands):

Type of investment	Credit rating	Maturity					Carrying value
		Under 30 Days	31-180 Days	181-365 Days	1-5 Years	Over 5 years	
State and municipal bonds	Aaa-Baa2	\$ 5,690	14,568	34,371	99,726	24,235	178,591
U.S. agency securities	Aaa/ AA+	—	20,725	13,917	342,553	—	377,194
U.S. treasury securities	Exempt	15,015	12,354	55,891	11,123	—	94,384
Equity in cash management pool	N/A	907,187	—	—	—	—	907,187
Repurchase Agreements (Repos)	*	—	—	—	—	22,790	22,790
Grand total		<u>\$ 927,892</u>	<u>47,647</u>	<u>104,179</u>	<u>453,402</u>	<u>47,025</u>	<u>1,580,146</u>

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

As of June 30, 2020, the Department had the following investments with the corresponding credit ratings and maturities (in thousands):

Type of investment	Credit rating	Maturity					Carrying value
		Under 30 Days	31-180 Days	181-365 Days	1-5 Years	Over 5 years	
State and municipal bonds	Aaa-Baa2	\$ 24,699	34,211	11,670	141,061	27,334	238,975
U.S. agency securities	Aaa/ AA+	—	12,410	—	406,009	—	418,419
U.S. treasury securities	Exempt	52,580	16,038	—	11,828	—	80,446
Equity in cash management pool	N/A	840,537	—	—	—	—	840,537
Repurchase Agreements (Repos)	*	—	—	—	—	22,790	22,790
Grand total		<u>\$ 917,816</u>	<u>62,659</u>	<u>11,670</u>	<u>558,898</u>	<u>50,124</u>	<u>1,601,167</u>

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

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in

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the possession of an outside party. There was no counterparty risk to the City as of June 30, 2021 and 2020.

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

Concentration Credit Risk

The City's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the OCGA. At June 30, 2021 and 2020, there were no investments in any one issuer, related to the Department, that were over 5% (excluding all U.S. government securities) of total investments.

Foreign Currency Risk

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

(3) Accounts Receivable

Net accounts receivable as of June 30, 2021 and 2020 are due from airport tenants, concessionaires, and other customers. There are no receivables expected to take longer than one year to collect, except where a specific agreement exists between a tenant and the Airport.

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(4) Restricted Assets

Restricted assets at June 30, 2021 and 2020 are summarized as follows (in thousands):

	2021	2020
Renewal and Extension Fund:		
Cash and cash equivalents	\$ 14,847	15,131
Other assets	7,787	11,071
Passenger Facility Charge Fund:		
Cash and cash equivalents	66,637	96,140
Other assets	18,579	10,901
Investments	494,678	544,778
Customer Facility Charge Fund:		
Cash and cash equivalents	20,685	45,752
Other assets	1,892	1,253
Construction Fund:		
Cash and cash equivalents	260,953	411,780
Sinking Funds:		
Cash and cash equivalents	225,993	242,898
Other assets	759	759
Investments	178,281	215,852
Total	\$ 1,291,091	1,596,315

The following table is a summary of carrying amount of restricted assets as shown on the accompanying statements of net position at June 30, 2021 and 2020 (in thousands):

	2021	2020
Cash and cash equivalents	\$ 589,115	811,701
Other assets	29,017	23,984
Investments	672,959	760,630
Total	\$ 1,291,091	1,596,315

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(5) Capital Assets

Summaries of capital asset activity and changes in accumulated depreciation for the years ended June 30, 2021 and 2020 are as follows (in thousands):

	Balance at June 30, 2020	Additions	Deletions and retirements	Transfers to additions	Balance at June 30, 2021
Capital assets not being depreciated:					
Land	\$ 862,006	—	—	—	862,006
Construction in progress	793,389	356,586	—	(408,488)	741,487
Total capital assets not being depreciated	<u>1,655,395</u>	<u>356,586</u>	<u>—</u>	<u>(408,488)</u>	<u>1,603,493</u>
Capital assets being depreciated:					
Runways, taxiways, and other land improvements	3,572,479			11,233	3,583,712
Terminal, maintenance buildings, and other structures	4,708,993			382,317	5,091,310
Other property and equipment	488,835	9,142	(714)	14,938	512,201
Total capital assets being depreciated	<u>8,770,307</u>	<u>9,142</u>	<u>(714)</u>	<u>408,488</u>	<u>9,187,223</u>
Less accumulated depreciation for:					
Runways, taxiways, and other land improvements	(1,755,118)	(99,435)		—	(1,854,553)
Terminal, maintenance buildings, and other structures	(1,724,935)	(144,071)	614	—	(1,868,392)
Other property and equipment	(277,457)	(42,302)	33	—	(319,726)
Total accumulated depreciation	<u>(3,757,510)</u>	<u>(285,808)</u>	<u>647</u>	<u>—</u>	<u>(4,042,671)</u>
Net capital assets	<u>\$ 6,668,192</u>	<u>79,920</u>	<u>(67)</u>	<u>—</u>	<u>6,748,045</u>

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	<u>Balance at June 30, 2019</u>	<u>Additions</u>	<u>Deletions and retirements</u>	<u>Transfers to additions</u>	<u>Balance at June 30, 2020</u>
Capital assets not being depreciated					
Land	\$ 862,006	—	—	—	862,006
Construction in progress	1,077,677	434,969	(1,918)	(717,339)	793,389
Total capital assets not being depreciated	<u>1,939,683</u>	<u>434,969</u>	<u>(1,918)</u>	<u>(717,339)</u>	<u>1,655,395</u>
Capital assets being depreciated:					
Runways, taxiways, and other land improvements	3,391,651	—	—	180,828	3,572,479
Terminal, maintenance buildings, and other structures	4,179,312	—	—	529,681	4,708,993
Other property and equipment	472,036	10,164	(195)	6,830	488,835
Total capital assets being depreciated	<u>8,042,999</u>	<u>10,164</u>	<u>(195)</u>	<u>717,339</u>	<u>8,770,307</u>
Less accumulated depreciation for:					
Runways, taxiways, and other land improvements	(1,654,300)	(100,813)	(5)	—	(1,755,118)
Terminal, maintenance buildings, and other structures	(1,591,093)	(134,667)	825	—	(1,724,935)
Other property and equipment	(239,669)	(37,015)	(773)	—	(277,457)
Total accumulated depreciation	<u>(3,485,062)</u>	<u>(272,495)</u>	<u>47</u>	<u>—</u>	<u>(3,757,510)</u>
Net capital assets	<u>\$ 6,497,620</u>	<u>172,638</u>	<u>(2,066)</u>	<u>—</u>	<u>6,668,192</u>

(6) Short-Term and Long-Term Obligations

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

The City has issued commercial paper, classified as short-term debt, to provide interim financing for long-term projects that will ultimately be funded with general airport revenue bonds, passenger facility charges, or City dollars through its renewal and extension fund.

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

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Long-term debt at June 30, 2021 and 2020 consists of the following (in thousands):

	2021	2020
General Revenue Bonds:		
Airport General Revenue and Refunding Bonds, Series 2010C, combination serial at 2.00% – 5.875% and term, at 5.25% – 6.00% through 2030	\$ —	\$ 338,865
Airport General Revenue and Refunding Bonds, Series 2011A at 3.00% – 5.00% due serially through 2021	—	39,850
Airport General Revenue and Refunding Bonds, Series 2011B at 3.00% – 5.00% due serially through 2030	—	166,560
Airport General Revenue Refunding Bonds, Series 2012A, combination serial at 2.00% – 5.00% and term, at 4.00% – 5.00% through 2042	54,660	56,150
Airport General Revenue Refunding Bonds, Series 2012B, combination serial at 3.00% – 5.00% and term, at 5.00% through 2042	160,285	164,495
Airport General Revenue Refunding Bonds, Series 2012C, combination serial at 4.00% – 5.00% and term, at 5.00% through 2042	195,395	200,550
Airport General Revenue and Refunding Bonds, Series 2014B at 3.00% – 5.00% due serially through 2033	118,495	124,495
Airport General Revenue and Refunding Bonds Series 2014C at 2.00% – 5.00% due serially through 2030	87,705	95,330
Airport General Revenue Bond- Non-AMT Series 2019A at 4.00% – 5.00% and term, at 5.00% due serially through 2049	47,150	47,150
Airport General Revenue Bond - AMT Series 2019B at 4.00% – 5.00% and term, at 5.00% due serially through 2049	254,215	254,215
Airport General Revenue Bond - AMT Series 2019E at 4.00% – 5.00% due serially through 2039	98,695	100,585
Airport General Revenue Refunding Bonds - Non-AMT Series 2020A at 4.00% - 5% due serially through 2030	238,530	—
Airport General Revenue Refunding Bonds - AMT Series 2020B at 4% - 5% due serially through 2030	126,070	—
	1,381,200	1,588,245
Total general revenue bonds		

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	2021	2020
Passenger Facility Charge (PFC) Subordinate Revenue Bonds:		
PFC and Subordinate Lien General Revenue Refunding Bonds, Series 2014A, at 4.00% – 5.00%, due serially through 2034	\$ 523,605	523,605
PFC and Subordinate Lien General Revenue Bonds, Non-AMT, Series 2019C, at 5.00%, due serially through 2040	185,670	185,670
PFC and Subordinate Lien General Revenue Bonds AMT, Series 2019D, at 4.00%, due serially through 2040	220,105	220,105
PFC and Subordinate Lien General Revenue Refunding Bonds, Series 2019F, at 5.00%, due serially through 2025	119,025	154,435
Total PFC and subordinate revenue bonds	1,048,405	1,083,815
Customer Facility Charge (CFC) Bonds:		
City of College Park Taxable Revenue Bonds, (Hartsfield-Jackson Atlanta International Airport Consolidated Rental Car Facility Project, Rental Car Facility Project), Series 2006A at 5.758% – 5.965% (Conduit Debt)	122,000	130,920
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)	11,685	12,600
Total Customer Facilities Charge (CFC) Bonds	133,685	143,520
Total long-term debt	2,563,290	2,815,580
Unaccreted bond discounts	(80)	(92)
Unamortized bond premiums	304,028	244,558
Less current maturities	(73,140)	(140,060)
Total long-term debt	\$ 2,794,098	2,919,986

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

	Balance at June 30, 2020	Additions	Retirements	Balance at June 30, 2021	Due within one year
Revenue, PFC, and CFC Bonds	\$ 2,815,580	364,600	(616,890)	2,563,290	73,140
Plus issuance discount and premium, net	244,466	97,231	(37,749)	303,948	—
Total bonded debt	<u>\$ 3,060,046</u>	<u>461,831</u>	<u>(654,639)</u>	<u>2,867,238</u>	<u>73,140</u>

	Balance at June 30, 2019	Additions	Retirements	Balance at June 30, 2020	Due within one year
Revenue, PFC, and CFC Bonds	\$ 2,318,260	962,160	(464,840)	2,815,580	140,060
Plus issuance discount and premium, net	98,787	166,759	(21,080)	244,466	—
Total bonded debt	<u>\$ 2,417,047</u>	<u>1,128,919</u>	<u>(485,920)</u>	<u>3,060,046</u>	<u>140,060</u>

On June 21, 2006, the City of College Park, Georgia issued \$211.9 million in Taxable Revenue Bonds (Hartsfield-Jackson Atlanta International Airport Consolidated Rental Car Facility Project), Series 2006A for the purpose of acquiring, constructing, and installing a consolidated rental car facility. In addition, College Park issued \$22.0 million in Revenue Bonds (Hartsfield-Jackson Atlanta International Airport Automated People Mover System Maintenance Facility Project), Series 2006B for the purpose of acquiring, constructing, and installing a maintenance facility for an automated people mover. The City (the Purchaser) pursuant to the terms of an Installment Purchase Agreement dated June 1, 2006 (the Agreement) with the City of College Park (the Issuer) obligates the Purchaser to make installment payments to the Issuer to cover the principal, premium and interest of the Series 2006A/B Bonds. The City has adopted an Ordinance imposing a customer facility charge (CFC) effective October 1, 2005. The CFC revenues have been pledged to secure the payments due under the Agreement. At June 30, 2021 and 2020, the balance of outstanding conduit debt totaled \$133.7 million and \$143.5 million, respectively.

