

**CITY OF
ATLANTA**



**KASIM REED
MAYOR**



**POPULAR ANNUAL FINANCIAL REPORT
FOR YEAR ENDED JUNE 30, 2012**



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.

Table of Contents

ABOUT THE CITY

Department of Finance.....	3
About the City.....	4

CITY FINANCES

City Net Position	8
City Activities.....	9
General Fund.....	10
Debt.....	14
Select Operating Budgets.....	15

CITY PRIORITIES & ACCOMPLISHMENTS.....16

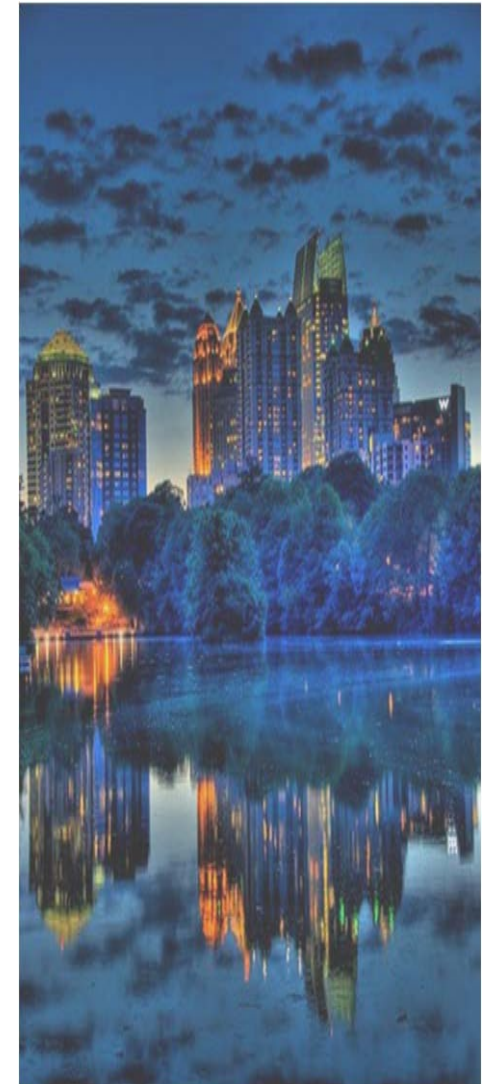
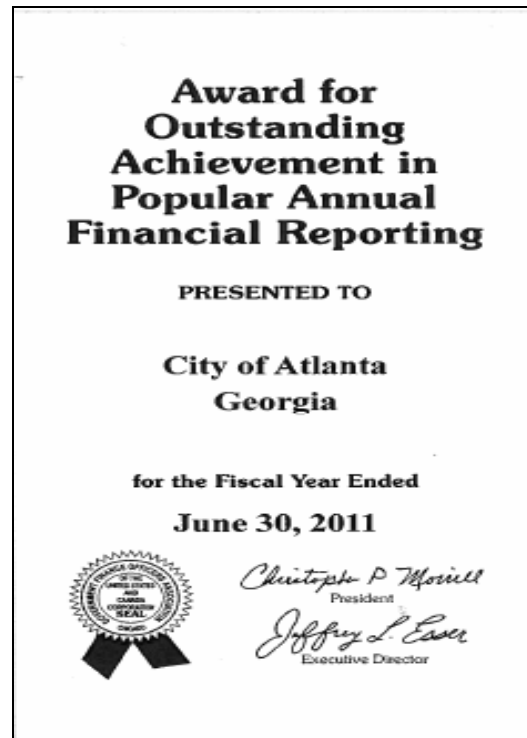


The Department of Finance mission is to provide leading practice financial management services and leadership to achieve City of Atlanta goals and objectives. The Department of Finance serves as a strategic business partner to provide excellent service to internal and external customers, deliver a clear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

The first edition of the Popular Annual Financial Report issued by the City in FY 2011 was recognized for excellence resulting in receiving the following award:

➤ Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association (GFOA) for fiscal year ended June 30, 2011.

➤ 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 26 consecutive years.



About The City



THE REED COMMITMENT

A SAFE CITY
PUBLIC SAFETY

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

A LEADING CITY
TRANSPORTATION, 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 420,003 in the city and 5,268,860 in the Atlanta Metropolitan area, according the United States Census Bureau (2010 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 15th 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

