

City of Atlanta

Georgia



*Comprehensive Annual
Financial Report*

*For the Year Ending
June 30, 2007*

Shirley Franklin
Mayor



CITY OF ATLANTA, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL
REPORT

For the Year Ended June 30, 2007

Shirley Franklin
Mayor

Janice D. Davis
Chief Financial Officer

CITY OF ATLANTA, GEORGIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2007

TABLE OF CONTENTS

INTRODUCTORY SECTION	Page
Letter of Transmittal.....	i
GFOA Certificate of Achievement.....	viii
Organization Chart.....	ix
List of Elected and Appointed Officials.....	x
FINANCIAL SECTION	
Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets.....	17
Statement of Activities.....	18
Fund Financial Statements:	
Balance Sheet-Governmental Funds.....	20
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Assets.....	21
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds.....	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds to the Statement of Activities.....	23
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund.....	24
Statements of Net Assets – Proprietary Funds.....	26
Statements of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds.....	28
Statement of Cash Flows – Proprietary Funds.....	29
Statement of Fiduciary Net Assets – Fiduciary Funds.....	31
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds.....	32
Component Units' Financial Statements	
Statement of Net Assets – Component Units.....	34
Statement of Activities – Component Units.....	36
Notes to Financial Statements.....	37

CITY OF ATLANTA, GEORGIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2007

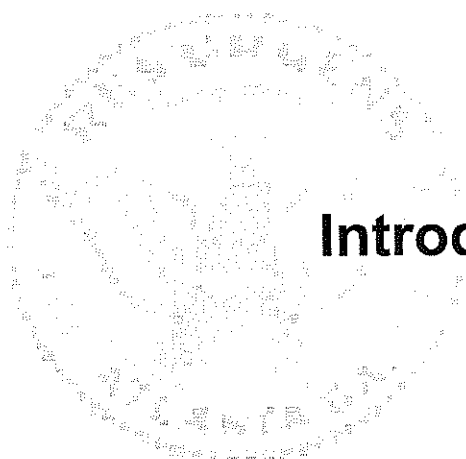
TABLE OF CONTENTS

	Page
Required Supplementary Information:	
Schedule of Funding Progress – General Employees, Police Officers, and Firefighters Pension Plans	103
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	104
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	106
Combining Balance Sheet – Nonmajor Governmental Funds Tax Allocation Districts	108
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds – Tax Allocation Districts	109
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Nonmajor Special Revenue Funds	110
Debt Service Fund	119
Combining Statement of Net Assets – Nonmajor Proprietary Funds	120
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Nonmajor Proprietary Funds	121
Combining Statement of Cash Flows – Nonmajor Proprietary Funds.....	122
Combining Statement of Plan Net Assets – Pension Trust Funds	123
Combining Statement of Changes in Plan Net Assets – Pension Trust Funds.....	124
Statement of Changes in Assets and Liabilities – Agency Fund	125
 STATISTICAL SECTION	
Net Assets by Component.....	127
Changes in Net Assets.....	128
Program Revenues by Function/Program	129
Fund Balances, Governmental Funds	130
Changes in Fund Balances, Governmental Funds	131
Assessed and Estimated Actual Value of Taxable Property	132
Property Tax Rates – Direct and Overlapping Governments	133
Principal Property Tax Payers.....	134
Property Tax Levies and Collections.....	135

CITY OF ATLANTA, GEORGIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2007

TABLE OF CONTENTS

	Page
Taxable Sales by Category.....	136
Direct and Overlapping Sales Tax Rates	137
Principal Sales Tax Remitters	138
Ratio of Outstanding Debt by Type	139
Ratio of General Bonded Debt Outstanding	140
Direct and Overlapping Governmental Activities Debt.....	141
Legal Debt Margin Information.....	142
Schedule of Revenue Bond Coverage- Department of Aviation	143
Schedule of Revenue Bond Coverage – Department of Watershed Management	144
Demographic and Economic Statistics	145
Principal Employers	146
Full-time Equivalent City Government Employees by Function/Program.....	147
Operating Indicators by Function/Program.....	148
Capital Asset Statistics by Function/Program.....	149
Operating Data of the Department of Watershed Management Continuing Disclosure.....	150



Introductory Section



CITY OF ATLANTA

SHIRLEY FRANKLIN
MAYOR

DEPARTMENT OF FINANCE
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ATLANTA, GEORGIA 30335-0312
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JANICE D. DAVIS
CHIEF FINANCIAL OFFICER

December 28, 2007

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

Ladies and Gentlemen:

We are pleased to present the 2007 Comprehensive Annual Financial Report (CAFR) for the City of Atlanta, Georgia (City).

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 (CAFR) of the City of Atlanta for the twelve months ended June 30, 2007.

This report consists of management's representations concerning the finances of the City. 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 twelve months ended June 30, 2007, 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 auditors rendered an unqualified opinion that the City of Atlanta's financial statements for the twelve months ended June 30, 2007, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City 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's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City, 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 currently occupies a land area of 131.4 square miles, with a population of 483,108 and 4,917,717 in the Atlanta Metropolitan Area, according to the United States Census Bureau. The City is empowered to levy a property tax on both real and personal properties located within its boundaries.

The City's policy-making and legislative authority are vested in a governing council (City Council) consisting of the fifteen members and an elected City Council President who serves as presiding officer. The City 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 City 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 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 June 30, 2007 for the Atlanta-Fulton County Recreation Authority, the Urban Design Commission (UDC), the Solid Waste Management Authority (SWMA), the Atlanta CoRA Inc., and the Atlanta Development Authority (ADA), all of which were included as part of the City's 2007 Comprehensive Annual Financial Report. 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 Independent School System and the Atlanta Housing Authority.

Local economy

The City of Atlanta has transformed itself into one of the most desirable cities in which to live and do business in this country. It is truly an international city with 53 countries of official representation. Testimony to this transformation is well publicized in various magazines and publications. For example, the city is ranked nationally in the following categories:

- “ 2nd America’s Hottest 50 Cities” (Expansion Magazine 2007)
- “ 1st Reason for Optimism: Safer Cities (AARP Magazine, 2007)
- “ 1st Most Business Friendly (FDI Magazine, 2007)
- “ 2nd 10 Best Cities for African-Americans” (Black Enterprise Magazine, May 2007)
- “ 2nd Beyond the Valley: 10 Blooming U.S. Cities for Technology” (E WEEK Magazine, 2007)
- “ 2nd Technology Accessible” (Popular Science, 2005)
- “ 3rd Best Economic Potential (FDI Magazine, 2007)
- “ 3rd Top Ten Metros” (Site Selection, March 2007)
- “ 3rd 50 Hottest Cities for Business Relocation and Expansion” (Expansion Management Magazine, 2007)
- “ 3rd Top Cities with the Most Fortune 500 Headquarters” (Fortune Magazine, 2007)

These statements are testimony to the City’s vibrancy, its business-friendly public policies, its well educated and skilled labor force, and its incentive-driven environment within which to do business.

The City 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. Atlanta continuously ranks amongst the top cities in the nation with the most FORTUNE 500 headquarters. The City is the headquarters of 13 Fortune 500 companies and 22 Fortune 1000 companies. Over 70 percent of all Fortune 1,000 companies have a presence in Atlanta. The City has the largest federal regional concentration outside of Washington, D.C.

The economic outlook is sound with moderate employment gains expected over the short term. Atlanta has often been called the economic engine of the Southeastern U.S. The Atlanta economy is expected to continue to benefit from a diverse economic base and strategic location in the southeast region. If Atlanta were a country, it would be the 28th largest economy in the world.

Transportation

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 the opening of a fifth runway, and expanded air cargo at Hartsfield-Jackson Atlanta International Airport. The airport, which is a regional economic engine, has consistently been ranked as the busiest passenger airport in the world.

Education

Atlanta is home to 45 accredited degree-granting colleges and universities which offer over 400 fields of study to more than 196,000 students. The City also has 8 post secondary technical colleges with offerings of over 50 disciplines. Atlanta is ranked seventh in the nation for the percent of its population

that has completed college. Approximately 40 percent of people over age 25 had at bachelor's degree or higher.

The Budget Process and Fiscal Policies

The City 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 adopt the budget by Ordinance. Under the City Charter, budget adoption must take place no later than June, proceeding the commencement of the fiscal year.

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. Currently, the Department of Finance sets revenue statements at 96% of the prior year's actual receipts.

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 funds. Budgets for capital projects and grant projects are adopted at the project level within departments and funds, 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 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 (CDP) and the Capital Improvement Program (CIP). The 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 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.

