



CITY OF ATLANTA, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended December 31, 2004

Shirley Franklin

Mayor

Janice D. Davis

Chief Financial Officer

CITY OF ATLANTA, GEORGIA
Comprehensive Annual Financial Report
For the Year Ended December 31, 2004

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CITY OF ATLANTA

SHIRLEY FRANKLIN
MAYOR

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TEL (404) 330-6430 ◊ FAX (404) 658-6667

JANICE D. DAVIS
CHIEF FINANCIAL OFFICER
jdavis@atlataga.gov

June 30, 2005

Honorable City Council President
Honorable Members, Atlanta City Council
City of Atlanta, Georgia

Ladies and Gentlemen:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements, presented in conformity with accounting principles generally accepted in the United States of America (GAAP). The law further requires that these statements be audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. In accordance with these requirements, we hereby issue the comprehensive annual financial report of the City of Atlanta for the fiscal year ended December 31, 2004.

This report consists of management's representations concerning the finances of the City of Atlanta. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Atlanta has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Atlanta's financial statements in conformity with GAAP. The cost of internal controls should never outweigh their benefits. A comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. As management, we assert, to the best of our knowledge and belief, that this financial report is complete and reliable in all material respects.

In accordance with Section 6-308 of the City Charter, the governing body shall provide annually for an independent audit of the accounts and other evidences of financial transactions of the City. This audit is to be performed by a certified public accounting firm. The City of Atlanta's financial statements have been audited by Banks, Finley, White & Co; with additional support provided by Tabb & Tabb. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Atlanta for the fiscal year ended December 31, 2004, are free of material misstatement. The independent 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 rendered an unqualified

opinion that the City of Atlanta financial statements for the fiscal year ended December 31, 2004, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Atlanta was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Atlanta's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Atlanta's MD&A can be found immediately following the report of the independent auditors.

Local Economy

The City of Atlanta maintains a stable economic base, primarily attributable to its diverse employment sectors and its strategic location within the southeast region. The City's diverse mix of industries is anchored by government, services, trade, education, finance, insurance and real estate, and manufacturing sectors. The City's population has increased; according to the 2000 U.S. census, the City grew by 22,714 residents versus 1990. The population gains have also resulted in an income distribution shift to higher wages and salaries. Atlanta's economic base is further strengthened by a highly-integrated transportation network, consisting of three major interstate highways (20, 75 and 85), a beltway (Interstate 285), expanded public transportation which includes MARTA, and current expansion of a fifth runway, international terminal, and expanded air cargo at Hartsfield-Jackson Atlanta International Airport estimated at \$5.4 billion. The airport, which is a regional economic engine, has consistently been ranked as the busiest passenger airport in the world. The City's designation as a Renewal Community Development of Housing and Urban Development will assist in promoting further economic development and affordable housing. The Atlantic Station mixed-use development and the Aquarium project are expected to further strengthen the City's core business districts.

The economic outlook is sound with moderate employment gains expected over the short term. The Atlanta economy is expected to continue to benefit from a diverse economic base and strategic location in the southeast region.

Profile of the Government

The City of Atlanta, incorporated in 1847, is located in the north-central part of the state, which is the top growth area in the state, and has been one of the highest growth areas of the country for over three decades. The City of Atlanta currently occupies a land area of 131.4 square miles, with a population of 434,900 according to the Atlanta Regional Commission. The City of Atlanta is empowered to levy a property tax on both real and personal properties located within its boundaries.

The City of Atlanta's policy-making and legislative authority are vested in a governing council consisting of the fifteen members and an elected City Council President who serves as presiding officer. The governing council's primary responsibilities are passing ordinances, adopting the budget, and setting policy for the City. The government's mayor is responsible for carrying out the policies and ordinances of the City, for overseeing the day-to-day operations of the government, and for appointing and directing the heads of the various departments. The Council is elected on a non-partisan basis. Council members serve four-year terms, as does the mayor. The mayor is limited to two consecutive terms. There are no term limits on Council members or the Council President. Twelve of the Council members are elected by district. The mayor, the three remaining Council members and the Council President are elected at large.

The City of Atlanta provides a full range of municipal services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; recreational activities and cultural events; land use and building regulation; and solid waste collection and disposal. The City accounts for solid waste collection and disposal activities separately within the reporting entity and attempts to recover operating costs of the function through user charges. The City operates and maintains the world's busiest airport, financed exclusively with airport-generated income. The City's governing body has oversight responsibility for the City's Pension Trust Funds and Group Insurance Fund. In addition, the City is financially accountable as of December 31, 2004 for the Atlanta-Fulton County Recreation Authority, the Urban Design Commission (UDC), the Solid Waste Management Authority (SWMA), the Atlanta Empowerment Zone Corporation (AEZC), and the Atlanta Development Authority (ADA), all of which were included as part of the City's year 2004 reporting entity. Certain organizations are not included within the scope of this report since they are established by the Constitution of the State of Georgia or state laws and are administered by separate boards that act independently of the City of Atlanta. These include the Atlanta Board of Education and the Atlanta Housing Authority.

Budget Process and Fiscal Policies. The City of Atlanta utilizes an executive budget process, in which all departments submit budget requests to the Mayor, who proposes a budget to the City Council. The Council Finance Committee holds at least one public hearing during the time it is deliberating the budget. Council then may modify that proposed budget, and formally adopts the budget by Ordinance. Under the City Charter, budget adoption must take place by the second Council meeting in the second month of the fiscal year (February). Beginning in December of 2002, the City established a policy of adopting a tentative budget that is effective from January 1 until final budget adoption as provided by the City Charter.

Under the provisions of a budget law adopted in 1937, the Mayor and Council are restricted in budget making to utilize the estimates of revenue availability set by the Budget Commission of the City. The Budget Commission is made up of the Mayor, the Chairman of the Council Finance Committee, the Chief Financial Officer, and two Council members appointed by the Mayor. In the absence of any rate change, the Budget Commission is restricted to setting revenue estimates no higher than ninety-nine percent (99%) of the prior year's actual receipts in each revenue category. Additionally, Budget Commission members are personally liable for any revenue shortfall.

The City is required to adopt a balanced budget each year and maintains budgetary controls to ensure compliance with legal provisions of the annual budget approved by the Mayor and City Council. A Budget Report and Capital Improvement Plan are published each year. Activities of the general fund, special revenue funds and the debt service fund are included in the annual

budget. Project life financial plans are adopted for the capital project funds. The official level of the City budget control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is the department, function or activity, and major category or expenditure group within fund. Budgets for capital projects and grant projects are adopted at the project level within departments and fund, but budgets may be adopted for each category of expenditure within projects if necessary to meet grantor or other control requirements. Transfers of appropriations within the budget of a department in the operating, internal service, and grant funds of the City may be authorized by the approval of the affected department head, the Chief Financial Officer, the Chief Operating Officer, and the chairperson of the Council Finance Committee. Such transfers are filed with the City Council, but require no Council action. Transfers of appropriations from one department to another require an ordinance adopted by City Council and approved by the Mayor. The City's budget procedures, together with such procedures for included component units, are more fully explained in the accompanying "Notes to the General Purpose Financial Statements." The City maintains an encumbrance accounting system and an allotment system to accomplish budgetary control. Appropriations for encumbered amounts at year-end are usually carried forward to the ensuing year if they exceed a certain percentage of the ensuing year's budget, are contractually obligated or dedicated for approved projects or programs.

Long Term Capital Planning. The City's approach to long term capital planning is guided by the development of the Comprehensive Development Plan and the Capital Improvement Program. The Comprehensive Development Plan (CDP) captures the City's vision for the next 5, 10 and 15 years and identifies the City's needs and policies while recommending future projects for implementation. Citizen input is vital to the CDP and is obtained through Neighborhood Planning Units that serve as Citizen Advisory Councils, making recommendations to the Mayor and City Council on zoning, land-use and other planning issues.

The Comprehensive Improvement Program (CIP) covers a 10-year period and identifies the specific improvements to City infrastructure and facilities that are needed to support and implement the CDP. The CIP is intended to ensure that necessary projects will be undertaken according to an established set of priorities and that revenue will be available to finance such projects when they are needed. Both the CDP and CIP are updated annually.

City Infrastructure. In the early 1990s, the City of Atlanta embarked on an aggressive program to rehabilitate and improve infrastructure throughout the City. These wide-ranging construction and infrastructure improvements could not be funded through existing means because of the annual General Obligation (G.O.) debt limit of \$8 million imposed on municipalities by the Georgia constitution. As a result, a voter referendum was needed to approve bond funding for capital improvements throughout the City.

In 1994, a \$150 million G.O. bond referendum was approved for streets and bridges, traffic control, storm drainage, and flood and erosion control. This initial program was followed by another voter referendum in November 2000, approving additional capital projects to improve the quality of life for Atlanta citizens through infrastructure improvements. This second referendum gave approval for another \$150 million in bond indebtedness for sidewalks, new streetscapes, public plazas and green spaces, traffic control devices, and additional street improvements.

To promote economic development in undeveloped or underdeveloped areas, the City issues limited obligation Tax Allocation District (TAD) bonds. TAD bonds are limited obligation of the

City, not secured by the full faith and credit of the City, but rather secured solely by and payable from pledged revenues. The pledged revenues are the tax allocation increments, or the amount of property taxes generated within the TAD that exceed the amount collected from the same area prior to development. Tax allocation districts have proven to be an effective and useful economic development tool; two TAD bonds issues were executed in 2001, none in 2002, 2003 nor 2004. The City is planning up to five TAD bond issues in 2005; Atlantic Station TAD and Westside TAD with a second series of new bonds and initial bond issues for the Eastside TAD, Perry Bolton TAD and Princeton Lakes TAD.

Municipal Facilities. In the development of the CIP, the City assesses its need for general government improvements and identifies appropriate fund sources and priorities for construction of and improvements to municipal facilities. To that end, the City continues to utilize an annual \$8 million G.O. debt issuance with the proceeds shared equally with the Atlanta Board of Education. City proceeds are used to construct or renovate municipal facilities such as police precincts, fire stations, maintenance facilities, general office buildings and recreation centers. The Atlanta Board of Education's proceeds are used to make capital improvements to the school system.

Hartsfield-Jackson Atlanta International Airport. Hartsfield-Jackson Atlanta International Airport is the principal air carrier airport in Georgia and the southeastern United States. It serves as a primary connecting or transfer point in the national air transportation system. In 2004, more than 83.6 million passengers were enplaned or deplaned at the Atlanta Airport, making it the busiest passenger airport in the world according to the Airport Council International. Atlanta's Airport is widely considered to be the economic engine of the southeastern United States. Recognizing the pivotal role played by the Airport, the City has adopted a capital improvement plan to increase airfield capacity and provide additional terminal facilities required to accommodate increased operations and passenger activity at the Airport based on a master plan developed by the Airport and entitled "Hartsfield 2000 and Beyond."

Initial construction of elements of the Airport's Capital Improvement Plan began in 1999 and is expected to be completed by 2010. The CIP includes, among other things, the construction of a 9,000 foot fifth parallel runway, a new South Terminal, a new International Terminal, a consolidated rental care facility, improvements to air cargo facilities, and renovations to the existing terminal complex. The cost of the Airport CIP is currently estimated at approximately \$6.8 billion. These costs also include required new security improvements as a result of the enactment of the Aviation and Transportation Security Act and the Homeland Security Act. The majority of the Airport CIP projects will be funded by revenue bond issues.

Water and Sewer Infrastructure. A major component of the City's long-term capital planning for Water and Wastewater has been driven by federal and state consent decrees and orders that require the correction of problems caused by the City's outdated combined sewer facilities and water treatment plants that provide drinking water. Upgrades and improvements are required to address wastewater treatment facilities, pretreatment requirements, and capacity issues of the sewerage collection and transmission system City-wide that has been neglected for decades. Improvements to the wastewater system must be completed by 2014, and together with improvements to the drinking water system, will cost approximately \$3.2 billion in capital improvements. The majority of the Water and Wastewater improvements will be funded by a

planned series of revenue bond issues over the next five years and rate increases for both retail and wholesale users of the City's water and wastewater system.

Cash Management Policies and Practices It is the policy of the City of Atlanta to invest public funds in a manner that will provide maximum security and the best commensurate yield while meeting the daily cash flow demands of the City. The City's investments are placed primarily in government securities. These instruments include U.S. Treasury and agency securities. Other investments include depository instruments such as certificates of deposit with commercial banks, repurchase agreements (repos) and the State Treasurer's pooled investment vehicle (Georgia Fund 1). The maturity periods for investments range from overnight to five years. The average yield on investments was 2.3 percent for 2004. The rate is unchanged from 2003.

Risk Management. The City's Risk Management program is authorized to protect the City's assets from loss and minimize the financial burden incurred by the City as a result of worker-related injuries, damage to City property, damages incurred by third parties when the City is held liable, and vendor performance deficiencies on City contracts. To address this mission, the Risk Management program identifies and evaluates exposure to loss, recommends changes in procedures to mitigate loss or exposure to loss, arranges for appropriate insurance for the transfer of risk, and approves all insurance purchases.

The City maintains Airport Liability Insurance, Ambulance Liability for its airport transport units, Property Insurance for the Airport and all City owned facilities, and other coverage as needed. Risk Management administers an Owner Controlled Insurance Program (OCIP) at the Airport. This is a program where the City as a sponsor, purchases insurance on behalf of the participating contractors.

Risk Management continually makes an effort to identify and evaluate exposure to loss, recommend changes in procedures to mitigate loss, and arrange for appropriate insurance for the transfer of risk. It also proactively pursues implementation of safety and health related measures to reduce potential liability.

Pension and Other Post-Employment Benefits. The City of Atlanta sponsors four pensions for various employee groups. A one-agent multiple-employer Defined Benefit Plan covers general government employees and some employees of the Atlanta Board of Education, two single-employer Defined Benefit Plans exist, one to cover fire personnel and one to cover police personnel, and a Defined Contribution Plan for permanent employees. Defined Benefit Plans were established in 1927 by an Act of the State of Georgia Legislature and, until 1983, the Georgia Legislature established all requirements and policies of these Plans. In 1983, the control over the Plans was transferred to the City under the principle of Home Rule.

Each of the three Defined Benefit Plans is governed by its own Board of Trustees. Each year, independent actuary reports are prepared to determine if the assets and contributions are sufficient to provide the prescribed benefits of the respective plans. As a matter of policy, the City budgets each year to provide the annual required contribution to the pension plans as determined by the actuary.

The Defined Contribution Plan was legislatively adopted in July 2001 for all newly hired, non-sworn employees and for members of the General Employee Defined Benefit Plan who elect to

transfer their contributions, as well as those of the City, to the Plan. Two hundred forty nine (249) members of the General Employee Defined Benefit Plan elected to participate in the Defined Contribution Plan. They were required to transfer the actuarially determined lump-sum present value of their accrued benefits to the Plan; this transfer from the General Pension Plan was operationally implemented in 2002.

Post-Retirement Benefits. In accordance with a City ordinance, the City provides certain health/dental care for retired employees, their dependents, and their beneficiaries. The City also provides life insurance for retired employees and their dependents. These benefits are funded on a pay-as-you-go basis. Substantially all employees may become eligible for these benefits if they reach retirement age, as defined, or are totally disabled while working for the City. Currently, 3,916 retirees meet the eligibility requirements. The City contributes 75% of the premium cost for the Kaiser POS health care coverage and contributes \$4.05 per thousand of the premium cost for a retiree's life insurance coverage in amounts ranging from \$1,000 to \$10,000. The City does not contribute to the cost of dependent life insurance. The cost of retiree health/dental care and life insurance benefits is recognized as premiums are paid to the private insurers and such costs totaled \$29,289,509 in 2004. The City's contribution to the cost was \$20,659,162.

Additional information on the City of Atlanta's pension arrangements and post-employment benefits can be found in Note L in the Notes to the Financial Statements.

City Internal Auditor and City Audit Committee. The City Charter (Article 2, Chapter 6) establishes the Office of City Internal Auditor and outlines its primary duties. The office conducts performance and financial audits of all departments, offices, boards, activities and agencies of the City. Audits may assess compliance with laws and regulations; efficiency, effectiveness, and results of programs; accuracy of financial reporting; and adequacy of management controls. Audits are selected primarily through development of an annual audit plan and conducted under government audit standards. Audit reports are distributed to the Mayor and City Council and are available to the public.

The City Internal Auditor is appointed by and accountable to the City of Atlanta Audit Committee, a five-member group including three City residents with expertise in auditing, the Mayor, and the City Council President. This structure assures the independence of the internal audit function. The Audit Committee and City Internal Auditor also provide oversight and coordination of the independent financial audit and other external audits, and report annually on the implementation of audit recommendations.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Atlanta its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2003. This was the 19th consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its 2004 annual budget document. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

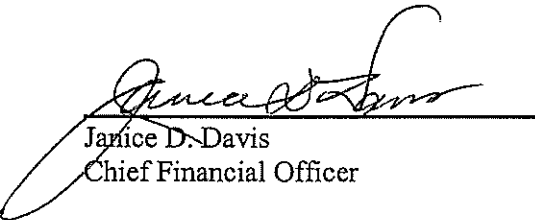
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Department of Finance and the other operating and support departments of the City. We would like to express our appreciation to all who assisted in and contributed to the preparation of this report. Credit also must be given to the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Atlanta's finances.

Respectfully submitted,

Respectfully submitted,



Shirley Franklin
Mayor



Janice D. Davis
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Atlanta,
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



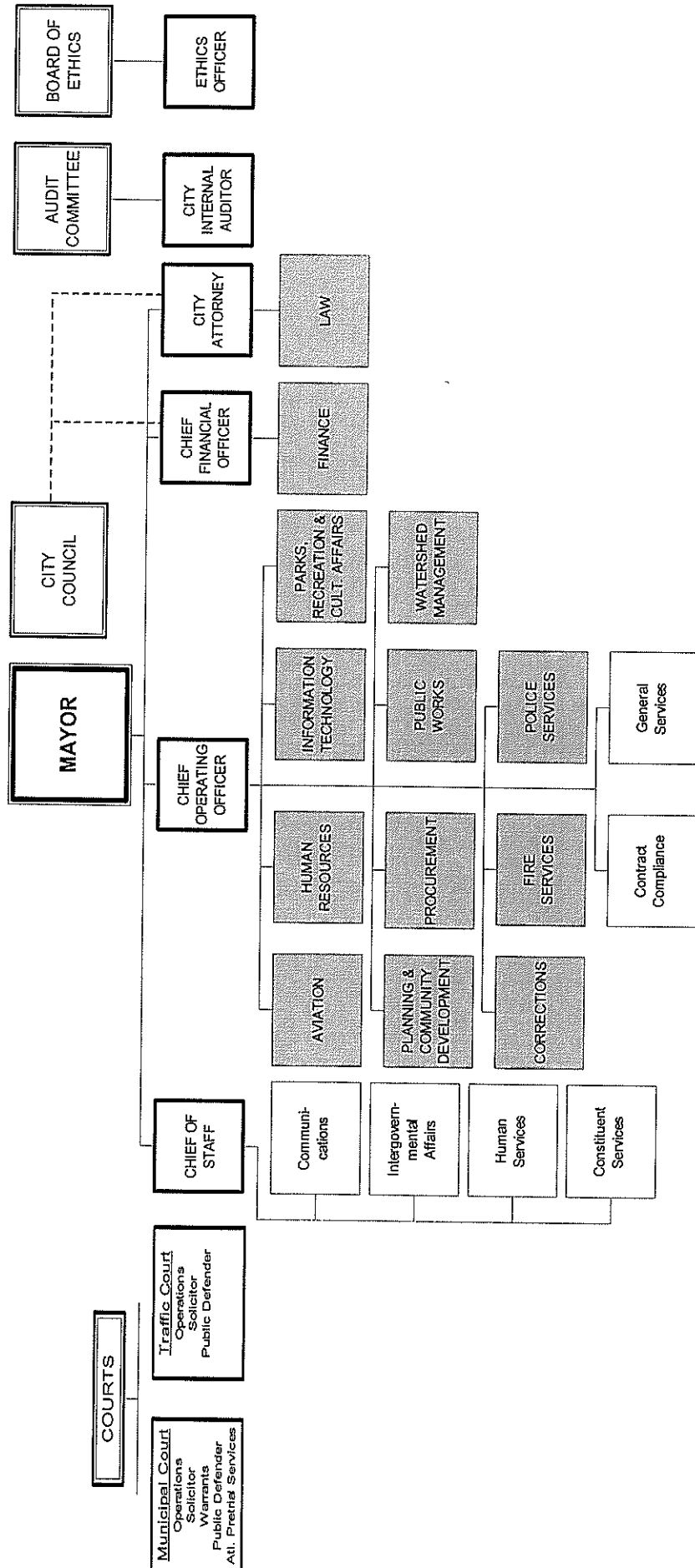
Nancy L. Ziehl

President

Jeffrey R. Emery

Executive Director

City of Atlanta
2004 ORGANIZATION CHART



EXECUTIVE

Mayor.....Shirley Franklin

LEGISLATIVE

City Council (Elected)

President of CouncilLisa M. Borders

Members of Council

District 1 – Carla Smith	District 7 – Howard Shook
District 2 – Debi Starnes	District 8 – Clair Muller
District 3 – Ivory Lee Young, Jr.	District 9 – Felicia A. Moore
District 4 – Cleta Winslow	District 10 – C.T. Martin
District 5 – Natalyn Mosby-Archibong	District 11 – James Maddox
District 6 – Anne Fauver	District 12 – Joyce M. Sheperd

Members of Council – At-Large

City Council – At-Large – Post 1 – Ceasar C. Mitchell
City Council – At-Large – Post 2 – Mary Norwood
City Council – At-Large – Post 3 – H. Lamar Willis

ADMINISTRATIVE

(Appointed)

Chief Operating Officer Lynette Young	Chief of Staff Greg Pridgeon	Chief Financial Officer Janice D. Davis
--	---------------------------------	--

Director, City Council Staff.....	Robert Barger
Commissioner of Parks, Recreation & Cultural Affairs.....	Diane Harnell Cohen
Aviation General Manager.....	Benjamin R. DeCosta
City Attorney.....	Linda DiSantis
Ethics Officer.....	Virginia Looney
Chief Judge, Traffic Court.....	Calvin S. Graves
Acting Commissioner of Planning & Community Development.....	James E. Shelby
Commissioner of Public Works.....	David E. Scott, P.E.
Chief Judge, Municipal Court.....	Deborah S. Greene
Municipal Clerk.....	Rhonda D. Johnson
Chief Information Officer.....	Abe Kani
Fire Chief.....	Dennis L. Rubin
Police Chief.....	Richard J. Pennington
Corrections Chief.....	Thomas J. Pocock
Commissioner of Human Resources.....	Benita C. Ransom
Commissioner of Water Management.....	Rob Hunter
Chief Procurement Officer.....	Adam Smith
City Internal Auditor.....	Leslie Ward

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Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Atlanta, Georgia (the "City"), as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Atlanta Fulton County Recreation Authority, the Atlanta Empowerment Zone and the Atlanta Development Authority, each being discretely presently component units, which collectively represent total assets of approximately 3.30% as of December 31, 2004 and total revenues of approximately 2.47% for the year then ended. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, in so far as it relates to the amounts included for those entities and funds is based solely on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Atlanta, Georgia, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2005 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

The management's discussion and analysis and a schedule of funding progress on pages 3 through 16 and 86 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures to this supplementary information, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the supplementary information and we express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements listed in the accompanying table of contents are presented for purpose of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements listed in the accompanying table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections of the City's comprehensive annual financial report have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Banks, Finley, White & Co.
June 25, 2005

Management's Discussion and Analysis

As management of the City of Atlanta, Georgia we offer readers of the City of Atlanta's financial statements this narrative overview and analysis of the financial activities of the City of Atlanta for the fiscal year ended December 31, 2004. We encourage readers to consider the information presented here, in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iv-xi of this report.

Financial Highlights

- The assets of the City of Atlanta exceeded its liabilities at the close of 2004 by \$4.4 billion, that amount represents the City's net assets. Of this amount, \$909.5 million in unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$295.4 million in 2004.
- At the close of 2004, the City of Atlanta's governmental funds reported combined ending fund balances of \$422.1 million, an increase of \$86.0 million in comparison with the prior year. The unreserved fund balance of \$129.9 million reflects a 34.6 percent increase over the unreserved fund balance in 2003. This amount is available for spending at the government's discretion.
- At the end of 2004, the unreserved fund balance for the general fund was \$151.3 million, or 38.7 percent of total general fund expenditures.
- The City of Atlanta's total long-term debt increased by \$2.2 billion, which is a 54.8 percent increase during the current fiscal year.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the City of Atlanta's basic financial statements. The City of Atlanta's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. *The government-wide financial statements* are designed to provide readers with a broad overview of the City of Atlanta's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of Atlanta's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Atlanta is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of*

related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Atlanta that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Atlanta include general government, public safety, highways and streets, economic development, and cultural and recreation. The business-type activities of the City of Atlanta include the Department of Aviation (Hartsfield-Jackson International Airport), Water and Wastewater System, Parks and Recreational Facilities, Sanitation Services, and the Civic Center.

The government-wide financial statements include not only the City of Atlanta itself (known as the primary government), but also a legally separate Atlanta Fulton County Recreation Authority, Atlanta Empowerment Zone Corporation, and Atlanta Development Authority for which the City of Atlanta is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. Certain organizations are not included within the scope of this report since they are established by the Constitution of the State of Georgia or state laws and are administered by separate boards that act independently of the City of Atlanta. Included in this category are the Atlanta Board of Education and the Atlanta Housing Authority.

The government-wide financial statements can be found following this section of the report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Atlanta, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Atlanta can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term flows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and

changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Atlanta utilizes four generic fund types of governmental funds (see note A in notes to the financial statements). The City maintains thirty-eight individual funds within the generic fund type. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other thirty-seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Atlanta adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The governmental funds financial statements immediately follow the Government-wide financial statements.

Proprietary funds. The City of Atlanta maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Atlanta uses enterprise funds to account for its business-type activities of the Hartsfield-Jackson International Airport, Water and Wastewater System, Parks and Recreational Facilities, Sanitation Services, Underground Atlanta, and the Civic Center. An *internal service fund* is an accounting device used to accumulate and allocate costs internally among the City of Atlanta's various functions. The City of Atlanta uses an internal service fund to account for the maintenance and operation of its fleet of vehicles and for its management information systems. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements. The proprietary fund financial statements provide separate information for the Department of Aviation (Hartsfield-Jackson International Airport), and the Water and Wastewater System, which are considered to be major funds of the City of Atlanta. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The proprietary funds financial statements follow the Governmental Funds Statement.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Atlanta's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary funds financial statements follow the Proprietary Funds Statement.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found following the basic financial statements in this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Atlanta's progress in funding its obligation to provide pension benefit to its employees. Required supplementary information can be found following the notes in this report.

The combining and individual funds statements, referred to earlier in connection with non-major governmental and proprietary funds, are presented immediately following the required supplementary information on pensions

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Atlanta, assets exceeded liabilities by \$4.4 billion at the close of the most recent fiscal year. Table 1 summarizes the major categories of assets, liabilities and net assets for governmental activities, business-type activities, and the government as a whole.

Table 1. City of Atlanta Net Assets, Fiscal Year 2004 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 505,439	\$ 393,531	\$ 4,306,223	\$ 2,537,714	\$ 4,811,662	\$ 2,931,245
Capital assets, net of depreciation	950,513	1,091,859	5,341,156	4,585,014	6,291,669	5,676,873
Total assets	1,455,952	1,485,390	9,647,379	7,122,728	11,103,331	8,608,118
Long-term liabilities	636,740	576,418	5,693,491	3,570,644	6,330,231	4,147,062
Other liabilities	58,377	38,333	268,689	159,095	327,066	197,428
Total liabilities	695,117	614,751	5,962,180	3,729,739	6,657,297	4,344,490
Net assets						
Invested in capital assets, net of related debt	368,441	571,512	2,269,963	2,383,697	2,638,404	2,955,209
Restricted	246,498	199,790	651,610	421,713	898,108	621,503
Unrestricted	145,896	99,337	763,626	587,579	909,522	686,916
Total net assets	\$ 760,835	\$ 870,639	\$ 3,685,199	\$ 3,392,989	\$ 4,446,034	\$ 4,263,628

At the end of the 2004 fiscal year, the City of Atlanta is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

By far the largest portion of the City of Atlanta's net assets (63.7%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Atlanta uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the City of Atlanta's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's net assets increased \$295.4 million during the current fiscal year. Table 2 shows revenues, expenses, and changes in net assets for governmental activities, business-type activities, and the government as a whole.

Table 2. City of Atlanta's Changes in Net Assets, Fiscal Year 2004 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government Total	
	2004	2003	2004	2003	2004	2003
Revenues						
Program revenues						
Charges for services	\$ 110,131	\$ 103,374	\$ 577,338	\$ 495,438	\$ 687,469	\$ 598,812
Operating grants and contributions	48,194	30,933	-	-	48,194	30,933
Capital grants and contributions	-	-	229,610	283,779	229,610	283,779
General revenues						
Property taxes	198,875	194,935	-	-	198,875	194,935
Other taxes	168,589	219,446	20,449	-	189,038	219,446
State formula aid	542	537	-	-	542	537
Investment Income	5,021	7,904	44,452	86,905	49,473	94,809
Other	9,657	22,330	-	-	9,657	22,330
Total revenues	541,009	579,459	871,849	866,122	1,412,858	1,445,581
Expenses:						
General government:	104,383	120,890	-	-	104,383	120,890
Police	134,950	133,349	-	-	134,950	133,349
Fire	63,714	66,354	-	-	63,714	66,354
Corrections	35,107	32,245	-	-	35,107	32,245
Public Works	68,675	63,336	-	-	68,675	63,336
Parks, Recreation and Cultural Affairs	32,739	30,062	-	-	32,739	30,062
Nondepartmental	62,691	48,394	-	-	62,691	48,394
Interest on long-term debt	22,101	22,709	-	-	22,101	22,709
Water and Wastewater System	-	-	228,554	233,542	228,554	233,542
Department of Aviation	-	-	303,703	240,687	303,703	240,687
Sanitation	-	-	47,536	45,173	47,536	45,173
Other	-	-	13,292	10,305	13,292	10,305
Total Expenses	524,360	517,339	593,085	529,707	1,117,445	1,047,046
Increase (decrease) in net assets before transfers	16,649	62,120	278,764	336,415	295,414	398,535
Transfers in(out)	4,208	(7,023)	(4,208)	7,023	-	-
Increases in net assets	20,857	55,097	274,556	343,438	295,414	398,535
Net Assets, Beginning of Year as previously reported	870,639	703,529	3,392,989	3,060,361	4,263,628	3,763,890
Correction of Prior Year Error	(130,662)	112,013	17,654	(10,810)	(113,008)	101,203
Net Assets, Beginning of Year as restated	739,977	815,542	3,410,643	3,049,551	4,150,620	3,865,093
Net Assets, End of Year	\$ 760,834	\$ 870,639	\$ 3,685,199	\$ 3,392,989	\$ 4,446,034	\$ 4,263,628

Governmental activities. Governmental activities increased the City of Atlanta's net assets by \$20.9 million. Key elements of these changes are the correction of prior year's errors as follows:

- Total revenues exceed expenses by \$16.6 million
- Net transfers In (Out) increased by \$4.2 million

Program revenues are generated from charges for services and operating grants and contributions. These revenues totaled 158.3 million and provided 29.3% of the funding for governmental activities.

General revenues are mainly comprised of Property Taxes and Other Taxes. These revenues totaled 382.7 million and are down by 20.7% from the previous year.