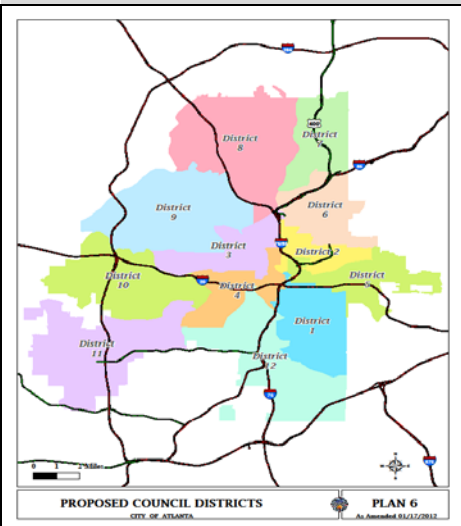
The City Council comprising of fifteen members is elected on a non-partisan basis. Twelve of the Council members are elected by district. The Mayor, the remaining Council Members and the Council President are elected at large. Council members serve four-year terms, as does the Mayor. The Mayor is limited 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 Cesar 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:

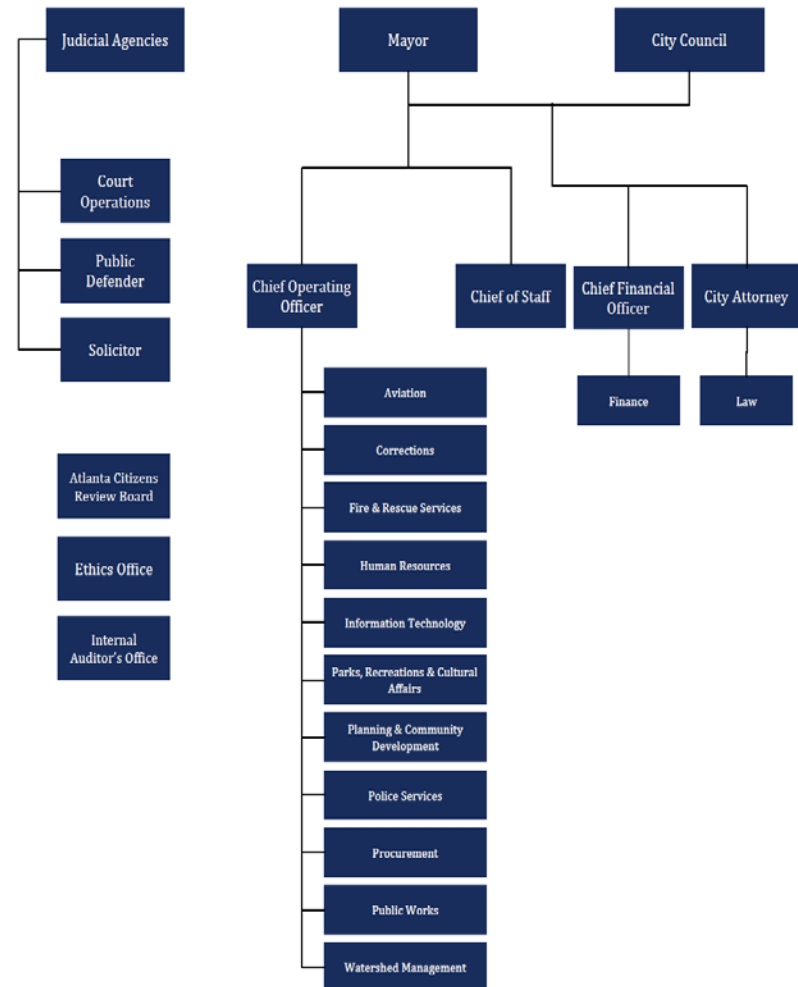
Post 1 Michael Julian Bond
 Post 2 Aaron Watson
 Post 3 H. Lamar Willis

Administrative

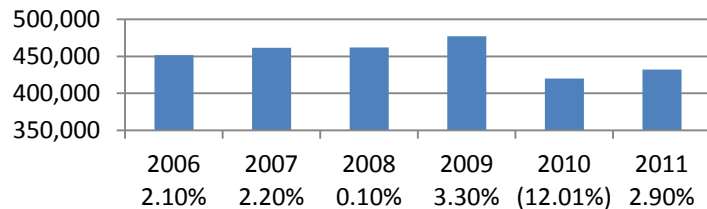
Chief Operating Officer Duriya Farooqui	Chief of Staff Candace L. Byrd	Chief Financial Officer J. Anthony Beard
---------------------------------------------------	------------------------------------------	----------------------------------------------------

Director City Council Staff	Robert Barger
Commissioner of Parks Recreation & Cultural Affairs	George Dusenbury
Aviation General Manager	Louis E. Miller
City Attorney	Cathy Hampton
Chief Judge, Municipal Court	Crystal A. Gaines
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, Interim	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 Internal Auditor	Leslie Ward
Citizens Review Board, Executive Director	Cristina Beamud

CITY ORGANIZATIONAL STRUCTURE



Population/Growth Rates FY 2006-FY2011¹



Unemployment Rates³



Top Job Growth/Losses 2000-2011⁴

Industry	Percent Change
Educational Health Services	11.90%
Financial Activities	1.70%
Leisure and Hospitality	1.40%
Government/Public Administration	-7.10%
Manufacturing	-2.60%
Professional and Business Services	-1.80%
Construction	-1.60%
Information	-1.30%

Atlanta is the capital and most populous city in the state of Georgia. The city's population showed signs of growth in FY 2009 after several years of stagnation. The growth rate was negative however in FY 2010 with much of the population moving to metro Atlanta areas and it seems to have been stabilized since.