Economic Development

To promote economic development in undeveloped or underdeveloped areas, the Atlanta Development Authority (ADA) issues limited obligation Tax Allocation District (TAD) bonds on behalf of the City. TAD bonds are not secured by the full faith and credit of the City, but are 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. The Atlantic Station mixed-use development and the opening of the world's largest Aquarium further strengthen the City's core business districts. The City's designation as a Renewal Community Development of Housing and Urban Development will assist in promoting further economic development and affordable housing.

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 School System. 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 School System proceeds are used to make capital improvements to school facilities.

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. During the twelve months ended June 30, 2007, approximately 86 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."

Construction of elements of the Airport's Capital Improvement Plan began in 1999 and is expected to be completed by 2012. The CIP includes the construction of a 9,000 foot fifth parallel runway (Runway 10/28), a new South Terminal, a new International Terminal, a Consolidated Rental Car Facility (CONRAC), improvements to air cargo facilities, and renovations to the existing terminal complex. Runway 10/28 was completed in May 2006.

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.

The City maintains three water treatment plants, one of which is jointly owned with Fulton County, and three initial pumping stations, one of which is jointly owned by Fulton County. The City sells water on a wholesale basis to other jurisdictions in the Atlanta area, including Coweta, Clayton, and Fayette counties and the cities of Fairburn, Hapeville, and Union City.

The City owns and operates a wastewater collection and treatment system. Wastewater is treated for other jurisdictions in the Atlanta area, under long-term contracts, including the cities of College Park, East Point, Hapeville and parts of Dekalb, Fulton and Clayton counties.

Cash Management Policies and Practices

It is the policy of the City 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 and the State of Georgia Treasurer's pooled investment vehicle (Georgia Fund 1). The maturity periods for investments range from overnight to five years. The average yield to maturity on investments was 5.08 percent for 2007.

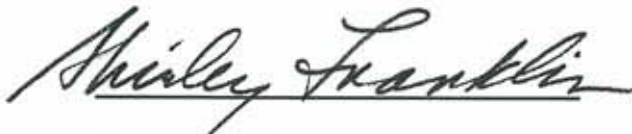
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City in connection with its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2006. This was the 22nd 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.

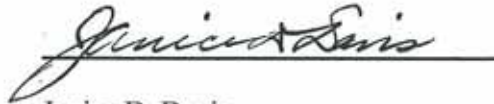
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Department of Finance and the other operating and support departments of the City. We would like to express our appreciation to all who assisted in and contributed to the 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,



Shirley Franklin
Mayor

Respectfully submitted,



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
June 30, 2006

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.



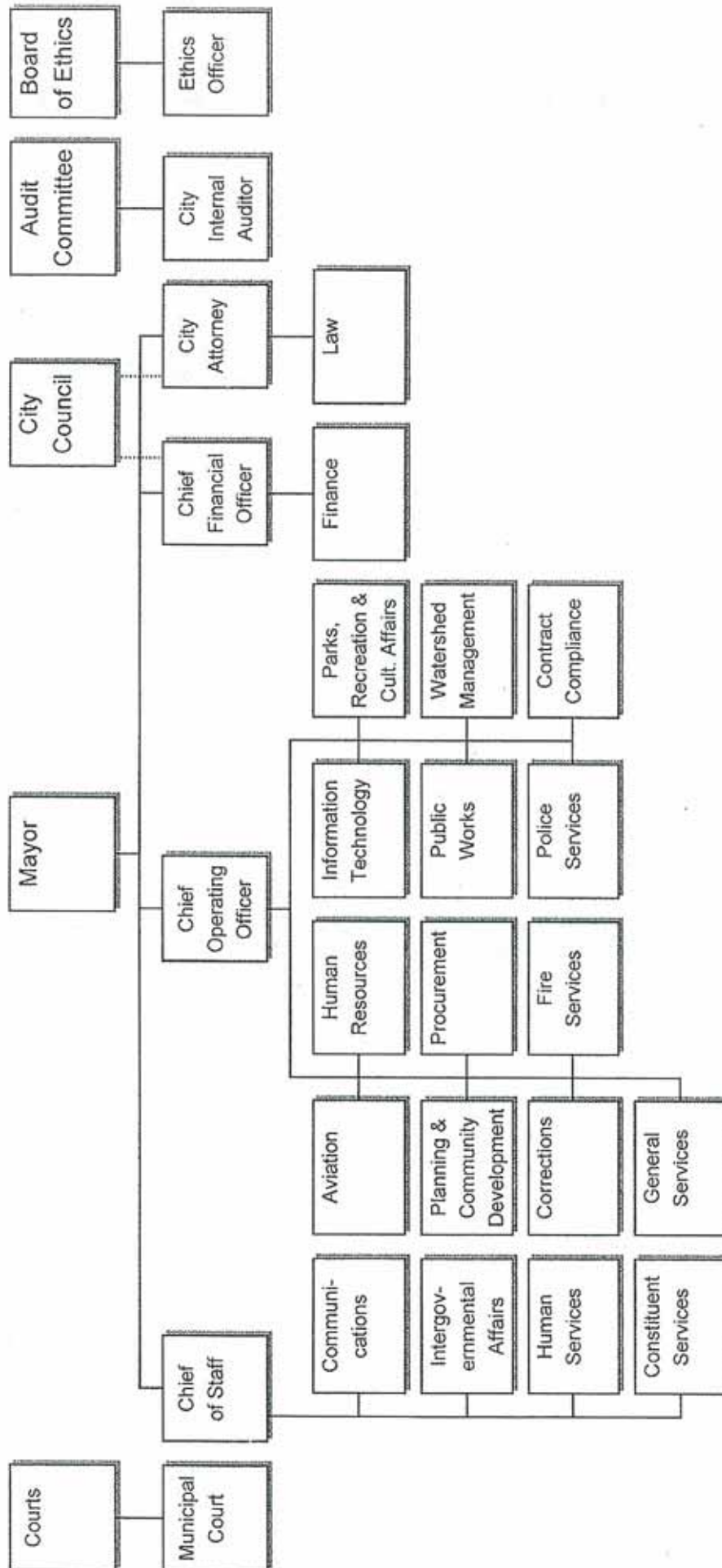
Oliver S. Cox

President

Jeffrey R. Emery

Executive Director

City of Atlanta
2007 Organization Chart



CITY OF ATLANTA OFFICIALS

EXECUTIVE



Mayor Shirley Franklin

LEGISLATIVE

City Council (Elected)

President of Council Lisa M. Borders

Members of Council

District 1 - Carla Smith
District 2 - Kwanza Hall
District 3 - Ivory Lee Young, Jr.
District 4 - Clela Winslow
District 5 - Natalyn Mosby Archibong
District 6 - Anne Fauver

District 7 - Howard Shook
District 8 - Clair Muller
District 9 - Felicia Moore
District 10 - C. T. Martin
District 11 - Jim Maddox
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

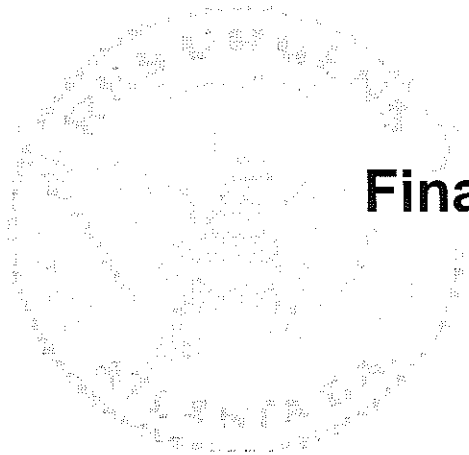
(Appointed)

Chief Operating Officer
Lynnette Young

Chief of Staff
Greg Pridgeon

Chief Financial Officer
Janice D. Davis

Director, City Council Staff Robert Barger
Commissioner of Parks, Recreation & Cultural Affairs Dianne Harnell Cohen
Aviation General Manager Benjamin DeCosta
City Attorney Elizabeth B. Chandler
Chief Judge, Municipal Court Deborah S. Greene
Commissioner of Watershed Management Rob Hunter
Municipal Clerk Rhonda D. Johnson
Chief Information Officer Mark Campbell
Ethics Officer Virginia Looney
Chief of Police Richard J. Pennington
Chief of Corrections Frank C. Sizer, Jr.
Commissioner of Human Resources Benita C. Ransom
Fire Chief Harold D. Miller
Commissioner of Public Works David E. Scott
Commissioner of Planning & Community Development Steven R. Cover
Chief Procurement Officer Adam Smith
City Internal Auditor Leslie Ward



Financial Section



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, the discretely presented component units, each major fund and the aggregate remaining funds information of the City of Atlanta, Georgia (the "City"), as of and for the year ended June 30, 2007, 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, and the Atlanta Development Authority, representing all of the City's discretely presented component units, which collectively represent total assets of approximately 3.8% as of June 30, 2007 and total revenues of approximately 10.1% 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 of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation. We believe that our audit and the report 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 information of the City of Atlanta, Georgia as of June 30, 2007, 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 of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 28, 2007, on our consideration of the City of Atlanta Georgia's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit



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

performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Schedule of Funding Progress on pages 3 through 16 and 101, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures to this information, which consists principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the 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 introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules and the statistical section, all as 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 nonmajor fund financial statements and budgetary comparison schedules 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 have not been subjected to the auditing procedure applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Baugh, Finley, White & Co.
December 28, 2007.