The annual debt service requirements at June 30, 2021 are as follows (in thousands):

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Year:	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>
2022	\$ 73,140	127,823	200,963
2023	76,880	119,880	196,760
2024	95,720	115,911	211,631
2025	121,300	110,721	232,021
2026	140,620	104,163	244,783
2027-2031	883,805	398,887	1,282,692
2032-2036	459,300	218,435	677,735
2037-2041	544,285	105,240	649,525
2042-2046	100,500	23,453	123,953
2047-2049	67,740	5,552	73,292
Total	<u>\$ 2,563,290</u>	<u>1,330,065</u>	<u>3,893,355</u>

On October 8th, 2020, the Department of Aviation issued \$238,530,000 in the aggregate principal amount for the Airport General Revenue Refunding Bonds, Series 2020A (Non-AMT) and \$126,070,000 in the aggregate principal amount for the Airport General Revenue Refunding Bonds, Series 2020B (AMT). The Series 2020 Refunding Bonds were issued for the purpose of providing funds to among other things: (a) refund and redeem all of the outstanding principal amount of the Refunded Bonds; and (b) pay certain costs of issuance with respect to the Series 2020 Refunding Bonds. By issuing the Series 2020 bonds, the city obtained an estimated economic gain of approximately \$133.4 million and obtained a net present value of savings of approximately \$102.1 million.

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

	<u>Balance at June 30, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2021</u>	<u>Due within one year</u>
Commercial paper notes	\$ 357,902	140,912	—	498,814	498,814
Total notes	<u>\$ 357,902</u>	<u>140,912</u>	<u>—</u>	<u>498,814</u>	<u>498,814</u>

	<u>Balance at June 30, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2020</u>	<u>Due within one year</u>
Bond anticipation and commercial paper notes	\$ 731,746	884,341	(1,258,185)	357,902	357,902
Total notes	<u>\$ 731,746</u>	<u>884,341</u>	<u>(1,258,185)</u>	<u>357,902</u>	<u>357,902</u>

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All of the bond ordinances require the maintenance of sinking funds to provide for debt service on the related bonds. The Airport Master Bond Ordinance also requires the Department to maintain a ratio of Net Airport Revenue to Aggregate Debt Service, as defined, of at least 120%.

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

The annual lease requirements as of June 30, 2021 are as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>
Year:			
2022	\$ 488	179	667
2023	519	168	687
2024	551	156	707
2025	585	143	728
2026	621	129	750
2027-2031	3,686	407	4,093
2032-2036	<u>1,162</u>	<u>34</u>	<u>1,196</u>
Total	<u>\$ 7,612</u>	<u>1,216</u>	<u>8,828</u>

	<u>Balance at June 30, 2020</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance at June 30, 2021</u>	<u>Due within one year</u>
Capital lease obligation	\$ 8,069	\$ —	\$ 457	\$ 7,612	\$ 488
Total obligation	<u>\$ 8,069</u>	<u>\$ —</u>	<u>\$ 457</u>	<u>\$ 7,612</u>	<u>\$ 488</u>

	<u>Balance at June 30, 2019</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance at June 30, 2020</u>	<u>Due within one year</u>
Capital lease obligation	\$ 8,498	\$ —	\$ 429	\$ 8,069	\$ 458
Total obligation	<u>\$ 8,498</u>	<u>\$ —</u>	<u>\$ 429</u>	<u>\$ 8,069</u>	<u>\$ 458</u>

(7) Leased Facilities

The Department leases terminal space, aircraft maintenance and overhaul facilities, cargo facilities, hangars, and other structures to air carriers and other tenants at the Airport under various operating leases, a majority of which terminate no later than 2035. The total cost of the facilities described above that are substantially leased to various tenants is \$6.5 billion with a carrying value of \$3.7 billion. Depreciation expense for fiscal years 2021 and 2020 on the facilities was \$182.6 million and \$176.6 million, respectively.

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Some of the leases provide for fixed and variable rental payments; moreover, 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 airlines pay rentals, fees, and charges under the provisions of a Airport Use and Lease Agreement that has been executed by all major signatory carriers operating at the airport.

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

The agreement covering the operation of the parking facilities does not provide for a minimum fee and is therefore not included in the following table. Revenue from this source, which is solely a function of parking receipts was \$65.8 million and \$107.4 million for the years ended June 30, 2021 and 2020, respectively.

At June 30, 2021, minimum future rentals and fees to be received under non-cancelable leases or concession agreements for each fiscal year are as follows (in thousands):

2022	\$ 258,853
2023	263,378
2024	332,660
2025	407,573
2026	415,169
2027-2031	2,195,225
2032-2036	3,437,832
	<u>7,310,690</u>

(8) Pensions and Postemployment Benefits

Pension Plans

The City maintains the following separately administered pension plans:

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<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

Plans Administration

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

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

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

City of Atlanta
68 Mitchell Street, S.W.
Suite 1600
Atlanta, Georgia 30303

The valuation date for the three defined benefit plans was July 1, 2019 and July 1, 2018, with results rolled forward to the measurement date of June 30, 2020 and June 30, 2019. The Department is presenting the net pension liability as of June 30, 2020 for fiscal year 2021 financial statements and as of June 30, 2019 for the fiscal year 2020 financial statements.

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General Employees' Pension Plan

Plan Description

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

(a) *Contribution Requirements of the GEPP*

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

Beginning on November 1, 2011, employees participating in the Plan and hired before September 1, 2011, or after January 1, 1984, had an increase of 5% in their mandatory contributions into the Plan fund in which they participate. The contribution is such that the new contribution is 12% of salary (without a designated beneficiary) or 13% of salary (with a designated beneficiary).

Employees hired on or after September 1, 2011 who are below pay grade 19 or its equivalent are required to participate in a hybrid defined-benefit plan with a mandatory defined-contribution component. The defined-benefit portion of this plan includes a mandatory 8% employee contribution and 1% multiplier.

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

Beginning in fiscal year 2012, there is a cap on the maximum amount of the City's contribution to the Plan measured as a percentage of payroll. The City's annual contribution to the Plan may not exceed 35% of payroll of the participants in the City's three defined-benefit pension plans. In the

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event that this 35% cap is reached, the City will fund any overage for the first 12-month period from its reserves. During that period, the City’s management must agree on an alternative method to reduce the overage. If no alternative is reached, beginning in the second 12-month period, the City and the participants will equally split the cost of the overage, subject only to a provision that employee contributions may not increase more than 5%. Contribution requirements may be amended by the Board under the authority of the City ordinance, but the employer contribution requirement is subject to State minimums.

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

Plan	Proportionate share of contributions	Allocation percentage of proportionate share of collective pension amount
General employees:		
2020	\$ 5,426	11.49 %
2021	5,410	11.22

(b) Description of GEPP Benefit Terms

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

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

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The retirement age increased to age 62 for participants in the GEPP. Early Retirement Age is changed from any age (as long as vested) with penalty to age 52 for hires after September 1, 2011. Upon retirement, these participants will receive an annually calculated cost of living increase to their pension benefit that may not exceed 1% and is based upon the consumer price index. Sick and vacation leave are no longer applied to retirement benefits for employees hired after September 1, 2011. Below are the terms the Plan has established to receive benefits:

Normal Pension

Hired before July 1, 2010:

Age 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 60 after completing 15 years of service

Monthly benefit is 2.0% of average monthly salary for each year of credited service.

Hired after October 31, 2011:

Age 62 after completing 15 years of service

Monthly benefit is 1.0% of average monthly salary for each year of credited service.

This amount cannot be less than \$12 per month for each year of service, capped at 80% of average monthly salary.

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

Early Pension

Hired before July 1, 2010:

10 years of credited service

Hired between July 1, 2010 and October 31, 2011:

15 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

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

(a) *Contribution Requirements to the FPP and PPP*

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

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

On November 1, 2011, the sworn personnel of the Fire Rescue Department and Police Department participating in the FPP and PPP and hired before September 1, 2011, or after January 1, 1984, had an increase of 5% in their mandatory contributions into the FPP and PPP. The contribution is such that the new contribution is 12% of salary (without a designated beneficiary) or 13% of salary (with a designated beneficiary). Where an Actuarial Valuation

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anticipates that the City's actuarially determined contribution for the next fiscal year will exceed 35% of the total payroll, contributions may be increased, by no more than 5% of compensation, in order to fund the overage.

Employees hired on or after September 1, 2011 who are sworn members of the Fire Rescue Department and Police Department are required to participate in a hybrid defined-benefit plan with a mandatory defined-contribution component. The defined-benefit portion of this plan will include a mandatory 8% employee contribution, and a 1% multiplier. The retirement age increased to age 57 for participants in the FPP and PPP. Early Retirement Age is changed from any age (as long as vested) with penalty to age 47 for hires after September 1, 2011. Upon retirement, these participants will receive an annually calculated cost of living increase to their pension benefit that may not exceed 1% and is based upon the Consumer Price Index. Sick and vacation leave are no longer applied to retirement benefits for hires after September 1, 2011.

