

**CITY OF ATLANTA,  
GEORGIA**



**KASIM REED  
MAYOR**



**POPULAR ANNUAL FINANCIAL REPORT  
FOR YEAR ENDED JUNE 30, 2013**





# About This Report

The City's Finance Department is proud to present this *Popular Annual Financial Report* (PAFR). This is a short form report that gives summarized information about the City's financial activities. It is intended to give readers an overview of the City and its finances. It is derived from, but does not provide all the detailed information required by accounting standards (Generally Accepted Accounting Principles – or GAAP). It does not include information on all of the City's Funds or Components Units.

Detailed financial information including the audited financial statements is available in the City's *Comprehensive Annual Financial Report*, commonly called the CAFR. The CAFR provides full disclosure of all material events in the notes to the financial statements, as well as required supplementary information and historical statistical information.

The CAFR and PAFR are both available online at:  
[www.atlantaga.gov/Departments/Finance/Controller](http://www.atlantaga.gov/Departments/Finance/Controller).

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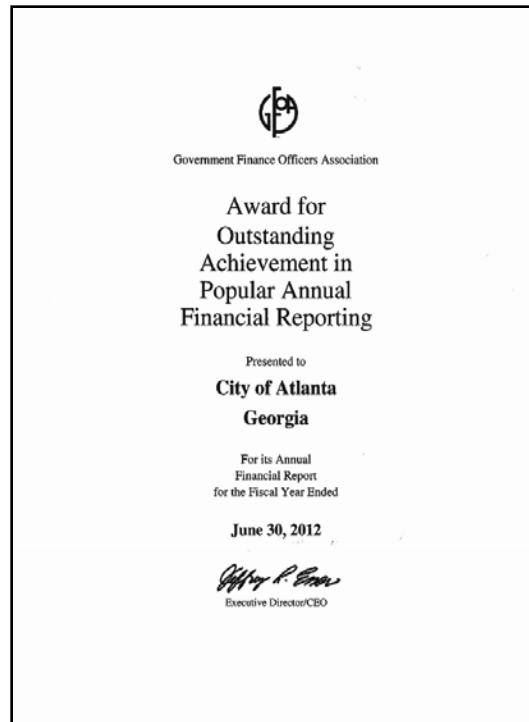
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The Department of Finance mission is to provide leading practice financial management services and leadership to achieve City of Atlanta goals and objectives. The Department of Finance serves as a strategic business partner to provide excellent service to internal and external customers, deliver a clear and concise picture of the City's current and future financial position and promote actions to achieve City's priorities.

- ❖ The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Atlanta for its Popular Annual Financial Report for the fiscal year ended June 30, 2012. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest national standards for preparation of state and local government popular reports.
- ❖ The Comprehensive Annual Financial Report (CAFR), one of the supporting documents for this report, is also award winning, having earned the GFOA's Certificate of Achievement for Excellence in Financial Reporting for 27 consecutive years.



# About The City



## THE REED COMMITMENT

**A SAFE CITY**  
PUBLIC SAFETY

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**A FINANCIALLY STRONG CITY**  
FISCAL ACCOUNTABILITY & EFFICIENT  
GOVERNMENT

---

**A CARING CITY**  
CENTERS OF HOPE & THE MAYORS YOUTH PROGRAM

---

**A WORLD CLASS CITY**  
BUSINESS GROWTH, TOURISM & CONVENTIONS

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**A LEADING CITY**  
TRANSPORATION, SUSTAINABILITY & GREENSPACE

Atlanta was founded in 1847 at the end of the Western & Atlantic Railroad line. It was first named Marthasville in honor of the then-governor's daughter, and then changed soon after to Atlanta, the feminine of Atlantic. Atlanta is the capital and most populous city in the state of Georgia. The City, incorporated in 1847 is located in the north-central part of the state. The City currently occupies a land area of 131.4 square miles, with a population of 443,775 in the city and 5,457,831 in the Atlanta Metropolitan area, according the United States Census Bureau (2012 estimate).

The Atlanta-Sandy Springs-Marietta, GA Metropolitan Statistical Area (commonly referred to as Metropolitan Atlanta) is the ninth largest metropolitan area in the country. Atlanta has a gross domestic product of approximately \$260 billion which ranks it as the 15<sup>th</sup> largest in the world. Home to the world's most-traveled and most efficient airport – Hartsfield-Jackson Atlanta International Airport – metro Atlanta is the leading center for business activity and logistics. In May 2012, Atlanta opened Maynard H. Jackson Jr. International Terminal, the new global gateway through which travelers throughout the world will connect with more than 150 U.S cities. Atlanta is home to such household company names as The Coca Cola Company, The Home Depot, CNN, UPS and Delta Airlines. The city is home to 13 FORTUNE 500 company headquarters.