Management's Discussion and Analysis

As management of the City of Atlanta (the "City"), Georgia we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the twelve months ended June 30, 2007. Effective January 1, 2006, the City moved from a calendar year ending December 31st to a fiscal year ending June 30th. This overview compares the six months ended June 30, 2006 with the twelve months ended June 30, 2007. 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 i-vii of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of 2007 by \$5.4 billion, that amount represents the City's net assets. Of this amount, \$579.3 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 \$352.2 million in 2007. The majority of this increase is attributable to charges for services.
- As of the close of 2007, the City's governmental funds reported combined ending fund balances of \$356.5 million. The unreserved fund balance of \$62.2 million is available for spending at the government's discretion.
- At the end of 2007, the unreserved fund balance for the general fund was \$91.8 million, or 17.7% of total general fund expenditures.
- The City's long-term debt, including capital leases, increased by \$54 million, which is less than one percent decrease during the current twelve month period. The key factors related to limited borrowing in fiscal year 2007 combined with normal debt service payments during the year.

Overview of the Financial Statements

This 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 the net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the 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 Atlanta International Airport), Department of Watershed Management (Water and Wastewater System), Parks and Recreational Facilities, Solid Waste Services, Underground Atlanta and the Civic Center.

The government-wide financial statements include not only the City of Atlanta itself (known as the primary government), but also the legally separate Atlanta Fulton County Recreation Authority, Atlanta CoRA Inc., 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, except for Atlanta CoRA, Inc., whose statements are blended with the primary government. Certain organizations are not included within the scope of this report since they were 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 Independent School System 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 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 inflows 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 section I note C in the notes to the financial statements). The City maintains fifteen individual funds within the generic fund types. 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, capital projects fund and debt service fund, which are considered to be major

funds. Data from the other twelve 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 the business-type activities of the Hartsfield-Jackson Atlanta International Airport, Water and Wastewater System, Parks and Recreational Facilities, Solid Waste 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 the 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 Atlanta International Airport), and the Department of Watershed Management (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 statements.

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 statements.

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, this report also presents certain *required supplementary information* concerning the City of Atlanta's progress in funding its obligation to provide pension benefits 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 \$5.4 billion at the close of the year ended June 30, 2007. 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, Year Ended June 30 2007 (in thousands)

	Governmental Activities		Business-type Activities		Total	
	12-Months Ended 30-Jun-07	6-Months Ended 30-Jun-06	12-Months Ended 30-Jun-07	6-Months Ended 30-Jun-06	12-Months Ended 30-Jun-07	6-Months Ended 30-Jun-06
Current and other assets	\$ 517,327	\$ 583,549	\$ 3,682,500	\$ 4,036,027	\$ 4,199,826	\$ 4,619,576
Capital assets, net of depreciation	1,180,549	1,120,961	7,405,806	6,613,911	8,586,355	7,734,872
Total assets	1,697,876	1,704,510	11,088,305	10,649,938	12,786,181	12,354,448
Long-term liabilities						
Current	182,418	181,904	598,614	519,887	781,032	701,791
Non-Current	942,858	902,976	5,630,532	5,670,436	6,573,390	6,573,412
Total liabilities	1,125,276	1,084,880	6,229,146	6,190,323	7,354,422	7,275,203
Net assets						
Invested in capital assets, net of related debt	488,569	482,373	3,466,892	3,177,702	3,955,461	3,660,075
Restricted	291,727	336,691	605,265	669,876	896,992	1,006,567
Unrestricted	(207,696)	(199,434)	787,003	612,037	579,307	412,603
Total net assets	\$ 572,600	\$ 619,630	\$ 4,859,160	\$ 4,459,615	\$ 5,431,760	\$ 5,079,245

As of June 30, 2007, the City is able to report positive balances for the government as a whole, as well as for its business-type activities.

By far the largest portion of the City's net assets (72.8%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debts 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'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.

An additional portion of the City's net assets (16.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$579.3million) may be used to meet the government's ongoing obligations to citizens and creditors.

For business-type activities, the City reported a positive balance of \$787 million in unrestricted net assets and for governmental activities, the City reported a negative balance of \$207.7 million

in unrestricted net assets. However, the City also reported a positive balance of \$62.2 million in unreserved governmental fund balance at the end of the fiscal year. The unreserved fund balance represents the spendable resources available for governmental activities. The major contributing factors to the difference between unreserved fund balance and unreserved net assets are decreases in accounts receivable, operating losses in the internal service fund operations and increases in other long term liabilities.

In addition, governmental revenues increased by \$446.9 million compared to the year ended June 30, 2006. This overall increase in revenues is due to our change in year end. The majority of the tax revenue for the City is collected during the first six months of a fiscal year. With the change in fiscal year in 2006, the substantial portion of tax revenues for that period were collected during calendar year 2005.

The City's net assets increased by \$352.5 million (6.9%) during the current twelve month period. The majority of this increase is attributable to increases in sales tax revenues, investment income, and charges for services within both governmental and business type activities.

Table 2. City of Atlanta's Changes in Net Assets, Twelve Months Ended June 30, 2007 (in thousands)

	Governmental Activities		Business-type Activities		Total	
	12-Months Ended 30-Jun-07	6-Months Ended 30-Jun-06	12-Months Ended 30-Jun-07	6-Months Ended 30-Jun-06	12-Months Ended 30-Jun-07	6-Months Ended 30-Jun-06
Revenues						
Program revenues						
Charges for services	\$ 134,033	\$ 77,840	\$ 685,551	\$ 264,117	\$ 819,584	\$ 341,957
Operating grants and contributions	48,620	21,181	-	-	48,620	21,181
Capital grants and contributions	-	-	259,916	141,742	259,916	141,742
General revenues						
Property taxes	187,735	10,261	-	-	187,735	10,261
Other taxes	249,004	97,182	120,954	59,035	369,958	156,217
State formula aid	4,229	334	-	-	4,229	334
Investment Income	23,920	9,312	91,596	40,831	115,516	50,143
Other	26,822	11,398	-	-	26,822	11,398
Total revenues	674,363	227,508	1,158,017	505,725	1,832,380	733,233
Expenses:						
General government:	264,221	113,068	-	-	264,221	113,068
Police	222,490	97,514	-	-	222,490	97,514
Fire	86,775	35,715	-	-	86,775	35,715
Corrections	45,178	20,921	-	-	45,178	20,921
Public Works	47,707	45,231	-	-	47,707	45,231
Parks, Recreation and Cultural Affairs	20,387	10,768	-	-	20,387	10,768
Nondepartmental	-	-	-	-	-	-
Interest on long-term debt	40,949	19,546	-	-	40,949	19,546
Water and Wastewater System	-	-	334,754	140,848	334,754	140,848
Department of Aviation	-	-	354,505	126,399	354,505	126,399
Sanitation	-	-	49,740	24,298	49,740	24,298
Other	-	-	13,158	7,201	13,158	7,201
Total Expenses	727,707	342,763	752,158	298,746	1,479,865	641,509
Increase (decrease) in net assets before transfers	(53,344)	(115,255)	405,859	206,979	352,515	91,724
Transfers in(out)	6,314	(5)	(6,314)	5	-	-
Increases in net assets	(47,030)	(115,260)	399,545	206,984	352,515	91,724
Net Assets, Beginning of Period as restated	619,630	734,890	4,459,615	4,252,631	5,079,245	4,987,521
Net Assets, End of Period	\$ 572,600	\$ 619,630	\$ 4,859,160	\$ 4,459,615	\$ 5,431,760	\$ 5,079,245

The increase in governmental activities revenues is discussed above. A comparative analysis of expenses and program revenues is presented below.