Figure 1. Program Revenues for Governmental Activities, Fiscal Year 2004

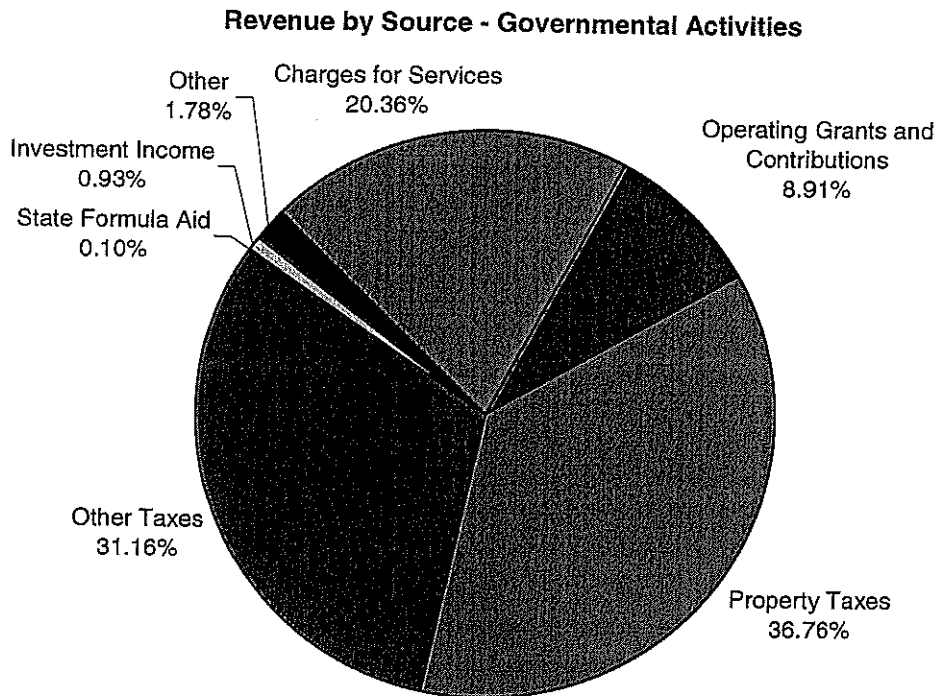
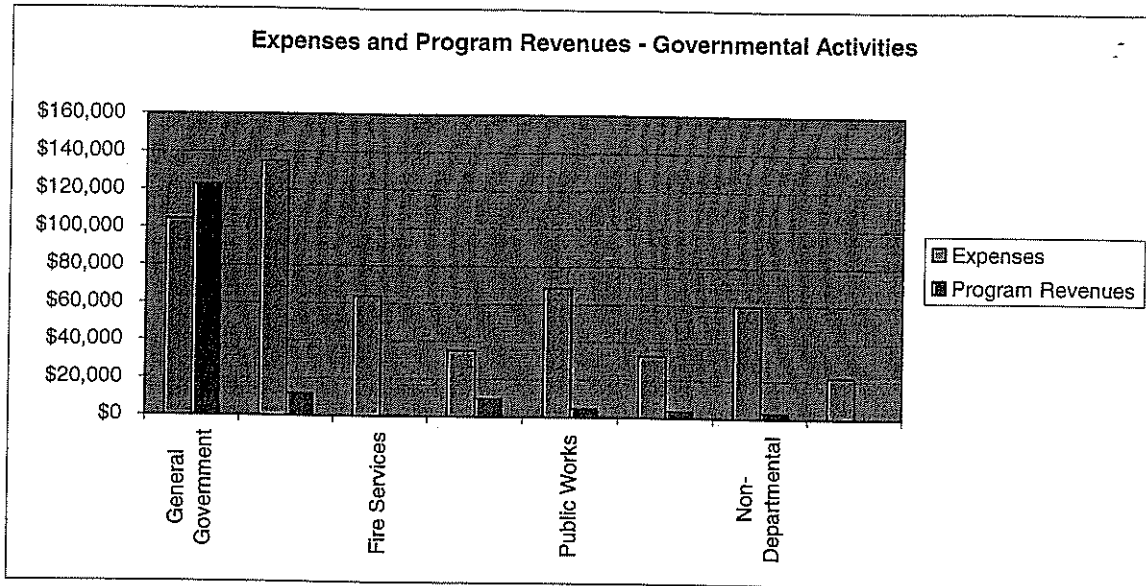


Figure 2 shows program revenues for major governmental activities compared to their expenses. Only the general government functions generate program revenue to equate the expenses. The other governmental activities of the City are supported by tax and fee revenues, which are not dedicated to a specific purpose.

Figure 2. Program Revenues Compared to Expenses, Fiscal Year 2004



- Expenses in the Department of Corrections rose 11% over last year due largely to the increase in the average daily population which required more personnel and overtime cost.
- The Department of Public Works increased by 11% due to the new parking meter program.
- The City's non-departmental expenses increased by 86%. This rise was driven by larger pass-through amounts of tax revenue collected by the City and transferred to the Georgia World Congress Center and the Georgia Dome per joint financing agreement between the State of Georgia and the City of Atlanta.
- The Department of Police Services increased by 8% due to additional personnel cost for the increase in salaries for sworn personnel.

Business-type activities. Business-type activities increased the City of Atlanta's net assets by \$274.5 million. The Department of Aviation is responsible for \$227.9 million of the increase. The \$227.9 million is 83.0 % of the net asset increase for business-type activities. The Department of Watershed experienced an increase of \$48.6 million.

Figure 3 shows that 66.2 percent of program revenue for business-type activities is derived from charges for services. The remaining program revenue comes from grants, and investment income, with a smaller portion in other taxes.

Figure 3. Program Revenues from Business-type Activities, Fiscal Year 2004

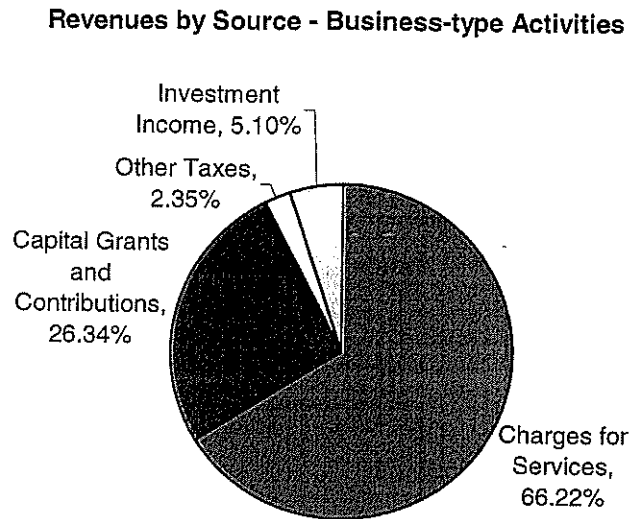
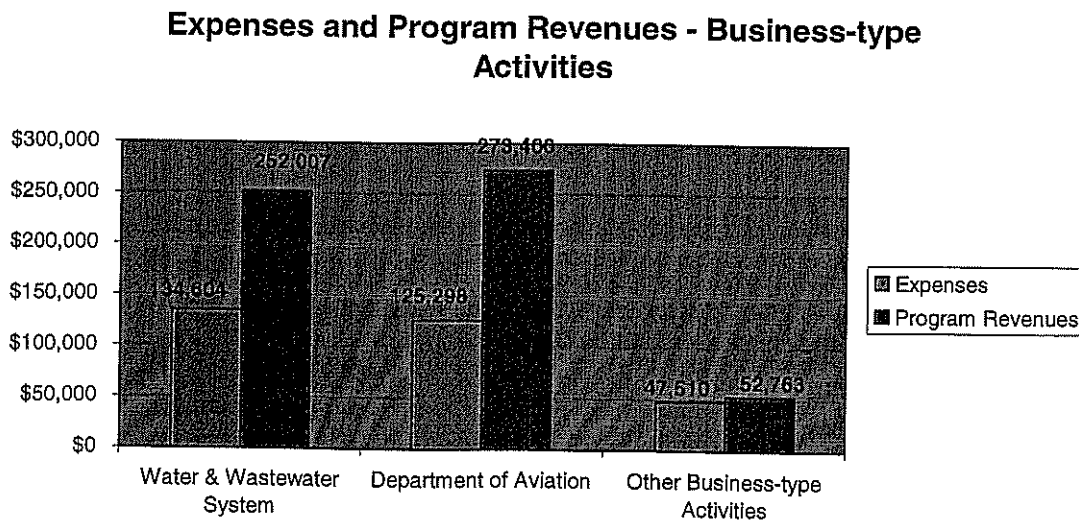


Figure 4 compares operating expenses to program revenues for business-type activities. For the Water and Wastewater System, program revenues exceed operating expenses due to a decrease in expenditure. In the Department of Aviation, program exceed expenses

For the remaining business-type activities, Solid Waste (Sanitation), Parks and Recreational Facilities program revenues slightly exceed operating expenses. The deficit is driven by Solid Waste.

Figure 4. Expenses for Business-type Activities, Fiscal Year 2004



Water & Wastewater System. For the Water & Wastewater System Fund, net assets increased by \$48.6 million. The primary cause for the change in net assets is the growth in unrestricted funds. The unrestricted funds will be used to fund operations.

Table 3. Water & Wastewater Revenues and Expenses, Fiscal years 2004 and 2003 (in thousands)

	<u>2004</u>	<u>2003</u>	<u>% Change</u>
REVENUES			
Total operating revenues	\$ 252,007	\$ 206,343	22.1%
Non-operating revenues	35,771	21,098	69.5%
Total revenues	<u>287,778</u>	<u>227,441</u>	26.5%
EXPENSES			
Total operating expenses	\$ 142,946	\$ 145,943	-2.1%
Depreciation expenses	57,837	52,011	11.2%
Non-operating expenses	38,414	35,588	7.9%
Total expenses	<u>239,197</u>	<u>233,542</u>	2.4%

Total revenue increased 26.5% for 2004. The increase is the result of higher water rates.

Total expenses increased by 2.4% from the prior year. One of the causes for the increase is depreciation expense. This expense is due to additional capital assets being placed into service. The other cause is due to additional interest capitalized in 2004 vs. 2003. Construction activity in 2004 was higher than 2003.

Department of Aviation. Total net assets for the year 2004 increased by approximately \$227.9 million. The increase is composed of \$159.3 million in operating income and \$68.6 million in capital contributions.

The restricted portion of the Airport's net assets represents bond reserve funds that are subject to external restrictions on how they can be used under bond ordinance and Passenger Facility Charges that are restricted by Federal PFC regulations for the purposes authorized together with the bond ordinance stating they will be used to pay future indebtedness. The 50.8% increase in restricted net assets in 2004 is primarily due to increases in accounts payable (to accommodate the acceleration of construction activity) and accrued interest payable.

The unrestricted net assets of \$341.8 million may be used to meet any of the Airport's ongoing capital and operating obligations. The \$87.8 million decrease in the unrestricted net assets is primarily due to reimbursement of funds to the Airport's Renewal & Extension Fund for interim financing of various CIP projects.

Table 4. Aviation Revenues and Expenses Fiscal Years 2004 and 2003 (in thousands)

	<u>2004</u>	<u>2003</u>	<u>% Change</u>
REVENUES			
Operating Revenues	\$ 273,575	\$ 247,845	10.4%
Interest Income	28,906	65,617	-55.9%
Other Income	161,014	152,373	5.7%
Total Revenues	<u>463,495</u>	<u>465,835</u>	-0.5%
EXPENSES			
Operating Expenses	\$ 117,868	\$ 100,126	17.7%
Interest Expenses	97,922	78,415	24.9%
Other non-operating expenses	24,426	--	--
Depreciation and amortization	63,944	62,146	2.9%
Total expenses	<u>304,160</u>	<u>240,687</u>	26.4%

Operating revenues are diverse and consist primarily of inside concession revenues, parking and ground transportation revenues, and airline revenues, which include landing fees, terminal rentals, reimbursed expenses and other revenues.

Operating revenues in 2004 are \$273.6 million or 10.4% higher than the \$247.8 million reported in 2003. The increase can be attributed to increases in Inside Concessions revenues, Parking and Insurance Cost Recovery revenues and Other revenues. These increases were offset by decreases in Operations charges and Other Building Rental revenues.

Total revenues consist of operating revenue, investment income and other income that include Passenger Facility Charges ("PFC") revenue. The total revenue in 2004 was \$463.5 million or one percent less than the \$465.8 million generated in 2003.

Total expenses in 2004 increased by \$63.4 million or 26.4% over 2003 expenses. This is due in part to a \$17.8 million dollar or 17.8% increase in Operating expenses, a \$19.5 million or 24.9% increase in long term interest expense resulting from the structuring of debt service and a \$1.8 million increase in Depreciation Expense. The increase in Operating expenses is primarily due to increases of \$11.4 million in personnel expenses and \$6.1 million in repairs and maintenance expenses.

Financial Analysis of the Government's Funds

As noted earlier, the City of Atlanta uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Atlanta's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Atlanta's financing requirements. In

particular, the *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of 2004, the City of Atlanta's governmental funds reported combined ending fund balances of \$422.2 million, or an increase of \$86 million over 2003.

The general fund is the chief operating fund of the City of Atlanta. At the end of the current fiscal year, unreserved fund balance of the general fund was \$151.3 million.

The debt service fund has a total fund balance of \$37.6 million, all of which is reserved for the payment of debt service. The net increase in fund balance for the debt service fund was \$10.1 million.

General Fund Budgetary Highlights

Total 2004 general fund revenues on a non-GAAP budgetary basis were \$476.3 million, 12 percent greater than the original budgetary revenue anticipations. Some of the excess is due to a conservative anticipation setting strategy in the budget process. Other differences were the increased collection activity of past due solid waste and property tax bills and business licenses and permits.

Expenses, on a non-GAAP budgetary basis for 2004, were \$433.3 million. This represented an expenditure of 91 percent of budgeted appropriations. Expenses were less than budget due to cost containment efforts and the implementation of the Charter reserve requirement, which for 2004 set aside 5 percent of the General Fund budget in a restricted reserve.

Much of the difference between the City's initial or tentative budget and the final budget was due to adjustments to personnel allocations, which included a 2% Cost of Living Adjustment, additional positions for Fire and Police. The difference total approximately 7 million dollars.

Proprietary funds. The statements of City of Atlanta's proprietary funds provide the same type of information as in the government-wide financial statements, but in more detail. Unrestricted net assets of the Hartsfield-Jackson International Airport at the end of the year amounted to \$341.8 million. The unrestricted net assets for Water and Wastewater System amounted to \$475.2 million.

Capital Asset and Debt Administration

Capital assets. The City of Atlanta's investment in capital assets for its governmental and business type activities as of December 31, 2004, amounts to \$6.2 billion, net of accumulated depreciation. This investment in capital assets includes land, buildings and system, improvements, construction in progress, machinery and equipment, park facilities, roads, highways, and bridges. As shown in Table 5, buildings, improvements, and land account for the largest share of the value of these assets.

Table 5. City of Atlanta's Capital Assets, Net of Depreciation, Fiscal year 2004 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 60,346	\$ 193,097	\$ 902,886	\$ 878,655	\$ 963,232	\$ 1,071,752
Construction in progress	30,094	77,918	1,703,803	1,000,328	1,733,897	1,078,246
Land improvements	9,661	10,238	412,272	420,422	421,933	430,660
Buildings and building improvements	264,325	206,889	2,252,348	2,217,193	2,516,673	2,424,082
Other property and equipment	51,618	44,189	69,847	68,416	121,465	112,605
Infrastructure	534,469	559,528	-	-	534,469	559,528
Total	\$ 950,513	\$ 1,091,859	\$ 5,341,156	\$ 4,585,014	\$ 6,291,669	\$ 5,676,873

Additional information of the City's capital assets can be found within the Notes to the Financial Statements.

Long term debt. The City's total long-term debt increased 34% during 2004. This increase is due to the issuance of \$849M in Water & Wastewater Revenue Bonds, \$1.466M in Airport Revenue and PFC Bonds, \$55M in General Obligation Bonds of which \$47M were issued under the 2001 Quality of Life Referendum.

Table 6. City of Atlanta's Outstanding Long-Term Debt, Fiscal Year 2004, (in thousands)

	Total Outstanding Debt		
	2004	2003	Percentage Change
General obligation and annual bonds	\$ 290,365	\$ 239,360	21.3%
SWMA revenue refunding bonds	23,965	24,855	-3.6%
Limited obligation bonds	90,935	91,500	-0.6%
Section 108 loans	11,250	12,965	-13.2%
Certificates of participation	165,557	151,667	9.2%
Water and Wastewater Revenue Bonds	2,558,000	1,676,566	52.6%
Airport Facilities Revenue Bonds	2,927,307	1,721,308	70.1%
Underground Atlanta	65,330	69,190	-5.6%
Capital Leases:			
Water and Wastewater System	22,299	23,944	-6.9%
Sanitation Fund	3,217	5,075	-36.6%
Total	\$ 6,158,225	\$ 4,016,430	53.3%

Additional information regarding the City's Long-term Obligations can be found in the Note K in the Notes to the Financial Statements.

The most recent General Obligation Bond rating by Moody's is Aaa. The rating outlook for the City's General Obligation Bonds has been revised from Negative to Stable by Standard and Poor's, based on improved financial operations.

As of the date of the issuance of this report, the City's Water & Wastewater Bonds have been rated Baa1 by Moody's, A- by Standard and Poors, and BBB+ by Fitch.

State statutes limit the amount of general obligation debt a governmental entity may issue to 8 percent of its total assessed valuation. The current debt limitation for the City of Atlanta is \$1.2 billion, which is significantly in excess of the City of Atlanta's outstanding general obligation debt. See the Computation of Legal Debt Margin in the Statistical Section of this report.

Economic Factors and Next Year's Budgets and Rates

Despite the effects of a sluggish national economy, some local recessionary trends and an increase in the unemployment rate for the City of Atlanta, the City economy continues strong. Recent estimates by the Atlanta Regional Commission are that the City of Atlanta has added over 18,000 residents since the 2000 census, an increase of nearly 4% in just three years.

The City's own massive capital projects at Hartsfield-Jackson International Airport and associated with the Water and Wastewater Systems will also impact the local economy in terms of job creation and supply requirements.

The property tax increase that was adopted for the 2002 budget lessened the City's dependence on Sales Tax for general fund revenue support. Sales Tax had been declining but there was a slight increase in 2004. The City issued \$6 million more in business licenses and permits from 2003.

Requests for Information

This financial report is designed to provide a general overview of the City of Atlanta's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Atlanta's Chief Financial Officer, 11100 City Hall Tower, 68 Mitchell St., SW., Atlanta, Georgia 30303.

CITY OF ATLANTA, GEORGIA
Statement of Net Assets
December 31, 2004
(In Thousands)

	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 29,706	\$ 12,693	\$ 42,399	\$ 7,015
Restricted cash	-	285,250	285,250	3,675
Investments in pooled investment fund	67,560	592,948	660,508	-
Investments	210,520	-	210,520	7,094
Receivables (net of allowances for uncollectibles)	60,321	60,410	120,731	14,558
Due from other governments	7,848	14,041	21,889	723
Internal balances	103,154	(103,154)	-	-
Inventories	-	12,720	12,720	279
Other restricted assets	-	35,544	35,544	-
Prepaid expenses and other assets	-	2,011	2,011	486
Total current assets	479,109	912,463	1,391,572	33,830
Noncurrent assets:				
Restricted cash	-	-	-	16,721
Restricted investments	-	3,102,739	3,102,739	21,814
Capital assets:				
Land and construction in progress	90,440	2,606,689	2,697,129	30,211
Other capital assets, net of depreciation	325,604	2,734,467	3,060,071	247,119
Infrastructure, net of depreciation	534,469	-	534,469	-
Investments in joint venture	-	73,079	73,079	-
Investments in escrow	26,330	-	26,330	-
Other assets	-	218,731	218,731	7,183
Long-term receivable	-	-	-	9,526
Total noncurrent assets	976,843	8,735,705	9,712,548	332,574
Total Assets	1,455,952	9,648,168	11,104,120	366,404
LIABILITIES				
Current liabilities				
Accounts payable	46,296	44,977	91,273	8,724
Accrued expenses, vacations, and compensatory pay	30,695	19,638	50,333	40
Claims payable	-	9,600	9,600	-
Contract retentions	368	1,952	2,320	-
Due to other governments	80	450	530	-
Other liabilities	-	3,263	3,263	7,916
Deferred revenues	372	6,635	7,007	682
Liabilities payable from restricted assets	-	168,015	168,015	2,634
Current portion of long-term debt	24,663	67,258	91,921	26,830
Current portion of workers compensation	3,573	-	3,573	-
Current portion of capital leases	-	2,756	2,756	-
Total current liabilities	106,047	324,544	430,591	46,826
Noncurrent liabilities				
Noncurrent portion of long-term debt	557,409	5,524,767	6,082,176	257,247
Noncurrent portion of capital leases	-	22,760	22,760	-
Other long-term liabilities	31,661	90,898	122,559	-
Total Liabilities	695,117	5,962,969	6,658,086	304,073
NET ASSETS				
Invested in capital assets, net of related debt	368,441	2,269,963	2,638,404	31,719
Restricted for:				
Debt service	37,556	651,610	689,166	-
Programs	69,511	-	69,511	20,972
Capital projects	139,431	-	139,431	-
Unrestricted	145,896	763,626	909,522	9,640
Total Net Assets	\$ 760,835	\$ 3,685,199	\$ 4,446,033	\$ 62,331

The accompanying notes are an integral part of the statements.

CITY OF ATLANTA, GEORGIA
Statement of Activities
For the Year Ended December 31, 2004
(In Thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u> [†]
Primary Government				
Governmental activities:				
General government	\$ 104,383	\$ 77,014	\$ 43,037	\$ -
Police	134,950	19,135	-	-
Fire	63,714	416	1	-
Corrections	35,107	8,068	17	-
Public Works	68,675	3,876	164	-
Parks, Recreation and Cultural Affairs	32,739	1,622	4,975	-
Nondepartmental	62,691	-	-	-
Interest on long-term debt	22,101	-	-	-
Total Governmental activities	524,360	110,131	48,194	-
Business-type activities				
Watershed Management	228,554	252,007	-	-
Aviation	303,703	273,575	-	229,610
Sanitation	47,536	47,219	-	-
Parks and Recreational Facilities	969	539	-	-
Underground Atlanta	10,895	2,651	-	-
Civic Center	1,427	1,347	-	-
Total Business-type activities	593,085	577,338	-	229,610
Total Primary Government	\$ 1,117,445	\$ 687,469	\$ 48,194	\$ 229,610
Component Units -	\$ 67,003	\$ 42,435	\$ 6,044	\$ 1,444

General revenues:

Taxes:

Property Taxes Levied for general purposes

Property Taxes Levied for debt service

Local Option Sales Tax

Public Utility Franchise Taxes

Business Taxes

Federal and State aid not restricted for specific purposes

Investment income

Other

Total General revenues

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning of year, as previously stated

Correction of prior year errors

Net assets - beginning of year, as restated

NET ASSETS - END OF YEAR

The accompanying notes are an integral part of the statements.

Net (Expenses) Revenues and
Changes in Net Assets

Governmental Activities	Business-type Activities	TOTALS	Component Units
\$ 15,668		\$ 15,668	
(115,815)		(115,815)	
(63,297)		(63,297)	
(27,022)		(27,022)	
(64,635)		(64,635)	
(26,142)		(26,142)	
(62,691)		(62,691)	
(22,101)		(22,101)	
<u>(366,035)</u>		<u>(366,035)</u>	
	\$ 23,453	23,453	
	199,482	199,482	
	(317)	(317)	
	(430)	(430)	
	(8,244)	(8,244)	
	<u>(80)</u>	<u>(80)</u>	
	<u>213,863</u>	<u>213,863</u>	
<u>(366,035)</u>	<u>213,863</u>	<u>(152,172)</u>	
		<u>\$ (17,080)</u>	
198,875	20,449	219,324	-
-	-	-	-
83,518	-	83,518	6,867
46,809	-	46,809	-
38,262	-	38,262	-
542	-	542	-
5,022	44,452	49,474	361
9,657	-	9,657	3,832
<u>382,685</u>	<u>64,901</u>	<u>447,586</u>	<u>11,060</u>
4,208	(4,208)	-	-
<u>386,893</u>	<u>60,693</u>	<u>447,586</u>	<u>11,060</u>
<u>20,858</u>	<u>274,556</u>	<u>295,415</u>	<u>(6,020)</u>
870,639	3,392,989	4,263,628	68,351
(130,662)	17,654	(113,008)	-
<u>739,977</u>	<u>3,410,643</u>	<u>4,150,620</u>	<u>68,351</u>
<u>\$ 760,835</u>	<u>\$ 3,685,199</u>	<u>\$ 4,446,035</u>	<u>\$ 62,331</u>

CITY OF ATLANTA, GEORGIA
 Balance Sheet
 Governmental Funds
 December 31, 2004
 (In Thousands)

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 181	\$ 29,525	\$ 29,706
Investments in pooled investment fund	104,927	44,045	148,972
Investments	16	210,504	210,520
Receivables:			
Taxes	37,921	2,719	40,640
Accounts	150	1,416	1,566
Other	-	321	321
Due from other governments	-	7,848	7,848
Due from other funds	64,573	2,697	67,270
Investments in escrow	<u>22,026</u>	<u>4,304</u>	<u>26,330</u>
TOTAL ASSETS	<u>\$ 229,794</u>	<u>\$ 303,379</u>	<u>\$ 533,173</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 8,617	\$ 2,447	\$ 11,064
Accrued liabilities, vacations, and compensatory pay	10,410	421	10,831
Contract retentions	-	368	368
Due to other governments	-	80	80
Due to other funds	48,123	34,209	82,332
Deferred revenue	<u>4,942</u>	<u>1,378</u>	<u>6,320</u>
Total Liabilities	<u>72,092</u>	<u>38,903</u>	<u>110,995</u>
Fund Balances (Deficit):			
Reserved for:			
Encumbrances	6,353	39,394	45,747
Special programs	-	69,511	69,511
Capital improvements	-	139,431	139,431
Debt service	-	37,556	37,556
Unreserved:			
Undesignated, reported in:			
General fund	151,349	-	151,349
Other Governmental Funds	<u>-</u>	<u>(21,416)</u>	<u>(21,416)</u>
Total fund balances	<u>157,702</u>	<u>264,476</u>	<u>422,178</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 229,794</u>	<u>\$ 303,379</u>	<u>\$ 533,173</u>

The accompanying notes are an integral part of the statements.

CITY OF ATLANTA, GEORGIA
 Reconciliation of Governmental Fund Balance Sheet
 To the Government-wide Statement of Net Assets
 December 31, 2004
 (In Thousands)

Total fund balances \$ 422,178

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Accounts receivable used in governmental activities represents amounts that are not financial resources and, therefore are not reported in the above funds:

	Taxes receivable	\$ 14,214	
	Accounts receivable	5,445	
	Allowance for uncollectible receivables	<u>(5,112)</u>	14,547

Other liabilities are not recognized as current year revenues and, therefore, are classified as deferred in the above funds			5,948
---	--	--	-------

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the above funds:

Land and construction in progress	90,440	
Cost of Capital Assets	2,292,457	
Less: Accumulated Depreciation	<u>(1,432,384)</u>	950,513

Internal service funds are used by management to charge the costs of automotive services and management information systems activities as well as transactions related to the provision of life, accident and medical insurance benefits through outside insurance companies for permanent employees and retirees. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Net assets for internal service fund	<u>4,301</u>	4,301
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Long-term liabilities, including capital leases, are not due and payable in the current period and therefore are not reported in the above funds.

General obligation and annual bonds	(290,365)	
SWMA revenue refunding bonds	(23,965)	
Limited obligation bonds	(90,935)	
Section 108 loans	(11,250)	
Certificates of participation	(165,557)	
Vacation pay	(21,626)	
General claims payable	(15,699)	
Workers' compensation	<u>(17,255)</u>	<u>(636,652)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 760,835</u>
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CITY OF ATLANTA, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2004
(In Thousands)

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 147,597	\$ 45,330	\$ 192,927
Local option sales taxes	83,518	-	83,518
Public utility, alcoholic beverage and other taxes	106,449	-	106,449
Licenses and permits	54,327	-	54,327
Charges for current services	8,894	15,867	24,761
Fines, forfeitures and penalties	1,112	17,392	18,504
Investment income	1,985	2,949	4,934
Intergovernmental revenues and contributions:			
Federal revenues	-	31,659	31,659
State and local grants and contributions	-	16,991	16,991
Other	542	-	542
Building rentals and concessions	10,394	-	10,394
Other	<u>1,889</u>	<u>7,968</u>	<u>9,857</u>
Total revenues	<u>416,507</u>	<u>138,156</u>	<u>554,663</u>
EXPENDITURES			
Current:			
General government:	57,047	55,832	112,879
Police	138,765	4,193	142,958
Fire	60,794	217	61,011
Corrections	34,355	928	35,283
Public Works	26,951	7,555	34,506
Parks, Recreation and Cultural Affairs	24,365	8,641	33,006
Nondepartmentals	39,440	20,708	60,148
Capital Outlays	-	15,330	15,330
Debt Service:			
Principal payments	4,500	8,848	13,348
Interest payments	4,417	21,229	25,646
Bond issuance costs	-	31	31
Total Expenditures	<u>390,634</u>	<u>143,512</u>	<u>534,146</u>
Excess (deficiency) of revenues over expenditures	<u>25,873</u>	<u>(5,356)</u>	<u>20,517</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term debt	3,053	55,500	58,553
Premium on bonds sold	-	3,576	3,576
Transfers in (out)	<u>10,851</u>	<u>(7,529)</u>	<u>3,322</u>
Net change in fund balances	39,777	46,191	85,968
Fund Balance:			
Beginning of the year, as previously reported	102,937	218,285	321,222
Correction of prior year error	<u>14,988</u>	<u>-</u>	<u>14,988</u>
Beginning of the year, as restated	<u>117,925</u>	<u>218,285</u>	<u>336,210</u>
FUND BALANCE, END OF YEAR	<u>\$ 157,702</u>	<u>\$ 264,476</u>	<u>\$ 422,178</u>

The accompanying notes are an integral part of the statements.