## **Atlanta City Council**

### **Mission**

The City's policy-making and legislative authority are vested in a governing council (City Council) consisting of fifteen members and an elected City Council President who serves as presiding officer. The Council's mission is to ensure that Atlanta is lead by groundbreaking, strong, and capable group of leaders that work for the good of all citizens across the City. The City Council's primary responsibilities are adopting ordinances, adopting the budget and setting policy for the City. Working hand in hand with Atlanta's Mayor and the members of the executive branch, the council plays a key role in the budget process and financial well being of Atlanta.

### **Constitution**

The City Council comprising of fifteen members is elected on a non-partisan basis. Twelve of the Council members are elected by district. The Mayor, the remaining Council Members and the Council President are elected at large. Council members serve four-year terms, as does the Mayor. The Mayor is limited to two consecutive terms. There are no term limits for Council Members or for the Council President.

### **Budget Process**

Annual budgets are adopted for the General Fund. Special Revenue Funds, and Debt Service Funds with the level of legal budgetary control established at the office level by City Council. The City is required to adopt a balanced budget each year and maintain budgetary controls to ensure compliance with legal provisions of the annual appropriated budget approved by the Mayor and City Council. The amounts of anticipated revenues and appropriated expenditures for the annual budget are controlled by the City Charter and various ordinances adopted by the City Council. Appropriations for capital projects are approved by the City Council principally on an individual basis, when the project is initially approved.

### **Information**

The Atlanta City Council prides itself on being responsive to its citizens. If you have a comment or concern and would like to speak to the council, you can call at (404) 330-6030 or visit the Atlanta City Council website at <http://citycouncil.atlantaga.gov>