Figure 1. Program Revenues Compared to Expenses, Twelve Months Ended June 30, 2007 (in thousands)

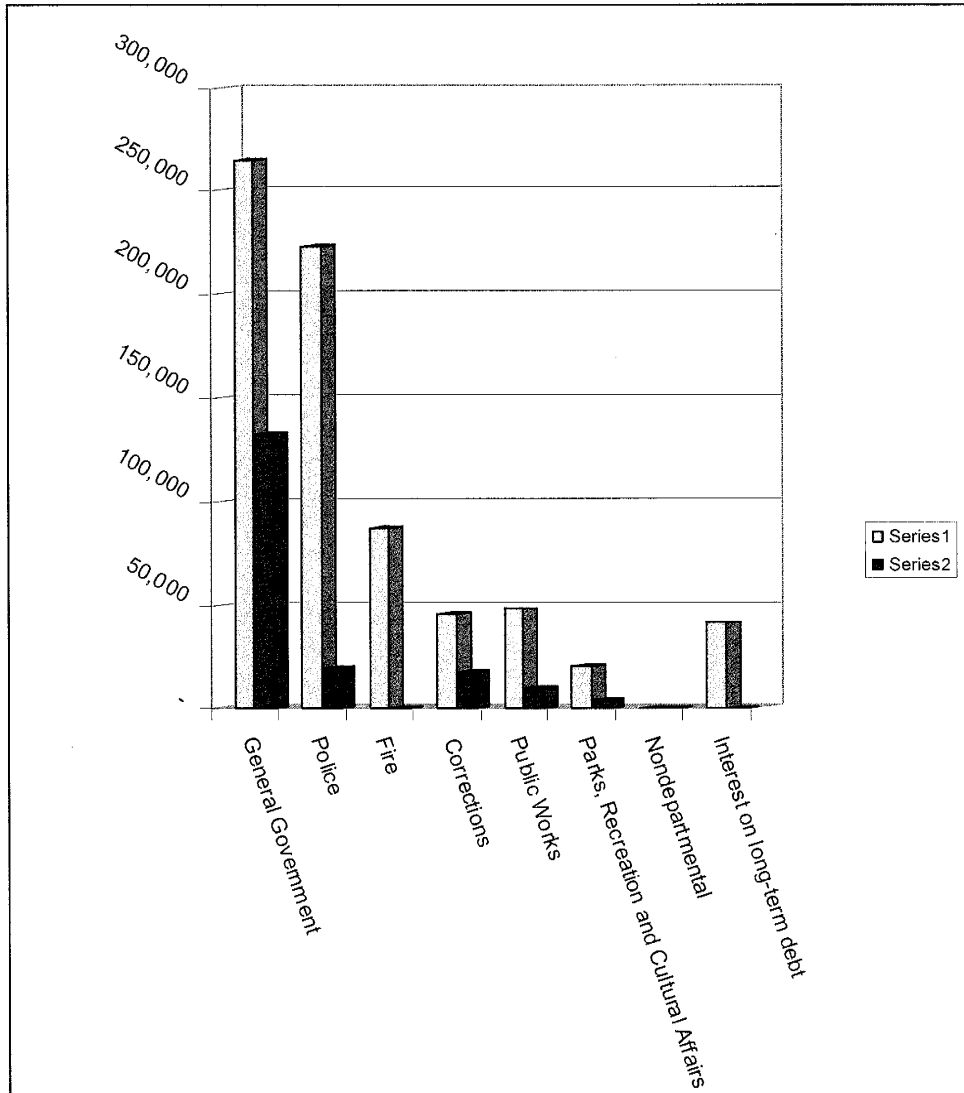
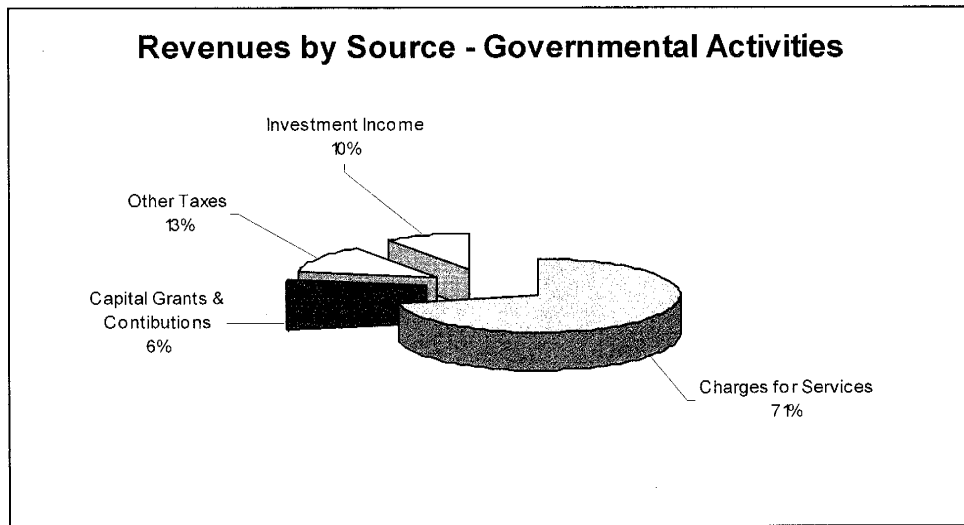


Figure 2. Program Revenues for Governmental Activities, Twelve Months Ended June 30, 2007 (in thousands)



Business-type activities. The net assets of the City’s business-type activities increased the City’s net assets by \$399.5 million, representing growth of 8.9% since June 30, 2006. This growth is attributable to the operations of the City’s airport and water and waste water systems. A comparative analysis and discussion of expenses and program revenues for these enterprise operations is presented below.

Figure 3. Expenses for Business-type Activities, Twelve Months Ended June 30, 2007 (in thousands)

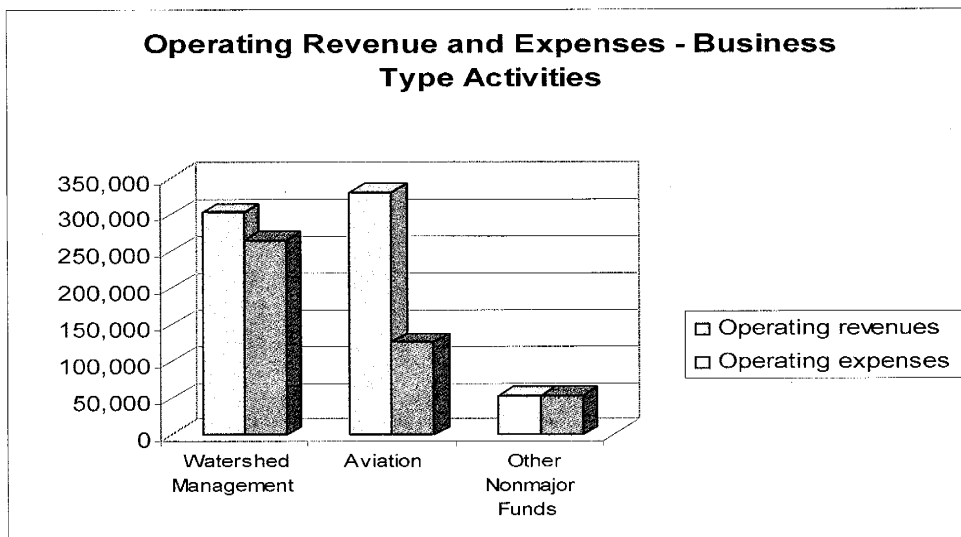
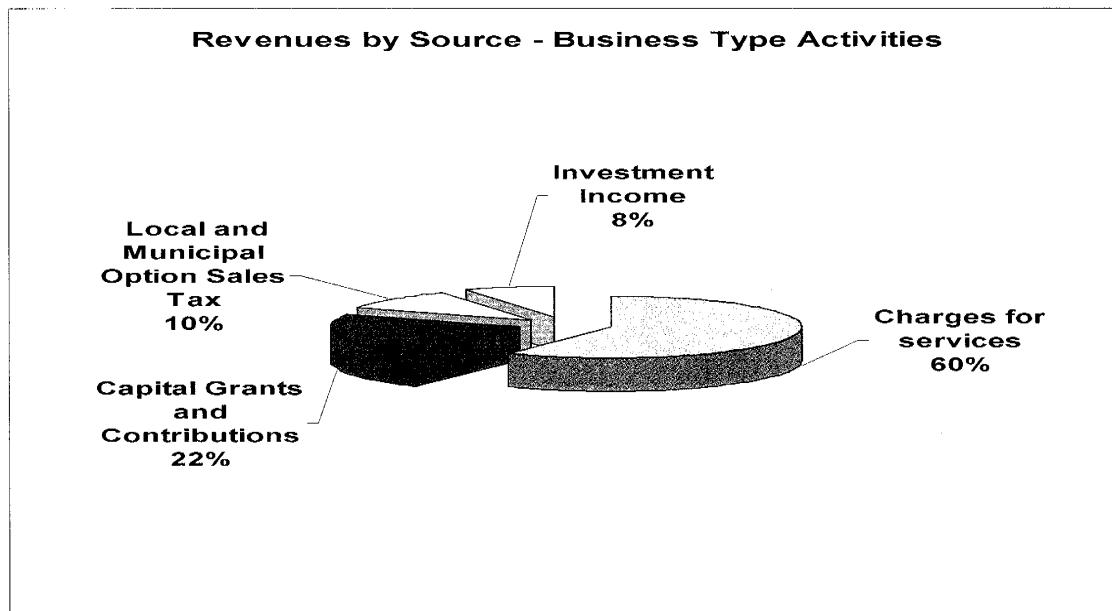