1) U.S. Census Bureau conducts a population survey every 10 years (years 2006 to 2009 and 2011 are the bureau's estimates).

2)Source: 2011 Preliminary Annual Estimates of the residential population for the United States, Regions, States, and Puerto Rico: April 1, 2000 to July 1, 2009

City of Atlanta had a possible workforce of 2,710,503 people at the end of 2011. Of that, 242,370 were out of work. The unemployment rate for the city of Atlanta is slightly lower than Georgia's average but higher than the national average in FY 2011. The rate, which measures the percentage of the workforce that is unemployed and looking for paid employment, fluctuated from a low of 5.3% in 2006 to a high of 9.2% in 2011. The rate has however been on a downward trend since 2010.

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

Job growth picked up in the City of Atlanta over the decade from 2000 to 2011. The biggest industries showing the gain were Education Health Services, Financial Activities and Leisure and Hospitality while the biggest declines came in Government/Public Administration, Manufacturing and Professional and Business Services.

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

Note: 2000 represents 4th Quarter Data from Georgia Department of Labor

*City of Atlanta is defined by Atlanta Regional as per the Georgia Department of Labor

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, Sanitation and other non-major business-type activities, including Underground Atlanta. Component units include the Atlanta Development Authority (Invest Atlanta), The Atlanta Fulton County Recreation Authority and the Atlanta Urban Redevelopment Agency (AURA).

The City owns things of value called *assets*; amounts owed to others are called *liabilities* or debt. 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.

Statement of Net Position as of June 30, 2012 (000's)

	Governmental Activities	Business-type Activities	Total 2012	Total 2011
Assets				
Current and other assets	\$ 639,802	\$ 3,472,979	\$ 4,112,781	\$ 4,078,215
Capital assets, net of depreciation	\$ 1,045,146	\$ 10,554,235	\$ 11,599,381	\$ 11,343,587
Total assets	\$ 1,684,948	\$ 14,027,214	\$ 15,712,161	\$ 15,421,802
Long-term liabilities				
Current	\$ 159,276	\$ 432,116	\$ 591,393	\$ 877,444
Non-Current	\$ 1,158,572	\$ 6,704,864	\$ 7,863,436	\$ 7,560,543
Total liabilities	\$ 1,317,848	\$ 7,136,981	\$ 8,454,829	\$ 8,437,987
Net Position				
Invested in capital assets, net of related debt	\$ 20,334	\$ 4,754,298	\$ 4,774,632	\$ 4,938,601
Restricted	\$ 394,895	\$ 869,781	\$ 1,264,676	\$ 1,159,189
Unrestricted	\$ (48,130)	\$ 1,266,154	\$ 1,218,024	\$ 886,024
Total Net Position	\$ 367,099	\$ 6,890,233	\$ 7,257,332	\$ 6,983,815

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 slightly under \$2.0 billion, decreased by \$14.3 million or 0.7% compared to year ended June 30, 2011. Property taxes during fiscal year 2012 decreased by 10.3%, primarily due to changes in assessed value of the tax digest. Total expenses for the City were \$1.7 billion in fiscal year 2012, up \$95.5 million or 5.9% compared to fiscal year 2011. The increase in total expenses is mainly attributed to higher interest expense for business type activities during fiscal year 2012.

Statement of Changes in Net Position as of June 30, 2012 (000's)

	Governmental Activities		Business-type Activities		Total 2012		Total 2011	
Revenues								
Program revenues	\$	172,317	\$	1,168,068	\$	1,340,385	\$	1,364,233
General revenues	\$	679,921	\$	(31,736)	\$	648,185	\$	638,603
Total revenues	\$	852,238	\$	1,136,332	\$	1,988,570	\$	2,002,836
Expenses:								
General Government	\$	352,210	\$	-	\$	352,210	\$	383,316
Public Safety	\$	341,794	\$	-	\$	341,794	\$	306,714
Water and Wastewater System	\$	-	\$	459,789	\$	459,789	\$	444,133
Department of Aviation	\$	-	\$	504,918	\$	504,918	\$	437,659
Sanitation	\$	-	\$	39,162	\$	39,162	\$	36,383
Other	\$	-	\$	17,180	\$	17,180	\$	11,311
Total Expenses	\$	694,004	\$	1,021,049	\$	1,715,053	\$	1,619,516
Increase (decrease) in Net Position before transfers	\$	158,234	\$	115,283	\$	273,517	\$	383,320
Transfers in(out)	\$	(123,580)	\$	123,580	\$	-	\$	-
Increase (decrease) in Net Position	\$	34,654	\$	238,863	\$	273,517	\$	383,320
Net Position, Beginning of Period	\$	332,445	\$	6,651,370	\$	6,983,815	\$	6,600,495
Net Position, End of Period	\$	367,099	\$	6,890,233	\$	7,257,332	\$	6,983,815