## City of Atlanta Officials

### Executive



Mayor..... Kasim Reed

### Legislative

President of Council ..... Ceasar C. Mitchell

#### Members of Council:

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

#### Members of Council-At-Large:

Post 1	Michael Julian Bond
Post 2	Aaron Watson
Post 3	H. Lamar Willis

### Administrative

#### Chief Operating Officer

Duriya Farooqui

#### Chief of Staff

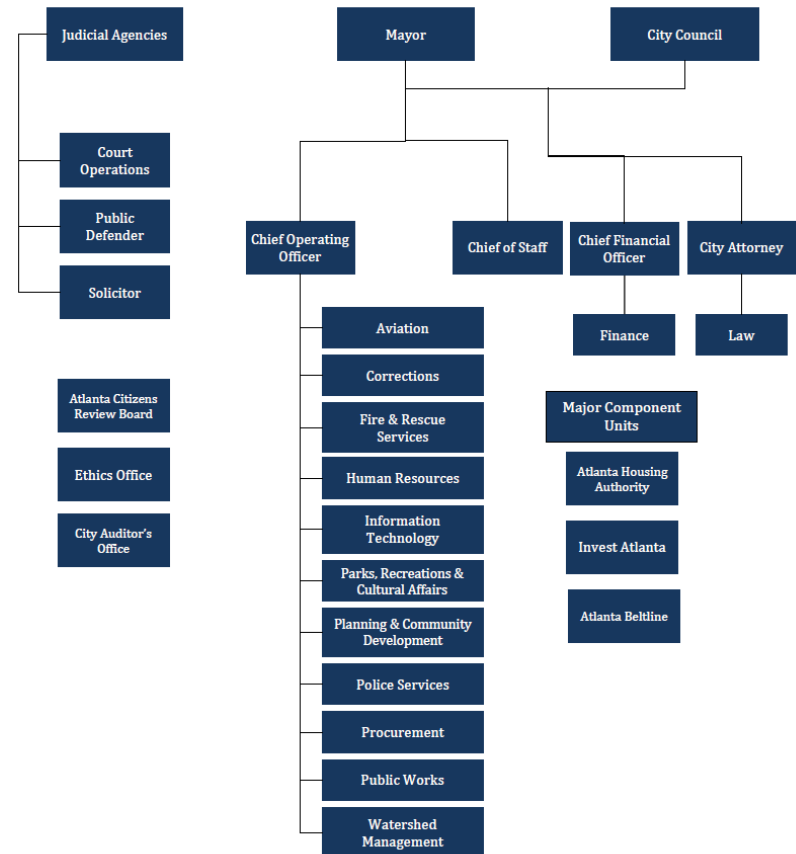
Candace L. Byrd

#### Chief Financial Officer

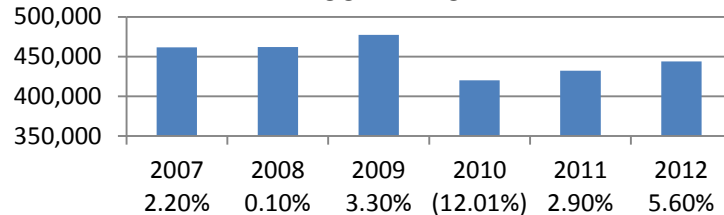
J. Anthony Beard

Director City Council Staff .....	Tangela Williams
Commissioner of Parks Recreation & Cultural Affairs .....	George Dusenbury
Aviation General Manager .....	Louis E. Miller
City Attorney .....	Cathy Hampton
Chief Judge, Municipal Court .....	Herman L. Sloan
Court Administrator .....	Christopher T. Patterson
Commissioner of Watershed Management .....	Jo Ann Macrina
Municipal Clerk .....	Rhonda D. Johnson
Chief Information Officer, Interim .....	Michael Dogan
Ethics Officer .....	Nina Hickson
Chief of Police .....	George N. Turner
Chief of Corrections .....	Patrick Labat
Commissioner of Human Resources .....	Yvonne Cowser Yancy
Fire Chief .....	Kelvin J. Cochran
Commissioner of Public Works .....	Richard Mendoza
Commissioner of Planning and Community Development .....	James E. Shelby
Chief Procurement Officer .....	Adam Smith
City Auditor .....	Leslie Ward
Citizens Review Board, Executive Director .....	Samuel Lee Reid, III

## CITY ORGANIZATIONAL STRUCTURE



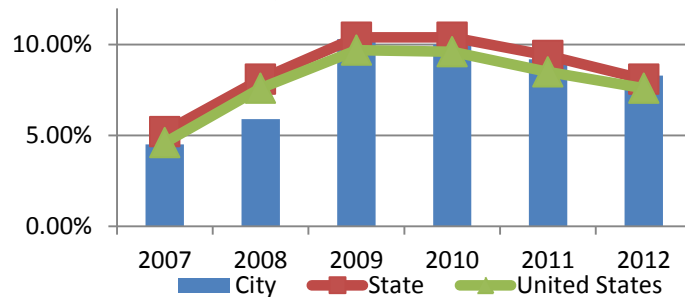
## Population/Growth Rates FY 2007-FY2012<sup>1</sup>



Atlanta is the capital and most populous city in the state of Georgia. The City's population showed signs of growth in FY 2012 after several years of stagnation. The population declined in 2010 as some residents left for suburban metro areas but that trend has reversed in the most recent years.

1) U.S. Census Bureau conducts a population survey every 10 years (year 2012 is an estimate).

## Unemployment Rates<sup>2</sup>



City of Atlanta had a possible workforce of 2,745,999 people at the end of 2012. Of that, 227,602 were out of work. The unemployment rate for the city of Atlanta is slightly higher than Georgia's average and the national average in FY 2012. The rate, which measures the percentage of the workforce that is unemployed and looking for paid employment, fluctuated from a low of 4.60% in 2007 to a high of 8.30% in 2012. The rate has however been on a steady downward trend since 2010.

2) Georgia Employment Development Department, Labor Market Information Division for the State and County; U.S. Bureau of Labor, Department of Labor

## Employment by Industry<sup>3</sup>

Industry	2011
Trade, Transportation and Utilities	22.6%
Professional and Business Services	17.4%
Government	14.0%
Education Health Service	11.8%
Leisure and Hospitality	9.8%
Financial Activities	6.5%
Manufacturing	6.3%
Other Services	11.5%

The table shows the estimated average annual employment for the City from various employment categories. Percentages indicate the percentage of the total employment for each type of employment in a given year. Employment for 2011 was concentrated in Transportation, Professional Services, Government and Education Health industries.

3)Source: Georgia Department of Labor Industry Mix Analysis. These data represent jobs that are covered by unemployment insurance laws.

The City's financial activities in total are made up of three broad classifications: governmental, business-type activities and component units. Governmental activities include all primary governmental functions like public safety, public works, parks and recreation and general government. Blended component units are combined into the governmental activities. The separate component units are shown separately and are not included in the total for primary government, although the City benefits from and ultimately has responsibility for the financial obligations of these entities. Business-type activities include Hartsfield-Jackson International Airport, the Department of Watershed Management and Sanitation. Component units include the Atlanta Development Authority (Invest Atlanta), The Atlanta Fulton County Recreation Authority and the Atlanta Housing Opportunity, Inc.

The City owns things of value called *assets*; amounts owed to others are called *liabilities* or debt. Deferred outflows and inflows of resources are new terms for things that are similar to assets and liabilities but that didn't meet the technical definition. The difference between assets and liabilities is called *net position*. Positive net asset position balance indicate a measure of financial stability. Net Position is the common measurement term for both governmental and business-type activities when they are reported together. This allows all activities to be combined and shown as *government-wide* totals for the primary government. The categories of net position are listed in order of decreasing restriction, with net investment in capital assets being generally unavailable for spending and unrestricted net position being available for use without restriction.