CITY OF ATLANTA, GEORGIA
 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
 To the Statement of Activities
 For the Year Ended December 31, 2004
 (In Thousands)

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balance - total governmental funds	\$	85,968
<p>Some revenue reported in the statement of activities are not available as current financial resources and , therefore, are not reported as revenue in governmental funds.</p>		
Taxes revenues	(21,378)	
Business License	2,145	
Intergovernmental revenue	<u>(456)</u>	(19,689)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the above funds</p>		
		5,948
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital Outlays	35,720	
Depreciation Expense	<u>(48,059)</u>	(12,339)
<p>The issuance of long-term debt (capitalized leases) provides current financial resources to government funds. Repayment of debt (bonds, certificates of participation and capitalized leases) is an expenditure in the governmental funds but the repayments reduce long-term liabilities in the statement of net assets. This amount is the net effect of these differences in treatment of long-term debt.</p>		
Proceeds from long-term debt	(58,553)	
Repayment of long-term debt	<u>13,348</u>	<u>(45,205)</u>
<p>Internal service funds are used by management to charge the costs of automotive services and management information systems activities as well as transactions related to the provision of life, accident and medical insurance benefits through outside insurance companies for permanent employees and retirees. The net revenue of these activities are reported as government funds for affected departments.</p>		
		2,751
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and , therefore, are not reported as expenditures in governmental funds.</p>		
General claims payable	231	
Compensated absences	(2,316)	
Long-term worker's compensation	<u>5,510</u>	<u>3,425</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>20,858</u>

CITY OF ATLANTA, GEORGIA
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual (Non-GAAP - Budgetary Basis)
For the Year Ended December 31, 2004
(In Thousands)

	<u>Budget Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 143,262	\$ 143,262	\$ 145,516	\$ 2,254
Sales, public utility, alcoholic beverage, and other taxes	177,540	177,540	204,007	26,468
Licenses and permits	48,560	48,560	55,221	6,661
Charges for current services:				
Services to other governmental agencies	-	5,873	767	(5,106)
Recreation fees and other	5,975	103	8,732	8,629
Total charges for current services	<u>5,975</u>	<u>5,976</u>	<u>9,499</u>	<u>3,523</u>
Fines, forfeitures, and penalties	1,052	1,052	1,174	123
Revenues from use of money and property:				
Investment income	385	385	2,011	1,626
Building rentals and concessions	3,161	7,821	2,841	(4,980)
Other income	44,502	30,864	55,475	24,611
Total revenues from use of money and property	<u>48,048</u>	<u>39,070</u>	<u>60,328</u>	<u>21,258</u>
Intergovernmental revenues:				
State and local grants and contributions	523	523	542	19
Other	-	-	-	-
Total intergovernmental revenues	<u>523</u>	<u>523</u>	<u>542</u>	<u>19</u>
Total revenues	<u>424,959</u>	<u>415,982</u>	<u>476,287</u>	<u>60,305</u>

CITY OF ATLANTA, GEORGIA
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual (Non-GAAP - Budgetary Basis)
For the Year Ended December 31, 2004
(In Thousands)

	Budget Amounts		Actual Amounts	Variance with Final Budget - ^f Positive (Negative)
	Original	Final		
Expenditures:				
General government:				
Executive offices	\$ 11,963	\$ 12,916	\$ 11,058	\$ 1,858
Personnel and human resources	3,854	4,053	3,149	904
City Council	5,563	6,722	4,440	2,282
Administrative services	-	-	-	-
Courts and judicial agencies	13,280	13,367	11,789	1,578
Finance	12,500	15,313	9,981	5,332
Planning and Community Development	12,024	12,528	11,526	1,002
Law	4,773	4,929	4,374	555
Procurement	2,614	-	1,743	(1,743)
Police	136,251	137,322	133,896	3,426
Fire	61,629	62,432	60,451	1,981
Corrections	31,463	32,532	32,728	(196)
Public Works	30,338	31,519	26,508	5,011
Parks, Recreation, and Cultural Affairs	24,229	25,414	24,538	876
Nondepartmental expenditures	106,699	106,884	81,163	25,721
Debt service fund:				
Bond principal payments	13,052	13,052	11,296	1,756
Interest on bonds	4,700	4,700	4,661	40
Total expenditures	474,933	483,683	433,301	50,383
Excess (deficiency) of revenues over (under) expenditures	(49,974)	(67,701)	42,987	110,688
Other financing sources (uses):				
Proceeds from general long-term debt				
Transfers in	-	8,980	-	8,980
Transfers out	-	(8,887)	-	(8,887)
Excess (deficiency) of revenue and other sources over (under) expenditures and other uses	(49,974)	(67,608)	42,987	<u>\$ 110,781</u>
Reconciliation to GAAP basis:				
To record effect of net change in unrecorded assets				
To record effect of net change in unrecorded liabilities	-	-	(59,780)	
			56,571	
Excess (deficiency) of revenues over (under) expenditures - GAAP basis	(49,974)	(67,608)	39,777	
Fund balance, beginning of year				
Beginning of the year, as previously reported				
Correction of prior year error	-	-	14,988	
Beginning of year, as restated	-	-	117,925	
FUND BALANCE, END OF YEAR	\$ (49,974)	\$ (67,608)	\$ 157,702	

The accompanying notes are an integral part of the statements.

CITY OF ATLANTA, GEORGIA
Statement of Net Assets
Proprietary Funds
December 31, 2004
(In Thousands)

	Business Activities - Enterprise Funds				Governmental Activities
	Water and Wastewater System Fund	Department of Aviation	Other Nonmajor Funds	Total	Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 185	\$ 5,871	\$ 6,637	\$ 12,693	\$ -
Restricted cash	85,100	200,150	-	285,250	-
Investments in pooled investment fund	116,785	475,392	771	592,948	8,785
Receivables:					
Accounts	89,294	5,411	36,756	131,461	-
Less allowance for doubtful accounts	(50,242)	(4,000)	(32,434)	(86,676)	-
Taxes	14,760	-	-	14,760	-
Interest	865	-	-	865	-
Total receivables	<u>54,677</u>	<u>1,411</u>	<u>4,322</u>	<u>60,410</u>	<u>-</u>
Due from other governments	12,150	1,891	-	14,041	-
Due from other funds	8,540	110,922	60	119,522	381
Inventories	11,581	1,139	-	12,720	-
Prepaid expenses	-	2,011	-	2,011	-
Restricted assets	<u>18,904</u>	<u>16,640</u>	<u>-</u>	<u>35,544</u>	<u>-</u>
Total current assets	<u>307,922</u>	<u>815,427</u>	<u>11,790</u>	<u>1,135,139</u>	<u>9,166</u>
Noncurrent assets:					
Investments	1,272,932	1,829,807	-	3,102,739	-
Capital assets:					
Land	55,362	478,001	23,023	556,386	136
Land purchased for noise abatement	-	346,499	-	346,499	-
Construction in progress	467,907	1,235,896	-	1,703,803	-
Land improvements	-	820,402	-	820,402	-
Buildings and other structures	2,575,335	1,230,782	75,429	3,881,546	5,358
Other property and equipment	82,465	73,022	42,048	197,535	20,289
Less accumulated depreciation	<u>(1,032,590)</u>	<u>(1,061,776)</u>	<u>(70,650)</u>	<u>(2,165,016)</u>	<u>(23,975)</u>
Capital assets, net	<u>2,148,479</u>	<u>3,122,826</u>	<u>69,850</u>	<u>5,341,155</u>	<u>1,808</u>
Investment in joint venture	73,079	-	-	73,079	-
Other assets	<u>58,132</u>	<u>152,348</u>	<u>8,251</u>	<u>218,731</u>	<u>-</u>
Total noncurrent assets	<u>3,552,622</u>	<u>5,104,981</u>	<u>78,101</u>	<u>8,735,704</u>	<u>1,808</u>
Total Assets	<u>\$ 3,860,544</u>	<u>\$ 5,920,408</u>	<u>\$ 89,891</u>	<u>\$ 9,870,843</u>	<u>\$ 10,974</u>

	Business Activities - Enterprise Funds			Governmental Activities	
	Water and Wastewater System Fund	Department of Aviation	Other Nonmajor Funds	Total	Internal Service Fund
LIABILITIES					
Liabilities:					
Current liabilities					
Accounts payable	\$ 38,947	\$ 3,118	\$ 2,912	\$ 44,977	\$ 4,452
Accrued expenses, vacations, and compensatory pay	7,701	10,738	1,199	19,638	413
Claims payable	9,267	333	-	9,600	-
Contract retention	1,952	-	-	1,952	-
Due to other governments	450	-	-	450	-
Deposits and advance	3,263	-	-	3,263	-
Due to other funds	23,552	182,882	19,229	225,663	-
Current maturities of long-term debt	185	-	-	185	-
Current maturities of capital leases	1,744	-	-	1,744	-
Total current liabilities	87,061	197,071	23,340	307,472	4,865
Current liabilities payable from restricted assets:					
Accounts payable	-	64,193	1,214	65,407	-
Accrued interest payable	18,749	57,079	-	75,828	-
Arbitrage rebate liability	4,511	11,815	-	16,326	-
Contract retention	-	8,670	-	8,670	-
Current maturities of long-term debt	10,840	52,183	4,050	67,073	-
Current maturities of capital leases	-	-	1,012	1,012	-
Deposits and advances	-	1,784	-	1,784	-
Total current liabilities payable from restricted assets	34,100	195,724	6,276	236,100	-
Noncurrent liabilities					
Long-term debt, excluding current maturities	2,586,842	2,876,645	61,280	5,524,767	-
Capital lease obligations, excluding current maturities	20,555	-	2,205	22,760	-
Deferred revenue	6,635	-	-	6,635	-
Contract retention, excluding current portion	7,664	1,509	-	9,173	-
Arbitrage rebate liability	4,985	1,313	-	6,298	-
Accrued workers' compensation	3,763	616	9,821	14,200	-
Claims payable	-	24,295	-	24,295	-
Landfill postclosure costs	-	-	36,931	36,931	-
Total noncurrent liabilities	2,630,444	2,904,378	110,237	5,645,059	-
Total Liabilities	2,751,605	3,297,173	139,853	6,188,631	4,865
NET ASSETS (Deficit)					
Invested in capital assets, net of related debt	633,726	1,633,922	2,315	2,269,963	1,808
Restricted for:					
Debt service	-	647,560	4,050	651,610	-
Unrestricted	475,213	341,753	(56,327)	760,639	4,301
Total net assets	\$ 1,108,939	\$ 2,623,235	\$ (49,962)	\$ 3,682,212	\$ 6,109
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				2,987	
					\$ 3,685,199
					Net assets of business-type activities

The accompanying notes are an integral part of the statements.

CITY OF ATLANTA, GEORGIA
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended December 31, 2004
(In Thousands)

	Business Activities - Enterprise Funds				Governmental
	Water and Wastewater System Fund	Department of Aviation	Other Nonmajor Funds	Total	Internal Service Fund
Operating revenues:					
Charges for services	\$ 250,864	\$ 138,989	\$ 47,048	\$ 436,901	\$ 114,258
Rentals, admissions and concessions	-	103,215	3,756	106,971	-
Other	1,143	31,371	952	33,466	-
Total operating revenues	252,007	273,575	51,756	577,338	114,258
Operating expenses:					
Salaries and employee benefits	64,272	52,734	22,833	139,839	91,121
Utilities	18,942	4,650	355	23,947	514
Supplies and materials	10,855	2,479	675	14,009	7,582
Repairs, maintenance and other contractual services	17,516	30,410	2,341	50,267	2,374
Motor equipment services	3,922	-	7,675	11,597	305
Engineering and consultant fees	723	-	9,232	9,955	2,297
General services	16,301	18,080	4,591	38,972	3,953
Programs services and other costs	615	9,515	8,097	18,227	687
Total operating expenses	133,146	117,868	55,799	306,813	108,833
Operating income (loss) before depreciation and amortization	118,861	155,707	(4,043)	270,525	5,425
Depreciation and amortization	57,837	63,944	6,296	128,077	623
Operating income (loss)	61,024	91,763	(10,339)	142,448	4,802
Nonoperating revenues (expenses):					
Sales tax revenue	20,449	-	-	20,449	-
Investment income	15,322	28,906	224	44,452	142
Interest expense	(35,414)	(97,922)	(420)	(133,756)	-
Passenger facility charges	-	161,014	-	161,014	-
Other expenses	(3,000)	(24,426)	-	(27,426)	-
Total nonoperating revenues (expenses)	(2,643)	67,572	(196)	64,733	142
Income (loss) before capital contributions	58,381	159,335	(10,535)	207,181	4,944
Capital contributions	-	68,596	-	68,596	-
Transfers in	-	-	6,482	6,482	887
Transfers out	(9,800)	-	(890)	(10,690)	-
Changes in net assets	48,581	227,931	(4,943)	271,569	5,831
Net Assets (Deficit)					
Beginning of the year, as previously reported	1,060,358	2,395,304	(62,673)	3,392,989	278
Correction of prior year error	-	-	17,654	17,654	-
Beginning of year, as restated	1,060,358	2,395,304	(45,019)	3,410,643	278
NET ASSETS (Deficit), END OF YEAR	\$ 1,108,939	\$ 2,623,235	\$ (49,962)	\$ 3,682,212	\$ 6,109
			Change in net assets	271,569	
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds				2,987	
			Change in net assets of business-type activities	\$ 274,556	

The accompanying notes are an integral part of the statements.

CITY OF ATLANTA, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2004
(In Thousands)

	Business Activities - Enterprise Funds			Governmental	
	Water and Wastewater System Fund	Department of Aviation	Other Nonmajor Funds	Total	Internal Service Fund
Cash flow from operating activities					
Cash received from user charges	\$ 238,900	\$ 282,106	\$ 58,072	\$ 579,078	\$ 114,258
Cash payments to employees for services	(64,888)	(71,612)	(18,176)	(154,676)	(94,511)
Cash payments to suppliers for goods and services	(39,463)	(48,966)	(31,832)	(120,261)	(18,511)
Net cash provided by operating activities	<u>134,549</u>	<u>161,528</u>	<u>8,064</u>	<u>304,141</u>	<u>1,236</u>
Cash flows from noncapital financing activities					
Transfers in	-	-	6,482	6,482	887
Transfers out	(9,800)	-	(890)	(10,690)	-
	<u>(9,800)</u>	<u>-</u>	<u>5,592</u>	<u>(4,208)</u>	<u>887</u>
Cash flows from capital and related financing activities					
Capital contributions	4,797	68,596	-	73,393	-
Principal repayments of long-term debts	(11,003)	(445,831)	(2,646)	(459,480)	-
Acquisition, construction and improvements of capital assets	(250,855)	(428,008)	(5,656)	(684,519)	-
Passenger facility charges	-	161,014	-	161,014	-
Proceeds from bond issuance	883,785	1,523,788	-	2,407,573	-
Interest paid on revenue bonds	(81,681)	(110,020)	(420)	(192,121)	(390)
Net cash (used in) capital and related financing activities	<u>545,043</u>	<u>769,539</u>	<u>(8,722)</u>	<u>1,305,860</u>	<u>(390)</u>
Cash flows from investing activities					
Interest on investments	15,835	28,906	224	44,965	142
Purchases and sales of nonpooled investments, net	(713,802)	(863,600)	-	(1,577,402)	-
Net change in investment in pooled funds	47,510	(35,480)	1,410	13,440	(1,875)
Net change in investment in joint venture	(13,013)	-	-	(13,013)	-
Net cash provided by (used in) investing activities	<u>(663,470)</u>	<u>(870,174)</u>	<u>1,634</u>	<u>(1,532,010)</u>	<u>(1,733)</u>
Net change in cash and cash equivalents	<u>6,322</u>	<u>60,893</u>	<u>6,568</u>	<u>73,783</u>	<u>-</u>
Cash and cash equivalents, beginning of year	<u>78,963</u>	<u>145,128</u>	<u>69</u>	<u>224,160</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 85,285</u>	<u>\$ 206,021</u>	<u>\$ 6,637</u>	<u>\$ 297,943</u>	<u>\$ -</u>
Supplemental schedule of noncash financing activities					
Appreciation of capital appreciation bonds	<u>\$ -</u>	<u>\$ 5,592</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

CITY OF ATLANTA, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2004
(In Thousands)

	Business Activities - Enterprise Funds			Total	Governmental Activities
	Water and Wastewater System Fund	Department of Aviation	Other Nonmajor Funds		Internal Service Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 61,024	\$ 91,763	\$ (10,339)	\$ 142,448	\$ 4,802
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	57,837	63,944	6,296	128,077	623
Changes in assets and liabilities					
Receivables - net of allowance	(13,749)	8,531	6,316	1,098	-
Inventories	635	(79)	-	556	-
Due from other funds	128	(93,996)	-	(93,868)	-
Prepaid expenses and other assets	-	2,130	-	2,129	-
Due from other governmental units	-	-	-	-	-
Accounts payable and accrued expenses	11,967	(75,323)	1,133	(62,223)	(799)
Accrued interest payable	-	(1,633)	-	(1,633)	-
Claims payable	-	-	-	-	-
Deposits and advances	513	-	-	513	-
Due to other funds	16,194	166,191	4,657	187,042	(3,390)
Net cash provided by (used in) operating activities	<u>\$ 134,549</u>	<u>\$ 161,528</u>	<u>\$ 8,064</u>	<u>\$ 304,140</u>	<u>\$ 1,236</u>

The accompanying notes are an integral part of the statements.

CITY OF ATLANTA, GEORGIA

Statement of Fiduciary Net Assets

Fiduciary Funds

December 31, 2004

(In Thousands)

ASSETS

	Pension Trust Funds	Agency Fund
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 73,458	\$ 701
Investments in pooled investment fund	-	10,593
Investments:		
Equities	900,415	32
U. S. government and agency obligations	415,358	-
Corporate bonds	<u>206,035</u>	<u>-</u>
Total Investments	<u>1,521,808</u>	<u>32</u>
Securities lending collateral investment pool	230,086	-
Other receivables	2,033	-
Due from other funds	<u>4,893</u>	<u>-</u>
 Total Assets	 <u>\$ 1,832,278</u>	 <u>\$ 11,326</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 269	\$ 11,326
Due to other funds	3,247	-
Liability for securities lending agreement	<u>230,086</u>	<u>-</u>
 Total Liabilities	 233,602	 11,326
 Net Assets		
Held in Trust for Pension Benefits		
(See Schedule of Funding Progress on page 86)	<u>1,598,676</u>	<u>-</u>
 Total Net Assets	 <u>\$ 1,598,676</u>	 <u>\$ -</u>

The accompanying notes are an integral part of the statements.

CITY OF ATLANTA, GEORGIA
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2004
(In Thousands)

	Pension Trust Funds
Additions	
Employer contributions	\$ 74,581
Employee contributions	20,142
Refunds and other	457
Investment income:	
Net change in fair value of investments	119,832
Investment income	35,315
Securities lending income	384
Less: Investment expenses	
Securities lending expenses	(89)
Net investment loss	155,442
 Total Additions	 250,622
Deductions	
Benefit payments	101,868
Refunds	3,064
Other expenses	8,161
 Total Deductions	 113,093
 Change in Net Assets	 137,529
Net Assets Held in Trust for Pension Benefits:	
Beginning of Year	1,461,147
 End of Year	 \$ 1,598,676

The accompanying notes are an integral part of the statements.

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Component Units

City of Atlanta and Fulton County Recreation Authority - Established to account for the acquisition, construction, maintenance, and operation of an athletic stadium, an athletic coliseum, and the Atlanta Zoo.

Atlanta Empowerment Zone Corporation - Established to account for the revenue and expenditures attendant to funding provided under Title XX Empowerment Zone of the Empowerment Zone Social Security Act as amended by Part VI of the Omnibus Budget Reconciliation Act of 1993. Title XX Empowerment Zone provides for the fulfillment of a strategic plan to create economic opportunities, create sustainable community development, build broad participation among community-based partners, develop a strategic vision for change in the community and improve the quality of life for residents of the designated area.

Atlanta Development Authority - Established to promote the revitalization and growth of the City of Atlanta through a comprehensive and centralized program focusing on community development and redevelopment.

CITY OF ATLANTA, GEORGIA
Component Units
Statement of Net Assets
December 31, 2004
(In Thousands)

	Atlanta Fulton County Recreation Authority	Atlanta Empowerment Zone Corporation	Atlanta Development Authority	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 465	\$ -	\$ 6,550	\$ 7,015
Restricted cash	-	-	3,675	3,675
Short-term investments	1,469	-	5,625	7,094
Receivables:				
Accounts	423	-	-	423
Pledges	1,613	-	-	1,613
Notes receivable	-	9,943	-	9,943
Other receivable	40	1,409	1,130	2,579
Total receivables	<u>2,076</u>	<u>11,352</u>	<u>1,130</u>	<u>14,558</u>
Due from other governmental units and agencies	-	723	-	723
Inventories	279	-	-	279
Prepaid expenses and other assets	<u>308</u>	<u>-</u>	<u>178</u>	<u>486</u>
Total current assets	<u>4,597</u>	<u>12,075</u>	<u>17,158</u>	<u>33,830</u>
Restricted assets:				
Cash and cash equivalents	16,721	-	-	16,721
Investments	7,950	-	13,864	21,814
Mortgage loans receivable	-	-	9,526	9,526
Bond issues costs and discounts	3,352	-	-	3,352
Other restricted assets	<u>-</u>	<u>-</u>	<u>3,831</u>	<u>3,831</u>
Total restricted assets	<u>28,023</u>	<u>-</u>	<u>27,221</u>	<u>55,244</u>
Property and equipment - at cost:				
Land	26,537	-	3,047	29,584
Construction-in-progress	627	-	-	627
Land improvements	927	-	3,271	4,198
Buildings and improvements	269,923	-	38,461	308,384
Other property and equipment	<u>23,747</u>	<u>-</u>	<u>1,194</u>	<u>24,941</u>
Less accumulated depreciation	321,761	-	45,973	367,734
	<u>(81,100)</u>	<u>-</u>	<u>(9,304)</u>	<u>(90,404)</u>
Property and equipment, net	<u>240,661</u>	<u>-</u>	<u>36,669</u>	<u>277,330</u>
Total assets	<u>\$ 273,281</u>	<u>\$ 12,075</u>	<u>\$ 81,048</u>	<u>\$ 366,404</u>

	Atlanta Fulton County Recreation Authority	Atlanta Empowerment Zone Corporation	Atlanta Development Authority	Totals
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 6,117	\$ 825	\$ 1,782	\$ 8,724
Accrued interest payable	40	-	-	40
Notes and loans payable	982	-	583	1,565
Other liabilities	<u>6,096</u>	<u>-</u>	<u>255</u>	<u>6,351</u>
Total current liabilities	<u>13,235</u>	<u>825</u>	<u>2,620</u>	<u>16,680</u>
Liabilities Payable from Restricted Assets:				
Current maturities of long-term debt	10,057	-	16,773	26,830
Accrued interest payable	-	-	1,784	1,784
Other liabilities	850	-	-	850
Deferred revenues	<u>68</u>	<u>-</u>	<u>614</u>	<u>682</u>
Total liabilities payable from restricted assets	<u>10,975</u>	<u>-</u>	<u>19,171</u>	<u>30,146</u>
Long-Term Liabilities:				
Long-term debt, excluding current maturities	<u>215,935</u>	<u>-</u>	<u>41,312</u>	<u>257,247</u>
Total liabilities	<u>240,145</u>	<u>825</u>	<u>63,103</u>	<u>304,073</u>
NET ASSETS				
Investment in capital assets, net of related debt	33,320	-	(1,601)	31,719
Restricted for grant programs	-	10,740	10,232	20,972
Unrestricted	<u>(184)</u>	<u>510</u>	<u>9,314</u>	<u>9,640</u>
Total net assets	<u>\$ 33,136</u>	<u>\$ 11,250</u>	<u>\$ 17,945</u>	<u>\$ 62,331</u>

The accompanying notes are an integral part of the statements.

CITY OF ATLANTA, GEORGIA
Component Units
Statement of Activities
For the Year Ended December 31, 2004
(In Thousands)

Functions/Programs Component Units	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities			TOTALS
						Atlanta County Recreation Authority	Atlanta Empowerment Zone	Atlanta Development Authority	
Governmental activities: Atlanta Empowerment Zone: General government	\$ 2,368	\$ 207	\$ 2,246	\$ -	\$ 85	\$ -	\$ -	\$ -	\$ 85
Total Governmental activities	2,368	207	2,246	-	85	-	-	-	85
Business-type activities: Atlanta Fulton County Recreation Authority	45,657	26,859	3,356	1,415	(14,027)	-	-	-	(14,027)
Atlanta Empowerment Zone	44	43	-	-	-	(1)	-	-	(1)
Atlanta Development Authority	18,934	15,326	442	29	-	-	(3,137)	-	(3,137)
Total Business-type activities	64,635	42,228	3,798	1,444	(14,027)	(1)	(3,137)	(1)	(17,165)
Total Component Units	\$ 67,003	\$ 42,435	\$ 6,044	\$ 1,444	\$ 85	\$ (1)	\$ (3,137)	\$ (1)	\$ (17,080)
General revenues:									
Other taxes	-	-	-	-	-	6,867	-	-	6,867
Investment income	-	-	-	-	-	208	-	153	361
Other	-	-	-	-	-	492	-	3,340	3,832
Total General revenues	-	-	-	-	-	7,567	-	3,493	11,060
Change in net assets	-	-	-	-	85	(6,460)	-	356	(6,020)
Net assets - beginning of year	-	-	-	-	9,006	39,596	-	2,160	68,351
NET ASSETS - END OF YEAR					\$ 9,091	\$ 33,136	\$ 2,159	\$ 17,945	\$ 62,331

The accompanying notes are an integral part of the statements.

CITY OF ATLANTA, GEORGIA
Notes to Financial Statements
Year ended December 31, 2004

A. Summary of Significant Accounting Policies

The accounting principles of the City of Atlanta, Georgia (the "City") conform to accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental entities. The Governmental Accounting Standards Board ("GASB") is the standards-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the City are described below.

The Financial Reporting Entity

The City of Atlanta, Georgia is a municipal corporation governed by the Mayor and the City Council. In evaluating how to define the City for financial reporting purposes, the management of the City has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The concept underlying the definition of the reporting entity is that elected officials are accountable. The component units discussed below are included because of the significance of their operational or financial relationships with the City. All blended and discretely presented component units, except as noted below, have a December 31 year end.

Blended Component Units

The Urban Design Commission ("UDC") and the Solid Waste Management Authority ("SWMA") are governed by boards appointed by the Mayor and/or the City Council who have the ability to impose their will on UDC and SWMA. Although they are legally separate from the City, UDC and SWMA are reported as if they are part of the primary government because their primary purpose is to provide services to the City. The general funds of each of these entities are reported as special revenue funds of the City. SWMA's capital projects fund is reported as a capital projects fund of the City. Separate financial statements are not prepared for the blended component units.

Discretely Presented Component Units

The component unit column in the government-wide financial statements includes the Atlanta Fulton County Recreation Authority ("Recreation Authority"), the Atlanta Empowerment Zone Corporation ("AEZC"), the Atlanta Development Authority ("ADA"), and the Atlanta Clean City Commission ("ACCC"). They are reported in a separate column to emphasize that they are legally separate from the City. The Recreation Authority and ADA are accounted for as proprietary fund types and AEZC and ACCC are accounted for as governmental fund types in the fund-level financial statements.

Notes to the Financial Statements - Continued

A. Summary of Significant Accounting Policies, continued

Recreation Authority - Created in 1961, the principal activities of the Recreation Authority include the maintenance and oversight of an athletic stadium (the "Stadium"), an athletic coliseum (the "Arena"), and the Atlanta Zoo ("Zoo"), in which the Recreation Authority acts as lessee under a leasehold interest granted by the City. The Mayor appoints the majority of the governing body of the Recreation Authority. The City has a two-thirds interest in the Recreation Authority. Fulton County's one-third interest is reported as minority interest in the accompanying financial statements. The separate financial statements which comprise the Recreation Authority may be obtained from the City of Atlanta Department of Finance, 68 Mitchell Street, Suite 11100, Atlanta, Georgia 30335.

The City and Fulton County (the "County") have contracted with the Recreation Authority to fund any deficiencies in principal and interest payments on the applicable revenue bonds issued for construction of the Arena and the Zoo. When these revenue bonds have been fully paid, the Recreation Authority will convey fee simple title of the Arena to the City and the County based on their proportionate shares noted above. There were no such deficiencies during 2004 that required funding by the City or County.

The financial statements of the Recreation Authority consolidate the operations of the Zoo, which has an August 31 year end, and with its operations of the Stadium and Arena, the Recreation Authority has a December 31 year end.

AEZC - The AEZC was established and incorporated in 1995 to oversee, implement, administer, and monitor the strategic plan for the Empowerment Zone program. The Empowerment Zone program was established with a federal grant in the amount of \$100,000,000 under Title XX of the Social Security Act as amended by Part VI of the Omnibus Budget Recreation Act of 1993, in accordance with the strategic plan set forth in the City's grant application. The Empowerment Zone program grant has an initial ten-year term that expires July 16, 2005. The Empowerment Zone is a contiguous 9.3 square mile area in the City comprising approximately 50,000 residents wherein nearly 55% of this population's income is at or below poverty level. The benchmark projects established in the strategic plan are to satisfy the Empowerment Zone program's four key principles: (1) creating economic opportunity; (2) creating sustainable community development, (3) building broad participation among community-based partners, and (4) describing a strategic vision for change in the community. The AEZC is managed by an Executive Board of 17 which is chaired by the Mayor. The Mayor is responsible for appointing the members of the Executive Board. The separate financial statements of AEZC may be obtained from the City of Atlanta Department of Finance, 68 Mitchell Street, Suite 11100, Atlanta, Georgia 30335.

On January 1, 2002 the City of Atlanta was designated as a Renewal Community. The designation replaces the City's status as an Empowerment Zone. The City is currently in the process of transitioning the management and the remaining SSBG fund to the Renewal Community. The transition is targeted for completion during 2005.

ADA - ADA was established to promote the revitalization and growth of the City of Atlanta through a comprehensive and centralized program focusing on community development and redevelopment. It was created effective January 1, 1997 and combines many previously separate organizations which were performing similar economic development functions. The Mayor and City Council are responsible for appointing the members of the Board of Directors of ADA and have the ability to impose their will on ADA. The separate financial statements of ADA may be

Notes to the Financial Statements - Continued

A. Summary of Significant Accounting Policies, continued

obtained from the City of Atlanta Department of Finance, 68 Mitchell Street, Suite 11100, Atlanta, Georgia 30335.

ACCC - The ACCC, which is legally separate from the City, was established to provide and oversee a strategic plan for keeping the City of Atlanta clean. The ACCC is governed by a board appointed by the Mayor and the City Council. The Mayor and City Council have the ability to impose their will on ACCC. The ACCC does not have separate financial statements as it does not have any account balances at December 31, 2004 and there was no financial activity within the ACCC during 2004.

Related Organizations

The City is also responsible for appointing a majority of the members of the boards of the Atlanta Housing Authority and the First Source Job Program but the City's accountability for these organizations does not extend beyond making appointments.

Joint Ventures

The Atlanta-Fulton County Water Resource Commission (the "Commission") is a joint venture between the City and the County for the construction and operation of the North Area water treatment plant. The City and the County shared equally in the construction costs of Phase I and Phase II of the plant. The Commission is governed by a seven-member management commission, three of which are appointed by the City, three by the County, and one independent member elected by vote of the other members. The City and County also approve the annual budget of the Commission.

The cost of operations of the plant are paid directly by the County as incurred. The County is subsequently reimbursed by the City for its pro rata share of the costs of operations, net of personnel costs paid by the City. The costs of operation, including personnel cost, are allocated between the City and the County on the basis of water delivered to each. The City's share of those costs was \$1,396,337 for the year ended December 31, 2004.

Financial information for the Commission as summarized below, is as of and for the year ended December 31, 2004 (dollars in thousands):

Total assets (net property, plant, and equipment)	<u>\$151,957</u>
Total fund net assets	<u>\$146,248</u>
Total operating revenue	<u>\$ 4,513</u>
Total operating expenses	<u>\$ 6,716</u>
Net loss	<u>\$ (2,154)</u>

During 2003, the Commission began construction of Phase 2.5 which is budgeted to cost \$66,913,000 and is funded equally by the County and the City.

Notes to the Financial Statements - Continued

A. Summary of Significant Accounting Policies, continued

The separate financial statements of the Commission may be obtained from the City of Atlanta Department of Finance, 68 Mitchell Street, Suite 11100, Atlanta, Georgia 30335.

Under Georgia law, the City, in conjunction with other cities and counties in metropolitan Atlanta, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto. During the past year, the City paid approximately \$259,000 in such dues. Membership in the ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the ARC. The ARC Board membership includes the chief elected official of each county and municipality in the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from the Atlanta Regional Commission; 40 Courtland St. NE; Atlanta, Georgia 30303.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on user fees and charges for support. Likewise, the City is reported separately from certain legally separate component units for which the City is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to applicants who use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not meeting the definition of program revenues are reported instead as *general revenues*.

Interfund activity has been eliminated from the government-wide financial statements except for charges between the governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported in the various functions concerned.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and proprietary funds are reported as separate columns in the fund financial statements.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Notes to the Financial Statements - Continued

A. Summary of Significant Accounting Policies, continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental fund:

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial transactions of the City, except those required to be accounted for in another fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major proprietary funds:

Water and Wastewater System Fund - This fund accounts for activities associated with the provision of water, wastewater and water pollution control services to individuals, organizations and other governmental units within and around the City of Atlanta.

Department of Aviation Fund - This fund accounts for the activities of the William B. Hartsfield -Maynard H. Jackson Atlanta International Airport

In addition, the City has an *Internal Service Fund*, accounted for as a proprietary fund. The activities of the Department of Information Technology and Motor Transport Services are accounted for in the Internal Service Fund, as well as group insurance transactions related to the provision of life, accident, and medical insurance benefits through outside insurance companies for permanent employees and retirees of the City.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Notes to the Financial Statements - Continued

A. Summary of Significant Accounting Policies, continued

Fiduciary Fund Types

Trust Funds - These funds account for activities in which the City acts as trustee for an individual or organization. Additionally, these funds account for *Pension Trust Funds* which accumulate resources for pension benefit payments to qualified general employees, police and firefighters for the City.