Figure 4. Program Revenues for Business-type Activities, Twelve Months Ended June 30, 2007 (in thousands)



Key elements of this increase in business-type activities are as follows:

Department of Watershed Management. For the Department of Watershed Management, net assets increased by \$117.5 million.

	<u>2007</u>	<u>2006</u>
REVENUES		
Total operating revenues	\$ 302,273	\$ 113,377
Non-operating revenues	136,995	76,467
Total revenues	<u>\$ 439,268</u>	<u>\$ 189,844</u>
EXPENSES		
Total operating expenses	\$ 264,848	\$ 96,345
Depreciation expenses	61,235	29,726
Non-operating expenses	26,850	14,635
Total expenses	<u>\$ 352,933</u>	<u>\$ 140,706</u>

The department's total revenue for the twelve month period ending June 30, 2007 was relatively flat compared to the six-month period in 2006. The department initiated a project to repair or replace all large meters throughout the water system in an effort to generate a more accurate reading for billing customers.

During the twelve month period ending June 30, 2007 total expenses increased in relation to the six – month period for 2006. The increase in total operating expenses for the twelve month period was mainly due to (1) filling of vacant positions, (2) increased utilities expenses and (3) increased consultant and professional expenses.

Department of Aviation. Total net assets for the twelve month period ended June 30, 2007 was \$3.5 billion, an increase of \$290.2 million since June 30, 2006. This increase is primarily due to a \$115.4 million or 1.72% increase in total assets and a decrease of \$174.8 million or 5.0% increase in total liabilities.

The restricted portion of the Airport's net assets represents bond reserve funds that are restricted under the bond ordinance, and Passenger Facility Charges (PFCs) restricted by Federal PFC regulations for the purposes authorized including the payment of future indebtedness. Also included are the Customer Facility Charges (CFCs) used to repay the Consolidated Car Rental Facility (CONRAC) bonds and related expenses.

Unrestricted net assets may be used to meet any of the Airport's ongoing capital and operating obligations. The balance in unrestricted assets at June 30, 2007 was \$461.2 million compared to \$329.8 million at June 30, 2006.

Table 4. Aviation Revenues and Expenses – Twelve Month Period Ended June 30, 2007 and Six Month Period Ended June 30, 2006 (in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES		
Operating revenues	\$ 330,228	\$ 147,221
Investment income	79,034	23,378
Other income	<u>186,162</u>	<u>138,204</u>
Total revenues	<u>\$ 595,424</u>	<u>\$ 308,803</u>
EXPENSES		
Operating expenses	\$ 126,052	\$ 62,526
Interest expenses	100,638	38,977
Other non-operating expenses	801	-
Depreciation and amortizations	87,573	26,317
Impairment losses	<u>-</u>	<u>8,500</u>
Total expenses	<u>\$ 315,064</u>	<u>\$ 136,320</u>

Total revenues consist of operating revenue and non-operating revenues. Operating revenues are diverse and consist primarily of inside concessions, parking, ground transportation, landing fees, terminal rentals, reimbursed operating expenses, and other revenues. Non-operating revenues consist of investment income and revenues from PFCs and CFCs. Total revenues for the year ended June 30, 2007 were \$595.4 million.

Total operating revenues for the period July through June 2007 were \$330.2 million. Parking, car rentals, and concessions accounted for 53.3% of this total, and a full year of increase in the public parking rate effective November 2005 was a major contributor to an increase in operating revenues and over 75% increase in landing fees due to the 1st full year of Runway 10/28 operations and increase passenger enplanement and deplanement.

Total non-operating revenues for the period under review were \$265.1 million. PFC revenue was \$163.3 million, 53.0% of the total non-operating revenue. CFC revenue for the twelve month period ended June 30, 2007 was \$22.9 million. Collection of CFC revenue became effective on October 1, 2005 and will be used to pay the debt issued to facilitate the construction of CONRAC and other related expenses.

Total expenses consist of operating, non-operating, depreciation, amortization, and impairment losses. Operating expenses consist of salaries and employee benefits, repairs, maintenance, contractual and general services, utilities, materials and supplies and other expenses. Non-operating expenses consist of interest on long term debt and other non-operating expenses. Total expenses for the twelve months ended June 30, 2007 were \$345.8 million.

Operating expenses for the period were \$126.1 million or 40.0% of total expenses. Salaries and benefits were \$69 million or 54.4% of operating expenses, while repairs, maintenance, and other contractual services were \$21.2 million or 16.8% of operating expenses. The remaining 28.5% of operating expenses consist of general services in the amount of \$11.4 million, utilities \$1.96 million, materials and supplies \$4.2 million, and other expenses of \$15.3 million.

Non-operating expenses for the period include interest on long term debt of \$100.6 million.

In addition, depreciation and amortization expenses totaled \$87.6 or 25.3% of total expenses. The loss in 2007 for impaired capital assets was an estimated \$8.5 million or 6.2% of total expenses (reported per GASB 42). The loss is associated with the Maynard Holbrook Jackson, Jr. International Terminal (MHJIT) project.

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'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'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 June 30, 2007, the City's governmental funds reported combined ending fund balances of \$356.5million. Of this amount, \$62.2 million constitutes *unreserved fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the period (\$24.4 million), 2) to fund ongoing programs (\$113.9 million), 3) to fund ongoing and future projects (\$115.8 million), 4) to pay debt service (\$40.1 million).

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 \$91.8 million, while total fund balance within the general fund reached \$94.4 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 17.7 % of total general fund expenditures, while total fund balance represents 19.2% of that same amount.

The debt service fund has a total fund balance of \$40.2 million, all of which is reserved for the payment of debt service. The net increase in fund balance for the debt service fund was \$3.6 million or 9.9%.

Proprietary funds. The statements of the City's proprietary funds provide the same type of information as in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Total 2007 general fund revenues on a non-GAAP budgetary basis were \$603.6 million, 10% more than the original budgetary revenue anticipations. Some of the excess is due to a conservative anticipation setting strategy in the budget process.

Expenditures, on a non-GAAP budgetary basis for 2007, were \$641.4 million. This represented an expenditure of 102 % of original budgeted appropriations and 97.6% of the final budgeted appropriations. Expenses exceeded budgeted appropriation due to additional expenditures related public safety.

Capital Asset and Debt Administration

Capital assets. The City of Atlanta's investment in capital assets (before reductions for debt service) for its governmental and business type activities as of June 30, 2007, amounts to \$8.6 billion, net of accumulated depreciation. This investment in capital assets includes land, buildings and systems, improvements, construction in progress, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City's investment in capital assets for the twelve month period ended June 30, 2007 was \$852 million or 11%.

Major capital asset events during the year ended June 30, 2007 included the following:

- Additions to construction in process totaled \$959.8million, primarily related to construction projects in the Departments of Aviation and Watershed Management and the construction of a new public safety facility.
- Infrastructure assets increased by \$30.2 million mainly due to Quality of Life bond funded activity.