## Statement of Net Position as of June 30, 2013 (\$-thousands)

	Governmental Activities	Business-type Activities	Total 2013	Total 2012
Current Assets	\$ 628,376	\$ 3,396,902	\$ 4,025,278	\$ 4,096,293
Capital Assets, net of Depreciation	1,088,351	10,700,096	11,788,447	11,599,380
Deferred Outflows of Resources	-	111,791	111,791	29,489
<b>Total Assets and Deferred Outflows</b>	<b>1,716,727</b>	<b>14,208,789</b>	<b>15,925,516</b>	<b>15,725,162</b>
Current Liabilities	151,069	406,821	557,890	591,390
Non-Current Liabilities	1,186,201	6,614,668	7,800,869	8,019,752
Deferred Inflows of Resources	7,089	-	7,089	-
<b>Total Liabilities and Deferred Inflows</b>	<b>1,344,359</b>	<b>7,021,489</b>	<b>8,365,848</b>	<b>8,611,142</b>
Net investment in capital assets	95,513	5,015,922	5,111,435	4,729,137
Restricted Net Position	408,501	889,522	1,298,023	1,272,433
Unrestricted Net Position	(131,646)	1,281,856	1,150,210	1,112,450
<b>Total Net Position</b>	<b>\$ 372,368</b>	<b>\$ 7,187,300</b>	<b>\$ 7,559,668</b>	<b>\$ 7,114,020</b>



There are two main sources of revenue for the City, Program Revenues and General Revenues. Program Revenue is the City's main source of funding (inflow of assets) and is made up mostly of charges for services (both governmental and business-type activities), but also includes operating and capital grants (state or federal). General Revenue which includes property and sales taxes is the primary form of funding for governmental funds.

Revenue for the City in fiscal year 2012, which totaled \$2.2 billion, increased by \$216.9 million or 11.0% compared to year ended June 30, 2012. Property taxes during fiscal year 2012 decreased by 0.5%, primarily due to changes in assessed value of the tax digest. Total expenses for the City were \$1.7 billion in fiscal year 2013, up \$44.0 million or 2.6% compared to fiscal year 2012. The increase in total expenses is mainly attributed to higher depreciation expense in business type activities related to the Hartsfield-Jackson International Airport International Concourse which opened in May 2012.

## Statement of Changes in Net Position as of June 30, 2013 (\$-thousands)

	Governmental Activities		Business-type Activities		Total 2013		Total 2012	
<b>Revenues</b>								
Program Revenues	\$	197,112	\$	1,276,215	\$	1,473,327	\$	1,343,248
General Revenues		657,121		59,160		716,281		645,322
Total Revenues		854,233		1,335,375		2,189,608		1,988,570
<b>Expenses</b>								
General Government		148,288		-		148,288		215,030
Public Safety		333,897		-		333,897		341,794
Water and Wastewater System		-		445,647		445,647		441,092
Department of Aviation		-		585,148		585,148		504,918
Sanitation		-		46,468		46,468		39,162
Other		166,930		17,582		184,512		17,180
Total Expenses		649,115		1,094,845		1,743,960		1,559,176
Increase in Net Position before Transfers		205,118		240,530		445,648		272,823
Transfers In (Out)		(114,431)		114,431		-		-
Increase in Net Position		90,687		354,961		445,648		272,823
Net Position Beginning of Period		281,681		6,832,339		7,114,020		6,841,197
Net Position End of Period	\$	372,368	\$	7,187,300	\$	7,559,668	\$	7,114,020

1) Transfers in(out) are primarily related to MOST revenues that are collected in a Governmental Fund but transferred to Water and Waste Water for use in operations

# General Fund

## General Fund Revenues and Expenditures 2009-2013

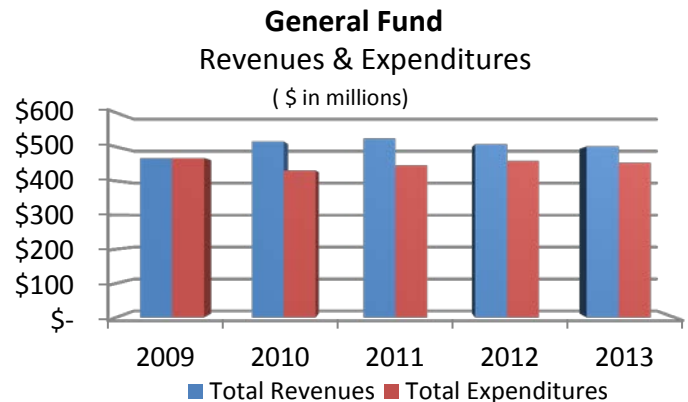
(\$ in thousands)	2009	2010	2011	2012	2013
Property taxes	\$ 157,122	\$ 216,769	\$ 191,460	\$ 185,513	\$ 180,229
Local and municipal option sales taxes	87,789	92,955	93,912	97,400	99,872
Public utility, alcohol and other taxes	92,056	95,344	99,380	96,841	96,781
Licenses and permits	62,503	58,130	63,133	59,105	55,641
Charges for current services	4,970	4,418	4,728	4,580	5,293
Fines, forfeitures and penalties	12,631	13,020	20,196	22,050	22,202
Investment income	171	1,263	2,169	1,444	(312)
Building rentals and concessions	18,295	8,339	6,276	6,688	6,600
Pilot and Franchise Fees*	10,934	11,085	26,167	18,697	18,697
Hotel-Motel Excise Tax*	11,457	10,533	12,259	12,686	13,529
Other	8,491	4,370	5,468	2,415	2,958
<b>Total revenues</b>	<b>\$ 466,419</b>	<b>\$ 516,226</b>	<b>\$ 525,148</b>	<b>\$ 507,419</b>	<b>\$ 501,490</b>
<b>EXPENDITURES</b>					
General government:	\$ 109,410	\$ 107,312	\$ 112,837	\$ 110,424	\$ 110,733
Police	163,007	149,703	153,513	164,117	159,943
Fire	76,279	71,079	73,535	72,120	72,730
Corrections	33,917	23,496	20,932	27,496	25,311
Public Works	23,177	20,145	27,517	26,310	25,515
Parks, Recreation and Cultural Affairs	23,635	21,708	25,341	27,333	32,237
Debt Service:	37,904	37,081	32,601	31,236	27,458
<b>Total Expenditures</b>	<b>\$ 467,329</b>	<b>\$ 430,524</b>	<b>\$ 446,276</b>	<b>\$ 459,036</b>	<b>\$ 453,927</b>