Agency Funds - These funds account for various taxes, bond deposits and other receipts held in escrow for individuals, outside organizations, other governments and/or other funds.

Additionally, the City reports the following fund types as nonmajor funds:

Governmental Fund Types

Special Revenue Funds - These funds account for activities carried out by the City under the terms of certain intergovernmental grants, or as otherwise deemed to require separate reporting.

Debt Service Fund - This fund is used to account for the accumulation of resources and the subsequent disbursement of such resources to pay principal and interest on long-term debt of the City (other than certificates of participation and the debt of the Enterprise Funds). Bond ordinances require the City to account for debt service transactions in separate funds, restrict the flow of cash between such funds, and comply with various other covenants. For financial statement reporting, the various debt service funds have been combined.

Capital Projects Funds - These funds account for the accumulation of resources and the subsequent disbursement of such resources to acquire or renovate major capital assets.

Assets, liabilities and net assets or equity

Cash Equivalents

The City considers all highly liquid debt securities with an original maturity of three months or less to be cash equivalents.

Investments

Statutes authorize the City 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, and the Georgia Fund I (a local government investment pool maintained by the State of Georgia). The City invests in repurchase agreements only when collateralized by U.S. Government or agency obligations.

By statute, up to 55% of the cost basis of the investment portfolio for the pension plans may consist of U.S. corporate equity securities. Additionally, in accordance with authorized investment laws, the City, in its pension funds, can invest in various mortgage-backed securities, such as collateralized mortgage obligations ("CMOs") and government backed mortgage securities. These are separately identified in the disclosure of custodial credit risk (see Note E).

Notes to the Financial Statements - Continued

A. Summary of Significant Accounting Policies, continued

Investments, other than repurchase agreements, are carried at fair value, based on quoted market prices, and include any accrued interest. Repurchase agreements are valued at their amortized cost.

The City maintains a pooled investment fund. All investments, except those held in debt service, special revenue, pension funds, various capital project funds, and for construction projects of enterprise funds, are held in this fund. This fund is not considered a separate accounting entity for financial reporting purposes; instead, each participating fund's equity in the pooled investment fund is recorded as investments on the accompanying combined balance sheet. Investment income of this pooled fund is allocated to each participating fund based on that fund's recorded equity in the pooled fund.

The Georgia Fund 1 is a stable net asset value investment pool and is managed by the State of Georgia and is not registered with the SEC. The fund does operate in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered a 2a-7 like pool. The fair value of the participant share's are computed weekly with pool earnings distributed on a monthly basis based on equivalent shares owned by participants based on \$1.00 per share.

The activity related to certain short-term investments of the component units is reported as a net change in the investment balance in the cash flow statements as their turnover is quick and their maturities are generally short term.

Materials and Supplies

Materials and supplies are stated at cost (substantially first-in, first-out) which is not in excess of market. Inventories are accounted for using the consumption method.

Prepaid Items

Payments for services that benefit future periods are recorded as prepaid expenses in accordance with the consumption method. This method is also used for budgetary purposes; accordingly, no reservation of fund balance is required.

Restricted Assets

Restricted assets represent amounts which are required to be maintained pursuant to City ordinances relating to the passenger facility charges, construction, renewal and extension and sinking funds, funds received for specific purposes pursuant to U. S. government grants and various reserves and sinking funds required under certain bond agreements and general fund investments related to a state wide municipal lease pool agreement.

The City's policy is to use restricted resources first, then unrestricted resources, when both are available for use to fund an activity.

Notes to the Financial Statements - Continued

A. Summary of Significant Accounting Policies, continued

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure (e.g. roads, bridges, sidewalks, and similar items) used in governmental and business-type activities of the City are recorded in the statement of net assets, respectively, at historical cost (or estimated historical cost).

Donated capital assets are recorded at their estimated fair value at the date of donation. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Expenses for replacements, maintenance, repairs, and betterments which do not materially prolong the life of the related asset are charged to expenditures/expenses when incurred.

All reported capital assets except land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

Governmental-type activities:

Buildings	20-50 years
Building improvements	20 years
Furniture and equipment	3-10 years
Vehicles	5-8 years
Infrastructure	25-50 years

Business-type activities:

Department of Aviation:

Runways, taxiways, and other land improvements	15-40 years
Terminal and maintenance buildings and other structures	15-40 years
Other property and equipment	3-8 years

Water and Wastewater System Fund:

Water and wastewater plant and treatment facilities	50-75 years
Water collection and distribution system	60 years
Wastewater system	67 years
Machinery, equipment, and other	4-10 years

Sanitation:

Buildings	20-25 years
Equipment	5-20 years

Parks and Recreational Facilities:

Buildings	40 years
Other property and equipment	15-20 years

Underground Atlanta:

Parking garage	30 years
Buildings	15 – 30 years
Machinery, equipment, and other	5 years

Notes to the Financial Statements - Continued

A. Summary of Significant Accounting Policies, continued

Internal Service Fund:	
Buildings	40 years
Other property and equipment	3-8 years
City of Atlanta and Fulton County Recreation Authority (as a discretely presented component unit):	
Buildings and improvements	15-30 years
Parking garage	30 years
Other property and equipment	3- 10 years

The City has elected not to capitalize works of art and historical treasures based on its policy that these items are not held for financial gain, they will be preserved and any proceeds from the sale of the items will be used to acquire other collections.

Interest is capitalized on proprietary fund assets constructed with the proceeds of tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. The Water and Wastewater System Fund and the Department Aviation capitalized \$70,000,000 and \$25,989,000, respectively, in interest costs during 2004.

Compensated Absences

City employees can accrue a maximum of 25 to 45 days of annual leave, depending upon the length of service, and 20 days of compensatory leave. Vested or accumulated vacation and compensatory pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as long-term debt in the government-wide financial statements. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds 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. Depending on City Council's approval and the availability of funds, employees may be paid in cash each year for a portion of their sick leave accrual in excess of a stated base accumulation. No accrued liability is recorded for sick pay accumulated since the amount which ultimately may be paid is not determinable.

Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However claims and judgments, the noncurrent portion of capital leases, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial

Notes to the Financial Statements - Continued

A. Summary of Significant Accounting Policies, continued

resources. In general, payments made within 45 days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Bond discounts and issuance costs in the government-wide financial statements are deferred and amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable. Gains and losses from refundings of government-wide and proprietary fund types are deferred and amortized over the shorter of the life of the new or old debt on a straight-line basis.

Net Assets

Reservations of Net Assets - The unreserved fund balances for governmental funds represent the amount available for future operations. The reserved fund balances for governmental funds represent the amounts that have been legally identified for specific purposes. Unreserved Net Assets for proprietary funds represent the net assets available for future operations or distribution. Reserved net asset proprietary funds represent the net assets that have been legally restricted for specific purposes. The following reservations have been established by the City:

- *Net Assets - Reserved for Capital Projects and Debt Service* - This portion of Net Assets represents various restricted assets of the Enterprise Funds, less liabilities payable from such assets, that are not available for appropriation.
- *Fund Balance - Reserved for Encumbrances, Special Programs and Capital Improvements* - This portion of fund balance represents various restricted assets or resources of the City which have been encumbered or appropriated for purchase orders or contractual obligations.
- *Fund Balance - Reserved for Debt Service* - This portion of fund balance represents resources of the City which have been formally set aside for future debt service.

Net Assets

Equity for government-wide and proprietary fund statements is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net assets – Consists of net 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.

Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Notes to the Financial Statements - Continued

A. Summary of Significant Accounting Policies, continued

Grants From Other Governments

Federal and state governmental units represent an important source of supplementary funding used to finance housing, employment, construction programs, and other activities beneficial to the community. This funding, primarily in the form of grants, is recorded in the Governmental, Proprietary, and Fiduciary funds. All grant contributions in the Proprietary Funds are for the purpose of construction activities, or land or easement acquisitions. Accordingly, they are recorded in the statement of revenues, expenses, and changes in net assets as a separate line item after non-operating revenues and expenses as capital contributions. For all funds, a grant receivable is recorded when the City has met all applicable eligibility requirements.

Impact and Recoupment Fees

The City charges impact and recoupment fees to developers to help defray costs of certain transportation, parks and recreation, fire protection, emergency medical services, and police facilities in order to ensure these facilities are available to serve new growth and development in the City. Amounts received from impact fees are recorded as deferred revenue until such time as the facilities are ready for their intended use at which time revenue is recognized. Recoupment fees are not deferred and are recorded as revenue when measurable and available.

General Services Costs

The City allocates a portion of general services costs (such as purchasing, accounting, budgeting, personnel administration, and certain other costs based on allocation methods determined by an independent study) to the Department of Aviation, the Water and Wastewater System Fund, the Sanitation Fund, and the Internal Service Fund in order to more fully reflect the actual cost of operating these Proprietary Funds. In 2004, such allocated expenses amounted to \$6,764,000 for the Department of Aviation, \$10,249,000 for the Water and Wastewater System Fund, \$3,742,000 for the Sanitation Fund, and \$3,181,000 for the Internal Service Fund.

Costs allocated to the Community Development Fund are based upon a negotiated indirect cost rate, determined by an independent study. The City's indirect cost rate is based upon the prior years' cost calculation, documented in the Cost Allocation Plan. Such expenditures charged to Community Development during 2004 amounted to \$590,712. The reimbursement of these costs to the General Fund is recorded as a reduction in expenditures.

Indirect expenses and direct expenses are reported in separate columns in the government-wide statement of activities.

New Accounting Pronouncements

The City will adopt the following new accounting pronouncements in future years:

GASB Statement No. 40 – *Deposits and Investment Risk Disclosures*, effective for the City's fiscal year ended December 31, 2005.

GASB Statement No. 42 – *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, effective for the City's fiscal year ended December 31, 2005.

Notes to the Financial Statements - Continued

A. Summary of Significant Accounting Policies, continued

GASB Statement No. 43 – *Postemployment Benefit Plans Other Than Pension Plans*, effective for the City's fiscal year ended December 31, 2006.

GASB Statement No. 44 – *Economic Conditioning*, the Statistical Section, effective for the City's fiscal year end December 31, 2006.

The impact of these pronouncements on the City's financial statements has not been determined.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenditures/expenses and disclosures. Actual results could differ from those estimates.

Stewardship, Compliance and Accountability

B. Budgets and Budgetary Accounting

The City is required to adopt a balanced budget each year and maintains budgetary controls to ensure compliance with legal provisions of the annual appropriated budget approved by the Mayor and City Council. Annual budgets are adopted for the General Fund, the Community Development Special Revenue Fund, the Intergovernmental Grant Special Revenue Fund, Traffic Court Fund and Debt Service Fund with the level of legal budgetary control established at the department level by City Council. The capital projects funds adopt project-length budgets.

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.

The accompanying Statement (Schedules) of Revenues, Expenditures and Changes in Fund Balances Budget and Actual Comparison (Budgetary Basis) - General, Special Revenue Funds as defined above and Debt Service Fund, presents comparisons of the legally adopted budget, and legally adopted interdepartmental transfers of appropriations, with actual operating results on a budgetary basis. Since the legally adopted budget is on a cash basis, which differs significantly from GAAP, the actual data is similarly presented on a cash basis for comparison purposes, however other financing sources are separately displayed and budgeted as such. A reconciliation from the cash basis to GAAP basis is also presented in each statement.

The responsibility for revenue anticipations and specified appropriations is fixed by law by the Budget Commission, which is composed of the Mayor, the Chief Financial Officer, the Chair of the City Council Finance Committee, and two other members of City Council. The Budget Commission may not anticipate in any year an amount in excess of 99% of the normal revenues of the City actually collected during the previous year (unless tax rates or fees are increased) plus any accumulated cash surplus carried forward from the previous year. Grant revenues are anticipated in the Community Development and Intergovernmental Grant Funds in the year the grant is awarded to the City, although the funds may not be received in the same year. Grant revenue is, therefore,

Notes to Financial Statements - Continued

B. Budgets and Budgetary Accounting, continued

not considered to be over-anticipated until the activity for which the funds were granted is completed and actual revenues are less than anticipated revenues.

The amount remaining from such anticipations, after providing for the above required appropriations, may be appropriated by the Mayor and City Council for any department or purpose authorized by law not later than the second regular meeting of City Council in the second month of the fiscal year.

After the initial annual budget is adopted, it may be amended for interdepartmental transfers of appropriations with the approval of City Council. Intradepartmental transfers of appropriations among individual budgetary accounts may be initiated by a department head with the approval of the Chief Operating Officer, the Chair of the City Council Finance Committee, and the Chief Financial Officer.

Total appropriations for any fund may be increased if, during the year, sources of revenue become available to the City in excess of original anticipations, and these amounts are anticipated by the Budget Commission and subsequently appropriated by City Council. During 2004 supplemental anticipations and appropriations occurred as legal amendments to the budget were adopted in accordance with the procedures described above. Budget amounts in the accompanying financial statements, if any, reflect these budget amendments.

Encumbrance accounting, under which purchase orders and contracts are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process. All appropriations, except for the General Fund's reserved fund balance, construction, bond proceed funds, and Special Revenue funds, lapse at the end of the year, but are considered during the following year's budgeting process. Contractually encumbered appropriations and certain unencumbered appropriations in the General Fund do not lapse, but are carried forward to the ensuing budget year as budgetary amendments.

C. Net Assets/Fund Balance Deficit

The following funds reported deficits in Net Assets at December 31, 2004:

- The Intergovernmental Grant Fund had an accumulated deficit of \$1,661,000 due to deficiencies in operating revenues. This deficit is due to the timing of revenue recognition for certain grant funding based on when eligibility requirements are met.
- The Sanitation Fund had an accumulated deficit of \$46,466,000 due to deficiencies in operating revenues. Billed rates, billing methodologies, and operating costs will all be evaluated in order to eliminate the negative net assets in future periods.
- Underground Atlanta had an accumulated deficit of \$10,546,000 due to deficiencies in operating revenues (see note H). In mid 1999, the City and the previous private management company of Underground Atlanta terminated their lease agreement. The City subsequently signed another lease agreement with a new private management company. The new management company was selected from a group of interested companies as having the best plan to revitalize the Underground Project and provide positive operating results in the future.

Notes to Financial Statements – Continued

Detailed Notes on All Funds

D. Cash and Cash Equivalents and Investments

Cash and Cash Equivalents

At year-end, the carrying amount of the City's cash deposits, including cash accounts, certificates of deposit, and short-term investments, was \$327,648,572 and the bank balance was \$324,961,361. The amount of the total bank balance is classified into three categories of credit risk: 1) cash that is insured or collateralized with securities held by the City or by its agent in the City's name, 2) cash collateralized with securities held by the pledging financial institution's trust department or agent in the City's name, and 3) uncollateralized bank accounts.

The balance is classified as follows at December 31, 2004 (in thousands):

1	\$ 301,324
2	26,325
3	<u> -</u>
Total	<u>\$ 327,649</u>

At year-end, the carrying amount of the City's discretely presented component units' cash deposits, including cash accounts and certificates of deposit, was \$27,462,316 and the bank balance was \$28,570,660. The balance of the discretely presented component units is classified as follows at December 31, 2004 (in thousands):

1	\$ 22,600
2	-
3	<u>4,811</u>
Total	<u>\$ 27,411</u>

Investments

The City's investments are categorized below to give an indication of the level of risk assumed by the City at year-end. Category 1 represents investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 represents uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 represents uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the

Notes to Financial Statements – Continued

D. Cash and Cash Equivalents and Investments

City's name (in thousands):

<u>Security Type</u>	<u>Risk Category</u>			<u>Carrying value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
U.S. Government obligations	\$ 899,199	\$ 979	\$115,345	\$1,015,523
U.S. agency obligations	43,780	2,465	-	46,245
Equities	1,235,733	202	158,566	1,394,501
Repurchase agreements	226,851	-	653,986	880,837
Corporate bonds	221,546	-	-	221,546
Collateralized mortgage obligations	<u>6,385</u>	<u>-</u>	<u>-</u>	<u>6,385</u>
Total categorized investments	<u>\$ 2,633,494</u>	<u>\$3,646</u>	<u>\$927,897</u>	<u>\$ 3,565,037</u>
Investments not categorized:				
Local investment pool				\$ 4,980
Guaranteed investment contracts				1,709,667
Mutual funds				2,222
Held by broker-dealers under securities lending arrangements with cash collateral:				
U.S. Government and agency obligations				16,070
Corporate equities				259,473
Securities lending short-term collateral investments				<u>230,086</u>
				<u>2,222,498</u>
Total				<u>\$ 5,787,535</u>

The following is a reconciliation of the carrying amount of investments as shown above to the amounts shown in the statement of net assets (in thousands):

Balance per above	\$5,787,535
Presented as:	
Unrestricted	\$ 871,028
Included with restricted assets	3,164,613
Fiduciary Funds	<u>1,751,894</u>
	<u>\$5,787,535</u>

Notes to the Financial Statements - Continued

D. Cash and Cash Equivalents and Investments, continued

The City's discretely presented component units' investments are categorized below to give an indication of the level of risk assumed by the component units at year-end (in thousands).

<u>Security Type</u>	<u>Risk Category</u>			<u>Carrying value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Certificates of Deposit	\$ 2,007	\$ -	\$ -	\$ 2,007
Equities	2,169	-	-	2,169
U.S. Government Obligations	<u>5,244</u>	<u>-</u>	<u>-</u>	<u>5,244</u>
Total categorized investments	<u>\$9,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>9,420</u>
Investments not categorized:				
Investment in joint venture				83
Investment in real estate				14,631
Investment in development projects				<u>4,774</u>
Total				<u>\$28,908</u>

The following is a reconciliation of the carrying amount of investments the amounts shown in the financial statements (in thousands):

Balance presented as:

Short-term investments	\$ 7,094
Included with restricted assets	<u>21,814</u>
Total	<u>\$28,908</u>

The City invests in U.S. Treasury interest-only strips in part to maximize yields and in part to hedge against a rise in interest rates. In addition, the City's pension funds also invest in collateralized mortgage obligations (CMO's) and government backed mortgage securities. These securities are based on cash flows from interest payments on underlying mortgages. They are sensitive to prepayments 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 investment would be higher.

Securities Lending

State statutes and Retirement Board of Trustee policies permit the City's pension funds (the Fund's) to lend their securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Funds' custodians lend securities of the type on loan at year-end for collateral in the form of cash or other securities of 102%. Securities loaned at year-end for cash collateral are presented as unclassified in the preceding schedule of custodial credit risk; securities loaned for securities collateral are classified according to the category for the collateral.

Notes to the Financial Statements - Continued

D. Cash and Cash Equivalents and Investments, continued

Cash collateral is invested in overnight investments and the Funds have the ability to pledge or sell the collateral securities even without borrower default. At year-end, the Funds have no significant credit risk exposure to borrowers because the amounts the Funds owe the borrowers exceed the amounts the borrowers owe the Funds. The contract with the Funds' custodian requires it to indemnify the Funds if the borrowers fail to return the securities and if the collateral is inadequate to replace the securities loaned or fail to pay the Funds for income distributions by the securities' issuers while the securities are on loan.

There were no violations of legal or contractual provisions, no borrower or lending agent default losses, and no recoveries of prior period losses during the year. There are no income distributions owing on the securities loaned. The City records the cash received as collateral under securities lending agreements and the investments purchased with that cash as securities lending short-term collateral investment pool with a corresponding amount recorded as a liability.

E. Property Taxes, Local Option Sales Taxes, Municipal Options Sales Tax, and Car Rental Taxes

Property taxes include amounts levied against all real, public utility, and tangible property. The City shares a common tax base with the Atlanta Board of Education, portions of Fulton and DeKalb counties, and a hospital authority. Property taxes are levied and billed by July 1, on the assessed value, as of January 1, (lien date), of all real and personal property located in the City. Taxes are due within 45 days of the date billed. The distribution of the City's 2004 levy (tax rate per \$1,000 assessed taxable value) to its funds and to the Atlanta Board of Education (which operates as a separate legal entity and is not included in the City's financial reporting entity) is as follows:

	Millage Rate
General Fund	8.250
General Obligation Bond Sinking Fund:	
City Bonds	1.270
School Bonds	.106
Park Improvement Fund (included in Capital Projects Funds)	.500
Board of Education for operations	20.870
Special Tax District/DeKalb County	<u>1.050</u>
	<u>32.046</u>

The City's annual tax millage rates are established in May or June after receipt of the certified tax digest from the Fulton County Board of Tax Assessors. The millage rate is based on the anticipated tax digest that is submitted to the State of Georgia on May 30. The tax digest is based on real and tangible assessed property values as of January 1. The tax assessment responsibility is the responsibility of Fulton County.

Assessed values are established by the Tax Assessors' Office at 40% of appraised market value as required by the State of Georgia. A revaluation of all property is done annually, based on statistical analysis. That valuation in 2004 resulted in an assessed value, prior to freeport exemption, of approximately \$18,554,217,875.

Notes to the Financial Statements – Continued

E. Property Taxes, Local Option Sales Taxes, Municipal Options Sales Tax, and Car Rental Taxes, continued

Tax bills are sent to property owners in early July. Fulton County acts as the City's agent in billing and collecting property taxes levied for property within the City limits and in Fulton County. DeKalb County acts as the City's agent in billing and collecting property taxes levied for property within the City limits and in DeKalb County. The billing and collection fees due to the Counties are withheld from cash remitted to the City and are reported as a reduction to property tax revenue. Such fees amounted to approximately \$1,633,556 in 2004. Real and tangible property taxes are payable to the Counties on August 15th and, if not paid, become delinquent on August 16th. Public utility taxes are due in December and, if not paid before December 20th, become delinquent. Once taxes become delinquent, the Tax Commissioner's Office adds penalties to the original tax and sends past due notices. The delinquent taxpayer then has 30 days to remit payment after the 30 day period, the Tax Commissioners' Office may begin procedures to sell the property for the collection of the past due tax. The collection period for the City is typically from July 1 to December 31, with pursuance of delinquent taxes early in the following year.

A 1% local option sales tax is levied in Fulton County and the City receives a percentage of that amount based on a pre-defined formula. This amount is collected by the State of Georgia and remitted to the City on a two-month lag. The tax law requires an offsetting reduction in property tax during each subsequent year of assessment equal to the amount of sales tax revenue received in the prior year.

A 1% Municipal Option Sales Tax – See Note N- CSO – Consent Decree

A 3% excise tax on all rental motor vehicles was implemented in June 1996. This car rental tax is intended to be used to promote industry trade, commerce, and tourism and fund capital outlay projects. The capital outlay projects have included infrastructure improvements required for the new sports arena complex which houses the professional basketball and hockey franchises, the Atlanta Hawks and Atlanta Thrashers, respectively.

F. Reserved Net Assets and Restricted Assets

The bond covenants require certain reservations of Net Assets of the Water and Wastewater System Fund and the Department of Aviation. Reserved Net Assets at December 31, 2004 are as follows (in thousands):

	<u>Department of Aviation</u>
Passenger facility charges	\$435,044
Debt service and debt service reserve	<u>91,815</u>
Total	<u>\$429,754</u>

Enterprise Funds, because of certain bond covenants, are required to establish and maintain prescribed amounts of resources that can be used only to service outstanding debt. Other assets are restricted by bond ordinances for capital purposes. The General Fund, because of covenants required by various Certificates of Participation is required to keep certain reserve balances. This

Notes to the Financial Statements - Continued

F. Reserved Net Assets and Restricted Assets, continued

includes the investment account established by the 1998 Georgia Municipal Association Certificates of Participation related to the 1998 lease pool, as discussed further in Note K related to long-term obligations. Restricted assets of the enterprise funds at December 31, 2004 are as follows (in thousands):

	<u>Water and Wastewater System Fund</u>	<u>Department of Aviation</u>	<u>Total</u>
Renewal and Extension Funds:			
Grants receivable	\$ -	\$ 14,921	\$ 14,921
Passenger Facility Charges Fund:			
Investments	-	434,862	434,862
Cash	-	182	182
Construction Funds:			
Investments	1,272,933	1,382,085	2,655,018
Cash	85,089	122,731	207,820
Sinking Funds:			
Investments	18,903	14,373	33,276
Cash	<u>11</u>	<u>77,443</u>	<u>77,454</u>
	<u>\$1,376,936</u>	<u>\$2,046,597</u>	<u>\$3,423,533</u>

G. Underground Atlanta Project

The Underground Atlanta Project ("Project") is a restored historical section of downtown Atlanta containing bars, restaurants, and retail shops. In order to fund this project, in 1986 Downtown Development Authority ("DDA") issued approximately \$85,000,000 (Note K) in revenue bonds, in 1992 and again in 2002 refunding revenue bonds were issued. In addition to financing provided by DDA, other financing of approximately \$56,000,000 was provided by a combination of federal grants, sales tax revenues, Fulton County Building Authority grant, and private funds.

Under a related agreement, the City leases from the Downtown Development Authority ("DDA") that portion of the Project representing land and buildings formerly owned by the City and conveyed to DDA to facilitate completion of the Project (the commercial facilities). Lease payments are equal to the principal and interest payments on the revenue bonds. Upon retirement of the revenue bonds, title to the public facilities reverts to the City.

Under an agreement with a private management company, the City receives revenues from the Project based on certain formulas applied to earnings of the Project. The City's contract with DDA requires the City to exercise its power of taxation to the extent necessary to pay the bonds should revenues paid to the City by the Project, together with any other funds available, not be sufficient to pay the revenue bonds. Accordingly, the portion of the Project related to the revenue bonds of DDA is a part of the City's reporting entity and is included in an Enterprise Fund titled "Underground Atlanta." This fund also includes all City transactions related to the Project, such as Project revenues earned by the City.

Notes to the Financial Statements - Continued

G. Underground Atlanta Project, continued

At December 31, 2004, the DDA had outstanding \$65,330,000 in aggregate principal, representing DDA's portion of the Project.

In 1999 the City entered into an operating sublease agreement with another private company to operate and manage the Underground project. The property lease and the land parcels transferred to the City were valued by a third party to be \$8,000,000 and \$3,000,000, respectively, which were recorded as assets of Underground and for which the lease value is being amortized over the life of the lease.

H. Interfund Assets, Liabilities, and Transfers

During the course of its operations, the City makes transfers between funds to finance operations, provide services, acquire assets and service debt. To the extent that certain transfers between funds had not been received as of year end, balances of interfund amounts receivable or payable have been recorded. Interfund receivable and payable balances as of December 31, 2004 are as follows (in thousands):

	Due from other funds	Due to other funds
General Fund	\$ 252,813	\$ 117,188
Nonmajor governmental funds	2,697	34,209
Water and Wastewater Fund	8,540	23,552
Department of Aviation	110,922	182,882
Nonmajor enterprise funds	60	19,229
Internal Service Fund	381	-
Fiduciary funds	<u>4,893</u>	<u>3,247</u>
Total Primary Government	<u>\$ 380,306</u>	<u>\$ 380,306</u>

Notes to the Financial Statements – Continued

H. Interfund Assets, Liabilities, and Transfers, continued

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments are due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers for the year ended December 31, 2004 are as follows (in thousands):

	Transfers In	Transfers Out
General Fund	\$ 18,700	\$ 7,849
Nonmajor governmental funds	1,371	8,900
Water and Wastewater System+B9 Fund	-	9,800
Nonmajor enterprise funds	7,369	890
Total	<u>\$ 27,439</u>	<u>\$ 27,439</u>

Notes to Financial Statements – Continued

I. Capital Assets

A summary of capital assets activity and changes in accumulated depreciation for the year ended December 31, 2004 follows (in thousands):

Governmental activities:					
Land	\$ 50,666	\$ 9,960	\$ 280	\$ -	\$ 60,346
Construction in progress	<u>90,521</u>	<u>15,331</u>	<u>-</u>	<u>(75,758)</u>	<u>30,094</u>
	<u>141,187</u>	<u>25,291</u>	<u>280</u>	<u>(75,758)</u>	<u>90,440</u>
Land improvements	20,558	218	-	-	20,776
Buildings and building improvements	274,347	1,037	-	61,933	337,317
Other property and equipment	144,050	9,587	6,910	4,883	151,610
Infrastructure	<u>1,773,812</u>	<u>-</u>	<u>-</u>	<u>8,942</u>	<u>1,782,754</u>
Total depreciable assets	<u>2,212,767</u>	<u>10,842</u>	<u>6,910</u>	<u>75,758</u>	<u>2,292,457</u>
Totals at historical cost	<u>2,353,954</u>	<u>\$ 36,133</u>	<u>\$ 7,190</u>	<u>\$ -</u>	<u>2,382,897</u>
Less: Accumulated Depreciation					
Land improvements	10,320	795	-	-	11,115
Buildings and building improvements	67,034	5,958	-	-	72,992
Other property and equipment	98,380	7,305	5,693	-	99,992
Infrastructure	<u>1,214,284</u>	<u>34,001</u>	<u>-</u>	<u>-</u>	<u>1,248,285</u>
Total accumulated depreciation	<u>1,390,018</u>	<u>\$ 48,059</u>	<u>\$ 5,693</u>	<u>\$ -</u>	<u>1,432,384</u>
Governmental activities capital assets, net	<u>\$ 963,936</u>				<u>\$ 950,513</u>
Business-type activities:					
Land	878,655	24,231	-	-	902,886
Construction in progress	<u>1,000,327</u>	<u>834,364</u>	<u>(20,353)</u>	<u>(110,535)</u>	<u>1,703,803</u>
	<u>1,878,982</u>	<u>858,595</u>	<u>(20,353)</u>	<u>(110,535)</u>	<u>2,606,689</u>
Land improvements	812,575	7,827	-	-	820,402
Buildings and other structures	3,758,485	12,526	-	110,535	3,881,546
Other property and equipment	<u>176,455</u>	<u>24,086</u>	<u>(3,006)</u>	<u>-</u>	<u>197,535</u>
Total depreciable assets	<u>4,747,515</u>	<u>44,439</u>	<u>(3,006)</u>	<u>110,535</u>	<u>4,899,483</u>
Totals at historical cost	<u>6,626,497</u>	<u>\$ 903,034</u>	<u>\$ (23,359)</u>	<u>\$ -</u>	<u>7,506,172</u>
Less: Accumulated Depreciation					
Land improvements	392,153	15,977	-	-	408,130
Buildings and other structures	1,541,292	87,906	-	-	1,629,198
Other property and equipment	<u>108,039</u>	<u>22,027</u>	<u>(2,378)</u>	<u>-</u>	<u>127,688</u>
Total accumulated depreciation	<u>2,041,484</u>	<u>\$ 125,910</u>	<u>\$ (2,378)</u>	<u>-</u>	<u>2,165,016</u>
Business-type activities capital assets, net	<u>\$ 4,585,013</u>				<u>\$ 5,341,156</u>

Notes to Financial Statements - Continued

I. Capital Assets, continued

Depreciation expense was charged to governmental funds as follows (in thousands):

General government:	\$	3,703
Police		2,737
Fire		3,820
Corrections		238
Public Works		35,450
Parks, Recreation and Cultural Affairs		<u>2,111</u>
Total	\$	<u>48,059</u>

J. Leases

Department of Aviation

The Department of Aviation ("Aviation") has entered into lease agreements with four prime concessionaires for food, beverage, and retail concessions. Minimum guarantees are included which are based on passenger levels and adjusted for inflation. There are opportunities for the prime concessionaires to subcontract, but the City requires that the concessionaire provider pay the agreed-upon amount. Additionally, there are several stand-alone lease agreements to enhance the overall concessions business.

The Aviation leases terminal space, aircraft maintenance and overhaul facilities, cargo facilities, hangars, and other structures to air carriers and other tenants at Atlanta Hartsfield International Airport (the "Airport") under various operating leases which terminate no later than 2023. Certain of the leases provide for fixed and variable rental payments, and all are generally designed to allow the City 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 Aviation receives revenues 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.

Minimum future rentals and fees revenue on noncancelable leases or concession agreements at the Airport are as follows (in thousands):

2005		\$ 168,011
2006		171,371
2007		174,798
2008		178,294
2009		181,860
2010-2023		<u>2,972,540</u>
		<u>\$3,846,874</u>

Notes to Financial Statements – Continued

J. Leases, continued

The agreement covering the operation of the parking lot does not provide for a minimum fee and is, therefore, not included in the above table. Revenue from this source, which is solely a function of parking lot receipts, as defined, was approximately \$57,293,000 in 2004.