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

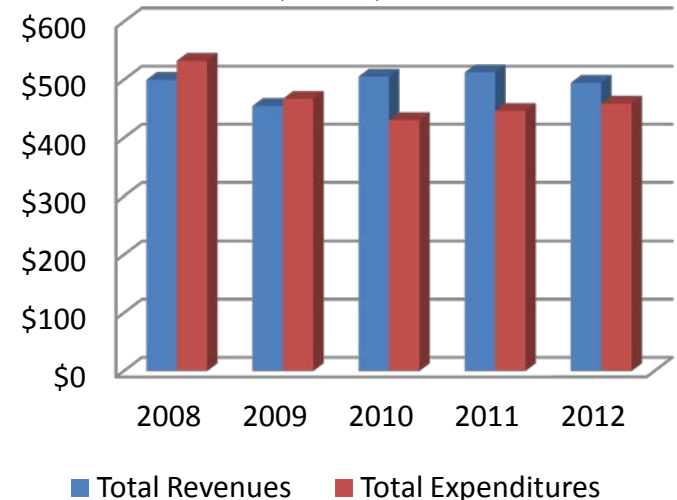
General Fund

General fund revenues and expenses 2008-2012

	2008	2009	2010	2011	2012
(000's)					
Property taxes	\$ 137,935	\$ 157,122	\$ 216,769	\$ 191,460	\$ 185,513
Local and municipal option sales taxes	104,101	87,789	92,955	93,912	97,400
Public utility, alcohol and other taxes	139,764	102,990	106,429	125,547	115,538
Licenses and permits	69,127	62,503	58,130	63,133	59,105
Charges for current services	6,346	4,970	4,418	4,728	4,580
Fines, forfeitures and penalties	14,504	12,631	13,020	20,196	22,050
Investment income	1,470	171	1,263	2,169	1,444
Building rentals and concessions	18,962	18,295	8,339	6,276	6,688
Other	<u>7,720</u>	<u>8,491</u>	<u>4,370</u>	<u>5,468</u>	<u>2,415</u>
Total Revenues	\$ 499,929	454,962	505,693	512,889	494,733
EXPENDITURES					
General government:	\$ 148,472	109,410	107,312	112,837	110,424
Police	172,897	163,007	149,703	153,513	164,117
Fire	85,444	76,279	71,079	73,535	72,120
Corrections	46,150	33,917	23,496	20,932	27,496
Public Works	33,072	23,177	20,145	27,517	26,310
Parks, Recreation and Cultural Affairs	29,956	23,635	21,708	25,341	27,333
Debt Service	16,584	37,904	37,081	32,601	31,236
Total Expenditures	\$ 532,575	467,329	430,524	446,276	459,036

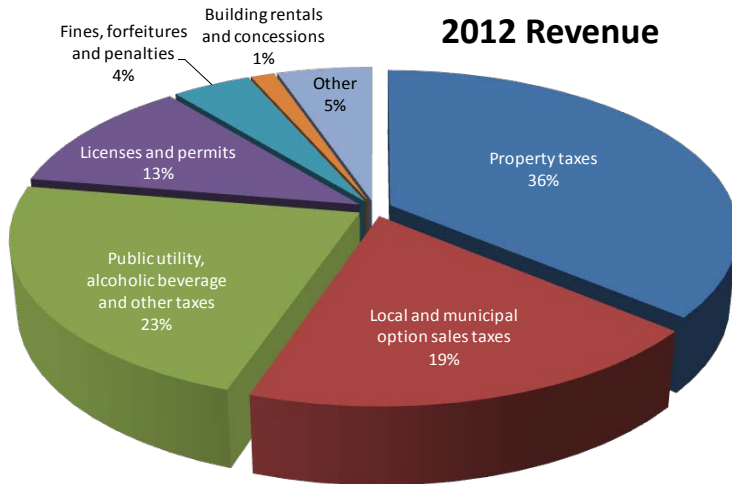
The City's general fund is the chief operating fund of the city. This fund (governmental fund) captures the general revenues and continuing expenses of primary governmental activities including public safety (police and fire), public works (roads and bridges), parks recreation and cultural affairs and 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).

General Fund
Revenue vs Expense
(millions)



General Fund

Where the money comes from ...