\* Pilot and Franchise Fees and Hotel-Motel Excise Taxes are shown as Other Financing Sources

"Transfers In" in the City's Comprehensive Annual Financial Report (CAFR)

The general fund is the chief operating fund of the City. This fund (governmental fund) captures the general revenues and continuing expenditures of primary governmental activities including public safety (police and fire), public works (roads and bridges), parks recreation and cultural affairs and general government. Unlike the government-wide financial statement presented previously, the general fund is presented using a current resources focus (amounts to be collected or paid in the near term).

The increase in revenue in 2010 is mainly the result of an increase to the property tax millage rate. Expenditures dropped from 2009 to 2010 as a result of austerity measures put in place following the Great Recession.



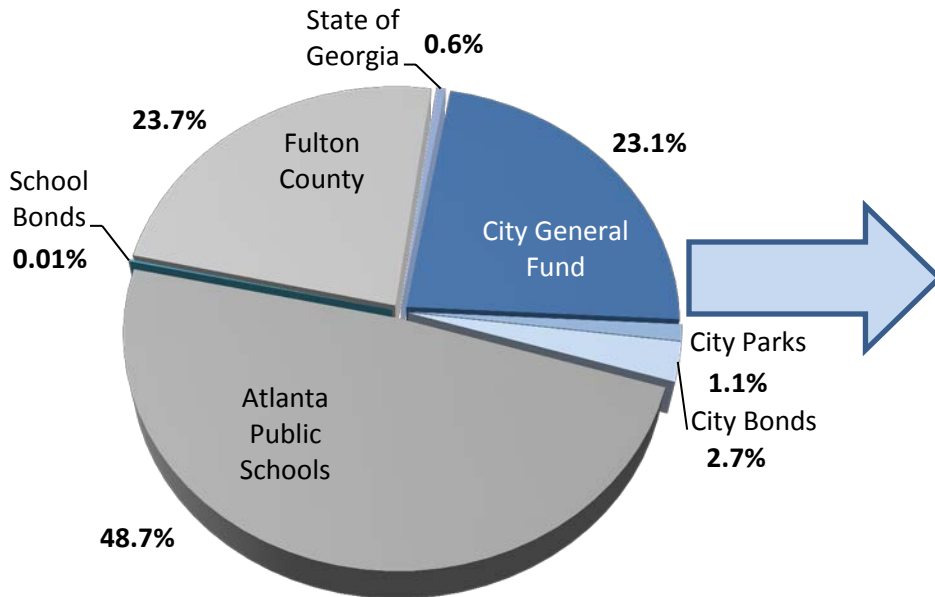
# General Fund

General Fund Revenue	Fiscal Year 2013
( \$- thousands)	
Property taxes	\$180,229
Local and municipal option sales taxes	99,872
Public utility, alcohol and other taxes	96,781
Licenses and permits	55,641
Fines, forfeitures and penalties	22,202
Other Revenue	<u>46,765</u>
 Total revenues	 <u>\$501,490</u>

Property taxes are the largest source of funding for the City's general fund, at close to 35% of total revenue. A City of Atlanta property owner pays taxes to the City for the general fund services, parks and bonded debt which represent 26.88% of the total tax bill. The remaining 73.12% goes to Fulton County, Atlanta Public Schools and the State of Georgia.