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

Plan	Proportionate share of contributions	Allocation percentage of proportionate share of collective pension amount
Firefighters		
2020	\$ 4,875	23.00 %
2021	3,594	23.00
Police officers		
2020	\$ 2,499	8.00 %
2021	1,726	8.00

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

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

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

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entitled to three fourths of the amount the deceased participant was receiving or would have been entitled to receive. Below are the terms the FPP and PPP has established to receive benefits:

Normal retirement age:

- Age 65 with at least five years of service
- Age 57 with at least 15 years of service
- Age 55 with at least 15 years of service (hired before September 1, 2011)
- Age 55 with at least 10 years of service (hired before July 1, 2010)
- Any age with at least 30 years of service

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

Early retirement age:

- Any age with at least 10 years of creditable service (15 years of creditable service for participants hired after June 30, 2010)
- Minimum age 47 with at least 15 years of creditable service for participants hired after August 31, 2011

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

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

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

Pre-retirement death benefit:

- 75% of the basic pension formula (payable to the eligible beneficiary upon death not in the line-of-duty)
- 100% of base pay offset by worker's comp or other payments (payable to the eligible beneficiary for first two years after death in the line-of-duty)

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75% of the larger of the basic pension formula or 70% of top salary for the employee's grade (payable to the eligible beneficiary beginning two years after death in the line-of-duty)
75% of the basic pension formula (payable to the eligible beneficiary beginning two years after death in the line-of-duty if the employee was covered by the 1986 amendment)

The Plans' Investments

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

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

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

In the development of the current asset allocation plan, the Board reviews the long-term performance and risk characteristics of various asset classes, balancing the risks and rewards of market behavior, and reviewing state legislation regarding investments options. There were no changes to the investment policy in fiscal year 2020. 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.

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Estimates of real rates of return for each major asset class included in the Plan's target asset allocation as of June 30, 2021 and 2020 are summarized in the following tables:

General employees'

Asset class	Target allocation	Long-term expected real rate of return
Domestic equity	42 %	6.65 %
International equity	28	7.94
Fixed income	25	0.50
Alternative investments	5	6.51
	100 %	

Firefighters' and police officers'

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

For the years ended June 30, 2021 and 2020, the annual money-weighted rate of return for General Employees', Firefighters' and Police Officers' Pension Plan investments, net of pension plan investment expense, was 31.35%, 33.28%, and 33.34% and 3.56%, 2.74%, and 2.47%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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Net Pension Liability

The total net pension liability as of June 30, 2021 and 2020 was measured as of June 30, 2020 and 2019, respectively. The measurement was based on the July 1, 2019 actuarial valuation rolled forward to June 30, 2020 and the July 1, 2018 actuarial valuation rolled forward to June 30, 2019, respectively, using standard roll-forward techniques. The net pension liability at June 30, 2021 and 2020 is as follows (dollars in thousands):

	2021		
	General employees'	Firefighters'	Police officers'
Total pension liability	\$ 1,920,062	990,698	1,524,959
Plan fiduciary net position	1,317,795	716,418	1,150,481
Net pension liability	\$ 602,267	274,280	374,478
Plan fiduciary net position as a percentage of the total pension liability	68.63 %	72.31 %	75.44 %
	2020		
	General employees'	Firefighters'	Police officers'
Total pension liability	\$ 1,895,114	971,323	1,472,276
Plan fiduciary net position	1,333,862	727,344	1,163,143
Net pension liability	\$ 561,252	243,979	309,133
Plan fiduciary net position as a percentage of the total pension liability	70.38 %	74.88 %	79.00 %

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

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June 30, 2021 and 2020

The Department's proportionate share of the net pension liability at June 30, 2020 and 2021 is as follows (dollars in thousands):

Plan	Department's proportion of the net pension liability	Department's proportionate share of the net pension liability
General employees'		
2020	11.49 %	\$ 64,488
2021	11.22	67,574
Firefighters'		
2020	23.00 %	\$ 56,115
2021	23.00	63,084
Police officers'		
2020	8.00 %	\$ 24,731
2021	8.00	29,959

Changes in Net Pension Liability

The changes in net pension liability for the years ended June 30, 2021 and 2020 are as follows (dollars in thousands):

General Employees'

	Increase (decrease)		
	Total pension liability	Plan net position	Net pension liability
Balances at June 30, 2020	\$ 1,895,114	1,333,862	561,252
Changes for the year:			
Service cost	24,972	—	24,972
Interest expense	134,473	—	134,473
Difference between expected and actual investment earnings	(3,944)	—	(3,944)
Contributions – employer	—	48,219	(48,219)
Contributions – employee	—	19,599	(19,599)
Net investment income	—	47,653	(47,653)
Benefit payments and refunds	(130,553)	(130,553)	—
Administrative expenses	—	(1,252)	1,252
Other	—	267	(267)
Net changes	24,948	(16,067)	41,015
Balances at June 30, 2021	<u>\$ 1,920,062</u>	<u>1,317,795</u>	<u>602,267</u>

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	Increase (decrease)		
	Total pension liability	Plan net position	Net pension liability
Balances at June 30, 2019	\$ 1,872,963	1,300,987	571,976
Changes for the year:			
Service cost	20,216	—	20,216
Interest expense	132,670	—	132,670
Difference between expected and actual investment earnings	(4,244)	—	(4,244)
Contributions – employer	—	47,220	(47,220)
Contributions – employee	—	35,639	(35,639)
Net investment income	—	77,334	(77,334)
Benefit payments and refunds	(126,491)	(126,491)	—
Administrative expenses	—	(832)	832
Other	\$ —	5	(5)
Net changes	22,151	32,875	(10,724)
Balances at June 30, 2020	\$ 1,895,114	1,333,862	561,252

Firefighters’

	Increase (decrease)		
	Total pension liability	Plan net position	Net pension liability
Balances at June 30, 2020	\$ 971,323	727,344	243,979
Changes for the year:			
Service cost	11,779	—	11,779
Interest expense	70,940	—	70,940
Demographic experience	(11,664)	—	(11,664)
Contributions – employer	—	15,626	(15,626)
Contributions – employee	—	6,130	(6,130)
Net investment income	—	19,489	(19,489)
Other income	—	48	(48)
Benefit payments and refunds	(51,680)	(51,680)	—
Administrative expenses	—	(539)	539
Net changes	19,375	(10,926)	30,301
Balances at June 30, 2021	\$ 990,698	716,418	274,280

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	Increase (decrease)		
	Total pension liability	Plan net position	Net pension liability
Balances at June 30, 2019	\$ 937,070	718,133	218,937
Changes for the year:			
Service cost	11,773	—	11,773
Interest expense	68,477	—	68,477
Demographic experience	12,391	—	12,391
Assumption changes	(8,569)	—	(8,569)
Contributions – employer	—	21,194	(21,194)
Contributions – employee	—	5,980	(5,980)
Net investment income	—	32,146	(32,146)
Benefit payments and refunds	(49,819)	(49,819)	—
Administrative expenses	—	(290)	290
Net changes	34,253	9,211	25,042
Balances at June 30, 2020	<u>\$ 971,323</u>	<u>727,344</u>	<u>243,979</u>

Police Officers’

	Increase (decrease)		
	Total pension liability	Plan net position	Net pension liability
Balances at June 30, 2020	\$ 1,472,276	1,163,143	309,133
Changes for the year:			
Service cost	21,287	—	21,287
Interest expense	108,027	—	108,027
Demographic experience	(3,318)	—	(3,318)
Contributions – employer	—	21,571	(21,571)
Contributions – employee	—	12,141	(12,141)
Net investment income	—	27,714	(27,714)
Other	—	40	(40)
Benefit payments and refunds	(73,313)	(73,313)	—
Administrative expenses	—	(815)	815
Net changes	52,683	(12,662)	65,345
Balances at June 30, 2021	<u>\$ 1,524,959</u>	<u>1,150,481</u>	<u>374,478</u>

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	Increase (decrease)		
	Total pension liability	Plan net position	Net pension liability
Balances at June 30, 2019	\$ 1,439,664	1,130,389	309,275
Changes for the year:			
Service cost	19,836	—	19,836
Interest expense	105,604	—	105,604
Demographic experiences	(6,683)	—	(6,683)
Assumption changes	(16,496)	—	(16,496)
Contributions – employer	—	31,232	(31,232)
Contributions – employee	—	11,273	(11,273)
Net investment income	—	60,466	(60,466)
Benefit payments and refunds	(69,649)	(69,649)	—
Administrative expenses	—	(568)	568
Net changes	32,612	32,754	(142)
Balances at June 30, 2020	<u>\$ 1,472,276</u>	<u>1,163,143</u>	<u>309,133</u>

Discount Rate

The discount rates used to measure the total pension liability for the Plans are as indicated below. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the actuarial determined contributions rates from employers and employees. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Following are the discount rates as of June 30, 2021 and 2020:

June 30, 2021:

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

June 30, 2020:

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

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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, 2021 and 2020, respectively, as well as what the Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate (dollars in thousands):

	2021		
	1% Decrease 6.25%	Current discount rate 7.25%	1% Increase 8.25%
General Employees'	\$ 806,409	602,267	429,592
Department's Proportionate Share	90,479	67,574	48,200
	1% Decrease 6.41%	Current discount rate 7.41%	1% Increase 8.41%
Firefighters'	\$ 404,035	274,280	168,243
Department's Proportionate Share	92,928	63,084	38,696
Police Officers'	\$ 584,512	374,478	204,121
Department's Proportionate Share	46,761	29,959	16,330
	2020		
	1% Decrease 6.25%	Current discount rate 7.25%	1% Increase 8.25%
General Employees'	\$ 767,080	561,252	387,388
Department's Proportionate Share	88,137	64,488	44,511
	1% Decrease 6.41%	Current discount rate 7.41%	1% Increase 8.41%
Firefighters'	\$ 371,472	243,979	139,704
Department's Proportionate Share	85,439	56,115	32,132
Police Officers'	\$ 511,236	309,133	145,077
Department's Proportionate Share	40,899	24,731	11,606

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Actuarial Assumptions

The actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contribution rate for 2021 and 2020 are as follows:

	General employees'	Firefighters'	Police officers'
Valuation date:			
2021	July 1, 2019	July 1, 2019	July 1, 2019
2020	July 1, 2018	July 1, 2018	July 1, 2018
Actuarial cost method	Entry age	Entry age normal	Entry age normal
Amortization method	Level percentage, closed	Level percentage, closed	Level percentage, closed
Remaining amortization period	21 years	21 years	21 years
Asset valuation method	Market value	Market value	Market value
Inflation rate			
2021	2.25 %	2.25 %	2.25 %
2020	2.25	2.25	2.25
Salary increases			
2021	3.00	4.00	4.00
2020	3.00	4.00	4.00
Investment rate of return			
2021	7.25	7.41	7.41
2020	7.25	7.41	7.41

For the General Employees' Plan, the pre-retirement mortality assumption was based on the approximate RP-2006 Blue Collar Employee Table, loaded by 25% for males and females. The post-retirement mortality assumption for healthy annuitants was based on the approximate RP-2006 Blue Collar Healthy Annuitant Table, loaded by 25% for males and females. The mortality assumption for disabled retirees was based on the approximate RP-2006 Disabled Retiree Table, loaded by 25% for males and females.