Capital assets, net of depreciation, for the governmental and business-type activities are presented as follows:

	Governmental Activities		Business-type Activities		Total	
	12-Months Ended	6-Months Ended	12-Months Ended	6-Months Ended	12-Months Ended	6-Months Ended
	30-Jun-07	30-Jun-06	30-Jun-07	30-Jun-06	30-Jun-07	30-Jun-06
Land	\$ 108,906	\$ 78,198	\$ 1,048,642	\$ 1,038,998	\$ 1,157,548	\$ 1,117,196
Buildings and building improvements	263,045	267,185	2,540,130	2,417,604	2,803,175	2,684,789
Land improvements	11,308	10,554	1,182,068	1,217,426	1,193,376	1,227,980
Other property and equipment	59,982	51,532	58,578	58,617	118,560	110,149
Infrastructure	524,419	533,406	-	-	524,419	533,406
Construction in progress	212,889	180,086	2,576,388	1,881,266	2,789,277	2,061,352
Total	<u>\$ 1,180,549</u>	<u>\$ 1,120,961</u>	<u>\$ 7,405,806</u>	<u>\$ 6,613,911</u>	<u>\$ 8,586,355</u>	<u>\$ 7,734,872</u>

Additional information of the City's capital assets can be found in Note III.C in the Notes to the Financial Statements.

Long term debt. The City's long-term debt, including capital leases, decreased by \$54 million, which is less than one percent decrease during the current twelve month period. The key factors related to limited borrowing in fiscal year 2007 combined with normal debt service payments during the year. A summary of long term debt is presented below.

	Governmental Activities		Business-type Activities		Total	
	12-Months Ended	6-Months Ended	12-Months Ended	6-Months Ended	12-Months Ended	6-Months Ended
	30-Jun-07	30-Jun-06	30-Jun-07	30-Jun-06	30-Jun-07	30-Jun-06
General obligation and annual bonds	\$ 276,510	\$ 283,865	\$ -	\$ -	\$ 276,510	\$ 283,865
Premium on bonds	8,769	6,221	-	-	8,769	6,221
SWMA revenue refunding bonds	22,060	23,035	-	-	22,060	23,035
Limited obligation bonds	446,675	406,255	-	-	446,675	406,255
Discount on bonds	(1,658)	(1,581)	-	-	(1,658)	(1,581)
Section 108 loans	8,200	9,515	-	-	8,200	9,515
Certificates of participation	159,209	168,274	-	-	159,209	168,274
Water and Wastewater Revenue Bonds	-	-	2,518,555	2,542,765	2,518,555	2,542,765
Premium on bonds	-	-	37,402	38,388	37,402	38,388
GEFA notes payable	-	-	72,834	23,106	72,834	23,106
Airport Facilities Revenue Bonds	-	-	2,890,473	2,984,043	2,890,473	2,984,043
Issuance discount and refunding losses	-	-	(574)	(19)	(574)	(19)
Underground Atlanta	-	-	57,055	61,280	57,055	61,280
Capital Leases:						
General fund	4,499	5,835	-	-	4,499	5,835
Water and Wastewater System	-	-	17,721	19,614	17,721	19,614
Sanitation Fund	-	-	-	1,134	0	1,134
Total	<u>\$ 924,264</u>	<u>\$ 901,419</u>	<u>5,593,466</u>	<u>5,670,311</u>	<u>\$ 6,517,730</u>	<u>\$ 6,571,730</u>

The City's underlying ratings for its bond issuances at June 30, 2007 were as follows:

Table 7. City of Atlanta Bond Rating Fiscal 2007

CITY OF ATLANTA MUNICIPAL BOND RATINGS			
TYPE BONDS	MUNICIPAL CREDIT RATING		
	Moody's Investors Service	Standard & Poor's	Fitch
GENERAL OBLIGATIONS BONDS Underlying Rating	Aa3	AA-	
WATER AND WASTEWATER REVENUE BONDS Underlying Rating	Baa1	A	BBB+
HARTSFIELD-JACKSON ATLANTA INTERNATIONAL AIRPORT REVENUE BONDS Underlying Rating	A1	A+	A+

State statutes limit the amount of general obligation debt a governmental entity may issue to 8 % of its total assessed valuation. The current debt limitation for the City of Atlanta is \$2.4 billion, which is significantly in excess of the City of Atlanta's outstanding general obligation debt. See the Legal Debt Margin Information the Statistical Section of this report.

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

Economic Factors and Next Year's Budgets and Rates

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.

In 2008, Atlanta's economic outlook is expected to continue the positive trends and favorable performance observed in 2007. Unemployment has declined and inflation has held steady. The commercial rental market has shown indications of improvement. Hotel demand is rising due to increased business and leisure travel to Atlanta. However, mirroring national trends, Atlanta's economy will still be subject to the impact of rising gas prices.

Both property tax and sales taxes are expected to continue steady upward trends. In addition, revenue from business licenses and permits are expected to continue to grow in line with increased in town development activity. As the City continues in its efforts to fully capitalize on internet technology, full arrays of online payment options are available to our citizens and local businesses. Customers are now able to make payments for various taxes, water services, traffic fines as well as various permits directly on the City's website.

The Department of Watershed is currently installing a radio-based AMR system that will allow Atlanta's water meters to be read electronically. This technology permits the electronic collection and transmission of customer water usage data from water meters to billing office through the use of both fixed radio and mobile radio methods. The project will allow the Department to:

- (1) Increase revenue by replacing aged, under registering meters,
- (2) Reduce meter reading, billing and customer service operating expenses,
- (3) Prevent water loss by easily identifying leaks and other distribution system problems,
- (4) Detect meter malfunction, vandalism and tampering,
- (5) Ensure the accuracy of customer usage readings and billing, thereby enhancing customer service and restoring customer faith in the billing process.

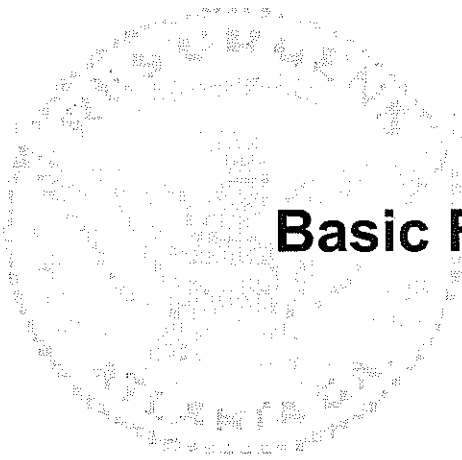
The City recently created a Strategic Planning Unit (SPU), dedicated to the enhancement of the City's ability to apply a long-range perspective to critical planning and funding decisions. The unit is organized around four key tasks:

- Articulate City's strategic objectives
- Apply a long-range perspective to City budgetary planning
- Align City funding choices with strategic objectives
- Monitor progress towards strategic objectives

The unit will be responsible for identifying and monitoring key internal and external impacts and trends that effect the City's fiscal outcome; translating key impacts into long-range forecasts of City operating needs, capital requirements and funding policy; and assessing fiscal and economic impact of major economic development proposals and projects.

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.



Basic Financial Section

CITY OF ATLANTA, GEORGIA

Statement of Net Assets

June 30, 2007

(In Thousands)

	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 66,903	\$ 24,512	\$ 91,415	\$ 14,901
Restricted cash	-	42,896	42,896	18,708
Investments in pooled investment fund	46,746	541,846	588,592	-
Investments	8,267	-	8,267	9,331
Receivables (net of allowances for uncollectable)	95,813	57,567	153,380	4,469
Due from other governments	15,508	72,958	88,466	300
Internal balances	(65,395)	65,395	-	-
Inventories	-	15,426	15,426	172
Other restricted assets	-	50,408	50,408	-
Prepaid expenses and other assets	-	1,473	1,473	266
Total current assets	167,842	872,481	1,040,323	48,147
Noncurrent assets:				
Restricted cash	-	-	-	114,760
Restricted investments	285,523	2,527,690	2,813,213	7,491
Capital assets:				
Land and construction in progress	321,795	3,625,030	3,946,825	39,650
Other capital assets, net of depreciation	334,335	3,780,776	4,115,111	236,625
Infrastructure, net of depreciation	524,419	-	524,419	-
Investments in joint venture	-	84,678	84,678	-
Investments in escrow	18,533	-	18,533	-
Other assets	45,429	197,651	243,080	49,088
Long-term receivable	-	-	-	4,282
Total noncurrent assets	1,530,034	10,215,825	11,745,859	451,896
Total Assets	1,697,876	11,088,305	12,786,181	500,043
LIABILITIES				
Current liabilities				
Accounts payable	91,417	17,162	108,579	9,568
Accrued expenses, vacations, and compensatory pay	24,891	16,197	41,088	4
Claims payable	11,806	2,811	14,617	-
Contract retentions	122	-	122	-
Due to other governments	5,218	31,280	36,498	-
Other liabilities	-	24,859	24,859	21,928
Unearned revenues	3,583	-	3,583	4,730
Notes payable	-	145,275	145,275	-
Liabilities payable from restricted assets	-	264,075	264,075	5,714
Current portion of long-term debt	34,802	89,087	123,889	15,634
Current portion of other liabilities	9,164	5,861	15,025	-
Current portion of capital leases	1,415	2,007	3,422	-
Total current liabilities	182,418	598,614	781,032	57,578
Noncurrent liabilities				
Noncurrent portion of long-term debt	886,621	5,486,658	6,373,279	386,597
Noncurrent portion of capital leases	3,084	15,714	18,798	-
Deferred revenue	-	6,140	6,140	-
Other long-term liabilities	53,153	122,020	175,173	-
Total non-current liabilities	942,858	5,630,532	6,573,390	386,597
Total Liabilities	1,125,276	6,229,146	7,354,422	444,175
NET ASSETS				
Invested in capital assets, net of related debt	488,569	3,466,892	3,955,461	46,135
Restricted for:				
Debt service	40,162	40,253	80,415	-
Programs	113,914	-	113,914	75,498
Capital projects	137,651	565,012	702,663	-
Unrestricted	(207,696)	787,003	579,307	(65,765)
Total Net Assets	\$ 572,600	\$ 4,859,160	\$ 5,431,760	\$ 55,868

The accompanying notes are an integral part of the statements.