Sample Property Tax Bill:	
Appraisal value of home	\$250,000.00
Assessed at 40% (state law)	\$100,000.00
Less any exemptions (homestead exemption)	(\$30,000.00)
Taxable value	\$70,000.00
 City General Fund	 \$716.80
City Bonds	\$84.00
City Parks	\$35.00
 Total City revenue	 \$835.80
 Fulton County	 \$737.17
Atlanta Public Schools	\$1,514.80
Atlanta Public Schools Bonds	\$3.78
State of Georgia	\$17.50
 Total Property Tax Bill	 \$3,109.05

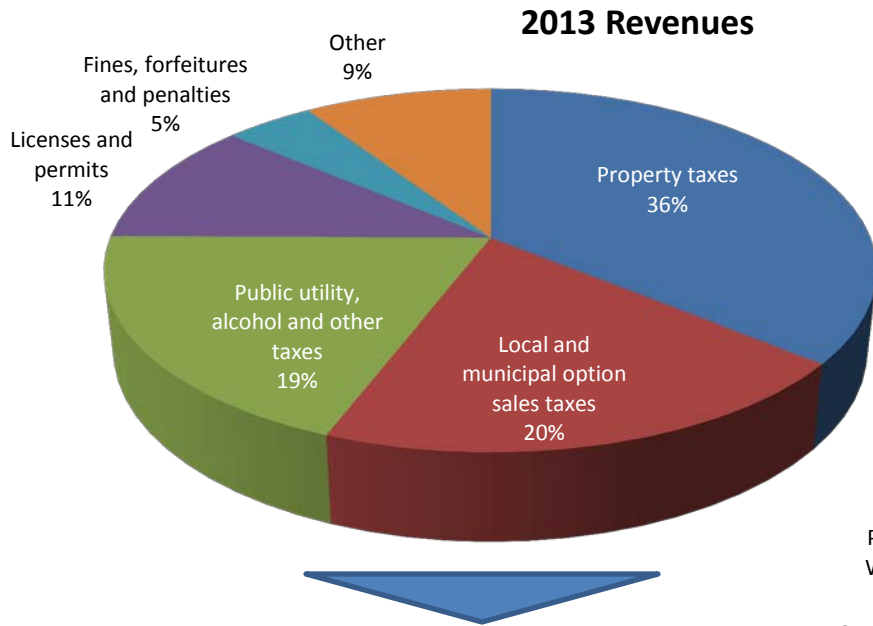
**City of Atlanta Property Tax Bill**





# General Fund

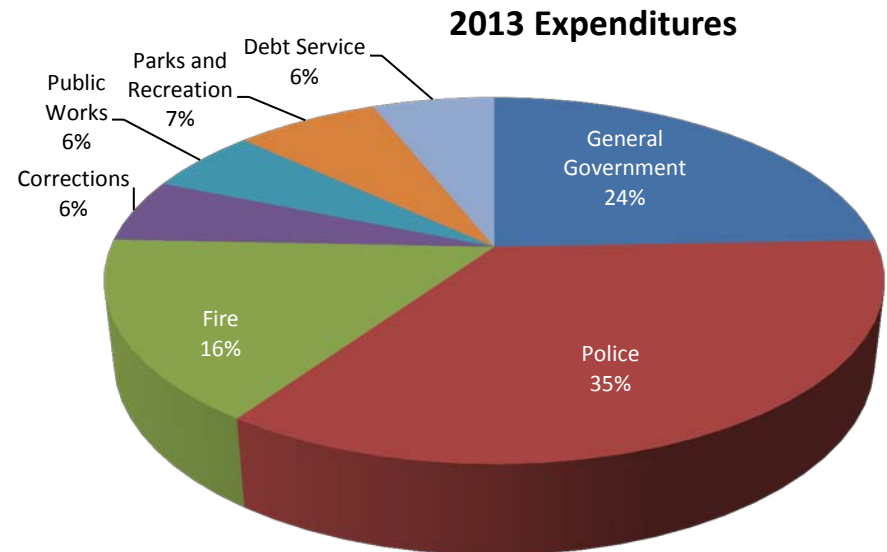
## Where the money comes from ...



Taxes comprise the vast majority of the general fund revenues at 80% of the total. Property taxes are the largest funding source at about 35% of total revenue. Since the low point in 2009, sales taxes have been increasing and represent about 20% of the total revenues in 2013. Licenses, permits and other charges for services make up about 11% and fines and forfeitures represent about 5% of total general fund revenue.

Almost 60% of the general fund expenditures are for public safety functions including police, fire, and corrections. Police spending has increased as a percentage of expenditures since 2009 as a part of the Mayor's commitment to public safety. Public Works and Parks and Recreation have remained consistent at about 6% of the general fund expenditures. General government expenditures have been declining as a percentage of the total from 29% in 2007 to 24% in 2013.