For the Firefighters' and Police Officers' Pension Plans the mortality assumption was changed from the RP-2000 Blue Collar Mortality Table, with full generational improvements in mortality using Scale AA to the PUB-2010 Public Safety Mortality Table with generational mortality projects using Scale MP-2017.

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

For the years ended June 30, 2021 and 2020, the City recognized approximately \$89.8 million and approximately \$69.2 million in pension expense, respectively. The Department's proportionate share of pension expense was \$12.2 million and \$10.7 million related to the Plans, respectively.

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

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

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

	2021		2020	
	Deferred outflows	Deferred inflows	Deferred outflows	Deferred inflows
General Employees':				
Contributions subsequent to the measurement date	\$ 5,471	—	5,540	—
Assumption changes	—	2,662	—	5,451
Changes in proportion and differences between employer's contribution and proportionate share of contributions	—	1,137	—	3,655
Net difference between projected and actual pension investment earnings	2,258	1,926	—	2,285
Firefighters':				
Contributions subsequent to the measurement date	5,664	—	3,594	—
Demographic gain/loss	3,310	9,207	4,150	8,246
Assumption changes	3,960	1,312	5,025	1,641
Net difference between projected and actual pension investment earnings	5,575	—	557	—
Police Officers':				
Contributions subsequent to the measurement date	2,857	—	1,726	—
Demographic gain/loss	1,575	4,933	2,044	5,869
Assumption changes	1,620	868	2,122	1,094
Net difference between projected and actual pension investment earnings	3,062	—	—	194
Total	\$ 35,352	22,045	24,758	28,435

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Contributions subsequent to the measurement date for each of the pension plans total \$13,992 as of June 30, 2021 and will be recognized in pension expense during the year ended June 30, 2022. The remaining amount of deferred outflows and deferred inflows of resources related to pensions that will be recognized in pension expense by the Department during the next five years ended June 30, and thereafter are as follows (in thousands):

	Net deferred outflows/inflows
General Employees':	
2022	(5,501)
2023	81
2024	904
2025	1,049
	(3,467)
Firefighters':	
2022	(126)
2023	1,415
2024	2,200
2025	885
2026	(820)
Thereafter	(1,228)
	2,326
Police Officers':	
2022	(468)
2023	437
2024	697
2025	460
2026	(414)
Thereafter	(256)
	\$ 456
Total	(685)

Defined Contribution Plan

Atlanta, Georgia Code of Ordinances Section 6-2(c) sets forth the City's General Employees' Defined Contribution Plan. The Plan provides funds at retirement for employees of the City and in the event of death, provides funds for their beneficiaries, through an arrangement by which contributions are made to the Plan by employees and the City. The current contribution of the City is 6% of employee payroll. Employees also make a mandatory pretax contribution of 6%

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plus have the option to contribute amounts up to the amount legally limited for retirement contributions.

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

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

All modifications to the Contribution Plan, including contribution requirements, must receive the recommendations and advice from the offices of the Chief Financial Officer and the City Attorney, respectively. Each pension law modification must be adopted by at least two-thirds vote of the City Council and be approved by the Mayor.

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

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

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

Amendments to Defined Contribution Plan

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

As of June 30, 2021, there were 1,682 participants in the General Employees' Defined Contribution Plan. The covered payroll for employees in the Plan was \$122.0 million. Employer

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contributions for the year ended June 30, 2021 were \$14.4 million and employee contributions were \$13.5 million or 22.8% of covered payroll.

As of June 30, 2020, there were 1,454 participants in the General Employees' Defined Contribution Plan. The covered payroll for employees in the Plan was \$102.7 million. Employer contributions for the year ended June 30, 2020 were \$13.5 million and employee contributions were \$13.1 million or 24.3% of covered payroll.

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

Other Postemployment Benefit Plan

Plan Description

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

Funding Policy

The City is not required by law or contractual agreement to provide funding for OPEB other than the pay-as-you-go amounts necessary to provide current benefits to retirees, eligible dependents, and beneficiaries. For the fiscal years ended June 30, 2021 and 2020, the City made \$47.3 million and \$63.3 million, respectively, "pay-as-you-go" benefit payments on behalf of the Plan. Retiree contributions vary based on the plan elected, dependent coverage and Medicare eligibility. Eligible retirees receiving benefits contributed \$46.0 million and \$49.0 million in fiscal years 2021 and 2020, respectively, through their required contributions.

For the fiscal years ended June 30, 2021 and 2020, the Department made \$5.7 million and \$7.5 million, respectively, "pay-as-you-go" payments on behalf of the Plan.

Description of Benefit Terms

Early Retirement:

General Employees

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

Police Officers and Firefighters

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Any age with 10 years of creditable service (if hired prior to July 1, 2010)
Any age with 15 years of creditable service (if hired prior to September 1, 2011)
Age 47 with 15 years of creditable service (if hired after August 31, 2011)

Normal Retirement:

General Employees

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

Police Officers and Firefighters

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

Benefit Types:

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

OPEB Liability

The total OPEB liability as of June 30, 2021 and 2020 was measured as of June 30, 2020 and 2019, respectively. The measurement was based on the July 1, 2019 actuarial valuation rolled forward to June 30, 2020 and the July 1, 2018 actuarial valuation rolled forward to June 30, 2019, respectively, using standard roll-forward techniques. The City's OPEB liability at June 30, 2021 and 2020 is as follows (dollars in thousands):

	2021	2020
Total OPEB liability	\$ 888,700	\$ 992,098
Plan fiduciary net position	—	—
OPEB liability	\$ 888,700	\$ 992,098

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

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June 30, 2021 and 2020

The Department's proportionate share of the total OPEB liability at June 30, 2020 and 2019 are as follows (dollars in thousands):

Plan Year	Department's proportion of the total OPEB liability	Department's proportionate share of the total OPEB liability
2020	11.82 %	\$ 117,307
2021	11.48	\$ 104,543

Changes in Total OPEB Liability

The changes in total OPEB liability as of June 30, 2021 and 2020 are as follows (dollars in thousands):

	Increase (decrease)	
	Total OPEB liability	Total OPEB liability
Balances at June 30, 2020	\$ 992,098	992,098
Changes for the year:		
Service cost	21,113	21,113
Interest growth	34,641	34,641
Difference between expected and actual experience	(25,587)	(25,587)
Changes in assumptions	(86,222)	(86,222)
Benefit payments	(47,343)	(47,343)
Net changes	(103,398)	(103,398)
Balances at June 30, 2021	\$ 888,700	888,700

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June 30, 2021 and 2020

	Increase (decrease)	
	Total OPEB liability	Total OPEB liability
Balances at June 30, 2019	\$ 949,936	949,936
Changes for the year:		
Service cost	18,510	18,510
Interest growth	36,254	36,254
Difference between expected and actual experience	26,415	26,415
Changes in assumptions	24,298	24,298
Change in benefits	—	—
Benefit payments	(63,315)	(63,315)
Net changes	42,162	42,162
Balances at June 30, 2020	\$ 992,098	992,098

Discount Rate

The discount rate used to measure the total OPEB liability was 2.21% and 3.50% for fiscal year 2021 and 2020, respectively. The discount rate is based on a rate of return based on an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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

The following presents the total OPEB liability calculated using the discount rate as of June 30, 2021 and 2020, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate (dollars in thousands):

	2021		
	1% Decrease 1.21%	Current discount rate 2.21%	1% Increase 3.21%
Total OPEB Liability	\$ 1,031,958	888,700	773,893
Department's Proportionate Share	121,290	104,543	91,109

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June 30, 2021 and 2020

	2020		
	1% Decrease 2.50%	Current discount rate 3.50%	1% Increase 4.50%
Total OPEB Liability	\$ 1,138,547	\$ 992,098	\$ 873,192
Department's Proportionate Share	\$ 134,670	\$ 117,307	\$ 103,222

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

The following presents the total OPEB liability calculated using the current healthcare cost trend rate as of June 30, 2021 and 2020, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate (dollars in thousands):

	2021		
	1% Decrease in trend rate	Current trend rate	1% Increase in trend rate
Total OPEB Liability	\$ 774,314	888,700	1,032,741
Department's Proportionate Share	91,184	104,543	121,335

	2020		
	1% Decrease in trend rate	Current trend rate	1% Increase in trend rate
Total OPEB Liability	\$ 865,427	992,098	1,149,306
Department's Proportionate Share	102,317	117,307	135,917

Actuarial Assumptions

The following actuarial methods and assumptions were used to determine the total OPEB liability for 2020 are as follows:

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Notes to Financial Statements

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Valuation date	June 30, 2019	June 30, 2018
Measurement date	June 30, 2020	June 30, 2019
Reporting date	June 30, 2021	June 30, 2020
Inflation rate	2.25%	2.25%
Salary increases for firefighters and police	4.00%	4.00%
Salary increases for general employees	3.50%	3.50%
Discount rate	2.21%	3.50%

The mortality rates were based on the RP2000 Combined Healthy Mortality Table for males and females with generational projection using Scale AA. Healthcare costs and trend rates were 16% graded down to 6.75% for medical, (1.9)% graded up to 4.50% for Medicare Advantage, and 16% graded down to 3.00% for dental.

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

For the year ended June 30, 2021 and 2020, the City recognized an OPEB benefit of \$31.4 million and \$13.8 million, respectively. The Department's proportionate share of OPEB benefit was \$2.6 million and \$0.4 million, respectively.

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

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

	<u>2021</u>		<u>2020</u>	
	Deferred outflows	Deferred inflows	Deferred outflows	Deferred inflows
Net difference between expected and actual experience	\$ 8,169	\$ 3,790	\$ 10,583	\$ —
Changes of assumptions	\$ 1,903	\$ 31,876	\$ 2,464	\$ 34,716
Changes in proportionate share	\$ 5,539	\$ 4,427	\$ 7,554	\$ 5,887
Total	<u>\$ 15,611</u>	<u>\$ 40,093</u>	<u>\$ 20,601</u>	<u>\$ 40,603</u>

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

	<u>Net deferred outflows/inflows</u>
2022	(9,205)
2023	(9,205)
2024	(1,941)
2025	(1,941)
2026	(2,190)
	<u>\$ (24,482)</u>

Deferred Compensation Plan

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

(9) Risk Management

(a) General

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

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

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Insurance requirements are established with contractors and consultants that do business with the City based on the scope of services and nature of the project(s). Contractors and consultants are generally required to maintain certain types of insurance coverage including but not limited to general liability, automobile liability, workers' compensation, and professional liability.

The City maintains an enterprise wide cyber insurance policy and a separate \$5 million cyber insurance policy and a \$15 million excess cyber insurance coverage for the Department of Aviation which remained in effect from March 1, 2021, through March 1, 2022.

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 City's 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) 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 2021 and 2020.