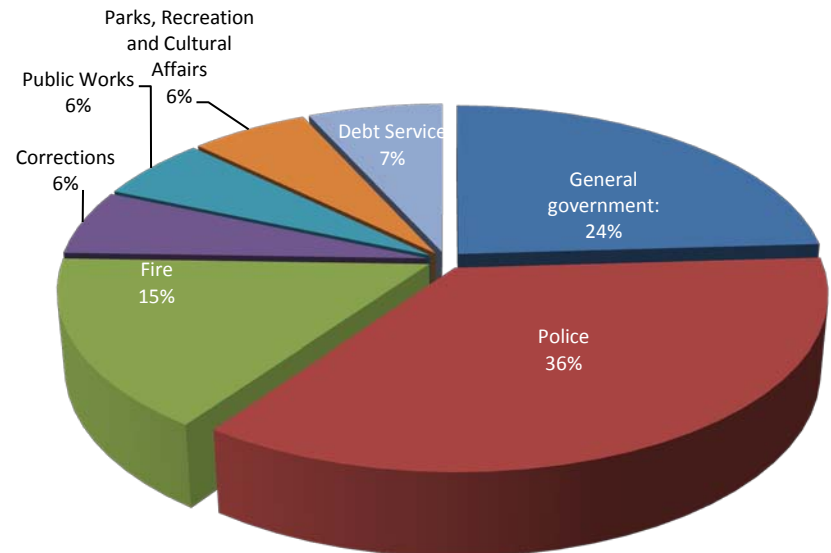


Taxes comprise the vast majority of the general fund revenues at 80% of the total. Property taxes are the largest funding source at about 40% of total revenue. Since the low point in 2009, sales taxes have been increasing and represent about 20% of the total in 2012. Licenses, permits and other charges for services make up about 12% and fines and forfeitures represent about 5% of total general fund revenue.

Almost 60% of the general fund expenses are for public safety functions including police, fire, and corrections. Police spending has increased as a percentage of expenses 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 expenses. General government expenses have been declining as a percentage of the total from 29% in 2007 to 24% in 2012.

Where the money goes ...

2012 Expenses

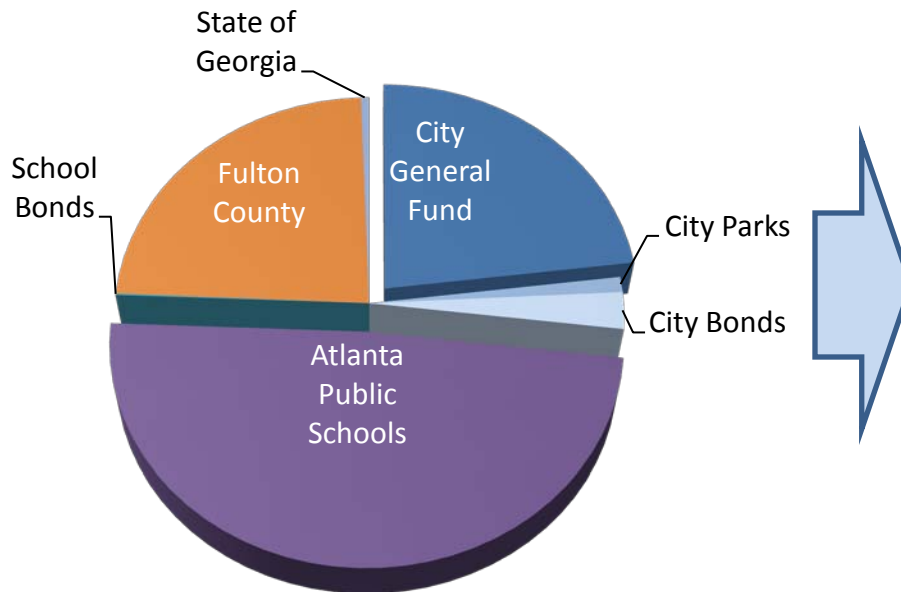


General Fund

General Fund Revenue (000's)	Fiscal Year 2012
Property taxes	\$185,513
Local and municipal option sales taxes	97,400
Public utility, alcoholic beverage and	115,538
Licenses and permits	59,105
All other revenue	<u>37,177</u>
Total Revenues	\$494,733

Property taxes are the largest source of funding for the City's general fund, at close to 40% 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.