Water and Wastewater System Fund

In July 1968, the City and DeKalb County, Georgia (DeKalb County) entered into an agreement (the Clayton Agreement) providing for the construction of a 120-MGD water pollution control facility to be known as the R.M. Clayton WWTP (the Plant). Pursuant to the Clayton Agreement, the City agreed to assume responsibility for the financing, construction, operation, and maintenance of the Plant. In addition, the Clayton Agreement also gives DeKalb County the right to use 2.6 MGD and 0.02 MGD of the capacity of the City's Entrenchment Creek and South River Wastewater Treatment Plants, respectively. In 1987, the Clayton Agreement was amended to provide that DeKalb County would have the right to use 50 MGD of the capacity, which represents 41.67% of the total Plant capacity.

Additional capital improvements may be made to the Plant upon the determination by the Water and Wastewater System Fund (the "System") that excessive flows or loaned are impairing the efficient operation of the City's sewer system, improved processes are available, and that addition of improvements are necessary or desirable for the efficient operation of the System or to comply with applicable laws. In any such event, the System and DeKalb County have agreed to share the costs of such capital improvements generally upon the basis of relative sewerage flow contributed by the City and DeKalb County, respectively.

In 1997, DeKalb County was asked to share in the capital improvement costs made to the Clayton, Intrenchment Creek, and South River plants, with their share being based on their portion of the sewerage flow. In 1997, DeKalb County contributed \$96,500,000 toward those costs. In 1998, DeKalb County and the City signed a Consent Order to share in the total cost of the phosphorous reduction capital plan. In 1999, DeKalb County contributed \$49,000,000 in accordance with the Consent Order and, in the process, extended their lease and increased their capacity availability in relation to the plants.

DeKalb County, Fulton County, the City of Hapeville, the City of Forest Park, the City of East Point, and the City of College Park (collectively "the municipalities") share in the costs of the operation and maintenance of the plants based upon the ratio that the sewerage flows bears to the total flows to the plants. The municipalities share of the operating and maintenance costs for the plants for the year ended December 31, 2004 and 2003 was \$15,709,000. These payments are treated as operating revenue of the System.

These municipalities have agreed to share in the capital improvement costs made to certain plants with their share being based upon the ratio that the sewerage flows bears to the total flows to the plants. The municipalities made no capital improvement payments for the plants for the year ended December 31, 2004. The amounts receivable from these municipalities is included in the amount due from other governmental units in the accompanying financial statements.

Notes to Financial Statements – Continued

J. Leases, continued

The System has entered into several lease agreements as lessee for power generators. These lease agreements qualify as capital leases for accounting purposes and the lease payments are reflected as a capital lease obligation at the present value of the aggregate payments due over the remaining life of the leases. Included in machinery and equipment is approximately \$28,591,000 of equipment acquired under capital lease. The accumulated amortization on this equipment is \$8,516,000 as of December 31, 2004, and is recorded as a component of depreciation expense. Amortization expense was \$2,019,000 for the year ended December 31, 2004.

The present value of future minimum capital lease payments as of December 31, 2004 are as follows (dollars in thousands):

2005	\$ 2,977
2006	2,977
2007	2,977
2008	2,977
2009	2,977
2010 thru 2013	<u>14,462</u>
Total minimum payments	29,347
Less amounts representing interest	<u>(7,048)</u>
Present Value of Minimum Capital Lease Payments	<u>\$22,299</u>

Sanitation Fund

For its Sanitation Fund, the City has entered into a lease agreement as lessee for refuse collection vehicles. This lease agreement qualifies as a capital lease for accounting purposes.

The present value of future minimum lease payments are as follows (in thousands):

2005	\$1,200
2006	1,200
2007	<u>1,200</u>
Total minimum payments	<u>\$3,600</u>
Less Amounts Representing Interest	<u>(383)</u>
Present Value of Minimum Capital Lease Payments	<u>\$3,217</u>

Notes to Financial Statements - Continued

J. Leases, continued

General Fund

For its General Fund, the City has entered into several lease agreements for operating purposes. These lease agreements qualify as an operating lease for accounting purposes.

The future minimum lease payments are as follows (in thousands):

2005	\$2,074
2006	2,074
2007	2,074
2008	<u>86</u>
Total minimum payments	<u>\$6,308</u>

K. Long Term Obligations

Changes in long-term debt during the year ended December 31, 2004 follows (in thousands):

	Balance at December 31, 2003	Additions	Reductions	Balance at December 31, 2004	Due within One Year
Governmental activities:					
Long-term debt					
General obligation and annual bonds	\$ 239,360	\$ 55,500	\$ (4,495)	\$ 290,365	12,965
SWMA revenue refunding bonds	24,855	-	(890)	23,965	930
Limited obligation bonds	91,500	-	(565)	90,935	2,240
Section 108 loans	12,965	-	(1,715)	11,250	1,735
Certificates of participation					
1990 GMA lease pool	-	3,053	-	3,053	763
1998 GMA lease pool (Note P)	32,444	-	-	32,444	-
2002 COPS	52,560	-	(1,280)	51,280	1,330
Installment sale program	<u>83,280</u>	<u>-</u>	<u>(4,500)</u>	<u>78,780</u>	<u>4,700</u>
Total long-term debt	<u>536,964</u>	<u>58,553</u>	<u>(13,445)</u>	<u>582,072</u>	<u>24,663</u>
Other long-term liabilities					
Vacation and compensatory pay	20,949	16,188	(15,423)	21,714	12,302
General claims payable	15,855	930	(1,086)	15,699	7,132
Arbitrage rebate	75	-	(75)	-	-
Workers' compensation	<u>19,192</u>	<u>1,503</u>	<u>(3,440)</u>	<u>17,255</u>	<u>3,573</u>
Total other long-term liabilities	<u>56,071</u>	<u>18,621</u>	<u>(20,024)</u>	<u>54,668</u>	<u>23,007</u>
Total long-term liabilities	<u>\$ 593,035</u>	<u>\$ 77,174</u>	<u>\$ (33,469)</u>	<u>\$ 636,740</u>	<u>\$ 47,670</u>

Notes to the Financial Statements – Continued

K. Long Term Obligations, continued

	Balance at December 31, 2003	Additions	Reductions	Balance at December 31, 2004	Due within One Year
Business-type activities					
Long-term debt					
Department of Aviation:					
Facilities Revenue Bonds	\$ 1,442,984	\$ 1,523,788	\$ (39,465)	\$ 2,927,307	\$ 52,183
Bond anticipation notes	395,000	-	(395,000)	-	-
Issuance discount and refunding losses	4,429	(2,183)	(725)	1,521	-
Water & Wastewater System Fund:					
System Revenue Bonds	1,718,110	849,330	(9,440)	2,558,000	11,025
Plus Premium (discounts) on bonds	(3,435)	43,498	(196)	39,867	-
Capital lease obligation	23,944	-	(1,645)	22,299	1,744
Nonmajor funds:					
Capital lease obligation (Sanitation fund)	5,075	-	(1,858)	3,217	1,012
Revenue Bonds (Underground Atlanta)	69,190	-	(3,860)	65,330	4,050
Total long-term debt	<u>3,655,297</u>	<u>2,414,433</u>	<u>(452,189)</u>	<u>5,617,541</u>	<u>70,014</u>
Other long-term liabilities					
Arbitrage rebate	15,531	7,093	-	22,624	16,326
Landfill Postclosure Liability	39,992	-	(1,847)	38,145	1,214
Workers' compensation	11,887	6,787	(3,493)	15,181	3,143
Total other long-term liabilities	<u>67,410</u>	<u>13,880</u>	<u>(5,340)</u>	<u>75,950</u>	<u>20,683</u>
Total long-term liabilities	<u>\$ 3,722,707</u>	<u>\$ 2,428,313</u>	<u>\$ (457,529)</u>	<u>\$ 5,693,491</u>	<u>\$ 90,697</u>

For the governmental activities, other long-term liabilities are primarily liquidated by the general fund.

Governmental-type Activities

General Obligation Bonds are direct general obligations secured by the full faith and credit of the City. Principal and interest are payable through the general and debt service funds from an ad valorem tax levied on all taxable property within the City.

In December 2004, the City issued \$8,000,000 of Various Purpose General Obligation Bonds, Series 2004A, to finance the various costs of acquiring, constructing, renovating, equipping, adding to, and improving both municipal facilities and school facilities as allowed in the special provision of the Constitution of the State of Georgia.

In December 2002, the City issued Certificates of Participation in the amount of \$55,195,000 through the Georgia Municipal Association Inc. Installment Sale Program. The proceeds from the sale of the Certificates are to be used to finance the acquisition, construction and equipping of a new City Court of Atlanta facility for the City of Atlanta, Georgia, pay the premium for a surety bond relating to a debt service reserve fund for the Certificates and pay certain costs incurred in connection with the execution of delivery of the Certificates.

Notes to the Financial Statements – Continued

K. Long Term Obligations, continued

The City participates in a lease pool arrangement with 29 other local governments through the Georgia Municipal Association, Inc. (GMA). GMA issued \$127,635,000 Certificates of Participation (COPs) Series 1998 of which the City's share is \$25,090,000 and is governed by a master lease agreement. The purpose of the COPs is to fund the purchase of eligible capital assets that are leased back to each of the participating governments. The City's interest in this arrangement functions similar to a line of credit whereby eligible capital assets may be purchased up to the City's share. The lease of eligible capital assets decreases the City's net available credit and repayments of principal increase the City's net available credit. Leases are due generally between three and five years from the date the equipment is purchased. The agreement terminates upon the financial due date of the COPs in June 2020. Interest is due monthly on the outstanding principal balance at a rate of 5%. In addition, the City is obligated to pay an annual service fee of 1% on the outstanding principal balance.

In December 2001, the City issued \$61,220,000 of General Obligation Public Improvement Bonds (Quality of Life), Series 2001B, to finance the various costs of acquiring, constructing, renovating, equipping, adding to, and improving public sidewalks, public plazas, and greenspace, as approved by City voter referendum. In December 2004, the City issued an additional \$47,500,000 of General Obligation Public Improvement Bonds (Quality of Life), Series 2004B to provide additional financing for projects approved by city voter referendum described above.

During 2001, the City issued \$76,505,000 in limited obligation bonds for the Atlantic Station Tax Allocation District and \$14,995,000 in limited obligation bonds for Westside Tax Allocation District. Each issuance is a limited obligation of the City, not secured by the full faith and credit of the City, but rather are secured solely by, and payable solely from, the Pledged Revenues. The Pledged Revenues are defined as the tax allocation increments, the amount of property taxes generated within the district area which exceed the amount collected from the same area prior to development, from the City, Fulton County, and the Atlanta Board of Education. Additionally, the Atlantic Station Bonds are secured by the tax increments of sales taxes collected by the City and Fulton County within the developed area until 2009. The property tax increments are pledged until the payment in full of the bonds. The proceeds of the limited obligation bonds and the accumulation of tax increments for debt service are accounted for in newly created Special Revenue Funds.

Arbitrate Rebate

The arbitrage rebate liability, on all City issued obligations, is treated as a claim or judgment upon occurrence. Certain City long-term debt obligations are subject to Section 148 of the Internal Revenue Code which requires that interest earned on proceeds from tax-exempt debt be rebated to the Federal government to the extent that those earnings exceed the interest cost on the related tax-exempt debt. The City has calculated the arbitrage rebate liability to be \$22,624,000 at December 31, 2004 on business type activities long-term debt.

Business-type Activities

Revenue bonds are payable solely from revenues generated by enterprise fund activities. The various revenue bond indentures contain significant limitations and restrictions on annual debt

Notes to the Financial Statements - Continued

K. Long Term Obligations, continued

service requirements, maintenance of a flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. As of December 31, 2004, the City believes it was in compliance with all such significant financial limitations and restrictions.

Department of Aviation

In November 2004, the City issued the City Of Atlanta Airport General Revenue Bonds, Series 2004F in the amount of \$32,290,000, Series 2004G in the amount of \$96,175,000, Series 2004I in the amount of \$51,625,000, and the City of Atlanta Airport Passenger Facility Charge and Subordinate Lien General Revenue Bonds, Series 2004J (\$235,860,000), Subseries 2004K-1 (\$99,575,000), Subseries 2004K-2 (\$99,575,000), Subseries 2004K-3 (\$99,625,000) and Subseries 2004K-4 (\$49,475,000), respectively. The Series 2004F-G/J Bonds mature serially through January 2029 and bear fixed interest ranging from 4.0% to 5.25%. The Series 2004I and the Subseries 2004K-1 through 2004K-4 bonds were issued as auction rate securities (variable rate bonds). The auction rate securities are a form of variable rate bonds, where the interest rate is periodically set by an auction bid by investors. The auction rate bonds can be auctioned every seven (7) days or every thirty-five (35) days. These auction rate bonds are auctioned every thirty-five (35) days, except for one series which is auctioned at twenty-eight (28) days. The bond proceeds were used to (i) finance a portion of the Airport's Capital Improvement Plan; (ii) fund a deposit to the PFC Revenue Bond subaccount in the Debt Service Reserve Account; (iii) fund a portion of the capitalized interest on the series 2004F-G Bonds and the Series 2004A-B Bonds during construction; and (iv) pay costs associated with the issuance of the Series 2004 F-G/J Bonds.

In June 2004, the City issued the City of Atlanta Airport General Revenue Bonds, Series 2004A in the amount of \$164,165,000 and 2004B in the amount of \$58,655,000, and the City of Atlanta Airport Passenger Facility Charge and Subordinate Lien General Revenue Bonds, Series 2004C (\$293,070,000), Series 2004D-1 (\$44,825,000) Sires 2004D-2 (\$44,825,000) Series 2004E-1 (\$73,275,000) and series 2004E-2 (73,275,000). The Series 2004A Bonds mature serially through January 2025 at fixed interest rates ranging from 5.25% to 5.375% and a final term payment of \$57,555,000 due January 1, 2033 at the fixed interest of 5.125% and is subject to mandatory redemption starting January 1, 2026 through January 1, 2030. The Series 2004B is a term bond of \$58,655,000 due January 1, 2003 with a fixed rate of .5.25% and is subject to mandatory redemption starting January 1, 2029 through January 1, 2033. The Series 2004C is a term bond of \$293,070,000 due January 1, 2003 with a fixed rate of 5% and is subject to mandatory redemption starting January 1, 2024 through January 1, 2033. The Series 2004D-1, 2004D-2), 2004E-1 and 2004E-2 bonds were issued as auction rate securities (variable rate bonds). The auction rate securities are a form of variable rate bonds, where the interest rate is periodically set by an auction bid by investors. The auction rate bonds can be auctioned every seven (7) days or every thirty-five (35) days. These auction rate bonds are auctioned every thirty-five (35) days, except for one series which is auctioned at twenty-eight (28) days. The bonds issued (i) currently refund the Series 2003 Notes (BAN's in the outstanding principal amount of \$395,000,000; (ii) fund a priority of the Airport's Capital Improvement Plan; (iii) fund the separate Reserve Requirements for each of the series 2004A-B General Revenue Bonds and series 2004 PFC Bonds or pay the premium for an insurance policy to satisfy such requirements; (iv) fund a portion of the interest in the series 2004D-E Passenger Facility Charge Auction Rate Bonds during construction; and (v) pay costs associated with the issuance of the 2004 Auction Rate bonds and the 2004A-C Fixed Rate Bonds.

Notes to the Financial Statements - Continued

K. Long Term Obligations, continued

The 2003 Series Bond Anticipation Notes (BAN's) was scheduled to mature on October 16, 2004, and bear interest at an annual stated rate of 1.10%. In June 2004, the City closed on the sale of various series airport revenue bonds, the proceeds of which were used, in part, to refinance the BAN's on a long-term basis.

In prior years the City defeased certain outstanding Department bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payment on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the accompanying financial statements. At December 2004 the outstanding amount of bonds considered defeased in 2004 and 2003 and prior years are approximately \$616,720,000 and \$623,560,000.

In June 2003, the City issued Airport General Revenue Refunding Bonds (Series 2003RF-A) and Variable Rate Airport General Revenue Refunding Bonds (Series 2003RF-B-1, RF-B-2, RF-B-3, RF-C-1, RF-C-2 and RF-C-3) in the amounts of \$86,055,000 and \$490,170,000 respectively. The proceeds from the Series 2003RF Bonds were used to refund all or portions of the then outstanding Series 1994A Bonds (\$39,330,000), Series 1996 Bonds (\$31,890,000), and Series 2000A Bonds (\$423,615, 000) in order to reduce its total debt service payments by approximately \$80.2 million over the next 27 years and to obtain an economic gain (net present value savings) of \$59.6 million. The Series 2003RF-A Bonds mature serially through January 2014 and bear fixed interest rates ranging from 2.0% to 5.0%. The Series 2003RF-B-1, RF-B-2, RF-B-3, RF-C-1, RF-C-2 and RF-C-3 Variable Rate Bonds were issued as modal variable interest-rate Bonds, initially issued in the Weekly Rate Mode. As such, while in the weekly rate mode, the variable rate bonds bear interest at amounts determined by the remarketing agent on a weekly basis. To fund the purchase of the modal bonds, the City entered into six standby bond purchase agreements with various liquidity providers with scheduled expirations through June 25, 2006 for the 2003RF-C-3 Bonds and June 25, 2008 for all other series of the variable rate bonds. As of December 31, 2004, and as more fully described below, the variable rate bonds are assumed to bear interest at a rate synthetically fixed of 3.009% through an interest rate swap agreement.

In December 2003, the City issued Airport General Revenue Refunding Bonds, Series 2003RF-D in the amount of \$118,270,000. The 2003RF-D bonds were issued to refund the then outstanding Series 1994B Bonds (\$128,725,000) in order to reduce its total debt service payments by approximately \$18.8 million over the next 15 years and to obtain an economic gain (net present value savings) of \$11.8 million.

Interest Rate Swap Agreements

Aviation is a party to interest rate swap agreements that are not recorded in the financial statements. Following are disclosure of key aspects of the agreements.

Objective of the Interest Rate Swaps - On June 17, 2003, Aviation entered into interest rate swaps with Goldman Sachs Mitsui Marine Derivative Products, L.P., and JP Morgan Chase Bank (Counterparties) in connection with its Variable Rate Airport General Revenue Refunding Bonds (Series 2003RF-B-1, RF-B-2, RF-B-3, RF-C-1, RF-C-2 and RF-C-3). The objective was to lower borrowing costs by synthetically fixing interest rates on the subject bonds.

Notes to the Financial Statements - Continued

K. Long Term Obligations, continued

Term - The swaps, with a notional amount of \$490 million, became effective on June 26, 2003. The notional amount decreases over time, matching the outstanding balance of the variable rate debt. The first notional decrease for both is January 1, 2016, with the final maturity of January 1, 2030. Under the terms of the swap agreements, Aviation will pay the Counterparties a fixed annual interest rate of 3.009%. Aviation will receive from the Counterparties a variable payment based on the BMA Index for the first year of the swap and thereafter based on a percentage equal to 67.5% of the monthly LIBOR-BBA (U.S. Dollars). Aviation will also pay the interest rate resulting from the periodic remarketing of the 2003 variable rate bonds. As of December 31, 2004, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swaps:		
Fixed payment to counter party	Fixed	3.009%
Variable payment from counterparty	67.5% of LIBOR-BBA(2.4175%)	<u>1.632</u>
Net interest rate swap payments		<u>1.377</u>
Variable rate bond coupon payments	Weekly	<u>1.990%</u>
Synthetic interest rate on bonds		<u>3.367%</u>

Fair Value - As of December 31, 2004, the fair value of the swaps was \$ 8.9 million, using the par value method, indicating the amount that the counterparties would be required to pay the City to terminate the swap agreements.

Swap Payments and Associated Debt - As of December 31, 2004, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows (in thousands). As rates vary, variable-rate bond interest payments and net swap payments will vary.

Notes to the Financial Statements - Continued

K. Long Term Obligations, continued

<u>Year Ending</u>	Variable Rate Bonds			
	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Swaps, Net</u>	<u>Interest Total</u>
2005	\$ -	\$ 9,754	\$ 6,750	\$ 16,504
2006	-	9,754	6,750	16,504
2007	-	9,754	6,750	16,504
2008	-	9,754	6,750	16,504
2009	-	9,754	6,750	16,504
2010-2014	-	48,772	33,748	82,520
2015-2019	28,195	47,987	31,807	79,794
2020-2024	156,405	41,698	28,853	70,551
2025-2029	250,455	20,757	14,363	35,120
2030	55,115	1,097	414	1,511
Total	<u>\$ 490,170</u>	<u>\$ 209,081</u>	<u>\$ 142,935</u>	<u>\$ 352,016</u>

Credit Risk - As of December 31, 2004, the fair value of the swaps represents Aviation's credit exposure to the Counterparties. Should the Counterparties fail to perform in accordance with the terms of the swap agreements, Aviation faces a maximum possible loss equivalent to the swaps' \$55.4 million fair value. As of December 31, 2004, the Counterparties were rated as follows by Moody's and S&P:

	<u>Moody's</u>	<u>S&P</u>
Goldman Sachs Mitsui	Aa3	A+
JP Morgan Chase Bank	A1	A+

Basis Risk - As noted above, the swap exposes Aviation to basis risk should the relationship between BMA and/or LIBOR and the variable rates converge, changing the synthetic rate on the bonds. If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized.

Termination Risk - The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination event." That is, the swap may be terminated by Aviation if the Counterparty's credit quality rating falls below "A-" as issued by Fitch Ratings or Standard & Poor's or "A3" as issued by Moody's Investors Service. Aviation or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, Aviation would be liable to the Counterparty for a payment equal to the swap's fair value.

Notes to the Financial Statements - Continued

K. Long Term Obligations, continued

Water and Wastewater System Fund

In January 2002, the System issued Water and Wastewater Revenue Bonds Series 2001A, Series 2001B and Series 2001C in the amount of \$415,310,000, \$335,640,000 and \$105,705,000, respectively.

The proceeds of the 2001A Bonds were used to finance a portion of the costs of a program of capital improvements to the System, to fund capitalized interest for the 2001A Bonds through May 1, 2003, to fund the Debt Service Reserve Account balance for the 2001A bonds and to pay the costs of issuance associated with the 2001A bonds.

The proceeds of the Series 2001B bonds were used to advance refund a portion of the System's previously issued Water and Wastewater Revenue Bonds Series 1999A and to pay the costs of issuance associated with the 2001B Bonds. These bonds are due November 1, 2038, subject to the mandatory and optional redemption and mandatory and optional tender. Interest is payable on a monthly basis at the beginning of each month beginning with February 1, 2002 at a variable rate of interest as established on a weekly basis by the remarketing agent. The weekly interest rate determined by the remarketing agent is the minimum rate of interest that would result in the sale of the 2001B Bonds at a price equal to 100% of the principal amount. The remarketing agent is authorized to use its best efforts to sell the repurchased bonds at par by adjusting the interest rate.

Under the standby bond purchase agreement issued by the bank, the fiscal agent can draw amounts sufficient to repurchase the bonds if they cannot be resold by the remarketing agent. The agreement expires the later of May 1, 2009 or the last day of any extension as stipulated in the agreement. The System pays a commitment fee of .175% per annum on the average daily amount of the available commitment. In the event the System is required to purchase bonds under the standby bond purchase agreement, the amounts would be payable in 14 equal semi annual installments commencing 180 days after the end of the purchase period. There were no amounts outstanding at December 31, 2004 under the standby bond purchase agreement.

The proceeds of the Series 2001C Bonds were used to finance a portion of the costs of a program of capital improvements to the System, to fund capitalized interest for the 2001C Bonds through May 1, 2003, to fund the Debt Service Reserve Account Balance for the 2001C Bonds, and to pay the costs of issuance associated with the 2001C Bonds. These bonds are due November 1, 2041. Interest is payable on a monthly basis at the beginning of each month beginning with February 1, 2002, at a variable rate of interest as established on a daily basis by the remarketing agent. The daily interest rate determined by the remarketing agent is the minimum rate of interest that would result in the sale of the 2001B Bonds at price equal to 100% of the principal amount. Revenue of the System is pledged as security for payments on the Bonds.

Notes to the Financial Statements - Continued

K. Long Term Obligations, continued

In January 2002, the System also issued Water and Wastewater Revenue Bonds Series 2001C Auction Rate Certificate (ARC) in the amount of \$105,600,000. The proceeds of the series 2001C ARC's were used to finance a portion of the costs of a program of capital improvements to the System, to fund capitalized interest for the 2001C ARC's through May 1, 2003, to fund the Debt Service Reserve Account Balance for the 2001C ARC's and to pay the costs of issuance associated with the 2001C ARC's. These bonds are due on November 1, 2041. Revenue of the System is pledged as security for payments on the Bonds.

Swap Option and Interest Rate Swap Agreement

In March 2001, the System entered into an interest rate swap option agreement with a financial institution in which it agreed to essentially convert, at the financial institution's request, \$145,000,000 of the System's Water and Wastewater Revenue Bonds, Series 1999, from 5% fixed rate bonds to floating rate bonds in which the interest rate is based on the Municipal Swap Index. The option for conversion begins in 2005 and until then the System will continue to service the debt at the fixed rate. For entering into this agreement the System received a nonrefundable \$2,700,000 commitment fee which has been deferred and is being amortized over the life of the agreement. As of December 31, 2004, the swap had a negative fair value of \$14,801,000, based on quoted market prices. The negative fair value is a result of changes in interest rate. As a result, the System was not exposed to credit risks. However, should interest rates change and the fair market value of the swap become positive, the System would be exposed to credit risk in the amount of swap's fair value.

Also, in March 2001, the System entered into a similar interest rate swap option agreement with the same financial institution in which it agreed to essentially convert, at the financial institution's request, \$71,850,000 of the System's Water and Wastewater Revenue Bonds, Series 1999, from 5% fixed rate bonds to floating rate bonds in which the interest rate is based on the Municipal Swap Index. The option for conversion began in 2004 and the System received a nonrefundable \$4,800,000 commitment fee which has been deferred and is being amortized over the life of the agreement. As of December 31, 2004, the fair value of this swap was \$6,477,178 based on quoted market prices. The positive fair value is a result of changes in interest rates and represents the amount the System would have to pay to terminate the swap agreement at December 31, 2004.

These interest rate swap option agreements increase the interest rate risk of the System, however management believes it will achieve an overall lower cost of capital by entering into the agreements, that it increases the diversity of the capital structure of the System, and better matches the asset to liability portfolio by matching variable rate obligations with the large amount of the System's short-term, variable rate assets.

In January 2002, the System entered into two interest rate swap agreements. These swap agreements are associated with the System's Water and Wastewater Revenue Bonds Series 2001B and 2001C with a notional amount of \$335,640,000 and \$105,705,000, respectively. The swap with the notional amount of \$335,640,000 became effective on January 3, 2002 and will mature on November 1, 2038, and the swap with the notional amount of \$105,705,000 became effective on January 3, 2002 and will mature on November 1, 2041. In each of these agreements the System owes interest to the counterparty, calculated at an annual fixed rate of 4.09% on a

Notes to the Financial Statements - Continued

K. Long Term Obligations, continued

notional amount equal to each Bond issue. The amortization terms of the agreement are consistent with the Series 2001B Bonds and Series 2001C Bonds. For the Series 2001C Bonds, the counterparty owes the System interest at a variable rate based on the Municipal Swap Index. For the Series 2001B Bonds, the counterparty owes the System interest at a variable rate based on either the Municipal Swap Index (not to exceed the interest amount payable during the same period to the holders for the System's Series 2001B Bonds) or the London Interbank Offered Rate (LIBOR). The swap agreement for the Series 2001B Bonds allows the counterparty to terminate the agreement by providing 30 days written notice if the arithmetic mean of the Municipal Swap Index has exceeded 7% in the preceding 180 days. As of December 31, 2004, the swaps with notional amounts of \$335,640,000 and \$105,705,000 had fair values of \$ 15,746,000 and \$ (3,080,000), respectively, based on quoted market prices. The positive fair value is a result of changes in interest rates and represents the amount the System would have to pay to terminate the swap agreement at December 31, 2004. The negative fair value is a result of changes in interest rate. As a result of the negative fair value, the System was not exposed to credit risks. However, should interest rates change and the fair market value of the value of the swap become positive, the System would be exposed to credit risk in the amount of the swap's fair value.

As of December 31, 2004, the rates for the effective swaps were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swaps		
Fixed payment to counterparty	Fixed	4.09 %
Variable payment from counterparty	BMA Municipal Swap Index	<u>(1.99)%</u>
Net interest rate swap payments		2.10%

As of December 31, 2004, debt service requirements of the variable-rate debt and net swap payments (assuming current interest rates) by year are as follows (in thousands). As rates vary, variable-rate bond interest payments and net swap payments will vary.

<u>Year Ending</u>	<u>Variable Rate Bonds</u>		<u>Interest Rate Swaps, Net</u>	<u>Interest Total</u>
	<u>Principal</u>	<u>Interest</u>		
2005	\$ 355	\$ 19,322	\$ 9,178	\$ 28,500
2006	370	18,952	9,170	28,122
2007	385	18,936	9,162	28,098
2008	400	18,921	9,154	28,075
2009	420	18,901	9,145	28,046
2010-2014	2,395	94,217	45,579	139,796
2015-2019	2,970	93,648	45,292	138,940
2020-2024	31,455	92,351	44,068	136,419
2025-2029	85,330	79,269	36,636	115,905
2030-2034	105,630	58,974	26,434	85,408
2035-2039	105,930	33,851	14,402	48,253
2040-2041	<u>105,705</u>	<u>6,617</u>	<u>2,100</u>	<u>8,717</u>
Total	<u>\$ 441,345</u>	<u>\$ 553,959</u>	<u>\$ 260,320</u>	<u>\$ 814,279</u>

Notes to the Financial Statements - Continued

K. Long Term Obligations, continued

Should the System terminate one or more of the agreements, the amount owed to the counterparty will change as interest rates change.

As noted above, the interest rate swaps expose the System to basis risk should the relationship between LIBOR and Bond Market Association (BMA) converge, changing the synthetic rate on the bonds. If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized.

The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The System, or the counterparty, may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bonds would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the System would be liable to the counterparty for a payment equal to the swap's fair value.

If the counterparty to the swaps defaults, or if the swaps are terminated, the System and the City will be exposed to the rates established in each bond issue. A termination of any swap agreement may result in the System or the City making or receiving a termination payment. The counterparties to the interest rate swap agreements are a large international brokerage and insurance firm and accordingly, the System believes there is little risk of counterparty nonperformance. As of December 31, 2004, the Counterparty was rated Aa2 and AA+ by Moody's and S&P, respectively.

Advanced Refunding

The City issued \$335,640,000 of Water and Wastewater Revenue Bonds Series 2001B to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of granting recourses for debt service payments on certain Water and Wastewater Revenue Bonds, Series 1999A in the amount of \$321,670,000. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the System. The requisition price exceeded the net carrying amount of the old debt by \$9,052,000. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This advanced refunding was undertaken to reduce total debt service payments over the next 36 years by approximately \$46,132,000 and resulted in an economic gain of approximately \$20,750,000.

Defeased Debt

In prior years, the City defeased certain outstanding System revenue bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payment on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the System's financial statements. At December 31, 2004 and 2003, the outstanding amount of bonds considered defeased was \$663,080,000 and \$780,895,000, respectively. The unamortized loss on these defeased revenue bonds was \$27,819,000 and \$28,641,557, respectively.

Notes to the Financial Statements - Continued

K. Long Term Obligations, continued

Sanitation Fund

State and federal laws and regulations require the City to place final covers on its four landfill sites when each site stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The City has landfill sites at Cascade Road, Key Road, Gun Club Road, and East Confederate Road. All City landfills were certified by the State of Georgia as closed during 2001 and only postclosure care costs will be incurred in the future. Although postclosure care costs will be paid over the next 30 years, the City accrued a liability for those costs as the landfills were accepting waste. The \$38,146 reported as the landfill postclosure costs liability at December 31, 2004 represents the cumulative amount of postclosure costs expected to be incurred over the required 30 year monitoring period which began in 2001. These amounts are estimates calculated by the management of the City of what it would cost to perform all postclosure care. Actual costs may be higher than estimates due to inflation, changes in technology or regulations. Postclosure care costs will be funded by future sanitary charges of the Sanitation Fund or from future contributions from the General Fund if necessary.