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

Changes in the balances of the liabilities for workers' compensation attributable to the Department during 2021, 2020, and 2019 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:				
2021	\$ 1,903	969	(471)	2,401
2020	2,471	(403)	(165)	1,903
2019	4,166	(1,266)	(429)	2,471

(c) Health and Dental Insurance

The City's Health plan under Anthem Point of Service and its dental (Anthem PPO High/Low option) are fully insured. The Kaiser HMO, Aetna Dental DHMO and UHC vision plan are fully insured. The City's health and dental liability is calculated by an outside actuary firm. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported.

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June 30, 2021 and 2020

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.

CITY OF ATLANTA, GEORGIA
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Notes to Financial Statements

June 30, 2021 and 2020

(10) Commitments and Contingencies

(a) Commitments

The Department has several significant construction projects budgeted. As of June 30, 2021 and 2020, the Department was contractually obligated to expenditures of approximately \$927.2 million and \$593.6 million, respectively, related to these projects.

(b) Grants from Other Governmental Units

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

(c) Litigation

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

(d) Environmental Obligation

In an Assignment, Assumption and Release Agreement and Claim Resolution Agreement dated February 25, 2011, the City entered into settlement agreements with Northwest Airlines and the Georgia Environmental Protection Division (EPD) to settle all claims in exchange for transfer and assumption of environmental obligations at the Leased Space formerly between Northwest Airlines and the Georgia EPD. As of June 30, 2021 and 2020, a restricted current asset is recorded for approximately \$5.1 million, as a result of this settlement.

(e) Compliance with Finance Related Legal and Contractual Provisions

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

In 2019, the City received notice from the Federal Aviation Administration that it is investigating the unlawful diversion of airport revenues to the City. The City continues to

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DEPARTMENT OF AVIATION**

Notes to Financial Statements

June 30, 2021 and 2020

cooperate with the investigation, but is unable to predict the ultimate resolution.

(11) Impact of COVID-19 Pandemic

(a) COVID-19 Pandemic

The economic dislocation caused by the COVID-19 pandemic—combined with travel restrictions, public health concerns about the contagion and social distancing requirements—resulted in drastic and unprecedented reductions in passenger volumes and flights at the Airport and most other US airports.

The outbreak of COVID-19 has had an adverse effect on airlines serving the Airport, Airport concessionaires and Airport revenues. Historical patterns of passenger and cargo traffic at the Airport were drastically disrupted by the emergence of the COVID-19 pandemic and the Airport witnessed a sharp contraction in activity.

From April 2020 through June 2020, enplaned passengers at the Airport were 10% of enplanements during the same three-month period in 2019. Enplaned passenger traffic began recovering in fiscal year 2021, but remains below fiscal year 2019 levels.

Retail, food, and other service concessionaires located in terminal facilities at the Airport have reported significant declines in sales, and many of the locations have remained temporarily closed as a result of reduced passenger traffic. In addition, the reduction in air travel has had an adverse effect on parking, ground transportation companies, rental car activity, and consequently, such related revenues for the Airport.

(b) Implemented Measures Related to COVID-19

In May 2020, the Department of Aviation released its Resumption of Operations Playbook (Playbook), detailing the measures implemented at the Airport to prevent the transmission and spread of COVID-19, and to enhance the health, safety and well-being of all passengers, stakeholders and employees. The Playbook is regularly updated and is reflective of the Department of Aviation's emphasis on safety, teamwork, and a commitment to excellence.

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Notes to Financial Statements

June 30, 2021 and 2020

(c) Federal Aid Related to COVID-19 Pandemic

The United States government has taken legislative and regulatory actions and implemented measures to mitigate the broad disruptive effects of the COVID-19 pandemic. A summary of certain measures taken to address the impact of the COVID-19 pandemic on airports is below.

CARES Act. The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") approved by the United States Congress and signed by the President on March 27, 2020 includes direct aid in the form of grants for airports as well as direct aid, loans, and loan guarantees for passenger and cargo airlines. Under the CARES Act approximately \$10 billion in grant assistance was provided to airports and \$338.5 million was awarded to the Department of which \$114.8 million and \$80.9 million was expended for fiscal year 2021 and fiscal year 2020, respectively.

CRRSA Act. The Coronavirus Response and Relief Supplemental Appropriations Act (the "CRRSA Act") approved by the United States Congress and signed by the President on December 27, 2020 includes direct aid to prevent, prepare for and respond to the COVID-19 pandemic, including the provision of relief from rent and minimum annual guarantees ("MAGs") for eligible airport concessions at primary airports. Under the CRRSA Act approximately \$2 billion in grant assistance was provided to airports with \$75.8 million and \$11.5 million being awarded to the Department for operations and concessions, respectively. No funds were expended as of the end of fiscal year 2021.

ARP Act. The American Rescue Plan Act (the "ARP Act") was approved by the United States Congress and signed by the President on March 11, 2021, to provide additional economic assistance to airports operators to respond to the COVID-19 pandemic, including relief from rent and MAGs for eligible airport concessions at primary airports. Under the ARP Act approximately \$8 billion in grant assistance was provided to airports, of which \$324.2 million and \$45.8 million was allocated to the Department for operations and concessions, respectively. No funds were expended as of the end of fiscal year 2021.

Additionally, the Department of Aviation continues to evaluate and seek other available sources of State and federal aid as they become available.

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

Notes to Financial Statements

June 30, 2021 and 2020

(12) Subsequent Events

The Department has evaluated subsequent events from the statement of net position date through December 16, 2021, the date at which the financial statements were available to be issued, and determined the following matter requiring disclosure.

On October 6th, 2021, the Department of Aviation issued \$44,305,000 in the aggregate principal amount for the Airport General Revenue Refunding Bonds, Series 2021A (Non-AMT), \$129,985,000 in the aggregate principal amount for the Airport General Revenue Refunding Bonds, Series 2021B (Non-AMT), and \$161,585,000 in the aggregate principal amount for the Airport General Revenue Refunding Bonds, Series 2021C (AMT). The Series 2021 Refunding Bonds were issued for the purpose of providing funds to among other things: (a) refund and redeem all of the outstanding principal amount of the Refunded Bonds; and (b) pay certain costs of issuance with respect to the Series 2021 Refunding Bonds. By issuing the Series 2021 bonds, the city obtained an estimated economic gain of approximately \$125.5 million and obtained a net present value of savings of approximately \$118.0 million.

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REQUIRED SUPPLEMENTARY INFORMATION

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

Schedule of Proportionate Share of Net Pension Liability and Related Ratios and Contributions

Year ended June 30, 2021

(Dollars in thousands)

Plan	Department's proportion of the net pension liability	Department's proportionate share of the net pension liability	Department's covered payroll	Department's proportionate share of contributions	Department's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
General Employees:						
2015	11.49 %	\$78,999	\$16,373	\$4,842	482.51 %	62.49 %
2016	11.49	82,670	16,736	5,517	493.98	61.59
2017	11.49	91,092	17,422	6,232	522.86	58.61
2018	11.49	81,847	18,251	6,184	448.45	63.31
2019	11.49	65,720	18,471	5,964	355.80	69.46
2020	11.49	64,488	20,745	5,426	310.86	70.38
2021	11.22	67,574	19,800	5410	341.29	68.63
Firefighters:						
2015	24.30 %	\$45,640	\$10,907	\$5,019	418.45 %	77.81 %
2016	24.30	50,797	11,465	5,075	443.06	75.51
2017	24.30	60,472	11,401	3,998	530.41	71.11
2018	23.00	52,345	10,920	4,117	479.35	74.63
2019	23.00	50,356	10,801	5,033	466.20	76.64
2020	23.00	56,115	10,862	4,875	516.62	74.88
2021	23.00	63,084	11,486	3,594	549.21	72.31
Police officers:						
2015	7.90 %	\$22,356	\$7,255	\$2,096	308.15 %	77.73 %
2016	7.89	24,582	7,404	2,580	331.98	75.94
2017	7.80	28,659	7,251	1,984	395.24	72.12
2018	8.00	27,397	8,383	2,199	326.82	75.44
2019	8.00	24,742	7,276	2,374	355.80	78.52
2020	8.00	24,731	7,105	2,499	348.08	79.00
2021	8.00	29,958	7,595	1,726	394.42	75.44

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

See accompanying independent auditors' report.

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

Schedule of Proportionate Share of Total OPEB Liability and Related Ratios

Year ended June 30, 2021

(Dollars in thousands)

	Department's proportion of the total OPEB liability	Department's proportionate share of the total OPEB liability	Department's covered payroll	Department's proportionate share of the total OPEB liability as a percentage of its covered payroll
2018	11.16 %	\$134,790	\$42,905	314.16 %
2019	12.18	115,698	46,119	250.87
2020	11.82	117,307	49,291	237.99
2021	11.48	104,542	56,874	183.81

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

See accompanying independent auditors' report.

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

Notes to Required Supplementary Information

Year Ended June 30, 2019

(Unaudited)

(1) Schedule of Proportionate Share of Net Pension Liability

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

(2) Schedule of Proportionate Share of Total OPEB Liability

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

(3) Changes of Assumptions and Benefit Terms

Changes of assumptions for Pension Plans:

There have been no changes in assumptions for GASB reporting purposes as of June 30, 2020 or June 2019.

Changes of assumptions for OPEB:

The valuation - year per capita healthcare costs and healthcare trend assumptions were updated. The discount rate effective for June 30, 2020 and 2021 was 2.21% and 3.50, respectively. The Medicare Part B penalty was accounted for in the total claims cost spread among all current retirees enrolled in Medicare Advantage plans.