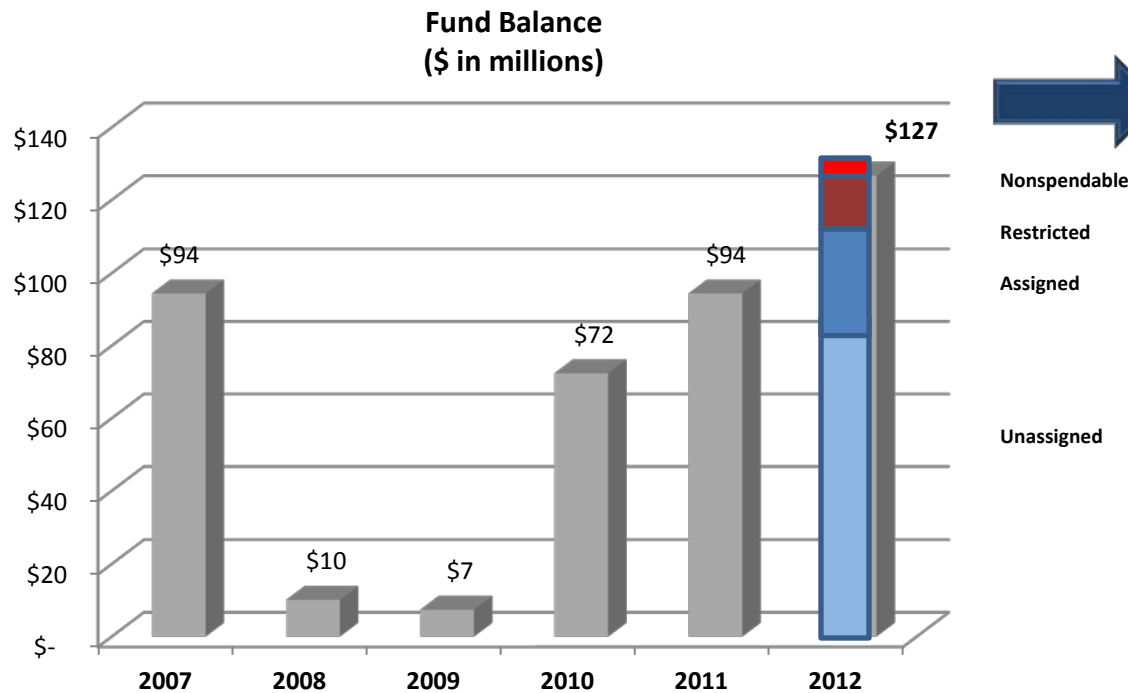
City of Atlanta Property Tax Bill



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

General Fund

Fund Balance is the difference between what the City owns (assets) and what it owes (liabilities or debts). Fund balance is really just the City's savings, and is a measure of financial stability. In the midst of continued broad economic weakness, the City has been able to restore its fund balance to pre-recessionary levels. Better financial visibility and forecasting tools have allowed the City to react more swiftly and proactively manage expenses to expected revenues.



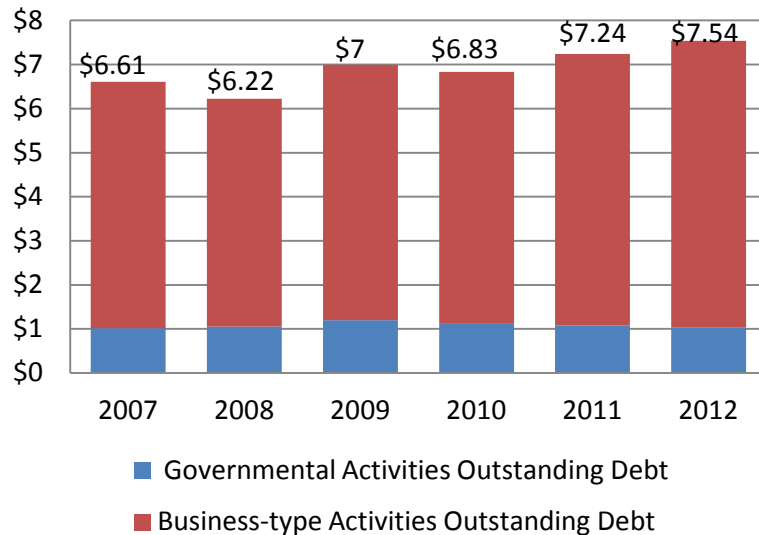
Fund balance has increased by \$120M since 2009

Fund Balance Classifications

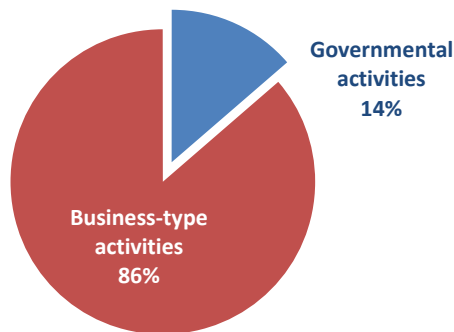
- ❖ **Nonspendable:** amounts that are not in spendable form or are legally required to remain intact.
- ❖ **Restricted:** amounts that are subject to externally enforceable legal requirements like bond covenants.
- ❖ **Committed:** amounts intended for specific purposes as per enabling legislation of the City
- ❖ **Assigned:** -amounts that are intended to be used for specific purposes, including encumbrances.
- ❖ **Unassigned:** any residual amounts not meeting the requirements of the other categories. Can be used for any purpose without limitation.