The City has a letter of credit related to the City's tax allocation variable rate bonds issued for the Westside Project in 2001 amounting to \$15,220,000 at December 31, 2004. The City also has letters of credit securing the 2003 aviation bonds in the amount of \$82,650,000.

Debt Service Requirements

The following summarizes the debt service requirements of long-term debt at December 31, 2004 (excluding unamortized bond discount/premiums of \$1,521,000 for the Department of Aviation, \$39,867,000 for the Water and Wastewater System Fund, \$2,331,000 for the Recreation Authority and \$301,000 for Underground Atlanta) (dollars in thousands on the following table).

Notes to the Financial Statements - Continued

K. Long Term Obligations, continued

Year Ended December 31,	Governmental Activities									
	General Obligations		Annual Bonds		SWMA Revenue Bonds		Limited Obligations		Certificates of Participation	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 11,395	\$ 11,965	\$ 1,570	\$ 2,319	\$ 930	\$ 1,214	\$ 2,240	\$ 6,721	\$ 8,528	\$ 8,974
2006	13,110	11,426	1,880	2,257	975	1,172	2,405	6,572	8,398	8,553
2007	14,020	10,777	1,970	2,179	1,020	1,126	2,575	6,402	8,398	8,119
2008	14,550	10,082	2,045	2,097	1,070	1,077	2,760	6,220	8,748	7,686
2009	11,485	9,360	2,135	2,011	1,125	1,024	2,955	6,025	8,355	7,249
2010-2014	53,395	38,701	13,005	8,449	6,520	4,211	18,310	26,645	40,885	29,751
2015-2019	66,080	24,403	13,565	5,388	8,345	2,391	26,120	18,972	29,935	19,985
2020-2024	55,935	6,575	13,325	2,052	3,980	316	33,570	7,949	23,755	13,413
2025-2027	-	-	900	47	-	-	-	-	39,805	5,978
	<u>\$ 239,970</u>	<u>\$ 123,289</u>	<u>\$ 50,395</u>	<u>\$ 26,799</u>	<u>\$ 23,965</u>	<u>\$ 12,531</u>	<u>\$ 90,935</u>	<u>\$ 85,506</u>	<u>\$ 176,807</u>	<u>\$ 109,708</u>

Year Ended December 31,	Business-Type Activities						Component Units			
	Aviation		Water/Wastewater System		Underground Atlanta		Recreation Authority (Unaudited)		Development Authority (Unaudited)	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 52,183	\$ 129,009	\$ 10,840	\$ 115,470	\$ 4,050	\$ 3,580	\$ 6,215	\$ 13,967	\$ 363	\$ 1,053
2006	54,720	136,829	24,400	121,181	4,225	3,358	6,510	13,618	440	1,034
2007	58,979	134,474	25,371	119,843	4,445	3,127	6,845	13,237	463	1,014
2008	63,135	132,147	26,502	118,685	4,710	2,883	1,580	-	515	993
2009	69,469	129,735	29,608	117,747	4,995	2,625	-	-	562	969
2010-2014	365,120	541,979	170,891	565,120	29,185	8,701	31,550	60,698	3,102	4,447
2015-2019	467,495	437,945	220,279	515,829	13,720	1,138	42,390	49,856	2,961	3,807
2020-2024	576,190	326,090	285,157	451,349	-	-	53,885	34,844	3,907	3,081
2025-2029	717,890	195,728	362,410	374,297	-	-	62,435	16,247	5,146	2,121
2030-2035	502,126	47,810	459,165	279,237	-	-	11,342	781	6,818	789
2035-2039	-	-	577,170	164,384	-	-	-	-	516	203
2040-2044	-	-	366,207	36,174	-	-	-	-	601	119
2045-2049	-	-	-	-	-	-	-	-	466	25
	<u>\$ 2,927,307</u>	<u>\$ 2,211,746</u>	<u>\$ 2,558,000</u>	<u>\$ 2,979,316</u>	<u>\$ 65,330</u>	<u>\$ 25,412</u>	<u>\$ 222,752</u>	<u>\$ 203,250</u>	<u>\$ 25,860</u>	<u>\$ 19,655</u>

Defeased Debt

The City has defeased various bond issues by creating separate irrevocable trust funds. New debt was issued and the proceeds were used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the City's government-wide and proprietary fund financial statements. At December 31, 2004, the City has \$114,595,000 in defeased Various Purpose General Obligation Bonds, \$616,720,000 in defeased Airport Extension and Improvement Bonds, and \$663,080,000 in defeased Water and Wastewater Revenue Bonds.

Notes to the Financial Statements - Continued

L. Pension Plans and Other Employee Benefits

Pension Plans

The City maintains one agent multiple-employer defined benefit pension plan, entitled the General Employees' Pension Plan, two single-employer defined benefit pension plans, entitled the Firefighters' Pension Plan and the Police Officers' Pension Plan, and one single-employer defined contribution pension plan, entitled the General Employees' Defined Contribution Plan. The funding methods and determination of benefits payable were established by the legislative acts creating such plans, as amended, and in general, provide that the pension funds are to be accumulated from employee contributions, City contributions, and income from the investment of accumulated funds.

The plans are administered by separate boards of trustees which include an appointee of the Mayor, the Chief Financial Officer, a member of City Council, and members elected from active and retired employees.

Prior to July 1, 2001, all permanent employees of the City, excluding sworn personnel of the Police and Fire Departments and including employees of the Board of Education who are not covered under the Teachers Retirement System of Georgia, were eligible to participate in the General Employees' Pension Plan. In addition, certain Atlanta Board of Education (the "Board") employees, employed prior to July 1, 1979, also participate in the City's General Employees' Pension Plan (the "Plan"). The City has no obligation to pay any costs related to retirement benefits of employees of the Board. The financial information herein relates only to City obligations for City employees.

Effective July 1, 2001, all new, permanent employees of the City, excluding sworn personnel of the Police and Fire Departments, are only eligible to participate in the newly created Defined Contribution Plan. During 2002 persons employed prior to July 1, 2001 were given the option of transferring to the New Defined Contribution Plan. As of December 31, 2002, employees previously participating in the General Employees' Defined Benefit Plan did not have the option of transferring the new Defined Contribution Plan. Sworn personnel of the Police and Fire Departments are eligible to participate in the Police Officers' and Firefighters' plans, respectively.

Complete financial statements for all Plans, except the newly created General Employees' Defined Contribution Plan, can be obtained at the following address:

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

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

Notes to the Financial Statements - Continued

L. Pension Plans and Other Employee Benefits, continued

Defined Benefit Plans

The City's defined benefit plans provide retirement benefits based on the average of the highest 36 months earnings based on the following percentages:

- General employees - 2% for each year of service.
- Firefighters – 2% for each year of service prior to March 31, 2001 plus 3% for each year of service subsequent to March 31, 2001.
- Police Officers – 3% for each year of service to a maximum of 26.67 years.

Normal retirement, after 15 years of service, is available at age 60 for City employees and at age 55 for Police and Fire employees. Cost-of-living increases are awarded annually, up to a 3% maximum increase. Partial vesting percentages based on years of creditable service and provisions for early retirement are included in the plans. Benefits also may be payable at termination, death, or disability.

All modifications to the pension plans must be supported by actuarial analysis and receive the recommendations of the City Attorney, the Chief Financial Officer, and the boards of trustees of each plan. Each pension law modification must be adopted by at least two-thirds vote of City Council and approved by the Mayor.

In addition, the City has been given special constitutional authority by the State to supplement benefits for retired employees as long as such adjustments are funded by the City.

The City's practice is to have actuarial valuations of its defined benefit pension plans performed every two years by an enrolled actuary. The membership at the latest actuarial valuation date of January 1, 2004, in the three defined benefit plans and related current year payrolls are as follows (dollars in thousands):

	<u>General Employees</u>	<u>Firefighters</u>	<u>Police Officers</u>	<u>Total</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	3,049	748	1,013	4,810
Current active employees:				
Fully vested	1,437	433	521	2,391
Partially vested	1,513	243	594	2,350
Nonvested	<u>897</u>	<u>154</u>	<u>373</u>	<u>1,424</u>
Total Membership	<u>6,896</u>	<u>1,578</u>	<u>2,501</u>	<u>10,975</u>

The payroll and covered payroll for the year ended December 31, 2004 are as follows:

Total current year payroll	<u>\$171,328</u>	<u>\$46,087</u>	<u>\$ 75,611</u>	<u>\$293,026</u>
Total current year covered payroll	<u>\$160,767</u>	<u>\$38,303</u>	<u>\$ 63,274</u>	<u>\$262,344</u>

Notes to the Financial Statements - Continued

L. Pension Plans And Other Employee Benefits, continued

Funding Policy

The City's funding policy for its defined benefit plans is to contribute a percentage of each plan's covered employee payroll as developed in the actuarial valuation for the individual plan. Active participants are required to contribute 7% of base pay (or 8% if participant has a covered beneficiary). The City's contribution percentage is the actuarially determined amount necessary to fund plan benefits after consideration of employee contributions. The City makes an additional contribution of 1% of payroll, which effectively decreases the employees' required contribution percentage to 6% (or 7% if participant has a covered beneficiary), but has no effect on the overall required contribution. The City is not obligated to continue the 1% supplemental contribution for any specified period of time.

The actuarially determined annual required contribution amount is the sum of the annual normal cost (determined under the entry age normal actuarial cost method) and the amortization of the unfunded actuarial accrued liability as a level percentage of future payrolls (over 40 years from January 1, 1979). The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the actuarial accrued liability. The required contribution percentages, developed in the most recent actuarial valuations for the plans, to cover pension liabilities and the actual 2004 contribution amounts are (dollars in thousands):

	<u>General Employees</u>	<u>Firefighters</u>	<u>Police Officers</u>
Normal cost	12.15%	19.29%	21.24%
Amortization of the unfunded actuarial accrued liability	<u>22.20</u>	<u>21.70</u>	<u>23.70</u>
Total required contributions as a percentage of payroll	<u>34.35%</u>	<u>40.99%</u>	<u>44.94%</u>
2004 actual employee contributions:			
Dollar amount	\$10,937	\$2,807	\$ 4,918
Percent of covered payroll	6.8%	7.3%	7.8%
2004 actual City contributions:			
Dollar amount	\$37,052	\$14,472	\$20,246
Percent of covered payroll	23.05%	37.78%	32.0%

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

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

Notes to the Financial Statements - Continued

L. Pension Plans And Other Employee Benefits, continued

Annual Pension Cost and Net Pension Obligation: The City's annual pension cost and net pension obligation for the current year and each of the two preceding years were as follows (dollars in thousands).

<u>Year</u>	<u>Annual Pension Cost</u>	<u>% of APC Contributed</u>	<u>Net Pension Obligation</u>
General Employees:			
2002	\$30,910	72.2	\$ -
2003	\$30,615	100	\$ -
2004	\$37,084	100	\$ -
Firefighters:			
2002	\$12,248	100	\$ -
2003	\$ 9,681	100	\$ -
2004	\$17,452	100	\$ -
Police Officers:			
2002	\$20,148	100	\$ -
2003	\$15,062	100	\$ -
2004	\$30,459	100	\$ -

The City uses the results of its biennial actuarial valuations of its pension plans to determine the two succeeding years' contributions requirements. The actuarial cost method used for funding purposes and to calculate the actuarial accrued liability is the Entry Age Normal Cost Method. This method is one of the approved methods for such plans in Georgia, and provides for contributions estimated to be a level percentage of future payroll. The unfunded actuarial accrued liability for funding purposes is amortized over a closed period of 40 years from January 1, 1979 as a level percentage of estimated future payroll, in accordance with State of Georgia guidelines. The net pension obligation could not be distributed to the various proprietary funds and is thus all recorded as long-term debt in the government-wide financial statements. Other actuarial assumptions used to perform the most recent (January 1, 2004) calculations for funding purposes are:

	<u>General Employers</u>	<u>Firefighter</u>	<u>Police</u>
Rate of return on investments	8%	8%	8%
Projected salary increases for:			
Inflation	4.5%	2.5%	2.3%
Merit or seniority and productivity	.75-4.5%	4.5%	4.5%
Postretirement benefit increases	3%	3%	3%

Notes to the Financial Statements - Continued

L. Pension Plans And Other Employee Benefits, continued

The following schedule (derived from the most recent actuarial valuation reports) reflects accounting policies, liabilities, and funding provisions for the City's three plans as of December 31, 2004:

	<u>General Employees</u>	<u>Firefighters</u>	<u>Police Officers</u>
Basis of accounting	Accrual	Accrual	Accrual
Asset Valuation: Reporting	Fair Value	Fair Value	Fair Value
Actuarial valuation	Fair Value	Smoothed 5 Year Average	Smoothed 5 Year Average
Internal Loans	None	None	None
Nongovernment individual Investment In excess of 5% of net assets	None	None	None

Defined Contribution Plan

The City's General Employees' Defined Contribution Plan provides funds at retirement for employees of the City and in the event of death, to provide funds for their beneficiaries, through an arrangement by which contributions are made to the Plan by employees and the City. The current mandatory contribution requirement of the City is 6% of employee payroll. Employees also make a pretax contribution of 6% plus have the option to contribute amounts up to the amount legally limited for retirement contributions. All modifications to the Plan, including contribution requirements, must receive the recommendations of the City Attorney, the Chief Financial Officer, and the board of trustees of the plan. Each pension law modification must be adopted by at least two-thirds vote of the City Council and approved by the Mayor.

All new employees, hired after July 1, 2001, who previously would have been enrolled in the General Employees' Defined Benefit Plan, were enrolled in the General Employees' Defined Contribution Plan. During 2002, persons employed prior to July 1, 2001 were given the option to transfer to the Defined Contribution Plan. As of December 31, 2004 there were 3,104 participants in the Defined Contribution Plan.

Employee contributions for the year ended December 31, 2004 were \$2,805,763 and employer contributions were \$2,810,795.

The 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 that exceeded 5% of the net assets of the Plan.

Notes to the Financial Statements - Continued

L. Pension Plans And Other Employee Benefits, continued

Postretirement Benefits

In accordance with a City ordinance, the City provides certain health/dental care for retired employees, their dependents, and their beneficiaries. The City also provides life insurance for retired employees and their dependents. These benefits are funded on a pay-as-you-go basis. Substantially all employees may become eligible for these benefits if they reach retirement age, as defined, or are totally disabled while working for the City. Currently, 3,916 retirees meet the eligibility requirements. The City contributes 75% of the premium cost for the least expensive health care provider coverage and contributes \$4.05 per thousand of the premium cost for a retiree's life insurance coverage in amounts ranging from \$1,000 to \$10,000. The City does not contribute to the cost of dependent life insurance. The cost of retiree health/dental care and life insurance benefits is recognized as premiums are paid to the private insurers and such costs totaled \$29,289,509 in 2004. The City's contribution to this cost was \$20,659,162.

Deferred Compensation Plan

The City has adopted a deferred compensation plan in accordance with the 1997 revisions of Section 457 of the Internal Revenue Code. The plan, available to all City 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 providers to administer the investment of the deferred funds. 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 financial statements.

M. Risk Management

Self-insurance

The City is self-insured for workers' compensation and general claims liabilities. The City pays for such claims as they become due. These claims liabilities are accounted for in the General Fund and the applicable Enterprise Funds. Claims generated by a governmental fund expected to be paid subsequent to one year are recorded only in the government-wide financial statements.

The City's workers' compensation liability is calculated by an outside actuary. Liabilities are reported when it is probable a loss has occurred and the amount can be reasonably estimated including amounts for claims incurred but not yet reported.

Notes to the Financial Statements - Continued

M. Risk Management, continued

Workers' Compensation

The calculation of the present value of future workers' compensation liabilities is based on a discount rate of 5.5% and 6% for 2003 and 2002, respectively. Changes in the balances of claims liabilities for workers' compensation and general claims liabilities during 2003 and 2004 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:				
2003	\$35,193	\$ 2,002	\$(6,116)	\$31,079
2004	\$31,079	\$ 8,290	\$(6,933)	\$32,436
General claims liability:				
2003	\$17,253	\$ -	\$(1,398)	\$15,855
2004	\$15,855	\$ 930	\$(1,086)	\$15,699

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 the insurance coverage for employees who are hired with previous medical conditions. Historically, premiums have not been significant.

N. Commitments and Contingencies

Litigation

The City is subject to various suits and proceedings arising in the ordinary conduct of its affairs and has been named as defendant in several lawsuits. The City has accrued amounts related to litigation where an outcome unfavorable to the City is probable and the amount can be reasonably estimated. The City has been named as defendant in several other suits and actions claiming personal and property damages. In the opinion of the City Attorney, all suits and actions now pending, or likely to be filed, will be resolved without a material effect on the financial position of the City.

Grants from Governments

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 applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Notes to Financial Statements - Continued

N. Commitments and Contingencies, continued

Construction Commitments

At December 31, 2004, the total estimated costs on committed projects are \$491,117,000 and \$118,206,576 the Department of Aviation and Water and Wastewater System Fund, respectively.

Outsourcing of Water Management

On January 1, 1999, United Water Services Unlimited Atlanta LLC (“United Water”) began operating and maintaining the City’s drinking water system. The Agreement lasted until 2003. In January 2003, the City and United Water reached an agreement to mutually dissolve the operating and management agreement and transfer the operation and maintenance of the System and certain employees of United Water to the City. The dissolution agreement ended the Agreement on April 28, 2003. Beginning April 29, 2003 the City became responsible for operating and maintaining the System.

Consent Decrees for Wastewater System

The System is subject to two related consent decrees the City entered into to resolve alleged violations of the Federal Clean Water Act and the Georgia Water Quality Control Act. On October 10, 1995, the upper Chattahoochee Riverkeeper Fund, Inc. (Riverkeeper), brought suit against the City pursuant to the citizen suit provision of the Clean Water Act seeking injunctive relief and the assessment of civil penalties. Subsequently, the United States of America, acting at the request and on behalf of the Environment Protection Agency (EPA), and the State of Georgia, at the request of the Georgia Environmental Protection Division (EPD), also filed a complaint against the City alleging violations of the Clean Water Act and seeking similar relief. The actions were consolidated.

The plaintiffs alleged that the City violated the terms of its permits which authorize discharge of Wastewater from the City's Combined Sewer Overflows (CSO) Control Facilities and its Wastewater treatment facilities. In 1998, the plaintiffs and the City agreed to the entry of a consent decree relating to the CSO Control Facilities. On December 20, 1999, the First Amended Consent Decree was entered with the United States District Court for the Northern District of Georgia. The United States, the State of Georgia, and the City are the parties to the First Amended Consent Decree. Because claims brought by Riverkeeper were resolved under the CSO Consent Decree, Riverkeeper is not a party to the First Amended Consent Decree (FACD).

First Amended Consent Decree

The FACD resolved allegations regarding the City's wastewater treatment facilities, inter-jurisdictional requirements, and the City's sewerage collection and transmission system. For the wastewater treatment facilities, the FACD requires the City to: continue its ongoing wastewater treatment facilities Capital Improvement Program to complete upgrades at the R.M. Clayton, Utoy Creek, Intrenchment Creek, and South River WRCs; install and implement a maintenance management system, revise the current operations program, and implement upgrades to the current

Notes to the Financial Statements, Continued

N. Commitments and Contingencies, continued

laboratory information system; and review its interjurisdictional agreements to address over-loading and pretreatment issues. All capital improvements, upgrades, and repairs under the FACD must be completed by July 1, 2014 (There are many milestones along the way that must be completed on schedule). The upgrades to the WRCs, scheduled to be operational by December 31, 2001, were completed on schedule. The City failed to meet the February 28, 2003 deadline for the Indian Creek Trunk Relief Project. In response to a notice letter from the agencies regarding this missed deadline, the City submitted a report explaining its failure to meet the deadline and itemizing its efforts to correct operational deficiencies in the City processes. Although the FACD allows for fines up to \$1,000,000 for missed deadlines, the City has been assessed a penalty of \$100,000. The City continues to address operational and technical issues to improve efficiency and stay on track with the work required.

CSO Consent Decree

With respect to the October 10, 1995, action brought against the City by the Riverkeeper, the court dismissed allegations regarding the phosphorus reduction program and common law nuisance claims, but found that the City violated federal and State water pollution laws with regard to the City's operation of its Tanyard Creek, Proctors Creek/North Avenue, and Proctor Creek/Greensferry CSO treatment facilities. As mentioned, the City and the citizen plaintiffs settled the lawsuit in what is referred to as the CSO Consent Decree (EPA and the EPD also joined). The CSO Consent Decree requires the City to study the performance of the existing CSO treatment facilities, evaluate treatment alternatives that may be necessary for meeting State water quality standards, and improve the performance, maintenance, operation, and management of the existing treatment facilities. The City has completed its CSO Remedial Measures Report and has received EPA/EPD's authorization to proceed with partial sewer separation of 27% of the combined sewer service area and consolidated storage and treatment to meet water quality standards and to resolve the CSO problems.

In 2002, the City put in place a technical review panel - the Mayor's Clean Water Advisory Panel - to study the City's plans to address the CSO remedial plan and make recommendations. The panel was chaired by Dr. Wayne Clough, President of the Georgia Institute of Technology. In October 2002, the panel recommended a plan that consolidated the partial separation of 27% of the combined sewers over the six basins provided by the Authorized Plan into complete separation of the combined sewers in two basins and one sub-basin at an estimated cost of \$753 million. The City is currently executing its remedial plan with all projects under construction or in the construction bid phase. Under the CSO Consent Decree the deadline for completion of any new or additional capital improvement is November 7, 2007.

The City is actively seeking federal and state grants and loans and other sources of funding to perform the tasks outlined in the Clean Water Atlanta (the "CWA") Key elements of the comprehensive funding and financing plan include:

Municipal Option Sales Tax (MOST) - Effective October 1, 2004, a 1% Municipal sales and use tax is being collected for retail sales and use occurring in the incorporated city limits of Atlanta. Proceeds from this tax are specifically for funding renovations to the City's water and sewer system. MOST is estimated to provide \$70 million per year. The MOST was approved by the City of Atlanta

Notes to the Financial Statements, Continued

N. Commitments and Contingencies, continued

residents in the July, 2004 general election for a period not to exceed four years and for raising not more than \$750,000,000. Up to two extensions, at four years each, can be approved by a vote of City of Atlanta residents. Proceeds from the MOST for the 4th quarter of 2004 were \$20,449,000 of which \$14,760,000 was a receivable from the Georgia Department of Revenue at December 31, 2004.

Federal Appropriation - While some small Federal grants have been obtained, efforts to secure other federal grants continue.

State GEFA Loans - The State of Georgia passed legislation to provide up to \$50 million per year in low-interest GEFA loans to the City. The City is pursuing the maximum loan amount for each year of the Clean Water Atlanta Program.

In January 2004, the Atlanta City Council approved annual increases to the current water and wastewater rates to support revenue bonds financing of the five-year portion (2004-2008) of the CWA Capital Improvement Program. The new graduated three-tiered rate structure, summarized below, is intended to minimize to the extent possible the impact of rate increases on ratepayers to maintain affordability and to permit water conservation. Nonetheless, the impacts will be significant over this five-year period. In addition to the rates shown below, each water and wastewater bill includes a \$.154 per 100 cubic feet (CF) security surcharge.

New Graduated Monthly Wastewater Rate Structure - January 2004:

Water Consumption	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
0-3 ccf	\$ 4.90	\$ 5.39	\$ 5.93	\$ 6.52	\$ 7.04
4-6 ccf	\$ 5.61	\$ 7.01	\$ 8.20	\$ 9.10	\$ 9.83
Above 7 ccf	\$ 6.45	\$ 9.22	\$ 10.88	\$ 12.08	\$ 13.29

New Graduated Inside City monthly water Rates Structure - January 2004:

Water Consumption	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
0-3 ccf	\$ 1.93	\$ 2.12	\$ 2.33	\$ 2.56	\$ 2.76
4-6 ccf	\$ 2.21	\$ 2.76	\$ 3.23	\$ 3.59	\$ 3.88
Above 7 ccf	\$ 2.54	\$ 3.63	\$ 4.28	\$ 4.75	\$ 5.23

The CSO Consent Decree requires the City to finance a \$27.5 million Supplemental Environmental Project ("SEP") which consists of two projects: (1) \$2.5 million for the Stream Cleanup Project for the removal of debris from urban streams below all of the CSO facilities and 2) \$25 million for the Greenway Acquisition Project for acquisition of Greenway properties adjacent to urban streams. Funding for the SEP may not include funds from private donations, state or federal loans, contracts, or grants. The CSO Consent Decree mandated that the cleanup be accomplished by October 1, 1999. The City completed the Stream Cleanup Project on August 27, 1999, ahead of the mandated deadline, at a cost of approximately \$5.7 million. The EPA/EPD granted approval of the completion of the Project on January 6, 2000.

Notes to the Financial Statements, Continued

N. Commitments and Contingencies, continued

Greenway Acquisition

The EPA and EPD authorized the final Greenway Acquisition Plan on April 27, 2001. The City is currently in the implementation phase of the Greenway Acquisition Project. The CSO Consent Decree requires the City to expend funds deposited in the Greenway Account for acquisition of streamside buffers measured 100 feet from top of bank, to be maintained in perpetuity in a natural undisturbed state. As of December 31, 2004, the City has acquired 589 acres of property and has spent \$10.7 million on development of the Greenway Plan and to acquire and maintain buffers.

The City must deposit \$25 million into a separate Greenway Account by March 31, 2006, based upon a schedule outlined in the Consent decree. The City is current on its deposits to the fund and at December 31, 2004 has deposited \$19 million.

Consent Orders for Drinking Water System

The City of Atlanta is subject to two administrative Consent Orders issued by the Georgia Department of Natural Resources Environmental Protection Division. They are dated December 9, 1997, and March 21, 2003. Those Orders require capital improvement at the Chattahoochee and Hemphill Treatment Plants, as well as operational improvement to ensure compliance with Georgia Rules for Safe Drinking water. While the City is in substantial compliance with the provisions of both Orders, certain aspects for the capital program remain to be completed.

Estimated Capital Costs to Complete Compliance with Decrees and Orders

The City is in the midst of a Capital Improvement Program mandated by court orders, regulatory and priority requirements. This Capital Improvement program details all of the improvements needed through 2014 to meet the aforementioned objectives. A summary of the project types and related currently unfunded costs are as follows:

Project Types	Total 2004-2014 CIP <u>(In Millions)</u>
Wastewater Projects:	
CSO Consent Decree	\$ 842
First Amended Decree	1,847
Regulatory	120
R&E Fund Projects	196
Subtotal	3,005
Water Projects:	
Consent Order	147
Non-Consent Order	754
Subtotal	901
Grand total	\$ 3,906

Notes to the Financial Statements, Continued

O. Correction of Prior Period Error

Beginning net asset balances have been adjusted in the following statements pursuant to corrections of prior year errors:

Government-Wide

Net assets at the beginning of the year for governmental activities have been restated by \$131,187,000, as described in the next three paragraphs.

As a result of implementation of GASB Statement Number 34 during fiscal year 2002, the computation of the value of primarily land and some other capital assets were overstated by \$130,254,000. Net assets at the beginning of the year have been restated to properly reflect the overstatement and the amount is reflected as a correction of prior period errors in the statements of activities.

The City's future obligation resulting from participation in a state wide municipal least pool program understated net assets totaling \$15,921,000 at December 31, 2003. Net assets at the beginning of the year have been restated to properly reflect the overstatements.

General Fund (and Government-Wide)

The General Fund understated the value of restricted investments by \$14,988,000 at December 31, 2003 related to its participation in a state wide municipal lease pool program. Net assets at the beginning of the year have been restated to properly reflect the investment balances and the amount is reflected as a correction of prior period error in the statement of revenues expenditures and change in fund balances, governmental funds.

Sanitation Fund

The Sanitation Fund overstated the value of landfill postclosure liability by \$12,226,000 and overstated capital lease obligation by \$5,428,000 at December 31, 2003. Net assets at the beginning of the year have been restated to properly record this activity and the amount is reflected as a correction of prior period error in the nonmajor enterprise funds combining statement of revenues, expenses and changes in net assets.

CITY OF ATLANTA, GEORGIA

Required Supplementary Information

Schedule of Funding Progress
(Amounts in thousands)

<u>Valuation Date</u>	<u>Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Percentage Funded</u>	<u>Unfunded Accrued Liabilities</u>	<u>Current Year Covered Payroll</u>	<u>Unfunded AAL as a Percentage of Covered Payroll</u>
General Employees:						
01/01/00	\$703,381	\$ 920,409	76.4	\$217,028	\$177,754	122.1%
01/01/02	\$726,180	\$1,059,876	68.5	\$333,096	\$175,752	189.5%
01/01/04	\$681,159	\$1,110,501	61.3	\$429,342	\$160,767	267.1%
Firefighters:						
01/01/00	\$289,054	\$322,370	89.7	\$33,316	\$38,797	85.9%
01/01/02	\$326,620	\$370,291	88.2	\$43,671	\$39,447	110.7%
01/01/04	\$321,908	\$417,092	77.2	\$95,184	\$38,303	248.5%
Police Officers:						
01/01/00	\$384,083	\$419,439	91.6	\$ 35,356	\$67,330	52.5%
01/01/02	\$448,676	\$541,209	82.9	\$ 92,533	\$68,056	135.9%
01/01/04	\$440,212	\$617,501	71.3	\$177,289	\$63,274	280.2%

The City uses the results of its biennial actuarial valuations of its pension plans to determine the two succeeding years' contributions requirements. The actuarial cost method used for funding purposes and to calculate the actuarial liability is the Entry Age Normal Cost Method. The unfunded actuarial accrued liability for funding purposes is amortized over a closed period of 40 years from January , 1979 as a level percentage of estimated future payroll. The actuarial value of assets is determined, for the General Employees' Pension Plan, using the market value, and for the Police Officers' and Firefighters' Pension Plans, using a smoothed five years averaged market value. Other actuarial assumptions used to perform the most recent calculations for funding purposes are:

	<u>General Employers</u>	<u>Firefighter</u>	<u>Police</u>
Rate of return on investments	8%	8%	8%
Projected salary increases for:			
Inflation	4.5%	2.5%	2.3%
Merit or seniority and productivity	.75-4.5%	4.5%	4.5%
Postretirement benefit increases	3%	3%	3%

Nonmajor Governmental Funds

Special Revenue Funds

These funds account for activities carried out by the City under the terms of certain intergovernmental grants and/or laws. Certain funds other than Special Revenue Funds also reflect grant activity but to a lesser extent.

Community Development Fund - Established to account for the revenue and expenditures provided under the Title I of the Housing and Community Development Act of 1974 which provides for development of viable urban communities, including decent housing and suitable living environments and expansion of economic opportunities, principally for persons of low and moderate incomes.

Intergovernmental Grant Fund - Established to account for the revenues and expenditures for miscellaneous grants except for those recorded in the Department of Aviation, Water and Wastewater System Fund, and the Community Development Funds.

Urban Design Commission Fund - Established to account for the revenues and expenditures associated with the operation and management of the Urban Design Commission ("UDC"), a blended component unity of the City. The UDC is legally separate from the City, and is governed by a board appointed by the Mayor and City Council.

Solid Waste Management - Established to account for the revenues and expenditures associated with the operation and management of debt financings for the closure of City landfills. The Solid Waste Management Authority, a blended component unit of the City, is legally separate from the City, and is governed by a board appointed by the Mayor and City Council. There was no activity in this fund during the current year.

Westside Tax Allocation District - Established by the law creating the district to account for the proceeds of bonds issued to develop the Westside area and to account for the collection of the tax increments created by that development for repayment of the bonds and other projects.

Atlantic Station Tax Allocation District - Established by the law creating the district to account for the proceeds of bonds issued to develop the Atlantic Station area and to account for the collection of the tax increments created by that development for repayment of the bonds and other projects.