CITY OF ATLANTA, GEORGIA
Statement of Activities
For the Year Ended June 30, 2007
(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	\$ 264,221	\$ 85,490	\$ 46,703	\$ -
Police	222,490	19,103	-	-
Fire	86,775	316	4	-
Corrections	45,178	17,430	-	-
Public Works	47,707	9,907	1	-
Parks, Recreation and Cultural Affairs	20,387	1,787	1,912	-
Interest on long-term debt	40,949	-	-	-
Total Governmental activities	<u>727,707</u>	<u>134,033</u>	<u>48,620</u>	<u>-</u>
Business-type activities:				
Watershed Management	334,754	302,273	-	31,228
Aviation	315,104	330,228	-	228,688
Sanitation	49,740	47,951	-	-
Parks and Recreational Facilities	1,033	522	-	-
Underground Atlanta	10,573	2,509	-	-
Civic Center	1,552	2,068	-	-
Total Business-type activities	<u>712,757</u>	<u>685,551</u>	<u>-</u>	<u>259,916</u>
Total Primary Government	<u>\$ 1,440,463</u>	<u>\$ 819,584</u>	<u>\$ 48,620</u>	<u>\$ 259,916</u>
Component Units -	<u>\$ 96,055</u>	<u>\$ 38,348</u>	<u>\$ 24,214</u>	<u>\$ -</u>

General revenues:

Taxes:

Property Taxes Levied for general purposes
Property Taxes Levied for debt service
Local and Municipal Option Sales Tax
Public Utility Franchise Taxes
Business Taxes

Federal and State aid not restricted for specific purposes

Investment income

Gain on sale of assets

Impairment loss

Other

Total General revenues

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning of period, as previously stated

Correction of prior year errors

Net assets - beginning of period, as restated

NET ASSETS - END OF PERIOD

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
\$ (132,028)		\$ (132,028)	
(203,387)		(203,387)	
(86,455)		(86,455)	
(27,748)		(27,748)	
(37,799)		(37,799)	
(16,688)		(16,688)	
(40,949)		(40,949)	
<u>(545,054)</u>		<u>(545,054)</u>	
	\$ (1,253)	(1,253)	
	243,812	243,812	
	(1,789)	(1,789)	
	(511)	(511)	
	(8,064)	(8,064)	
	516	516	
	<u>232,710</u>	<u>232,710</u>	
<u>(545,054)</u>	<u>232,710</u>	<u>(312,344)</u>	
			\$ (33,493)
125,999	-	125,999	-
61,736	-	61,736	-
111,978	120,954	232,932	1,047
39,364	-	39,364	-
97,662	-	97,662	-
4,229	-	4,229	-
23,920	91,596	115,516	6,134
6,978	-	6,978	-
-	(39,401)	(39,401)	-
19,844	-	19,844	5,774
491,710	173,149	664,859	12,955
6,314	(6,314)	-	-
498,024	166,835	664,859	12,955
(47,030)	399,545	352,515	(20,538)
619,630	4,459,615	5,079,245	46,406
-	-	-	-
619,630	4,459,615	5,079,245	46,406
<u>\$ 572,600</u>	<u>\$ 4,859,160</u>	<u>\$ 5,431,760</u>	<u>\$ 25,868</u>

CITY OF ATLANTA, GEORGIA

Balance Sheet
Governmental Funds
June 30, 2007
(In Thousands)

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 29	\$ -	\$ 54	\$ 66,696	\$ 66,779
Investments in pooled investment fund	3,193	-	-	43,553	46,746
Investments	-	-	-	8,267	8,267
Receivables:					
Taxes	9,003	-	1,973	603	11,579
Accounts	29,359	-	-	2,119	31,478
Other	-	-	-	354	354
Due from other governments	-	-	-	15,508	15,508
Due from other funds	177,936	20,696	4,127	5,175	207,934
Restricted investments	-	105,426	36,254	143,843	285,523
Investments in escrow	18,532	-	-	1	18,533
TOTAL ASSETS	\$ 238,052	\$ 126,122	\$ 42,408	\$ 286,119	\$ 692,701
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 23,220	\$ 17,435	\$ 1	\$ 16,673	\$ 57,329
Accrued liabilities, vacations, and compensatory pay	7,762	85	-	314	8,161
Contract retentions	-	-	-	122	122
Due to other governments	-	-	-	5,218	5,218
Due to other funds	104,645	44,439	516	102,438	252,038
Deferred revenue	8,003	-	1,729	3,583	13,315
Unearned Revenue	-	-	-	-	-
Total Liabilities	143,630	61,959	2,246	128,348	336,183
Fund Balances (Deficit):					
Reserved for:					
Encumbrances	2,614	8,841	-	13,002	24,457
Special programs	-	-	-	113,914	113,914
Capital improvements	-	64,862	-	50,946	115,808
Debt service	-	-	40,162	-	40,162
Unreserved:					
Undesignated, reported in:					
General fund	91,808	(9,540)	-	-	82,268
Special revenue funds	-	-	-	(20,091)	(20,091)
Total fund balances	94,422	64,163	40,162	157,771	356,518
TOTAL LIABILITIES AND FUND BALANCES	\$ 238,052	\$ 126,122	\$ 42,408	\$ 286,119	\$ 692,701

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
 June 30, 2007
 (In Thousands)

Total fund balances \$ 356,518

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:

	\$	11,461	
Accounts receivable			
Allowance for uncollectible receivables		(9,804)	1,657

Other liabilities are not recognized as current year revenues and, therefore, are classified as deferred in the above funds			9,732
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the above funds:

		321,795	
Land and construction in progress			
Cost of Capital Assets		2,367,519	
Less: Accumulated Depreciation		(1,508,765)	1,180,549

Other assets include amounts that used current financial resources at the fund level but will be offset against future revenues in the government-wide statements

Deferred costs			45,429
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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		(6,553)	(6,553)
--------------------------------------	--	---------	---------

Long-term liabilities, including capital leases, are not due and payable in the current period and therefore are not reported in the above funds.

		(276,510)	
General obligation and annual bonds			
SWMA revenue refunding bonds		(22,060)	
Limited obligation bonds		(446,675)	
Section 108 loans		(8,200)	
Capital Leases		(4,499)	
Certificates of participation		(159,209)	
Unamortized premiums (discounts) on bond issues		(8,769)	
Vacation pay		(25,051)	
Health, Dental and General claims payable		(41,320)	
Arbitrage rebate		(131)	
Workers' compensation		(22,308)	(1,014,732)

NET ASSETS OF GOVERNMENTAL ACTIVITIES		\$ 572,600	
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The accompanying notes are an integral part of the statements.