## Where the money goes ...

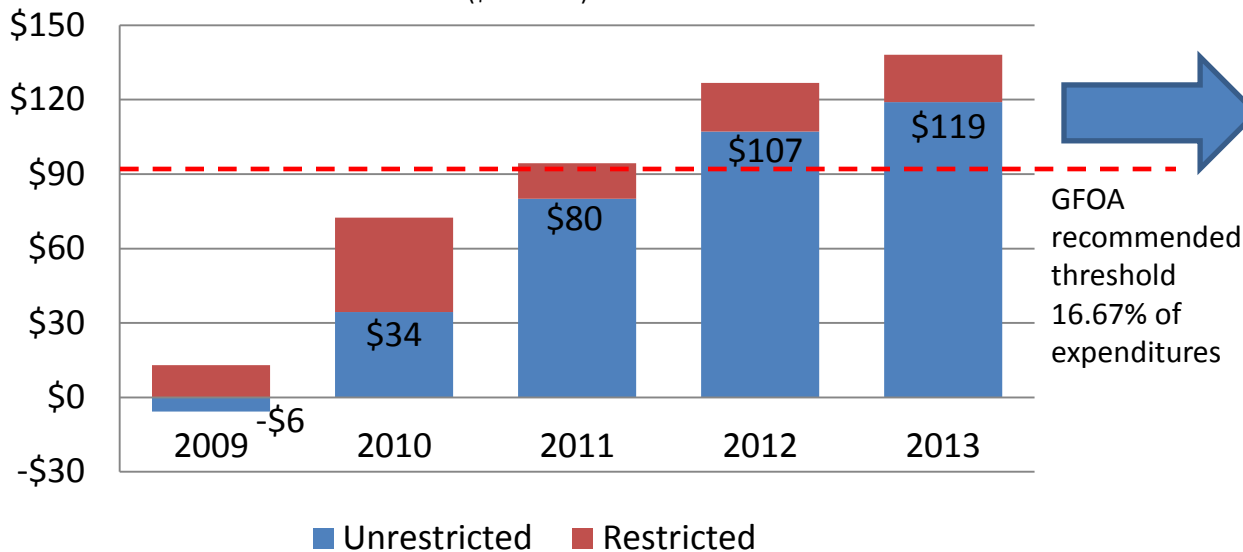


# General Fund

Fund balance or reserves is the difference between what the City owns (assets) and what it owes (liabilities). Fund balance is really just the City's savings, and is a measure of financial stability. Over the last 4 years, the City has been able to restore its fund balance to pre-recessionary levels. The general fund unrestricted reserves are now above the threshold recommend by the Government Finance Officers Association (GFOA) at approximately 22% of the fiscal year 2014 expenditure budget. Having adequate reserves gives the City a measure of protection against unforeseen events.

## General Fund Reserves

(\$-millions)

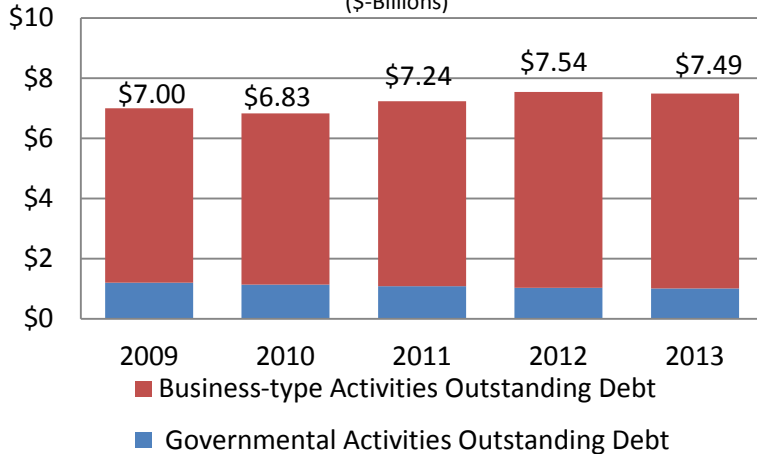


Unrestricted reserves have increased by \$125 million over the last 4 years.

The City is required to report its fund balance or reserves in five specific categories according to governmental accounting standards. These categories are meant to show fund balance in order of increasing availability. Certain categories are not available at all and others are restricted or committed to certain types of purchases, represented by the red portion of the chart above. The remaining fund balance in blue is unrestricted and is generally available without restriction. For specific balances and definitions, please refer to the City's CAFR.

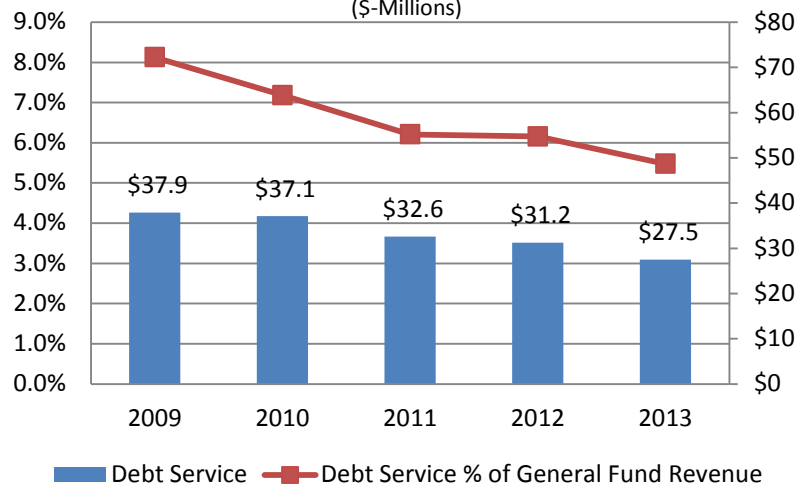
## Outstanding Debt

(\$-Billions)