Capital Projects Funds

These funds account for the accumulation of resources and the subsequent disbursement of such resources in obtaining or renovating major fixed assets.

Annual Bond Fund - Established to record capital project activity funded by General Obligation Bonds which are issued pursuant to special referenda or annual issues authorized by the City of Atlanta Charter. The annual issues of \$8 million are allocated equally between the City of Atlanta and the Atlanta Board of Education.

Park Improvement Fund - For permanent improvements to parks, the zoo, and recreation facilities funded by an ad valorem tax levy.

Special Assessment Fund - For the accumulation and expenditures of resources for various public improvements which are financed through assessment to individual property owners.

General Government - Established to record the acquisition, construction or improvement of capital assets which are funded by working capital obtained from certificates of participation and funds allocated from general government resources (transfers); dedicated taxes or a combination of financing sources which are not funded by the issuance of general obligation bonds.

Solid Waste Management - Established for the purpose of funding the closure cost of City of Atlanta landfills.

CITY OF ATLANTA, GEORGIA
Nonmajor Governmental Funds

Combining Balance Sheet
December 31, 2004
(In Thousands)

	Special Revenue Funds					
	Community Development Fund	Inter - governmental Grant Fund	Traffic Court	Atlantic Station Tax Allocation District	Westside Tax Allocation District	* Other Programs
ASSETS						
Cash	\$ 1,974	\$ 5,727	\$ 3,880	\$ 13	\$ 5,913	\$ 11,354
Investments in pooled investment fund	-	26	-	-	-	34,196
Investments	-	-	79	14,501	6,506	1,166
Receivables						
Taxes	-	-	1,281	-	-	-
Accounts	-	821	-	-	-	552
Other	-	321	-	-	-	-
Due from other governmental units and agencies	-	-	-	-	-	-
Due from other funds	154	1,159	268	-	-	972
Investment in escrow	-	-	-	-	-	-
Total assets	<u>\$ 2,128</u>	<u>\$ 8,054</u>	<u>\$ 5,508</u>	<u>\$ 14,514</u>	<u>\$ 12,419</u>	<u>\$ 48,240</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 200	\$ 593	\$ 23	\$ -	\$ -	\$ 1,135
Accrued salaries, vacation, and compensatory pay	60	134	98	-	-	24
Contract retentions	53	-	-	-	-	10
Due to other governments	-	-	-	-	-	-
Due to other funds	36	8,988	4,398	-	-	1,089
Deferred revenues	-	-	-	-	-	-
Total liabilities	<u>349</u>	<u>9,715</u>	<u>4,519</u>	<u>-</u>	<u>-</u>	<u>2,258</u>
Fund balances:						
Reserved for:						
Encumbrances	2,723	18,068	196	-	-	4,940
Programs	(1)	(3)	1,540	14,514	12,419	41,042
Capital Outlays	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Unreserved	(943)	(19,726)	(747)	-	-	-
Total fund balances	<u>1,779</u>	<u>(1,661)</u>	<u>989</u>	<u>14,514</u>	<u>12,419</u>	<u>45,982</u>
Total liabilities and fund balances	<u>\$ 2,128</u>	<u>\$ 8,054</u>	<u>\$ 5,508</u>	<u>\$ 14,514</u>	<u>\$ 12,419</u>	<u>\$ 48,240</u>

Capital Projects Funds

Debt Service Fund	Annual Bond	Park Improvement	Special Assessment	General Governmental Capital Outlay	Solid Waste Management Authority	Total Nonmajor Governmental Funds
\$ 166	\$ 312	\$ -	\$ -	\$ 54	\$ 132	\$ 29,525
-	417	8,122	1,284	-	-	44,045
37,239	126,563	-	-	24,450	-	210,504
1,106	-	332	-	-	-	2,719
-	-	-	43	-	-	1,416
-	-	-	-	-	-	321
-	7,848	-	-	-	-	7,848
51	13	-	-	11	69	2,697
-	-	-	-	1,338	2,966	4,304
<u>\$ 38,562</u>	<u>\$ 135,153</u>	<u>\$ 8,454</u>	<u>\$ 1,327</u>	<u>\$ 25,853</u>	<u>\$ 3,167</u>	<u>\$ 303,379</u>
\$ -	\$ 123	\$ 337	\$ -	\$ 36	\$ -	\$ 2,447
-	71	27	-	7	-	421
-	295	10	-	-	-	368
-	-	80	-	-	-	80
-	2,526	-	-	16,317	855	34,209
1,006	-	372	-	-	-	1,378
<u>1,006</u>	<u>3,015</u>	<u>826</u>	<u>-</u>	<u>16,360</u>	<u>855</u>	<u>38,903</u>
-	12,953	180	334	-	-	39,394
-	-	-	-	-	-	69,511
-	119,185	7,448	993	9,493	2,312	139,431
37,556	-	-	-	-	-	37,556
-	-	-	-	-	-	(21,416)
<u>37,556</u>	<u>132,138</u>	<u>7,628</u>	<u>1,327</u>	<u>9,493</u>	<u>2,312</u>	<u>264,476</u>
<u>\$ 38,562</u>	<u>\$ 135,153</u>	<u>\$ 8,454</u>	<u>\$ 1,327</u>	<u>\$ 25,853</u>	<u>\$ 3,167</u>	<u>\$ 303,379</u>

CITY OF ATLANTA, GEORGIA
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2004
(In Thousands)

	Special Revenue Funds					
	Community Development Fund	Inter-governmental Grant Fund	Traffic Court	Afantic Station Tax Allocation District	Westside Tax Allocation District	Other Programs
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ 4,677	\$ 4,203	\$ 1,889
Charges for current services	-	8,990	36	-	-	2,783
Charges for special assessments	-	-	-	-	-	-
Fines, forfeitures and penalties	-	-	14,500	-	-	2,892
Investment income	7	148	86	740	93	316
Intergovernmental revenues:						
U.S. Government grants	13,764	13,031	-	-	-	4,864
State and local governments	-	9,981	-	-	-	7,010
Total intergovernmental revenues	13,764	23,012	-	-	-	11,874
Other	584	307	-	-	-	4,667
Total revenues	14,355	32,457	14,622	5,417	4,296	24,421
Expenditures:						
Current:						
General government:						
Executive Offices	2,347	6,224	-	-	-	2,119
City Council	-	-	-	-	-	13
Courts and judicial agencies	-	317	15,533	-	-	34
Finance	1,965	51	-	-	-	159
Housing, planning and development	6,697	13,538	-	-	-	4,935
Law	26	-	-	-	-	-
Total general government	11,035	20,130	15,533	-	-	7,260
Police	-	2,613	-	-	-	1,580
Fire	-	195	-	-	-	22
Corrections	12	120	-	-	-	796
Public Works	255	1,281	-	-	-	136
Parks, Recreation, and Cultural Affairs	762	42	-	-	-	2,343
Nondepartmental	(324)	(158)	496	2	3,453	7,143
Capital Outlays	-	-	-	-	-	-
Debt service:						
Principal payments	1,618	-	1,280	-	565	-
Interest payments	542	-	2,693	6,003	199	-
Bond issuance costs	-	-	-	-	21	-
Total debt service	2,160	-	3,973	6,003	785	-
Total expenditures	13,900	24,223	20,002	6,005	4,238	19,280
Excess (Deficiency) of revenues over (under) expenditures	455	8,234	(5,380)	(588)	58	5,141
Other financing sources:						
Transfers in (out)	-	(8,525)	-	-	-	106
Proceeds of general long-term debt	-	-	-	-	-	-
Premium on bonds sold	-	-	-	-	-	-
Total other financing sources	-	(8,525)	-	-	-	106
Revenues and other sources over (under) expenditures and other uses	455	(291)	(5,380)	(588)	58	5,247
Fund balances, beginning of year, as restated	1,324	(1,370)	6,369	15,102	12,361	40,735
Fund balances, end of year	\$ 1,779	\$ (1,661)	\$ 989	\$ 14,514	\$ 12,419	\$ 45,982

Capital Projects Funds

Debt Service Fund	Annual Bond	Park Improvement	Special Assessment	General Governmental Capital Outlay	Solid Waste Management Authority	Totals
\$ 25,978	\$ -	\$ 8,583	\$ -	\$ -	\$ -	\$ 45,330
-	-	-	-	-	-	11,809
-	-	-	645	3,413	-	4,058
-	-	-	-	-	-	17,392
401	734	91	17	304	12	2,949
-	-	-	-	-	-	31,659
-	-	-	-	-	-	16,991
-	-	-	-	-	-	48,650
4	-	-	-	2,406	-	7,968
26,383	734	8,674	662	6,123	12	138,156
-	681	-	-	-	-	11,371
-	-	-	-	-	-	13
-	-	-	-	-	-	15,884
-	437	-	-	-	-	2,612
-	258	-	-	498	-	25,926
-	-	-	-	-	-	26
-	1,376	-	-	498	-	55,832
-	-	-	-	-	-	4,193
-	-	-	-	-	-	217
-	-	-	-	-	-	928
-	5,043	-	-	840	-	7,555
-	105	5,265	-	124	-	8,641
-	10,049	-	-	47	-	20,708
-	15,330	-	-	-	-	15,330
4,495	-	-	-	-	890	8,848
11,792	-	-	-	-	-	21,229
10	-	-	-	-	-	31
16,297	-	-	-	-	890	30,108
16,297	31,903	5,265	-	1,509	890	143,512
10,086	(31,169)	3,409	662	4,614	(878)	(5,356)
-	-	-	-	-	890	(7,529)
-	55,500	-	-	-	-	55,500
-	3,576	-	-	-	-	3,576
-	59,076	-	-	-	890	51,547
10,086	27,907	3,409	662	4,614	12	46,191
27,470	104,231	4,219	665	4,879	2,300	218,285
\$ 37,556	\$ 132,138	\$ 7,628	\$ 1,327	\$ 9,493	\$ 2,312	\$ 264,476

**CITY OF ATLANTA, GEORGIA
COMMUNITY DEVELOPMENT FUND**

Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual (Non-GAAP - Budgetary Basis)
For the Year Ended December 31, 2004
(In Thousands)

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenues-				
U.S. Government grants	\$ 13,238	\$ 13,238	\$ 13,796	\$ 558
Other revenues	1,591	1,591	972	(619)
Total revenues	<u>14,829</u>	<u>14,829</u>	<u>14,768</u>	<u>(61)</u>
Expenditures:				
Current:				
Planning and Community Development	8,626	8,626	6,598	2,028
Parks, Recreation, and Cultural Affairs	2,098	2,098	825	1,273
Public Works	1,071	1,071	325	746
Fire	37	37	-	37
Department of Watershed	23	23	43	(20)
General government:				
Executive offices	1,493	1,493	2,428	(935)
Finance	2,960	2,960	4,118	(1,158)
Law	5	5	23	(18)
Corrections	31	31	23	8
Debt Service:				
Bond principal payments	-	-	1,618	(1,618)
Total expenditures	<u>16,344</u>	<u>16,344</u>	<u>16,002</u>	<u>343</u>
Excess (deficiency) of revenues over (under) expenditures	(1,515)	(1,515)	(1,234)	<u>\$ 281</u>
Reconciliation to GAAP basis:				
To record effect of net change in unrecorded assets	-	-	(413)	
To record effect of net change in unrecorded liabilities	-	-	2,102	
Excess (deficiency) of revenues over (under) expenditures - GAAP basis	(1,515)	(1,515)	455	
Fund balance (deficit), beginning of year	<u>1,515</u>	<u>1,515</u>	<u>1,324</u>	
Fund balance (deficit), end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,779</u>	

CITY OF ATLANTA, GEORGIA
INTERGOVERNMENTAL GRANT FUND

Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual (Non-GAAP - Budgetary Basis)
For the Year Ended December 31, 2004
(In Thousands)

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues-				
U.S. Government grants	\$ 30,868	\$ 30,868	\$ 11,827	\$ (19,042)
Empowerment Zone grant	1,143	1,143	1,011	(132)
State of Georgia grants	16,887	16,887	2,340	(14,546)
Total revenues	48,898	48,898	15,178	(33,720)
Expenditures:				
Current				
General government:				
Executive offices	8,230	8,230	6,368	1,862
City Council	20	20	-	20
Finance	2,430	2,430	68	2,362
Courts and judicial agencies	519	519	315	204
Planning & Community Development	18,608	18,608	5,526	13,081
Police Services	5,436	5,436	2,307	3,129
Fire	181	181	68	113
Corrections	215	215	133	81
Parks, Recreation, and Cultural Affairs	2,633	2,633	50	2,582
Public Works	13,028	13,028	1,541	11,487
Watershed Management	25	25	10	14
Nondepartmental	69	69	43	26
Total expenditures	51,394	51,394	16,430	34,963
Excess (deficiency) of revenues over (under) expenditures	(2,496)	(2,496)	(1,252)	1,244
Other financing sources (uses):				
Transfers in	-	-	(8,900)	(8,900)
Transfers out	-	-	-	-
Excess (deficiency) of revenue and other sources over (under) expenditures and other uses	(2,496)	(2,496)	(10,152)	\$ (7,656)
Reconciliation to GAAP basis:				
To record effect of net change in unrecorded assets	-	-	17,279	
To record effect of net change in unrecorded liabilities	-	-	(7,793)	
Excess (deficiency) of revenues over (under) expenditures - GAAP basis	(4,992)	(4,992)	(666)	
Fund balance, beginning of year	-	-	(1,370)	
Fund balance (deficit), end of year	\$ (4,992)	\$ (4,992)	\$ (2,036)	

CITY OF ATLANTA, GEORGIA
TRAFFIC COURT FUND

Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual (Non-GAAP - Budgetary Basis)
For the Year Ended December 31, 2004
(In Thousands)

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for current services	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-
Fines and Forfeitures	<u>13,980</u>	<u>13,980</u>	<u>15,585</u>	<u>1,604</u>
Total revenues	<u>13,980</u>	<u>13,980</u>	<u>15,585</u>	<u>1,604</u>
Expenditures:				
Current:				
General government:				
Non-departmental	-	-	496	(496)
Courts and judicial agencies	14,037	14,039	15,166	(1,127)
Finance	<u>4,000</u>	<u>4,000</u>	<u>3,973</u>	<u>27</u>
Total expenditures	<u>18,037</u>	<u>18,039</u>	<u>19,635</u>	<u>(1,596)</u>
Excess (deficiency) of revenue and other sources over (under) expenditures and other uses	(4,057)	(4,059)	(4,050)	<u>\$ 9</u>
Reconciliation to GAAP basis:				
To record effect of net change in unrecorded assets	-	-	(963)	
To record effect of net change in unrecorded liabilities	<u>-</u>	<u>-</u>	<u>(367)</u>	
Excess (deficiency) of revenues over (under) expenditures - GAAP basis	(4,057)	(4,059)	(5,380)	
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>6,369</u>	
Fund balance, end of year	<u>\$ (4,057)</u>	<u>\$ (4,059)</u>	<u>\$ 989</u>	

**CITY OF ATLANTA, GEORGIA
DEBT SERVICE FUND**

Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual (Non-GAAP - Budgetary Basis)
For the Year Ended December 31, 2004
(In Thousands)

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 16,383	\$ 16,383	\$ 27,184	\$ 10,801
Total revenues	16,383	16,383	27,184	10,801
Expenditures:				
Current:				
General government:				
Non-departmental	42,950	42,950	16,306	26,644
Total expenditures	42,950	42,950	16,306	26,644
Excess (deficiency) of revenue and other sources over (under) expenditures and other uses	(26,567)	(26,567)	10,878	\$ (15,843)
Reconciliation to GAAP basis:				
To record effect of net change in unrecorded assets	-	-	(801)	
To record effect of net change in unrecorded liabilities	-	-	29	
Excess (deficiency) of revenues over (under) expenditures - GAAP basis	(26,567)	(26,567)	10,106	
Fund balance, beginning of year	-	-	27,470	
Fund balance, end of year	\$ (26,567)	\$ (26,567)	\$ 37,576	

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Nonmajor Proprietary Funds

Enterprise Funds

Operations of Enterprise Funds are designed to be self-supporting. The Water and Wastewater System Fund, Department of Aviation, Sanitation Services, Parks and Recreation Facilities and Underground Atlanta Project and Civic Center are accounted for as Enterprise Funds. The latter four were determined to be nonmajor proprietary funds and are presented herein.

Sanitation Fund – Established to account for the operation of sanitary service activities, including collection and disposal of garbage, recycled materials and yard trimmings.

Parks and Recreation Facilities Fund - Established to account for the financial activities of the Cyclorama.

Underground Atlanta - To account for the portion of construction of a major public/private downtown economic development project paid for by public funds, and expenses associated with project.

Civic Center – Established to account for the fiscal activities of the Boisfeuillet Jones Atlanta Civic Center.

CITY OF ATLANTA, GEORGIA
Nonmajor Enterprise Funds

Combining Statement of Net Assets
December 31, 2004
(In Thousands)

	Sanitation	Parks and Recreational Facilities	Underground Atlanta	Civic Center	Totals
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 6,414	\$ 223	\$ -	\$ -	\$ 6,637
Investments in Pooled Investment Fund	-	536	-	235	771
Receivables:					
Accounts	36,756	-	-	-	36,756
Less allowance for doubtful accounts	(32,434)	-	-	-	(32,434)
Total receivables	4,322	-	-	-	4,322
Due from other funds	-	34	14	12	60
Total current assets	10,736	793	14	247	11,790
Property and equipment - at cost:					
Land	888	-	21,621	514	23,023
Buildings and other structures	6,658	6,759	57,821	4,191	75,429
Other property and equipment	26,168	3,210	12,670	-	42,048
Less accumulated depreciation	(17,581)	(5,466)	(44,500)	(3,103)	(70,650)
Property and equipment, net	16,133	4,503	47,612	1,602	69,850
Other assets	-	-	8,251	-	8,251
Total assets	\$ 26,869	\$ 5,296	\$ 55,877	\$ 1,849	\$ 89,891
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable	\$ 1,814	\$ 2	\$ 1,093	\$ 3	\$ 2,912
Accrued salaries, vacation, and compensatory pay	1,109	37	-	53	1,199
Current maturities of capital leases	1,012	-	-	-	1,012
Current maturities of long-term debt	1,214	-	4,050	-	5,264
Due to other funds	19,229	-	-	-	19,229
Total current liabilities	24,378	39	5,143	56	29,616
Long-term liabilities :					
Long-term debt, excluding current maturities shown above	-	-	61,280	-	61,280
Capital lease obligation, excluding current maturities shown above	2,205	-	-	-	2,205
Accrued workers' compensation	9,821	-	-	-	9,821
Landfill postclosure costs	36,931	-	-	-	36,931
Total long-term liabilities	48,957	-	61,280	-	110,237
Total liabilities	73,335	39	66,423	56	139,853
Net Assets:					
Investment in capital assets	13,928	4,503	(13,668)	1,602	6,365
Unreserved	(60,394)	754	3,122	191	(56,327)
Total net assets	(46,466)	5,257	(10,546)	1,793	(49,962)
Total liabilities and net assets	\$ 26,869	\$ 5,296	\$ 55,877	\$ 1,849	\$ 89,891

CITY OF ATLANTA, GEORGIA
Nonmajor Enterprise Funds

Combining Statement of Revenues, Expenditures and Changes in Net Assets
For the Year Ended December 31, 2004
(In Thousands)

	Sanitation	Parks and Recreational Facilities	Underground Atlanta	Civic Center	Total
Operating revenues:					
Charges for services	\$ 46,267	\$ 521	\$ -	\$ 260	\$ 47,048
Rentals, admissions, and concessions	-	18	2,651	1,087	3,756
Other	952	-	-	-	952
Total operating revenues	47,219	539	2,651	1,347	51,756
Operating expenses:					
Salaries and employee benefits	21,552	537	-	744	22,833
Utilities	67	36	64	188	355
Materials and supplies	635	6	-	34	675
Repairs, maintenance, and other contractual services	812	54	1,146	329	2,341
Motor equipment service	7,661	7	-	7	7,675
Engineering and consultant fees	8,148	1	1,083	-	9,232
General services	503	16	4,058	14	4,591
Program services and other	8,080	1	-	16	8,097
Total operating expenses	47,458	658	6,351	1,332	55,799
Operating income (loss) before depreciation	(239)	(119)	(3,700)	15	(4,043)
Depreciation and amortization	1,346	313	4,543	94	6,296
Operating income (loss)	(1,585)	(432)	(8,243)	(79)	(10,339)
Nonoperating revenues (expenses):					
Interest expense	(418)	-	(1)	(1)	(420)
Investment income (loss)	45	13	161	5	224
Total nonoperating (expenses) revenues	(373)	13	160	4	(196)
Income (loss) before transfers	(1,958)	(419)	(8,083)	(75)	(10,535)
Transfers in	-	-	6,469	13	6,482
Transfers out	(890)	-	-	-	(890)
Net income (loss)	(2,848)	(419)	(1,614)	(62)	(4,943)
Net assets:					
Beginning of the year, as previously reported	(61,272)	5,676	(8,932)	1,855	(62,673)
Correction of prior year error	17,654	-	-	-	17,654
Beginning of year, as restated	(43,618)	5,676	(8,932)	1,855	(45,019)
Net assets, end of year	\$ (46,466)	\$ 5,257	\$ (10,546)	\$ 1,793	\$ (49,962)

CITY OF ATLANTA, GEORGIA
Nonmajor Enterprise Funds

Combining Statement of Cash Flows
For the Year Ended December 31, 2004
(In Thousands)

	Sanitation	Parks and Recreational Facilities	Underground Atlanta	Civic Center	Total
Cash flow from operating activities					
Cash received from user charges	\$ 53,535	\$ 539	\$ 2,651	\$ 1,347	\$ 58,072
Cash payments to employees for services	(16,880)	(532)	-	(764)	(18,176)
Cash payments to suppliers for goods and services	(24,716)	(122)	(6,347)	(647)	(31,832)
Net cash provided by (used in) operating activities	11,939	(115)	(3,696)	(64)	8,064
Cash flows from noncapital financing activities					
Transfers in	-	-	6,469	13	6,482
Transfers out	(890)	-	-	-	(890)
Net cash provided by (used in) noncapital financing activities	(890)	-	6,469	13	5,592
Cash flows from capital and related financing activities					
Principal paid on bonds	1,214	-	(3,860)	-	(2,646)
Interest paid on bonds	(418)	-	(1)	(1)	(420)
Acquisition of capital assets	(5,476)	-	(180)	-	(5,656)
Net cash from (used in) capital and related financing activities	(4,680)	-	(4,041)	(1)	(8,722)
Cash flows from investing activities					
Net change in investment in pooled funds	-	256	1,107	47	1,410
Interest on investments	45	13	161	5	224
Net cash from investing activities	45	269	1,268	52	1,634
Net increase in cash and cash equivalents	6,414	154	-	-	6,568
Cash and cash equivalents, beginning of year	-	69	-	-	69
CASH AND CASH EQUIVALENTS, END OF YEAR	6,414	\$ 223	\$ -	\$ -	\$ 6,637
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (1,585)	\$ (432)	\$ (8,243)	\$ (79)	\$ (10,339)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and depreciation	1,346	313	4,543	94	6,296
Increase (decrease) in receivables	6,316	-	-	-	6,316
(Increase) decrease in accounts payable	-	-	25	-	25
Increase (decrease) in other liabilities	1,190	(1)	(21)	(59)	1,109
Increase (decrease) in due to other funds	4,672	5	-	(20)	4,657
Net cash provided by (used in) operating activities	\$ 11,939	\$ (115)	\$ (3,696)	\$ (64)	\$ 8,064

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Fiduciary Funds

General Employees' Defined Benefits Pension Fund - To account for the operations of the defined benefits pension plan covering general officers and employees of the City.

General Employees' Defined Contribution Pension Fund - To account for the operations of the defined contribution pension plan covering general officers and employees of the City

Firefighter's Pension Fund -To account for the operations of the defined benefit pension plan covering fire fighting employees of the City.

Police Officer's Pension Fund -To account for the operations of the defined benefit pension plan covering sworn police employees of the City.

CITY OF ATLANTA, GEORGIA
Pension Trust Funds

Combining Statement of Plan Net Assets
December 31, 2004
(In Thousands)

	Pension Trust Funds				Totals
	General Employees' Defined Benefit	General Employees' Defined Contribution	Firefighters'	Police Officers'	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 38,334	\$ -	\$ 23,402	\$ 11,722	\$ 73,458
Investments:					
Equities	419,164	16,199	179,746	285,306	900,415
U. S. government and agency obligations	167,332	-	101,144	146,882	415,358
Corporate bonds	116,351	-	45,460	44,224	206,035
Total Investments	702,847	16,199	326,350	476,412	1,521,808
Securities lending collateral investment pool	118,792	-	52,422	58,872	230,086
Other receivables	1,614	-	55	364	2,033
Due from other funds	1,168	-	1,125	2,600	4,893
Total assets	<u>\$ 862,755</u>	<u>\$ 16,199</u>	<u>\$ 403,354</u>	<u>\$ 549,970</u>	<u>\$ 1,832,278</u>
LIABILITIES, FUND BALANCES, AND NET ASSETS HELD IN TRUST FOR PENSION BENEFITS					
Current liabilities:					
Accounts payable	\$ 205	\$ -	\$ 19	\$ 45	\$ 269
Due to other funds	2,654	-	522	71	3,247
Liability for securities lending agreement	118,792	-	52,422	58,872	230,086
Total current liabilities	<u>121,651</u>	<u>-</u>	<u>52,963</u>	<u>58,988</u>	<u>233,602</u>
Net Assets Held in Trust for Pension Benefits:	<u>\$ 741,104</u>	<u>\$ 16,199</u>	<u>\$ 350,391</u>	<u>\$ 490,982</u>	<u>\$ 1,598,676</u>

CITY OF ATLANTA, GEORGIA
Pension Trust Funds

Combining Statement of Changes in Plan Net Assets
For the Year Ended December 31, 2004
(In Thousands)

	Pension Trust Funds				
	General Employees' Defined Benefit	General Employees' Defined Contribution	Firefighters'	Police Officers'	Totals
Additions:					
Employer contributions	\$ 37,052	\$ 2,811	\$ 14,472	\$ 20,246	\$ 74,581
Employee contributions	12,498	2,806	1,209	3,629	20,142
Refunds and other	134	160	55	108	457
Investment income:					
Net depreciation in fair value of investments	55,763	-	23,808	40,261	119,832
Investment income	20,717	661	5,565	8,372	35,315
Securities lending income	131	-	101	152	384
Less: Investment expenses					
Securities lending expenses	-	-	(36)	(53)	(89)
Net investment income	<u>76,611</u>	<u>661</u>	<u>29,438</u>	<u>48,732</u>	<u>155,442</u>
Total additions	<u>126,295</u>	<u>6,438</u>	<u>45,174</u>	<u>72,715</u>	<u>250,622</u>
Deductions:					
Benefit payments	56,021	980	18,881	25,986	101,868
Refunds	2,164	175	258	467	3,064
Other	246	7,571	121	223	8,161
Total deductions	<u>58,431</u>	<u>8,726</u>	<u>19,260</u>	<u>26,676</u>	<u>113,093</u>
Net increase in net assets held in trust for pension benefits	67,864	(2,288)	25,914	46,039	137,529
Net assets held in trust for pension benefits:					
Beginning of year	<u>673,240</u>	<u>18,487</u>	<u>324,477</u>	<u>444,943</u>	<u>1,461,147</u>
End of year	<u>\$ 741,104</u>	<u>\$ 16,199</u>	<u>\$ 350,391</u>	<u>\$ 490,982</u>	<u>\$ 1,598,676</u>

CITY OF ATLANTA, GEORGIA
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended December 31, 2004
(In Thousands)

ASSETS

	Balance, Beginning of Year	Additions	Deductions	Balance, End of Year
Assets:				
Cash and cash equivalents	\$ 203	498	-	\$ 701
Investments in pooled investment fund	11,116	44,496	(45,019)	10,593
Investments:				
Equities	<u>25</u>	<u>7</u>	<u>-</u>	<u>32</u>
Total Investments	<u>25</u>	<u>7</u>	<u>-</u>	<u>32</u>
Other receivables	280	-	(280)	-
Due from other funds	<u>474</u>	<u>-</u>	<u>(474)</u>	<u>-</u>
 Total Assets	 <u>\$ 12,098</u>	 <u>\$ 45,001</u>	 <u>\$ (45,773)</u>	 <u>\$ 11,326</u>

LIABILITIES AND NET ASSETS

Liabilities:				
Accounts payable	\$ <u>12,098</u>	\$ <u>44,247</u>	\$ <u>(45,019)</u>	\$ <u>11,326</u>
 Total Liabilities	 <u>\$ 12,098</u>	 <u>\$ 44,247</u>	 <u>\$ (45,019)</u>	 <u>\$ 11,326</u>

The accompanying notes are an integral part of the statements.

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**Capital Assets Used
In The Operation Of
Governmental Funds**

CITY OF ATLANTA, GEORGIA
Capital Assets Used in the Operation of Governmental Funds

Schedule by Source
December 31, 2004
(In Thousands)

	Totals
Governmental funds capital assets:	
Land	\$ 60,763
Construction in Progress	30,094
Buildings	331,960
Land improvements	20,776
Other property and equipment	131,320
Infrastructure	1,782,754
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 2,357,667
Investment in Governmental Funds Capital Assets by Source:	
General Fund	\$ 2,327,573
Capital Projects	30,094
TOTAL INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 2,357,667

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets and the related notes to the statements.

CITY OF ATLANTA, GEORGIA
Capital Assets Used in the Operation of Governmental Funds

Schedule By Function and Activity
 December 31, 2004
 (In Thousands)

	Land	Buildings	Land Improvement	Other Property and Equipment	Infrastructure	Construction in Progress	Total
General government:	\$ 37,162	\$ 106,690	\$ 1,567	\$ 15,179	\$ 6,276	\$ 30,094	\$ 196,968
Police	697	1,107	110	25,962	-	-	27,876
Fire	840	9,361	17	25,086	-	-	35,304
Corrections	-	-	-	1,423	-	-	1,423
Public Works	15,534	2,345	1,533	55,260	1,775,809	-	1,850,481
Parks, Recreation and Cultural Affairs	6,530	212,457	17,549	8,410	669	-	245,615
Total governmental funds capital assets	\$ 60,763	\$ 331,960	\$ 20,776	\$ 131,320	\$ 1,782,754	\$ 30,094	\$ 2,357,667

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets and the related notes to the statements.

CITY OF ATLANTA, GEORGIA
 Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes By Function and Activity
 For the Year Ended December 31, 2004
 (In Thousands)

Function and Activity	<u>January 1, 2004</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2004</u>
General government:	\$ 174,079	\$ 25,791	\$ 2,902	\$ 196,968
Police	22,609	7,130	1,863	27,876
Fire	35,096	308	100	35,304
Corrections	1,334	89	-	1,423
Public Works	1,851,825	631	1,975	1,850,481
Parks, Recreation and Cultural Affairs	<u>244,079</u>	<u>1,771</u>	<u>235</u>	<u>245,615</u>
 Total governmental funds capital assets	 <u>\$ 2,329,022</u>	 <u>\$ 35,720</u>	 <u>\$ 7,075</u>	 <u>\$ 2,357,667</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets and the related notes to the statements.

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Statistical Section

(Unaudited)

Cash Basis

The financial information presented provides detailed data on the financial, economic, and physical characteristics of the City. These tables cover multiple fiscal years and provide financial report users with a broader and more complete understanding of the City and its financial affairs.