➤ The City reported \$107.1 million in *unrestricted* (assigned plus unassigned) fund balance in the general at June 30, 2012

Outstanding Debt
(Billions)



Percentage of Long-term debt



The City's Long Term Debt, including capital leases., reflected a net increase of \$303.7 million or 4.2% during the current twelve-month period ended June 30, 2012. The increase is primarily attributed to the General Airport Revenue Series 2012 Bonds issued in the aggregate amount of \$474.1 million during May 2012. General and limited obligation (Governmental) debt decreased by \$36.7 million and Department of Watershed Management debt decreased by \$47.1 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+

The City's bond ratings have remained stable across all three ratings agencies. However, the outlook on the City's general obligation bonds was raised from negative to stable during 2012.

Summary of Operating Budgets (000's)

Fund	FY 2011 Adopted Budget	FY2012 Adopted Budget	Change	Percent Change
General Fund	559,524	550,620	(8,903)	-2%
Enterprise Funds				
Aviation Fund	398,954	406,396	7,442	2%
Civic Center Fund	1,699	1,748	49	3%
Parks Facilities Fund (Cyclorama)	485	475	(11)	-2%
Solid Waste Services Fund	48,574	48,262	(312)	-1%
Underground Atlanta Revenue Fund	9,333	11,223	1,890	17%
Water and Wastewater Fund	479,723	513,494	33,771	7%
Total Enterprise Funds	938,768	981,597	42,830	4%
Other Funds				
Emergency 911 Fund	16,088	15,836	(252)	-2%
Fleet Services Fund	30,911	32,390	1,479	5%
Group Insurance Fund	102,632	108,157	5,525	5%
Total Other Funds	149,632	156,383	6,752	4%
Total Operating Funds	1,647,923	1,688,601	40,678	2%

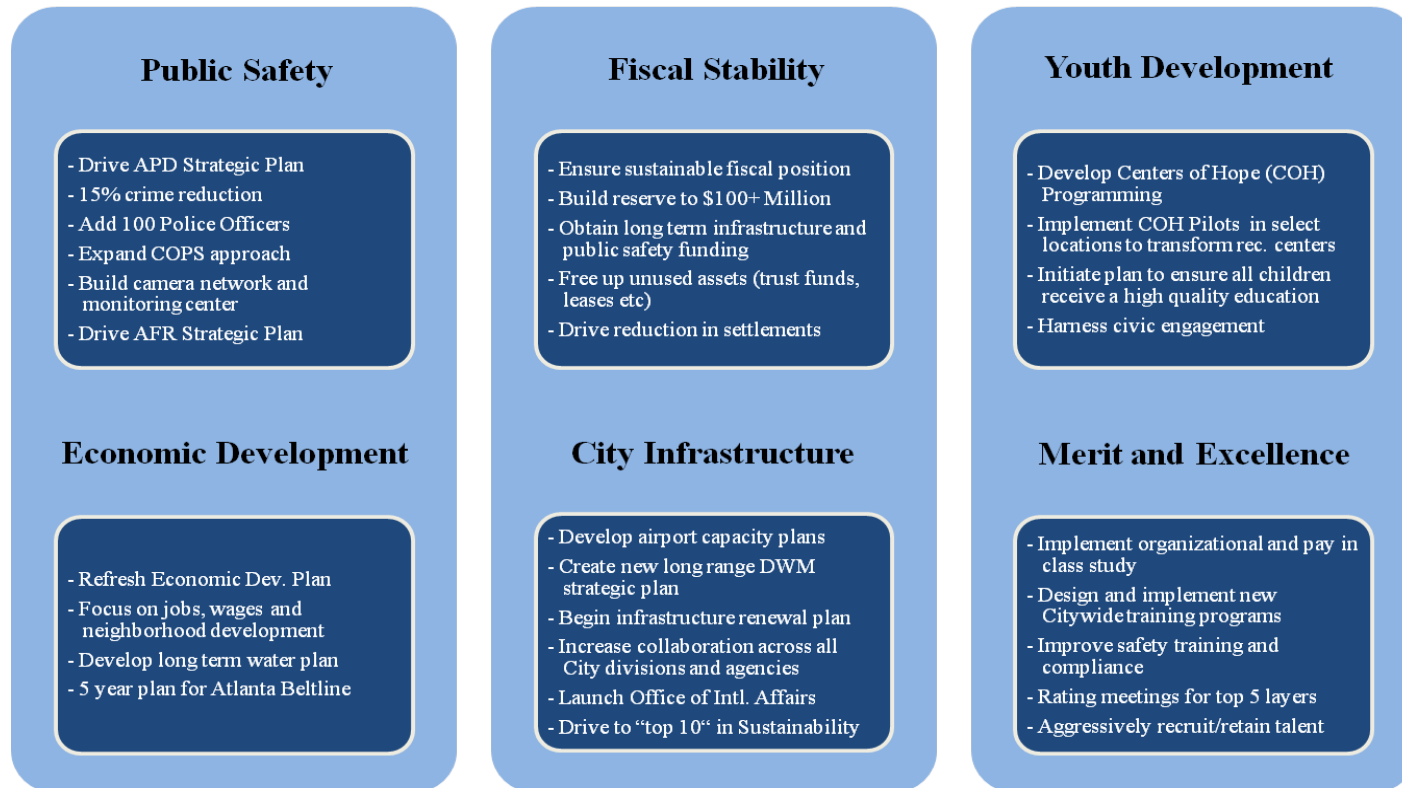
The City is required to adopt a balanced budget each year and maintain budgetary controls to ensure compliance with legal provisions of the annual appropriated budget approved by the Mayor and City Council. For fiscal year 2012, the City total adopted budget for Governmental Funds was \$1.16 billion dollars including \$550 million dollars towards the General Fund.