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STATISTICAL SECTION

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

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

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

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

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

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

FINANCIAL TRENDS

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION
Total Annual Revenues, Expenses, and Changes in Net Position
Fiscal Years Ended 2012-2021
(Accrual basis)
(Unaudited)
(In thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total revenues:										
Operating revenues:										
Parking, car rental, and other concessions	\$ 229,585	246,593	254,047	265,585	285,722	293,199	316,885	325,633	238,522	134,312
Terminal, maintenance buildings, and other rentals	80,578	142,893	136,603	130,383	124,110	126,882	144,846	158,044	146,612	159,344
Landing fees	48,009	47,416	47,084	32,166	17,246	17,220	34,414	53,049	38,285	36,673
Other	35,960	53,484	58,518	54,888	59,734	60,654	29,332	31,781	18,899	24,141
Total operating revenues	<u>394,132</u>	<u>490,386</u>	<u>496,252</u>	<u>483,022</u>	<u>486,812</u>	<u>497,955</u>	<u>525,477</u>	<u>568,507</u>	<u>442,318</u>	<u>354,470</u>
Nonoperating revenues:										
Investment income (loss), net	16,063	9,102	23,322	22,601	21,644	4,347	10,062	78,595	67,418	11,676
Passenger facility charges	177,899	180,077	180,382	187,308	201,146	199,431	202,963	209,320	154,393	90,153
Customer facility charges, net	22,943	24,290	23,437	25,351	28,526	29,019	30,342	28,552	19,474	7,307
Operating grants	—	—	—	—	—	—	—	—	80,881	114,805
Other	(14,943)	2,243	(16,463)	(13,672)	(782)	(7,074)	4,698	15,542	(8,144)	(14,127)
Total nonoperating revenues	<u>201,962</u>	<u>215,712</u>	<u>210,678</u>	<u>221,588</u>	<u>250,534</u>	<u>225,723</u>	<u>248,065</u>	<u>332,009</u>	<u>314,022</u>	<u>209,814</u>
Capital contributions	37,522	33,500	10,888	26,851	22,505	11,521	14,515	21,599	29,615	44,956
Total revenues	<u>633,616</u>	<u>739,598</u>	<u>717,818</u>	<u>731,461</u>	<u>759,851</u>	<u>735,199</u>	<u>788,057</u>	<u>922,115</u>	<u>785,955</u>	<u>609,240</u>
Total expenses:										
Operating expenses:										
Salaries and employees benefits	79,785	82,050	91,691	87,756	91,394	103,048	95,745	92,250	97,237	105,262
Repair, maintenance, and other contractual services	98,258	101,742	112,676	124,339	138,793	139,360	147,218	158,157	158,015	150,092
General services	21,997	20,504	16,898	18,524	18,187	18,222	21,655	23,893	23,149	22,773
Utilities	8,151	8,768	8,990	8,983	9,270	9,025	9,584	10,201	8,105	8,141
Materials and supplies	4,090	4,353	4,720	5,003	4,625	6,521	6,313	5,148	4,559	3,694
Other	7,761	12,146	24,742	23,874	28,340	36,084	22,991	26,540	32,137	28,660
Depreciation and amortization	161,642	211,110	222,446	218,732	223,330	229,983	253,554	257,512	272,495	285,808
Total operating expenses	<u>381,684</u>	<u>440,673</u>	<u>482,163</u>	<u>487,211</u>	<u>513,939</u>	<u>542,243</u>	<u>557,060</u>	<u>573,701</u>	<u>595,697</u>	<u>604,430</u>
Operating income (loss)	<u>12,448</u>	<u>49,713</u>	<u>14,089</u>	<u>(4,189)</u>	<u>(27,127)</u>	<u>(44,288)</u>	<u>(31,583)</u>	<u>(5,194)</u>	<u>(153,379)</u>	<u>(249,960)</u>
Nonoperating expenses:										
Interest expense	112,314	146,718	139,826	127,941	121,047	123,710	110,382	115,208	112,353	94,455
Total nonoperating expenses	<u>112,314</u>	<u>146,718</u>	<u>139,826</u>	<u>127,941</u>	<u>121,047</u>	<u>123,710</u>	<u>110,382</u>	<u>115,208</u>	<u>112,353</u>	<u>94,455</u>
Total expenses	<u>493,998</u>	<u>587,391</u>	<u>621,989</u>	<u>615,152</u>	<u>634,986</u>	<u>665,953</u>	<u>667,442</u>	<u>688,909</u>	<u>708,050</u>	<u>698,885</u>
Total expenses net of depreciation and amortization	<u>332,356</u>	<u>376,281</u>	<u>399,543</u>	<u>396,420</u>	<u>416,681</u>	<u>435,970</u>	<u>413,888</u>	<u>431,397</u>	<u>435,555</u>	<u>413,077</u>
Transfer (to)/from City	—	(193)	(6,781)	(518)	—	(5,228)	(2,743)	(420)	—	(4,339)
Increase in net position	<u>\$ 139,618</u>	<u>152,014</u>	<u>89,048</u>	<u>115,791</u>	<u>124,865</u>	<u>64,018</u>	<u>117,872</u>	<u>232,786</u>	<u>77,905</u>	<u>(93,984)</u>
Prior year change in net position	\$ (34,251)	—	—	(158,479)	—	—	(86,629)	—	—	—
Net position:										
Net investment in capital assets	\$ 2,940,208	3,111,590	3,065,175	3,147,404	3,190,333	3,318,001	3,420,727	3,538,961	3,612,986	3,606,718
Restricted for capital projects and debt service	869,781	889,522	936,495	1,013,484	1,042,955	1,069,578	1,094,488	1,187,039	1,124,454	948,329
Unrestricted	658,599	619,490	707,980	506,074	558,539	468,266	371,873	393,874	460,339	548,748
Total net position	<u>\$ 4,468,588</u>	<u>4,620,602</u>	<u>4,709,650</u>	<u>4,666,962</u>	<u>4,791,827</u>	<u>4,855,845</u>	<u>4,887,088</u>	<u>5,119,874</u>	<u>5,197,779</u>	<u>5,103,795</u>

Sources: City of Atlanta, Department of Aviation

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

See accompanying independent auditors' report.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION
Changes in Cash and Cash Equivalents
Years Ended 2012-2021
(Unaudited)
(In thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Cash flows from operating activities:										
Receipts from customers and tenants	\$ 400,193	484,946	499,254	498,580	482,647	497,939	533,809	602,270	410,654	377,879
Payments to suppliers for goods and services	(134,631)	(155,482)	(168,740)	(175,378)	(194,491)	(213,715)	(184,925)	(236,658)	(232,581)	(215,791)
Payments to employees for service	(74,917)	(74,959)	(83,714)	(86,274)	(91,513)	(94,262)	(96,797)	(101,425)	(103,530)	(111,425)
Net cash provided by operating activities	<u>190,645</u>	<u>254,505</u>	<u>246,800</u>	<u>236,928</u>	<u>196,643</u>	<u>189,962</u>	<u>252,087</u>	<u>264,187</u>	<u>74,543</u>	<u>50,663</u>
Cash flows from investing activities:										
Interest and dividends on investments	12,812	21,059	19,314	25,093	25,794	22,528	17,534	120,218	91,747	22,775
Change in restricted investments	(138,175)	(111,844)	(34,351)	32,782	(274,495)	(104,107)	(83,915)	(129,037)	299,019	78,156
Change in pooled investment fund	(184,052)	(125,640)	(85,101)	(2,738)	(52,633)	45,767	6,397	(40,903)	(48,114)	(68,234)
Net cash provided by (used) in investing activities	<u>(309,415)</u>	<u>(216,425)</u>	<u>(100,138)</u>	<u>55,137</u>	<u>(301,334)</u>	<u>(35,812)</u>	<u>(59,984)</u>	<u>(49,722)</u>	<u>342,652</u>	<u>32,697</u>
Cash flows from capital and related financing activities:										
Grants received	29,379	40,076	8,482	25,451	26,552	12,459	15,002	21,492	21,648	48,238
Principal repayments of short-term and long-term obligations and capital leases	(867,292)	(96,810)	(982,615)	(105,115)	(116,085)	(121,480)	(127,675)	(135,512)	(1,723,454)	(617,347)
Acquisition, construction, and improvement of capital assets	(419,964)	(338,371)	(188,114)	(291,813)	(212,150)	(354,222)	(429,744)	(457,660)	(438,361)	(397,361)
Passenger and customer facility charges	198,204	205,783	207,378	210,332	227,522	221,016	208,992	266,874	200,036	89,145
Proceeds from intergovernmental receivable	—	—	—	—	—	—	—	10,751	—	—
Proceeds from short-term and long-term obligations	978,496	—	929,738	—	320,000	126,926	158,188	126,632	2,024,501	602,744
Interest and other fees paid on bonds	(137,256)	(148,412)	(182,576)	(117,723)	(134,951)	(147,070)	(116,979)	(111,621)	(134,162)	(146,206)
Net cash provided by (used) in capital and related financing activities	<u>(218,433)</u>	<u>(337,734)</u>	<u>(207,707)</u>	<u>(278,868)</u>	<u>110,888</u>	<u>(262,371)</u>	<u>(292,216)</u>	<u>(279,044)</u>	<u>(49,792)</u>	<u>(420,787)</u>
Cash flows from non-capital and related financing activities:										
Grants received	—	—	—	—	—	—	—	—	80,881	114,805
Net cash provided by in non-capital and related financing activities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>80,881</u>	<u>114,805</u>
Increase (decrease) in cash and cash equivalents	<u>(337,203)</u>	<u>(299,654)</u>	<u>(61,045)</u>	<u>13,197</u>	<u>6,197</u>	<u>(108,221)</u>	<u>(100,113)</u>	<u>(64,579)</u>	<u>448,284</u>	<u>(222,622)</u>
Cash and cash equivalents:										
Beginning of year	1,426,604	1,089,401	789,747	616,985	630,182	636,379	528,158	428,045	363,466	811,750
End of year	<u>\$ 1,089,401</u>	<u>789,747</u>	<u>728,702</u>	<u>630,182</u>	<u>636,379</u>	<u>528,158</u>	<u>428,045</u>	<u>363,466</u>	<u>811,750</u>	<u>589,128</u>

Sources: City of Atlanta, Department of Aviation

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

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

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

See accompanying independent auditors' report.

REVENUE CAPACITY

ATL | Annual Comprehensive
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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 2012-2021
(Unaudited)
(In thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Landing fees:										
Signatory	\$ 47,712	47,145	46,745	31,893	17,034	16,971	34,138	52,625	37,866	36,183
Nonsignatory and other	297	271	339	273	212	249	276	424	419	490
Total landing fees	48,009	47,416	47,084	32,166	17,246	17,220	34,414	53,049	38,285	36,673
CPTC Rentals:										
Central Terminal Building and Apron	34,982	77,615	64,128	64,227	64,172	64,414	180,304	225,901	176,148	153,891
Central Terminal Tenant Finishes	47,099	67,099	70,734	72,631	67,846	75,198	23,314	5,943	5,952	5,943
Airline Credits	(44,861)	(49,147)	(49,728)	(54,060)	(58,920)	(61,167)	(108,255)	(123,505)	(82,307)	(48,502)
Total CPTC Rentals	37,220	95,567	85,134	82,798	73,098	78,445	95,363	108,339	99,793	111,332
CPTC cost recoveries:										
Operations charge	12,892	16,347	14,631	18,564	17,376	18,600	6,067	—	—	—
Automated Guideway Transit System	8,437	14,463	17,560	13,715	15,239	15,075	4,097	—	—	—
Insurance premium reimbursement	524	612	977	747	748	714	105	—	—	—
MHJIT O&M	212	4,364	3,690	2,066	2,859	3,501	540	—	—	—
Total cost recoveries	22,065	35,786	36,858	35,092	36,222	37,890	10,809	—	—	—
Concession revenues:										
Terminal concessions	75,383	93,189	97,874	101,753	110,787	113,874	115,989	121,060	87,887	28,539
Communication services and other	7,688	2,357	3,375	1,152	1,515	1,348	1,325	1,326	1,315	1,300
Parking	114,129	117,425	118,462	124,047	132,090	131,895	147,609	147,410	107,378	65,807
Car rentals	30,764	31,765	32,380	36,347	38,812	40,359	42,010	43,607	32,001	33,423
Ground transportation	1,621	1,857	1,957	2,286	2,518	5,723	9,952	12,230	9,941	5,243
Total concessions revenues	229,585	246,593	254,048	265,585	285,722	293,199	316,885	325,633	238,522	134,312
Other revenues:										
Landside rentals	16,056	16,086	11,844	12,030	11,885	9,236	8,475	8,358	7,094	7,160
Airside rentals	27,302	31,239	39,624	35,555	39,127	39,201	41,008	43,173	40,925	42,117
Other income	4,693	8,563	9,794	6,382	9,301	7,363	5,158	12,902	1,856	2,714
Total other revenues	48,051	55,888	61,262	53,967	60,313	55,800	54,641	64,433	49,875	51,992
Non-Airline Cost Recoveries:										
SkyTrain and Rental Car Center	4,364	4,410	6,582	6,985	7,120	7,905	7,382	7,901	7,443	8,375
Rental Car Center O&M	4,838	4,726	5,284	6,429	7,091	7,496	5,983	9,152	8,400	11,786
Total Non-Airline Cost Recoveries	9,202	9,136	11,866	13,414	14,211	15,401	13,365	17,053	15,843	20,161
Revenues	\$ 394,132	490,386	496,252	483,022	486,812	497,955	525,477	568,507	442,318	354,470
Airline rates and charges:										
Signatory landing fee rate (per 1,000 lbs.)	\$ 0.82084	0.81206	0.82049	0.81662	0.28666	0.28687	0.74770	0.76270	0.95130	0.95130
Enplaned passengers	47,147,315	47,526,243	47,318,755	49,056,316	51,807,372	52,097,740	52,562,196	54,531,948	39,747,596	24,883,705
Cost per enplaned passenger	2.34	3.70	3.36	2.86	2.38	2.50	2.61	2.81	3.33	5.72