CITY OF ATLANTA, GEORGIA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN YEARS

Year	General Government	Public Safety	Public Works		Cultural Affairs & Libraries	Parks & Recreation	Total Expenditures
			Sanitation	Streets & Highways			
1995	\$ 167,290,852 (1)	\$ 135,967,649	\$ 30,723,103	\$ 22,780,516	\$ 3,460,590	\$ 19,871,524	\$ 380,094,234
1996	168,660,622 (1)	144,591,993	37,994,940	28,084,434	3,590,375	23,331,025	406,253,389
1997	171,491,843 (1)	152,344,992	33,702,386	27,042,910	3,760,872	23,296,357	411,639,360
1998	171,948,161 (1)	152,667,051	34,278,576	24,604,577	3,741,488	21,078,736	408,318,589
1999	183,213,904 (1)	153,649,715	32,282,506	22,758,700	3,601,245	19,207,585	414,713,655
2000	204,121,947 (1)	167,852,280	41,299,069	24,758,195	3,971,696	19,774,437	461,777,624
2001	220,144,015 (1)	178,248,929	N/A (2)	26,242,079	4,202,155	22,164,440	451,001,618
2002	187,743,000 (1)	174,602,000	N/A (2)	25,528,000	2,549,523	20,835,477	411,258,000
2003	153,566,456	231,662,423	N/A (2)	22,486,834	1,565,799	21,065,087	430,346,599
2004	148,098,062	238,864,093	N/A (2)	21,800,297	1,820,280	22,717,828	433,300,560

(1) Includes the Department of Corrections. In 2002, City Traffic Court expenditures were moved from the General Fund to the Traffic Court Operations Fund. Corrections is included in the Public Safety in 2003 and 2004.

(2) Sanitation service expenditures were moved from the General Fund in 2001 to the Sanitation Enterprise Fund.

CITY OF ATLANTA, GEORGIA

**GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN YEARS**

Year	Taxes	Licenses & Permits	Charges for Current Services	Fines, Forfeits, & Penalties	Inter-Governmental Revenues	Miscellaneous Revenue	Other Financing Sources	General Fund Revenue Total
1995	\$ 247,413,223	\$ 35,518,221	\$ 41,281,247	\$ 11,793,833	\$ 1,073,614	\$ 9,439,447	\$42,317,568	\$388,837,153
1996	246,751,394	40,516,158	40,876,442	11,033,573	1,053,472	14,432,742	51,564,468	406,228,249
1997	238,862,426	42,520,605	43,600,158	14,272,905	533,644	10,983,667	42,683,488	393,456,893
1998	245,306,399	43,109,673	42,821,940	16,301,862	581,288	10,896,719	36,172,253	395,190,134
1999	286,363,348	47,224,484	34,817,921	18,000,059	536,820	11,309,549	36,821,689	435,073,870
2000	292,278,332	52,119,888	39,267,781	20,487,625	536,780	14,049,049	37,671,033	456,410,488
2001	291,157,216	52,443,055	4,678,380 (1)	16,175,769	535,368	11,386,982	39,652,165	416,028,935
2002	338,955,295	51,854,959	7,557,215 (1)	1,251,052 (2)	538,267	11,101,037	46,015,091	457,272,916
2003	334,315,529	49,925,930	11,615,327 (1)	1,391,699 (2)	537,002	10,458,347	44,357,384	452,601,217
2004	349,523,370	55,221,193	8,732,637 (1)	1,174,409 (2)	541,708	12,660,667	47,667,256	475,521,240

(1) Sanitary Service charge revenues were moved out of the General Fund in 2001 and into the Solid Waste Services Revenue Fund.

(2) Traffic and Parking fine revenues were moved from the General Fund in 2002 to the Traffic Court Operations Fund.

CITY OF ATLANTA, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Year	Total Tax Levy (1)	Collection of Current Year's Taxes (4)	% of Levy Collected	Collection of Prior Year's Taxes	Total Tax Collections	% of Total Collections To Tax Levy	Outstanding Delinquent Taxes	% of Outstanding Delinquent Taxes to Tax Levy
1995	\$ 117,837,727	\$ 106,638,809	90.50	\$ 8,155,161	\$ 114,793,970	97.42	\$ 20,544,365	17.43
1996	96,847,743	93,879,289	(3) 96.93	9,413,521	103,292,810	106.65	17,771,774	18.35
1997	94,585,011	88,969,652	94.06	10,762,145	99,731,797	105.44	11,283,058	11.93
1998	111,063,274 (5)	88,990,821	80.13	4,285,557	93,276,378	83.98	12,427,219	11.19
1999	113,290,448	103,339,232	91.22	18,250,121 (5)	121,589,353	107.33	11,500,706	10.15
2000	118,232,484	109,025,223	92.21	7,516,653	116,541,876	98.57	10,810,824	9.14
2001	107,512,146	99,985,261	93.00	6,346,239	106,331,500	98.90	9,813,218	9.13
2002	173,920,120	158,225,729	90.98	8,434,089	166,659,818	95.83	7,371,405	4.24
2003	178,909,014	166,815,658	93.24	8,442,267	175,257,925	97.96	13,683,408	7.65
2004	180,733,587	170,502,285	94.34	10,655,621	181,157,906	100.23	6,852,846	3.79

(1) Does not include intangible taxes; intangible taxes no longer assessed as of January 1, 1996.

(2) In 1992, \$1.9 million was collected by the City in error, then subsequently remitted to Atlanta Board of Education in 1993. The true collection rate, after adjusting for the \$1.9 million in school revenues, is 91.48% in 1992 and 90.11% in 1993.

(3) Includes incorrect billings of public utilities by the Fulton County Tax Commissioner, which was refunded to taxpayers in 1997.

(4) Does not include tax revenues retained by Fulton County for administrative expenses, therefore the collection rate shown is slightly less than actual.

(5) Includes a reassessment of \$15,189,076 which was billed by Fulton County to taxpayers in March, 1999. Collections related to the late reassessment billing are included in 1999 collections of prior year taxes.

CITY OF ATLANTA, GEORGIA

PROPERTY TAX RATES AND TAX LEVIES LAST TEN YEARS

Tax Rates (per \$1,000 assessed value)

<u>Year</u>	<u>Schools</u>	<u>General Fund Operations</u>	<u>Debt Service</u>	<u>Park Improvements</u>	<u>Total</u>
1995	23.19	9.66	2.30	0.50	35.65
1996	26.95	6.90	2.30	0.50	36.65
1997	25.43	6.57	2.32	0.50	34.82
1998	25.43	6.57	2.32	0.50	34.82
1999	24.93	6.57	2.32	0.50	34.32
2000	23.84	6.28	2.23	0.48	32.83
2001	21.94	6.19	0.86	0.44	29.43
2002	21.67	9.02	1.45	0.50	32.64
2003	21.46	8.71	1.41	0.50	32.08
2004	20.87	8.25	1.38	0.50	31.00

Tax Levies

1995	\$214,367,424	\$ 90,113,858	\$23,061,340	\$ 4,662,530	\$ 332,205,152
1996	256,610,799	67,771,498	24,276,529	4,799,716	353,458,542(1)
1997	250,283,310	64,625,743	25,056,649	4,902,619	344,868,321(1)
1998	295,957,990	76,462,603	28,781,599	5,819,072	407,021,264(1)
1999	295,111,003	77,772,936	29,598,720	5,918,793	408,401,451(1)
2000	306,777,569	80,812,212	31,140,597	6,279,675	425,010,052(1)
2001	316,717,075	88,226,548	13,014,344	6,271,354	424,229,321(1)
2002	343,562,112	141,378,685	24,622,343	7,919,092	517,482,232(1)
2003	358,472,809	145,207,795	25,365,524	8,335,694	537,381,822(1)
2004	373,967,613	147,830,992	25,940,377	8,959,454	556,698,436(1)

(1) These totals do not include the levy for the Special Tax District in that part of the City located in DeKalb County which is transferred to Fulton County to be used for Library Operations. Also, these totals do not include intangible taxes.

CITY OF ATLANTA, GEORGIA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN YEARS

Year	PROPERTY		OTHER									
	TANGIBLE (Current)	Prior	TANGIBLE (Current)	INTANGIBLE (Prior)	Recording & Transfer Tax	Penalties & Interest on Taxes	Sales Tax	Tax on Receipt of Public Utilities	Tax on Insurance Premiums	Alcoholic Beverages	Hotel/ Motel	Total Taxes Collected
1995	\$ 81,368,902	\$ 6,853,855	\$2,400,000	\$406,101	\$ 2,670,063	\$ 4,414,382	\$ 68,663,795	\$27,263,643	\$13,003,429	\$13,070,511	\$ 27,298,542	\$ 247,413,223
1996	63,708,102	7,352,229	-	(1) 938,292	2,694,217	3,314,677	80,297,450	28,981,021	13,896,912	14,195,329	31,373,165	246,751,394
1997	60,728,297	7,997,555	-	276	3,465,713	4,479,431	75,191,022	29,116,831	14,740,366	12,831,008	30,311,927	238,862,426
1998	60,688,695	2,888,569	-	-	4,152,381	1,547,299	83,949,293	30,087,442	15,457,214	13,405,497	33,130,009	245,306,399
1999	70,975,961	12,418,702	(2)	-	4,849,676	1,004,010	90,386,199	39,447,359	16,015,976	13,939,739	37,325,726	286,363,348
2000	74,824,932	5,055,803	-	22,654	5,387,983	509,359	96,164,771	39,632,661	17,011,123	13,824,789	39,844,257	292,278,352
2001	81,971,876	4,024,541	-	-	6,327,210	796,654	94,780,206	39,534,961	15,128,028	13,736,085	34,917,652	291,157,213
2002	128,177,300	5,815,990	-	-	6,900,067	706,801	88,788,626	45,191,936	16,590,653	13,283,328	33,500,593	338,955,295
2003	135,908,959	6,842,886	-	-	8,822,475	433,414	77,095,516	42,996,473	17,880,802	13,115,914	31,219,090	334,315,529
2004	137,895,919	7,620,036	-	-	6,980,966	731,233	83,538,124	45,751,439	19,377,921	13,380,869	34,246,863	349,523,370

(1) Intangible taxes no longer assessed as of January 1, 1996.

(2) Includes collections of a 1998 reassessment of \$15,189,076 which was billed by Fulton County to taxpayers in March, 1999.

CITY OF ATLANTA
 Assessed and Estimated Actual Value of Taxable Property
 Last Ten Years

Fiscal Year	Real Estate		Personal Property and Corporate Franchises		Total		Ratio of Total Assessed to Total Estimated True Value
	Assessed Value(Gross)	Estimated True Value	Assessed Value ¹	Estimated True Value	Assessed Value(Gross)	Estimated True Value	
1995	7,615,780,160	19,039,450,400	2,597,436,514	6,493,591,265	10,213,216,674	25,533,041,665	40
1996	7,798,454,040	19,496,135,100	2,773,758,023	6,934,395,058	10,572,212,063	26,430,530,158	40
1997	7,845,932,330	19,614,830,825	2,954,562,073	7,386,405,163	10,800,494,403	27,001,236,008	40
1998	9,545,833,340	23,864,583,350	3,136,416,510	7,841,041,275	12,682,249,850	31,705,624,625	40
1999	9,671,243,681	24,178,109,203	3,112,309,595	7,780,773,988	12,783,553,276	31,958,883,190	40
2000	10,537,528,819	26,343,822,048	3,378,385,537	8,445,963,843	13,915,914,356	34,789,785,890	40
2001	12,273,584,727	30,683,961,818	3,328,687,294	8,321,718,235	15,602,272,021	39,005,680,053	40
2002	14,191,430,603	35,478,576,508	3,286,308,120	8,215,770,300	17,477,738,723	43,694,346,808	40
2003	15,385,186,442	38,462,966,105	3,050,161,351	7,625,403,378	18,435,347,793	46,088,369,483	40
2004	16,288,588,471	40,721,471,178	2,939,655,528	7,349,138,820	19,228,243,999	48,070,609,998	40

NOTE: Assessed values are established by the Fulton County Board of Tax Assessors on January 1 of each year at 40% of the market value as required by State Law.

¹Freaport exemption netted out.

CITY OF ATLANTA, GEORGIA

**PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 ASSESSED VALUE)
LAST TEN YEARS**

Year	City of Atlanta, Georgia					Atlanta/ DeKalb County		Special Tax District ⁽¹⁾	Downtown Improvement District	Fulton County, Georgia			Georgia State Levy	Total
	General Levy	School Levy	Parks Levy	City Bond Levy	School Bond Levy	Special Tax District	County Levy			County Levy	Hospital Levy	Bond Levy		
1995	\$ 9.66	\$ 23.19	\$ 0.50	\$ 0.99	\$ 1.31	\$ 1.90	\$			\$ 9.20	\$ 0.66	\$ 4.15	\$ 0.25	\$ 14.26
1996	6.90	26.95	0.50	0.99	1.31	1.87		2.02		8.90	0.66	4.45	0.25	14.26
1997	6.57	25.43	0.50	1.32	1.00 (2)	2.06		2.02		9.14	0.66	3.89	0.25	13.94
1998	6.57	25.43	0.50	1.32	1.00	2.06		2.02		9.14	0.66	3.89	0.25	13.94
1999	6.57	24.93	0.50	1.32	1.00	1.96		2.22		9.14	0.66	3.89	0.25	13.94
2000	6.28	23.84	0.48	1.27	0.96	1.86		2.22		13.31 (3)	0.38	--	0.25	13.94
2001	6.19	21.94	0.44	0.74	0.12	1.47		2.22		13.04 (3)	0.30	--	0.25	13.59
2002	9.02	21.67	0.50	1.34	0.11	1.30		2.50		12.53 (3)	0.28	--	0.25	13.06
2003	8.71	21.46	0.50	1.30	0.11	1.14		3.60		12.05 (3)	0.27	--	0.25	12.57
2004	8.25	20.87	0.50	1.27	0.11	1.05		4.20		11.59 (3)	0.07	--	0.25	11.90

(1) Tax imposed by property owners in the district pursuant to state authorization.

(2) Reduced by a debt service payment of \$3,052,000 by the Atlanta Board of Education using its existing resources.

(3) Hospital Levy included in County Levy.

CITY OF ATLANTA, GEORGIA

**PROPERTY TAXES RECEIVABLES
BY YEAR OF LEVY
DECEMBER 31**

Year of Levy	Amount
1998	\$ 238,972
1999	240,956
2000	339,004
2001	384,451
2002	1,051,473
2003	1,417,717
2004	3,180,274
	6,852,846
	<hr/>
	<u>\$ 13,705,693</u>

NOTE: Amounts indicated are gross amounts outstanding. These amounts do not reflect any allowances for bad debts which are reflected in the general purpose financial statements.

CITY OF ATLANTA

**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN YEARS**

Year	Assessments Billed	Assessments Collected	% of Collections Ratio of Collections to Amount Billed (%)	Total Total Outstanding Assessments
1995	\$ 1,609,273	\$ 121,968	7.6	\$ 5,685,848
1996	1,171,079	163,052	13.9	6,693,875
1997	2,079,161	358,874	17.3	8,748,431
1998	878,224	203,428	23.2	8,621,736
1999	122,219	386,675	316.4	8,357,280
2000	95,756	379,999	396.8	8,073,037
2001	105,523	347,505	329.3	7,831,055
2002	98,921	432,549	437.3	7,497,427
2003	122,954	472,438	384.2	7,147,943
2004	0 (1)	429,067	n/a	5,951,515

NOTES: All Special Assessments are due when billed and may be paid within thirty (30) days without interest. An election to pay in four installments is available for demolition, curb, gutter and sidewalks; six installments for sewer; and ten installments for paving at an annual interest rate of seven percent (7%) on the balance. Each installment is added to the Special Assessment Fund and the method of enforcing collections is the same as for general government taxes.

(1) The In-rem program was reorganized in 2004 and during that period, no demolitions occurred. In 2005, 83 properties have already been identified for enforcement action. Billings will resume in 2005.

These amounts do not reflect any allowances for bad debts.

CITY OF ATLANTA, GEORGIA

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA LAST TEN YEARS

Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value (Percent)	Net Bonded Debt per Capita
(Dollars in thousands, except per capita amounts)							
1995	424,300	\$ 10,268,452	\$ 260,990	\$ 30,674	\$ 230,316	2.24	\$ 542.82
1996	425,200	10,629,772	289,795	27,795	262,000	2.46	616.18
1997	426,300	10,860,127	329,440	33,006	296,434	2.73	695.36
1998	426,600	12,717,080	324,030	49,453	274,577	2.16	643.64
1999	427,500	12,916,521	323,365	43,409	279,956	2.17	654.87
2000	416,474	13,940,772	321,915	52,362	269,553	1.93	626.87
2001	419,185	15,725,462	237,200	13,973	223,227	1.42	532.53
2002	428,100	17,498,002	238,510	20,258	217,982	1.25	509.18
2003	432,900	18,447,913	239,360	26,567	212,793	1.15	491.55
2004	434,900	18,660,031	290,365	37,444	252,921	1.36	581.56

(1) Source: Atlanta Regional Commission as of April, 2003.

(2) Includes Freeport.

(3) Includes all Long-term General Obligation Debt.

CITY OF ATLANTA, GEORGIA

COMPUTATION OF LEGAL DEBT MARGIN DECEMBER 31, 2004

<i>General Obligation Bond Net Tax Digest as of December 31, 2004</i>	\$ 18,852,866,268	
Debt Limit for General Purpose (8% of Assessed Value)		\$ 1,508,229,301
Amount of Debt Applicable to Debt Limit for General Purposes		<u>(275,072,500)</u>
Legal Debt Margin for General Purposes		<u>1,233,156,801</u>
<i>General Obligation School Bond Net Tax Digest as of December 31, 2004</i>	\$ 19,247,114,088	
Debt Limit for School Purposes (4% of Assessed Value)		\$ 769,884,564
Amount of Debt Applicable to Debt Limit for School Purposes		<u>(15,292,500)</u>
Legal Debt Margin for School Purposes		<u>754,592,064</u>
TOTAL LEGAL DEBT MARGIN		<u>\$ 1,987,748,865</u>

CITY OF ATLANTA, GEORGIA

**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT- GENERAL OBLIGATION BONDS
DECEMBER 31, 2004**

	Net Debt Outstanding	%	Amount Applicable to Atlanta
		Applicable to Atlanta	
City of Atlanta General Obligation Debt (1)	\$ 290,365,000	100.0%	\$ 290,365,000
Less: Sinking Fund	37,444,751	100.0%	<u>37,444,751</u>
NET DIRECT DEBT			<u>252,920,249</u>
Overlapping Debt:			
Fulton County	24,077,629	53.9%	12,977,842
DeKalb County	221,254,000	3.4%	7,522,636
Fulton County Building Authority	94,548,007	53.9%	50,961,376
Contractual General Obligation Debt:			
Atlanta and Fulton Recreation Authority (1)	4,610,000	66.7%	3,073,487
Downtown Development Authority (DDA) - COA	65,330,000	100.0%	65,330,000
Urban Residential Finance Authority (URFA) - COA	339,879,636	33.3%	113,281,883
Overlapping Contractual Obligations:			
Fulton-DeKalb Hospital Authority	248,970,000	40.4%	<u>100,583,880</u>
TOTAL OVERLAPPING DEBT			<u>353,731,103</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$ 606,651,352</u>

Sources: DeKalb Co., Terry Arnold (404) 371-2056, Dick Adams (404) 371-2763, Marvin Davis (404) 371-2238, DeKalb Co. bond counsel - Joe Lay (404) 233-0292. In the outstanding debt figure for DeKalb Co. the sinking fund balance has been netted out
URFA (404) 880-4100 Dawn Luke, Pete Walker
Fulton Co. (404) 730-7600 Sharron Whitmore; Ray Turner (404) 730-7737

Sources:

NOTES: While the Atlanta and Fulton County Recreation Authority Bonds are an obligation of the Authority, the City of Atlanta, by contract, has guaranteed to pay annually the operating deficit of the Zoo including the principal and interest for the 1985 Series.

(1) In addition to this debt, the City of Atlanta-Fulton County Recreation Authority issued bonds to finance public improvements adjacent to the new Downtown Arena and construction of the Arena. Revenues derived from a 3% tax on rental cars are dedicated to

CITY OF ATLANTA, GEORGIA

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL
GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN YEARS**

Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Expenditures (Percent)
1995	\$ 7,420,000	\$ 16,350,126	\$ 23,770,126	\$ 380,094,234	6.3
1996	7,695,000	14,561,647	22,256,647	406,253,389	5.5
1997	9,715,000	15,965,781	25,680,781	411,639,360	6.2
1998	10,270,000	18,148,531	28,418,531	408,318,589	7.0
1999	10,720,000	17,126,336	27,846,336	414,713,655	6.7
2000	9,450,000	16,515,024	25,965,024	461,777,624	5.6
2001	9,970,000	16,498,701	26,468,701	451,001,618	5.9
2002	6,690,000	11,692,878	18,382,878	410,587,994	4.5
2003	7,150,000	11,836,000	18,986,000	430,346,600	4.5
2004	4,495,000	11,792,535	16,287,535	433,330,560	4.5

CITY OF ATLANTA, GEORGIA

2004 TEN MAJOR TAXPAYERS

Taxpayer	Type of Business	Assessed Value	Percentage of Total Assessed Value
Bell South	Communication Service	155,936,542	0.79%
Coca-Cola Company	Marketing and Manufacturing	154,860,290	0.79%
Post Apartment Homes	Residential Real Estate	120,304,178	0.61%
Georgia Pacific Company	Utility Service	97,673,647	0.50%
Peachtree TSG Associates LLC	Commercial Real Estate	93,540,108	0.48%
CSC Associates	Commercial Real Estate	87,321,645	0.44%
Trizec Alliance Center LLC	Commercial Real Estate	83,957,286	0.43%
One Ninety One Peachtree Assoc.	Commercial Real Estate	82,035,928	0.42%
Suntrust Plaza Assoc.	Commercial Real Estate	81,513,618	0.41%
Georgia Power Company	Pulp and Paper Mfg	57,103,706	0.29%
GRAND TOTAL		\$ 1,014,246,949	5.16%
City of Atlanta 2004 Total Gross Property Tax Digest		\$ 19,651,580,540	

CITY OF ATLANTA, GEORGIA

**SCHEDULE OF REVENUE BOND COVERAGE
DEPARTMENT OF AVIATION
LAST TEN YEARS**

Year	Operating Revenue ¹	Current Operating Expenses ²	Net Revenue available for Debt Service	Debt Service Requirements			% Coverage
				Principal	Interest ³	Total	
1995	\$ 172,644,485	\$ 47,431,233	\$ 125,213,252	\$ 14,575,000	\$ 54,641,630	\$ 69,216,630	1.81
1996	187,589,010	58,306,392	129,282,618	6,555,000	52,068,253	58,623,253	2.21
1997	203,393,601	57,680,544	145,713,057	32,180,000	50,907,185	83,087,185	1.75
1998	236,281,519	61,044,014	175,237,505	33,945,000	49,161,158	83,106,158	2.11
1999	243,875,331	65,241,480	178,633,851	35,905,000	47,250,968	83,155,968	2.15
2000	254,701,033	76,383,098	178,317,935	42,670,000	62,277,198	104,947,198	1.70
2001	257,119,663	84,788,711	172,330,952	48,110,000	79,922,860	128,032,860	1.35
2002	250,917,834	93,131,834	157,786,000	50,775,000	77,257,713	128,032,713	1.23
2003	250,460,435	95,611,501	154,848,934	44,852,004	66,230,735	111,082,739	1.39
2004	273,087,385	99,841,355	173,246,029	49,937,004	57,518,967	107,455,971	1.61

(1) Represents total operating revenues.

(2) Represents total operating expenses exclusive of debt service.

(3) Interest includes capitalized interest for the years 1993-2001 which is excluded in the bond coverage calculation.

CITY OF ATLANTA, GEORGIA

**SCHEDULE OF REVENUE BOND COVERAGE
WATER AND WASTEWATER SYSTEM
LAST FIVE YEARS
(GAAP BASIS)**

Year	Revenue (1)	Expenses (2)	Net Revenue Available for Debt Service	Annual Debt Service Requirement (3)	Coverage Ratio
2000	\$208,463	\$125,968	\$82,495	\$36,692	2.25
2001	185,957	121,102	64,855	34,050	1.90
2002	240,954	131,708	109,246	32,692	3.34
2003	227,441	116,971	110,470	63,335	1.74
2004	267,329	124,804	142,525	86,278	1.65

(1) Total operation revenue plus investment income

(2) Total operating expenses exclusive of the payment in lieu of taxes and franchise fees and depreciation and amortization

(3) Annual debt service includes sinking fund requirements of the Water and Sewerage Revenue Fund, thus excluding capitalized interest.

CITY OF ATLANTA, GEORGIA

**WATER AND WASTEWATER SYSTEM
DEBT COVENANT DISCLOSURE**

1. The highest maximum daily water demand during the last five years, the permitted withdrawal amount and the water treatment capacity of the System.

A. The highest maximum daily water demand:	166
B. The permitted withdrawal amount:	180 MGD
C. The water treatment capacity of the System:	
Chattahoochee	65
Hemphill	137
Total	204
Atlanta	45

2. The highest maximum monthly flow through the wastewater treatment facilities of the System during the last five years and the aggregate rated treatment capacity of the WRC's.

A. The total treatment capacity on terms of maximum month flow would be:	
RM Clayton:	122 MGD
Utoy Creek:	41 MGD
South River:	49 MGD
Total	121 MGD

3. The number of water and wastewater connections by customer class.

<u>Dwelling Code</u>	<u>Count of Meters</u>
AHA	238
COMM	13347
CTYBOE	185
CTYGOV	251
FEDGOV	11
FULBOE	22
FULTON	156
INDUST	266
PUBLIC	355
RESID	139094
STATE	34
WHOLE	50
TOTAL	154009

4. The audited information for the most recent fiscal year of the System for the categories identified in "SYSTEM FINANCE MATTERS' Forecasted Revenues, Expenses and Coverage".

5. The current water and wastewater rates charged by the System.

6. 3-Tiered conservation Rate of January 2005

Water Inside the City	1.95 per ccf	0 – 3 ccf
	2.23	Next 3 ccf
	2.56	7 ccf & up
Water Outside the City	2.35 per ccf	0 – 3 ccf
	2.70	Next 3 ccf
	3.10	7 ccf & up
Water Inside the City	4.95 per ccf	0 – 3 ccf
	5.67	Next 3 ccf
	6.52	7 ccf & up
Water Outside the City	3.73 per ccf	
Wholesale Rate	1.54 per ccf	Next 3 ccf
Security Surcharge	.15 per ccf	7 ccf & up

SOURCE: 2001 C Water and Wastewater Official Statement.

CITY OF ATLANTA, GEORGIA

DEMOGRAPHIC STATISTICS LAST TEN YEARS

Year	Population (1)	Median Age (2)	School Enrollment (3)	Unemployment Rate
1995	424,300	31.5	57,883	7.4%
1996	425,200	31.5	58,107	6.7%
1997	426,300	31.5	58,042	6.2%
1998	426,600	31.5	57,711	5.6%
1999	427,500	31.5	57,223	5.3%
2000	416,474	31.9	56,377	4.9%
2001	419,185	31.9	56,586	5.8%
2002	428,100	31.9	56,946	8.6%
2003	432,900	31.9	52,103	7.9%
2004	434,900	31.9	50,188	7.5%

Sources:

- (1) Atlanta Regional Commission as of April 2004.
- (2) Estimate of Median Age - Per census taken every 10 years.
- (3) At end of school year in June; 2004 reflects enrollment as of 3/3/05.

CITY OF ATLANTA, GEORGIA

Value of Construction and Bank Deposits LAST TEN YEARS

Year	Commercial Construction		Residential Construction		Bank Deposits (in thousands) ¹	Real Property Market Value	City Property Values	
	Number of Units	Value	Number of Units	Value			Personal Property Market Value ²	Total Market Value
1995	492	141,425,935	460	119,174,147	20,095,365	19,039,452,900	6,493,591,285	25,533,044,185
1996	855	161,874,206	548	265,315,897	21,775,882	19,496,135,100	6,934,395,058	26,430,530,158
1997	559	250,113,212	472	188,433,969	22,188,091	19,614,830,825	7,386,405,183	27,001,236,008
1998	572	400,599,578	647	234,141,067	23,405,856	23,864,583,350	7,841,041,275	31,705,624,625
1999	564	371,755,724	884	409,909,735	24,186,589	24,178,109,203	7,780,773,988	31,958,883,190
2000	244	192,497,450	1,045	552,114,967	29,241,200	26,343,822,048	8,445,963,843	34,789,785,890
2001	551	747,118,442	1,068	538,068,746	29,248,023	30,683,961,818	8,321,718,235	39,005,680,053
2002	531	1,004,552,282	1,019	581,419,369	32,257,957	35,478,576,508	8,215,770,300	43,694,346,808
2003	446	511,807,239	1,309	606,442,727	42,275,651	38,462,966,105	7,625,403,378	46,088,369,483
2004	446	511,807,239	1,309	606,442,727	43,966,313	40,721,471,178	7,349,138,820	48,070,609,998

Source:

¹ Federal Reserve Bank - Atlanta Region

² Freeport exemption netted out.

CITY OF ATLANTA, GEORGIA

MISCELLANEOUS STATISTICAL DATA DECEMBER 31, 2004

GENERAL:

Date of incorporation and original City charter	December 29, 1847
Revised City charter effective	January 1, 1974
Form of government	Mayor-Council
Area of City	131.4 square miles
Miles of streets:	
Paved	1,700 miles
Unpaved	26 miles
Miles of curbstone	3,400 (approximate) Double the paved amount

CONSTRUCTION PERMITS:

Permits issued	9,682
Total value	\$2,356,409,437

NUMBER OF STREET LIGHTS:

Owned	6,730
Leased	36,713
Freeway Lights	6,778

FIRE PROTECTION:

Fire Stations	34
Employees:	
Firefighting	974
Civilian	68

FIRE VEHICLES:

Fire Engines	45
Tractor Drawn Aerial Ladders	16
Mid-ship Platform Ladders	2
Mid-ship Aerial Ladders	7
Rear Mount Aerial Ladders	0
Foam Trailer	1
Light Unit Truck	1
Command Vehicle	7
Service Trucks	3
Pick-up Trucks	28
Hazardous Material Trucks	3
Rescue Units	7
Vans	6
Bus	1
Fire Cars	44
Lift Gate Stake Body Trucks	2
Van Aerial Truck	0
Air Crash Fire Rescue Vehicles	13
Ambulances	4

CITY OF ATLANTA, GEORGIA

MISCELLANEOUS STATISTICAL DATA

DECEMBER 31, 2004

POLICE PROTECTION:

Police Station	1
Precincts	6
Employees:	
Law Enforcement	1,761
Civilian	466

POLICE VEHICLES:

Patrol Cars	355
Detective Cars	355
Patrol Wagons	40
Solo Motorcycles	116
Pick-up Trucks	41
Vans (full size)	80
Bomb Trailers	3
Mini Vans	15
Horse Trailers	5
Helicopters	2
Buses	4

JAILS:

Correctional Facilities	1
City Detention Center	2

RECREATION:

Parks	348
Total Acres	3,403
Golf Courses	6
Tennis Courses	5
Swimming Pools:	
Outdoor	18
Indoor	5
Other Recreational Facilities	49
Play Grounds	108
Ball Fields	85

SCHOOLS:

Elementary	60
Middle	16
High	10
Evening	3
Alternative	2
Charter Schools	7

CITY OF ATLANTA, GEORGIA

**MISCELLANEOUS STATISTICAL DATA
DECEMBER 31, 2004**

STUDENT ENROLLMENT:

Pre-K	875
Elementary	25,703
Middle	11,238
High	12,372

TEACHERS (Classroom)

4,071

Municipal Employees (exclusive of Atlanta Board of Education)

7,607

WATER AND SEWERAGE:

Pure Water Produced:

Total Gallons Produced	39,605,535,000 gal.
Maximum Daily Produced	140.96 mill. gal.
Average Daily Produced	107.86 mill. gal.

WATER MAINS:

Miles in Service	2,400
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ATLANTA INTERNATIONAL AIRPORT:

Number of Passengers Served	83,606,583
Number of Aircraft Operations Served	964,858

Number of Carriers:

Commercial	26
Cargo	17

Number of Runways

4

Number of Feet Each Runway:

9R 27L	9,000 feet or 2,743 meters
9L 27R	11,889 feet or 3,624 meters
8R 27L	10,000 feet or 3,048 meters
8L 26R	9,000 feet or 1,743 meters