The City Council holds one or more public hearings on the proposed budget as required by the laws of Georgia, notice of which is published in a newspaper of general circulation in the city at least seven days prior to the date set for the hearing

City Priorities and Accomplishments

The City's Priorities



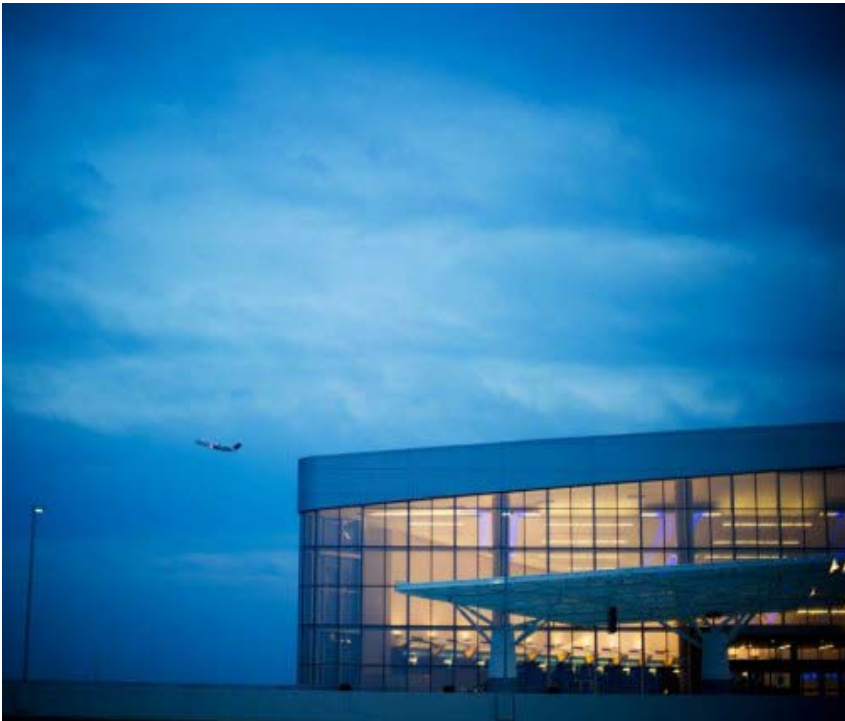
❖ **Public Safety**– The Atlanta Police Department continues to show improvement toward reducing crime in the City of Atlanta. Over the past two years, the City has hired more than 600 new police officers. The fiscal 2013 budget includes funding for a police force of 2,000 which would represent the largest police force in the City's history.

The Fire Department is now fully staffed, with 4 firefighters per engine, an accomplishment that has not been achieved for more than a decade. Four new fire stations have been added since 2010, ensuring quick response times to the 85,000 emergency calls that Atlanta firefighters receive annually.

City Priorities and Accomplishments

❖ **Parks, Recreation and Cultural Affairs** – Over the last two years, all of the City’s recreation centers have been opened. Renovations to these “Centers of Hope” represent the City’s commitment to provide a safe and compelling environment for families and youth.

❖ **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. 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% by 2050.



The Maynard Holbrook Jackson International Terminal

❖ **A Financially Strong City** –Over the last 3 fiscal years, the City’s General Fund has produced over \$140 million in operating surplus, which has allowed \$29 million to be invested in the Capital Projects Fund and increased unrestricted fund balance by \$117 million.

The City is committed to accomplishing the Mayor’s priorities and providing clear and transparent reporting of its 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.