Sources: City of Atlanta, Department of Aviation
See accompanying independent auditors' report.

ATL | Annual Comprehensive
Financial Report

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 2012-2021
 (Unaudited)
 (In thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Operating revenues – receipts from customers and tenants	\$ 400,193	484,946	499,254	498,580	482,647	497,939	533,809	602,270	410,654	377,879
Investment income	6,901	12,219	10,637	14,372	17,145	14,787	15,311	17,189	17,218	9,386
Total revenues	407,094	497,165	509,891	512,952	499,792	512,726	549,120	619,459	427,872	387,265
Operating expenses:										
Payments to suppliers for goods and services	134,631	155,482	168,740	175,378	194,491	213,715	184,925	236,658	232,581	215,791
Payments to or on behalf of employees	74,917	74,959	83,714	86,274	91,513	94,262	96,797	101,425	103,530	111,425
Other payments	—	—	—	—	—	—	—	—	—	—
Additions from CIP reconciliations	—	—	—	—	—	—	—	—	—	—
Total operating expenses	209,548	230,441	252,454	261,652	286,004	307,977	281,722	338,083	336,111	327,216
Adjustment: Major Maintenance Expenditures – Planning and Development	22,740	19,245	28,178	36,463	45,572	43,852	32,868	21,664	27,404	25,642
Adjustment: Expenses paid from CARES Act Grant Funds	—	—	—	—	—	—	—	—	34,836	10,561
Net revenues	\$ 220,286	285,969	285,615	287,763	259,360	248,601	300,266	303,040	154,001	96,252
General revenue bond debt service requirements	\$ 125,366	157,237	158,935	153,298	168,552	167,951	167,964	168,449	171,957	136,262
General revenue bond debt service paid from PFC revenues	8,300	—	—	—	42,675	28,318	25,310	26,480	25,583	8,342
General revenue bond debt service paid from CARES Act Grant funds	—	—	—	—	—	—	—	—	46,045	101,890
General revenue bond debt paid from net revenues	\$ 117,066	157,237	158,935	153,298	125,877	139,633	142,654	141,969	100,329	26,030
Debt service coverage on general revenue bond debt service paid from net revenues	1.88	1.82	1.80	1.88	2.06	1.78	2.10	2.13	1.53	3.70

Sources: City of Atlanta, Department of Aviation

See accompanying independent auditors' report.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION
Ratios of Outstanding Debt
Fiscal Years Ended 2012-2021
(Unaudited)

(In thousands, except for per enplanement figures)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Debt Service paid from net revenues (GARB only)	\$ 117,066	157,237	158,935	153,298	125,877	139,757	142,654	141,969	100,329	26,030
Total Operating Expenses net of Depreciation & Amortization	\$ 220,042	229,563	259,717	268,479	290,609	312,260	303,506	316,189	323,202	318,622
Debt Service per Enplaned Passenger:										
Enplaned Passenger	47,147	47,526	47,319	49,056	51,807	52,098	52,562	54,532	39,748	24,884
Debt Service per Enplaned Passenger	\$ 2.48	3.31	3.36	3.12	2.43	2.68	2.71	2.60	2.52	1.05
Outstanding Debt per Enplaned Passenger:										
Outstanding Debt (GARB, PFC and CFC)	\$ 3,275,729	3,167,584	3,102,242	2,978,917	3,145,561	3,007,984	2,865,383	2,417,047	3,060,046	2,867,238
Enplaned Passengers	47,147	47,526	47,319	49,056	51,807	52,098	52,562	54,532	39,748	24,884
Outstanding Debt per Enplaned Passenger	\$ 69.48	66.65	65.56	60.72	60.72	57.74	54.51	44.32	76.99	115.23

Sources: City of Atlanta, Department of Aviation

See accompanying independent auditors' report.

DEMOGRAPHIC AND ECONOMIC INFORMATION

ATL | Annual Comprehensive
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CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION
Demographic and Economic Statistics
Atlanta-Sandy Springs-Alpharetta, GA Metropolitan Statistical Area (1)
(Unaudited)

Calendar year	Population (2)	Personal income (in thousands) (3)	Per capita personal income (4)	Annual average unemployment rate (5)
2011	5,374,179	\$ 219,302,662	\$ 40,807	9.9 %
2012	5,455,324	227,590,427	41,719	8.8
2013	5,523,527	231,100,784	41,839	7.8
2014	5,615,364	244,065,812	43,464	6.7
2015	5,710,795	257,509,958	45,092	5.6
2016	5,789,700	274,129,130	47,348	4.8
2017	5,884,736	292,220,800	49,657	4.0
2018	5,949,951	312,213,493	52,473	3.8
2019	6,020,364	328,450,133	54,557	3.2
2020	6,087,762	345,201,090	56,704	6.9

Source:

1. The Atlanta metropolitan area or metro Atlanta, officially designated by the U.S. Census Bureau as the Atlanta-Sandy Springs-Alpharetta Metropolitan Statistical Area, spans 29 counties in north Georgia. [<http://www.bea.gov/iTable>]
2. Population figures for 2011-2020 are annual estimates by the U.S. Census Bureau. All population figures are based on the 29 county Atlanta MSA delineation. [<http://www.census.gov/>]
3. 2011 through 2019 data from U.S. Department of Commerce, Bureau of Economic Analysis last updated in November 2020. Note: 2020 is an estimate based on compound annual growth rate between 2009 through 2019. [<http://www.bea.gov/regional/bearfacts/>]
4. Per capita personal income is calculated by dividing personal income by population multiplied by 1000.
5. Unemployment Rate data from the U.S. Bureau of Labor Statistics (BLS) [<http://www.bls.gov/>]

See accompanying independent auditors' report.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION
 Top Private Sector Employers
 Atlanta-Sandy Springs-Alpharetta, GA Metropolitan Statistical Area
 (Unaudited)

Product/Service	2020 (1)			2010 (2)			
	Number of Employees	Rank	Percentage of Total MSA Employment	Number of Employees	Rank	Percentage of Total MSA Employment	
Delta Air Lines	Transportation	32,823	1	1.08 %	27,000	1	1.19 %
Northside Hospital	Healthcare	22,220	2	0.73	5,540	10	0.24
Walmart (3)	Marketing and Manufacturing	20,532	3	0.68	26,000	2	1.15
AT&T Services, Inc (4)	Telecommunication	20,000	4	0.66	N/A	N/A	N/A
WellStar Health System Inc.	Healthcare	18,035	5	0.59	8,583	5	0.38
Piedmont Healthcare	Healthcare	11,400	6	0.38	6,113	9	0.27
United Parcel Service Inc.	Transportation	11,000	7	0.36	6,285	8	0.28
The Home Depot	Marketing and Manufacturing	10,242	8	0.34	9,000	4	0.40
Argenbright Holdings LLC	Aviation and Security	8,298	9	0.27	N/A	N/A	N/A
Children's Healthcare of Atlanta	Healthcare	8,042	10	0.27	N/A	N/A	N/A
Cox Enterprises	Media/Entertainment	7,899	11	0.26	6,746	6	0.30
Truist Bank (4)	Banking	7,594	12	0.25	N/A	N/A	N/A
Publix Super Markets Inc.	Marketing and Manufacturing	7,501	13	0.25	9,453	3	0.42
Northeast Georgia Health System	Healthcare	7,281	14	0.24	N/A	N/A	N/A
State Farm, Southeastern Market Area	Insurance	7,088	15	0.23	N/A	N/A	N/A
WarnerMedia (4)	Media/Entertainment	6,972	16	0.23	6,702	7	0.30
Grady Health System	Healthcare	5,044	17	0.17	N/A	N/A	N/A
Lockheed Martin Aeronautics, Co.	Marketing and Manufacturing	4,700	18	0.15	N/A	N/A	N/A
Wells Fargo & Co.	Banking	4,250	19	0.14	N/A	N/A	N/A
Fiserv Inc	Financial Services	4,170	20	0.14	N/A	N/A	N/A
Deloitte	Financial Services	3,393	21	0.11	N/A	N/A	N/A
		228,484		7.53	111,422		4.91
	Other Employees (5)	2,803,898		92.47	2,156,478		95.09
		3,032,382		100.0 %	2,267,900		100.00 %

Source:

1. 2020 Largest Employers, Atlanta Business Journal, Book of Lists, 2020-2021; pg 145
2. 2010 Largest Employers, Atlanta Business Journal, Book of Lists, 2011-2012
3. Walmart's employee total is from the company's latest response to the Metro Atlanta Chamber's employer survey for 2014.
4. AT&T, Truist Bank and WarnerMedia's employee totals are from the 2019-2020 Atlanta Business Journal, Book of Lists
5. [www.bls.gov/data/Tools/Unemployment/Local Area Unemployment Statistics/Top picks/Georgia/Atlanta-Sandy Springs-Alpharetta](http://www.bls.gov/data/Tools/Unemployment/Local%20Area%20Unemployment%20Statistics/Top%20picks/Georgia/Atlanta-Sandy%20Springs-Alpharetta)

See accompanying independent auditors' report.