## General Fund Debt Service Expenditures

(\$-Millions)



Governments, just as businesses and individuals, must finance certain purchases with debt. The key is to match the life of the asset being purchased with the term of the debt payments. Accordingly the City's debt is predominately related to long-lived capital assets. The City's long-term debt reflected a net decrease of \$208.4 million or 2.7% during the current twelve-month period. General and limited obligation debt decreased by \$43.2 million, Department of Aviation debt decreased by \$108.1 and Department of Watershed Management debt decreased by \$32.3 million.

CITY OF ATLANTA			
MUNICIPAL BOND RATINGS			
BOND TYPE	MUNICIPAL CREDIT RATING		
	Moody's Investors Service	Standard & Poor's	Fitch
GENERAL OBLIGATIONS BONDS Underlying Rating	Aa2	A	
WATER AND WASTEWATER REVENUE BONDS Underlying Rating	A1	A	A
HARTSFIELD-JACKSON ATLANTA INTERNATIONAL AIRPORT REVENUE BONDS Underlying Rating	A1	A+	A+

Subsequent to the June 30, 2013 close of the fiscal year, the City received a ratings increase from Moody's on its outstanding Water and Wastewater debt (Aa3) and a revised outlook – from stable to positive on its Department of Aviation debt.



# City Priorities and Accomplishments

## Public Safety

- Drive APD Strategic Plan
- 15% crime reduction
- Add 100 Police Officers
- Expand COPS approach
- Build camera network and monitoring center
- Drive AFR Strategic Plan

## Economic Development

- Refresh Economic Dev. Plan
- Focus on jobs, wages and neighborhood development
- Develop long term water plan
- 5 year plan for Atlanta Beltline

## Fiscal Stability

- Ensure sustainable fiscal position
- Build reserve to \$100+ Million
- Obtain long term infrastructure and public safety funding
- Free up unused assets (trust funds, leases etc)
- Drive reduction in settlements

## City Infrastructure

- Develop airport capacity plans
- Create new long range DWM strategic plan
- Begin infrastructure renewal plan
- Increase collaboration across all City divisions and agencies
- Launch Office of Intl. Affairs
- Drive to "top 10" in Sustainability

## Youth Development

- Develop Centers of Hope (COH) Programming
- Implement COH Pilots in select locations to transform rec. centers
- Initiate plan to ensure all children receive a high quality education
- Harness civic engagement

## Merit and Excellence

- Implement organizational and pay in class study
- Design and implement new Citywide training programs
- Improve safety training and compliance
- Rating meetings for top 5 layers
- Aggressively recruit/retain talent

**Public Safety**– At the close of calendar year 2012, the City’s crime statistics had been reduced to historic lows. The City hired an additional 251 police officers during 2012, bringing the total to 1937 and closer the goal of 2000. Operation Shield will continue to expand – the Video Integration Center (VIC) could monitor developments on 700 cameras across the City at December 31, 2012 – the number of cameras online is expected to double during 2013. The City’s Fire & Rescue Department invested \$4 million in new emergency response vehicles and equipment during fiscal year 2013. Since 2010, four new fire stations have been added to help ensure quick response times to the 85,000 emergency calls that Atlanta firefighters respond to annually.

# City Priorities and Accomplishments

❖ **Economic Development** – During 2013 the City reached agreement with the Atlanta Falcons to construct a state of the art domed stadium in downtown Atlanta. The agreement should serve as a model for public-private partnerships and is expected to transform the surrounding area. The Porsche North America headquarters under construction near the airport is expected to employ 400 including 100 new jobs.

❖ **Sustainability** - The first Sustainability Plan, “Power to Change,” will help the City achieve its goal of becoming a top-ten city in the nation for sustainability. During 2012, the City was able to increase the amount of recycled materials by 71% and reduce greenhouse gas emissions at City facilities by 14.3%. The SHINE initiative will directly impact the City’s target to reduce greenhouse gas emissions 25 percent by 2020, 40 percent by 2030, and 80 percent by 2050.



The SkyView Ferris Wheel recently opened adjacent to Centennial Olympic Park in downtown Atlanta

❖ **A Financially Strong City** –Over the last 4 fiscal years, the City’s General Fund has produced over \$175 million in operating surplus, which has allowed \$29 million to be invested in the Capital Projects Fund and increased unrestricted fund balance by \$125 million.

The Department of Finance is committed to accomplishing the Mayor’s priorities and providing clear and transparent reporting of the City’s financial activities. We hope this report has been helpful in providing a brief overview of the City and its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City’s Chief Financial Officer, 11100 City Hall Tower, 68 Mitchell St., SW, Atlanta, Georgia 30303.