OPERATING INFORMATION

ATL | Annual Comprehensive
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CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION
 Aircraft Operations and Enplanement Trends
 Fiscal Years Ended 2012-2021
 (Unaudited)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Aircraft operations:										
Domestic:										
Air carrier	670,585	665,578	649,355	683,105	722,372	710,856	713,731	731,138	593,836	537,926
Air taxi	184,940	177,234	160,437	103,858	91,128	93,542	84,492	84,223	69,268	42,842
General aviation	7,045	7,653	7,373	7,555	7,612	7,978	7,462	7,495	5,524	3,903
Military	394	295	230	528	345	178	166	178	241	265
Sub total	<u>862,964</u>	<u>850,760</u>	<u>817,395</u>	<u>795,046</u>	<u>821,457</u>	<u>812,554</u>	<u>805,851</u>	<u>823,034</u>	<u>668,869</u>	<u>584,936</u>
International:										
Air carrier	68,590	67,997	70,619	75,335	76,026	76,651	78,920	78,249	54,448	31,419
Total	<u>931,554</u>	<u>918,757</u>	<u>888,014</u>	<u>870,381</u>	<u>897,483</u>	<u>889,205</u>	<u>884,771</u>	<u>901,283</u>	<u>723,317</u>	<u>616,355</u>
Passengers:										
Domestic:										
Enplaned	42,277,924	42,565,430	42,077,139	43,630,709	46,091,894	46,226,593	46,424,605	48,225,191	35,599,784	23,369,034
Deplaned	42,312,567	42,609,947	42,133,485	43,721,712	46,120,783	46,245,107	46,471,637	48,286,137	35,613,456	23,365,323
Sub total	<u>84,590,491</u>	<u>85,175,377</u>	<u>84,210,624</u>	<u>87,352,421</u>	<u>92,212,677</u>	<u>92,471,700</u>	<u>92,896,242</u>	<u>96,511,328</u>	<u>71,213,240</u>	<u>46,734,357</u>
International:										
Enplaned	4,869,391	4,960,813	5,241,616	5,425,607	5,715,478	5,871,147	6,137,591	6,306,757	4,147,812	1,514,671
Deplaned	4,933,473	5,018,821	5,382,072	5,489,021	5,761,333	5,915,765	6,174,267	6,310,209	4,382,461	1,469,923
Sub total	<u>9,802,864</u>	<u>9,979,634</u>	<u>10,623,688</u>	<u>10,914,628</u>	<u>11,476,811</u>	<u>11,786,912</u>	<u>12,311,858</u>	<u>12,616,966</u>	<u>8,530,273</u>	<u>2,984,594</u>
Total enplaned	<u>47,147,315</u>	<u>47,526,243</u>	<u>47,318,755</u>	<u>49,056,316</u>	<u>51,807,372</u>	<u>52,097,740</u>	<u>52,562,196</u>	<u>54,531,948</u>	<u>39,747,596</u>	<u>24,883,705</u>
Total passengers	<u>94,393,355</u>	<u>95,155,011</u>	<u>94,834,312</u>	<u>98,267,049</u>	<u>103,689,488</u>	<u>104,258,612</u>	<u>105,208,100</u>	<u>109,128,294</u>	<u>79,743,513</u>	<u>49,718,951</u>

Sources: City of Atlanta, Department of Aviation

See accompanying independent auditors' report.

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**
Historical Aircraft Landed Weights
(Amounts in thousands of pounds)
(Unaudited)

Year end	Signatory Airlines	Nonsignatory Airlines	Total	Annual percent change
2012	58,126,000	164,000	58,290,000	(0.7)%
2013	58,056,000	182,000	58,238,000	(0.1)
2014	57,157,000	166,000	57,323,000	(1.6)
2015	58,201,000	179,000	58,380,000	1.8
2016	59,951,000	133,000	60,084,000	2.9
2017	59,848,000	166,000	60,014,000	(0.1)
2018	59,992,000	149,000	60,141,000	0.2
2019	61,735,000	219,000	61,954,000	3.0
2020	51,874,000	280,000	52,154,000	(15.8)
2021	42,605,000	511,000	43,116,000	(17.3)

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)

(Unaudited)

Year end	Cargo	Mail	Total	Annual percent change
2012	621,817	31,566	653,383	(2.4)%
2013	592,104	44,918	637,022	(2.5)
2014	552,045	49,396	601,441	(5.6)
2015	576,326	48,001	624,327	3.8
2016	584,903	41,179	626,082	0.3
2017	631,730	41,480	673,210	7.5
2018	663,859	40,717	704,576	4.7
2019	638,490	38,288	676,778	(3.9)
2020	561,364	31,770	593,134	(12.4)
2021	637,756	47,688	685,444	15.6

Source: City of Atlanta, Department of Aviation

See accompanying independent auditors' report.

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

Airlines Serving the Airport
(Unaudited)

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

Sources: City of Atlanta, Department of Aviation

See accompanying independent auditors' report.

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

Budget Staffing Levels
Fiscal Years Ended 2012-2021
(Unaudited)

Department	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Airport Maintenance	179	179	181	186	186	183	183	183	183	185
Airport Operations	74	74	81	71	75	76	89	88	88	88
Commercial Properties	7	7	7	7	7	6	9	8	9	8
Concessions	13	14	16	15	15	22	23	23	22	24
Customer Service	3	3	3	8	9	9	7	7	7	7
Executive Administration	11	11	12	24	48	39	45	49	50	58
Finance	31	34	34	35	41	40	41	40	40	41
Human Resources	22	4	5	1	1	3	4	4	4	1
Information Technology	40	39	41	43	46	47	50	51	48	51
Internal Audit	3	4	4	4	4	3	4	4	4	4
Marketing	22	22	23	17	12	11	12	15	15	24
Planning and Development	113	114	111	111	111	114	102	102	99	84
Public Safety	516	494	536	541	547	549	622	638	636	640
Purchasing	9	9	9	9	9	1	—	—	—	—
Other City of Atlanta Depts	54	62	68	71	73	84	89	93	86	79
Total	1,097	1,070	1,131	1,143	1,184	1,187	1,280	1,305	1,291	1,294

Sources: City of Atlanta, Department of Aviation

See accompanying independent auditors' report.

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

Airport Information

(Unaudited)

Official name	Hartsfield-Jackson Atlanta International Airport
Airport code	ATL
Ownership/operator	City of Atlanta/Department of Aviation
Distance from downtown Atlanta	10 miles (16.2 kilometers)
Elevation above sea level	1,026 feet (316 meters)
Total airport area	4,750 acres (1,922 hectares)
Terminal complex	The terminal complex measures 7.0 million square feet, or 160 acres. The complex includes the terminal building and concourses T, A, B, C, and D; and the international terminal building and concourses E and F. Within these concourses, there are 152 domestic and 41 international gates. The Airport is free of any architectural barriers to people with disabilities.
Runways	There are five parallel runways in an east-west configuration: 8R-26L is 9,999 feet long (3,048 meters) 8L-26R is 9,000 feet long (2,743 meters) 9R-27L is 9,000 feet long (2,743 meters) 9L-27R is 12,390 feet long (3,777 meters) 10-28 is 9,000 feet long (2,743 meters)
Parking capacity	There are 31,991 public parking spaces which includes 14,430 walkable Domestic and International parking deck spaces in close proximity of the terminals, 4,931 Walkable Economy spaces, 5,772 parking deck spaces with access to the terminal by train, 6,858 Domestic and International Terminal ParkRide shuttle spaces, 343 employee parking spaces, and 164 "Cell phone lot" spaces. Special parking spaces are provided for ADA customers in each facility within close proximity.
Ground transportation	The Ground Transportation Center (GTC) is located at the west end of the terminal building, and outside of the north and south baggage claim areas. Within the GTC are local and regional shared-ride shuttles that offer door-to-door reservation and on-demand service to hotels, convention centers, businesses and residences from the 5 Atlanta metropolitan counties of Clayton, Cobb, DeKalb, Fulton, and Gwinnett and to bordering states. The taxi staging area is located along the west curb in the GTC. Rideshare (TNC) service is also available and accessible from the north and south lower level curbsides of the airport's terminal building. The Metropolitan Atlanta Rapid Transit Authority (MARTA) station is located at the west end of the terminal between the north and south baggage claims areas.
Rental car center	The Rental Car Center (RCC) is a convenient, state-of-the-art, 67.5 acre facility that houses all rental car company operations and vehicles. The RCC includes two four-story parking decks, more than 8,700 parking spaces and a 137,000 square-foot customer service center. The rental car center features 13 rental car brands – Advantage, ACE/Airport, Alamo, Avis, Budget, Dollar, Enterprise, EZ, Hertz, National, Payless, SIXT, and Thrifty.
ATL SkyTrain	The ATL SkyTrain is the Airport's elevated automated people mover system that provides transportation between the main terminal, Georgia International Convention Center (GICC) and Gateway Center hotel and rental car complex and the RCC. The SkyTrain system operates 24 hours each day, and consists of 6 two car vehicles, nearly 1.5 miles of guideway, 6 stations, and a maintenance facility. Each two-car train carries 100 passengers and their baggage.
The Plane Train®	The Plane Train® is the Airport's underground automated people mover system that carries passengers and their baggage, provides transportation between the domestic terminal, international terminal and seven concourses. The Plane Train® operates 20 hours a day with a four hour/day maintenance period, and consists of 59 vehicles, a 4.0 mile loop track, 16 stations, and two maintenance facilities. Each train consists of four cars and carries approximately 300 passengers and their baggage.

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

Airport Information

Concessions	There are more than 352 concession outlets throughout the Airport, including 171 food and beverage, 129 retail and convenience, 2 duty-free stores, and 50 service outlets, including a Common Use Lounge, Banking Center, Georgia Lottery, shoe shine, ATMs, currency exchange, vending machines, spas, sleep units and biometric screening locations.
Cargo and airfield assets	There are three main airfield complexes: North, South, and Midfield, occupying 7.6 million square feet spread over 198 acres. This includes cargo facilities, airline support and maintenance facilities, fixed base operations, and fuel farms. Cargo facility assets include cargo operations in all three complexes, including ATL cargo warehouse facilities in the North and South complex, a USDA propagated plant inspection station, and 28 parking positions for cargo aircraft, 20 at the North complex and 8 at the South complex.
Employment	The Airport is considered to be the largest employment center in the State of Georgia. Collectively, there are approximately 63,000 airline, ground transportation, concessionaire, security, federal government, City of Atlanta and airport tenant employees at the Airport.
Economic impact	<p>The total airport payroll is estimated to be \$4.5 billion annually, resulting in direct and indirect economic impact of approximately \$6.7 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 \$46.9 billion annually, with an indirect and induced impact of \$35.5 billion annually. Including these indirect and induced effects, the total economic impact of the airport is \$82.4 billion annually.</p>

Sources: City of Atlanta, Department of Aviation

See accompanying independent auditors' report.