CITY OF ATLANTA, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2007
(In Thousands)

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 133,312	\$ -	\$ 28,561	\$ 33,175	\$ 195,048
Local option sales taxes	111,978	-	-	-	111,978
Public utility, alcoholic beverage and other taxes	135,769	-	2,153	-	137,922
Licenses and permits	76,915	-	-	-	76,915
Charges for current services	7,348	-	-	16,134	23,482
Fines, forfeitures and penalties	13,938	-	-	772	14,710
Investment income	4,331	5,191	2,035	11,911	23,468
Intergovernmental revenues and contributions:					
Federal revenues	-	-	-	28,784	28,784
State and local grants and contributions	4,229	-	-	19,836	24,065
Building rentals and concessions	18,926	-	-	-	18,926
Other	4,352	182	-	15,310	19,844
Total revenues	511,098	5,373	32,749	125,922	675,142
EXPENDITURES					
Current:					
General government:	150,627	46,012	518	93,725	290,882
Police	169,178	5,727	-	50,910	225,815
Fire	80,981	1,825	-	700	83,506
Corrections	43,054	139	-	1,263	44,456
Public Works	28,082	14,405	-	5,906	48,393
Parks, Recreation and Cultural Affairs	29,226	2,370	-	13,343	44,939
Debt Service:					
Principal payments	9,065	-	15,355	11,870	36,290
Interest payments	8,078	-	13,235	19,636	40,949
Bond issuance costs	-	984	11	1,001	1,996
Total Expenditures	518,291	71,462	29,119	198,354	817,226
Excess (deficiency) of revenues over expenditures	(7,193)	(66,089)	3,630	(72,432)	(142,084)
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	58,000	-	-	58,000
Premium on bonds sold	-	2,548	-	-	2,548
Discount on bonds sold	-	(77)	-	-	(77)
Proceeds from sale of assets	7,164	-	-	2,140	9,304
Transfers in (out)	(6,098)	22,384	-	2,994	19,280
Total Other Financing Sources (Uses)	1,066	82,855	-	5,134	89,055
Net change in fund balances	(6,127)	16,766	3,630	(67,298)	(53,029)
Fund Balance:					
Beginning of the period	100,549	47,397	36,532	225,069	409,547
FUND BALANCE, END OF PERIOD	\$ 94,422	\$ 64,163	\$ 40,162	\$ 157,771	\$ 356,518

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 June 30, 2007
 (In Thousands)

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

Net change in fund balance - total governmental funds		\$ (53,029)
Some revenues reported in the statement of activities are not available as current financial resources and, therefore are not reported as revenue in governmental funds.		
	Taxes revenues \$ (13,867)	
	Business License <u>(896)</u>	(14,763)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the above funds		
		6,554
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.		
	Capital Outlays 108,640	
	Disposal of assets (2,326)	
	Depreciation Expense <u>(46,726)</u>	59,588
Governmental funds report certain expenditures as applied against current financial resources that were recognized in previous year a expenses at the government-wide level related to general claims		
		-
The issuance of long-term debt (capitalized leases) provides current financial resources to governmental 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.		
	Proceeds from long-term debt	(60,471)
	Payments on long term debt	37,626
	Amortization of issuance costs, premiums and discounts	
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 revenues of these activities are reported as governmental funds for affected departments.		
		(13,200)
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.		
	Health, Dental and General claims payable (6,579)	
	Compensated absences (3,442)	
	Long-term workers' compensation <u>686</u>	<u>(9,335)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ (47,030)</u>

The accompanying notes are an integral part of the statements.

CITY OF ATLANTA, GEORGIA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property taxes	\$ 143,508	\$ 147,560	\$ 147,560	\$ -
Sales, public utility, alcoholic beverage, and other taxes	217,635	224,649	224,649	-
Licenses and permits	61,719	75,686	75,686	-
Intergovernmental revenues:				
State and local grants and contributions	-	-	-	-
Charges for services:				
Recreation fees and other	60,142	51,145	51,145	-
Fines, forfeitures, and penalties	15,675	9,934	9,934	-
Revenues from use of money and property:				
Investment income	1,742	3,780	3,780	-
Building rentals and concessions	8,524	18,815	18,815	-
Other income	39,722	72,089	72,089	-
Total revenues	<u>548,667</u>	<u>603,658</u>	<u>603,658</u>	<u>-</u>

CITY OF ATLANTA, GEORGIA

General Fund

**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007
(In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Current:				
General government:				
Executive offices	\$ 16,407	\$ 15,713	\$ 15,713	\$ -
Personnel and human resources	4,814	4,930	4,930	-
City council	8,544	5,878	5,878	-
Courts and judicial agencies	19,879	28,387	24,444	3,943
Finance	12,327	15,556	15,578	(22)
Planning and community development	17,362	15,896	15,896	-
Law	7,191	7,178	7,178	-
Procurement	1,851	2,390	2,390	-
Total general government	<u>88,375</u>	<u>95,928</u>	<u>92,007</u>	<u>3,921</u>
Public safety:				
Police	138,188	172,018	172,046	(28)
Fire	63,530	78,450	78,450	-
Corrections	38,482	42,902	42,902	-
Total public safety	<u>240,200</u>	<u>293,370</u>	<u>293,398</u>	<u>(28)</u>
Public works	61,981	72,596	72,624	(28)
Parks, recreation, and cultural affairs	28,506	29,413	29,413	-
Nondepartmental expenditures	186,240	136,841	136,843	(2)
Debt service fund:				
Bond principal payments	16,386	16,386	9,065	7,321
Interest on bonds	12,204	12,204	8,078	4,126
Total debt service	<u>28,590</u>	<u>28,590</u>	<u>17,143</u>	<u>11,447</u>
Total expenditures	<u>633,892</u>	<u>656,738</u>	<u>641,428</u>	<u>15,310</u>
Excess of revenues over expenditures (under) expenditures	(85,225)	(53,080)	(37,770)	15,310
OTHER FINANCING SOURCES (USES):				
Proceeds from general long-term debt				
Transfers in	-	-	(6,098)	(6,098)
Transfers out	-	-	-	-
Total other financial sources and uses	<u>-</u>	<u>-</u>	<u>(6,098)</u>	<u>(6,098)</u>
Excess of revenues and other sources over expenditures and other uses	<u>(85,225)</u>	<u>(53,080)</u>	<u>(43,868)</u>	<u>\$ 9,212</u>
Reconciliation to GAAP basis:				
To record effect of net changes in unrecorded assets	-	-	50,600	
To record effect of net changes in unrecorded liabilities	-	-	(12,859)	
Excess (deficiency) of revenues over (under) expenditures - GAAP basis	(85,225)	(53,080)	(6,127)	
Fund balance, beginning of period				
Beginning of the period	<u>(62,629)</u>	<u>(54,023)</u>	<u>100,549</u>	
End of period	<u>\$ (147,854)</u>	<u>\$ (107,103)</u>	<u>\$ 94,422</u>	

The accompanying notes are an integral part of the statements

CITY OF ATLANTA, GEORGIA

Statement of Net Assets
Proprietary Funds
June 30, 2007
(In Thousands)

	Business Activities - Enterprise Funds			Total	Governmental
	Department of Watershed Management	Department of Aviation	Other Nonmajor Funds		Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 11,125	\$ 13,385	\$ 2	\$ 24,512	\$ 124
Restricted cash	4,970	37,926	-	42,896	-
Investments in pooled investment fund	100,795	440,055	996	541,846	-
Receivables:					
Accounts	68,939	11,997	7,625	88,561	-
Less allowance for doubtful accounts	(47,114)	(2,900)	(3,812)	(53,826)	-
Taxes	19,584	-	-	19,584	-
Interest	3,248	-	-	3,248	-
Total receivables	<u>44,657</u>	<u>9,097</u>	<u>3,813</u>	<u>57,567</u>	<u>-</u>
Due from other governments	72,958	-	-	72,958	-
Due from other funds	194,822	321,442	65	516,329	945
Inventories	14,013	1,413	-	15,426	-
Prepaid expenses	-	1,473	-	1,473	-
Restricted assets	18,903	31,505	-	50,408	-
Total current assets	<u>462,243</u>	<u>856,296</u>	<u>4,876</u>	<u>1,323,415</u>	<u>1,069</u>
Noncurrent assets:					
Restricted Investments	792,556	1,735,134	-	2,527,690	-
Capital assets:					
Land	105,012	558,109	23,023	686,144	136
Land purchased for noise abatement	-	362,498	-	362,498	-
Construction in progress	1,060,062	1,516,326	-	2,576,388	-
Land improvements	-	1,949,903	-	1,949,903	-
Buildings and other structures	3,072,008	968,443	75,644	4,116,095	5,492
Other property and equipment	106,139	85,815	45,818	237,772	21,984
Less accumulated depreciation	(1,177,867)	(1,258,182)	(86,945)	(2,522,994)	(25,335)
Capital assets, net	<u>3,165,354</u>	<u>4,182,912</u>	<u>57,540</u>	<u>7,405,806</u>	<u>2,277</u>
Investment in joint venture	84,678	-	-	84,678	-
Other assets	53,640	135,760	8,251	197,651	-
Total noncurrent assets	<u>4,096,228</u>	<u>6,053,806</u>	<u>65,791</u>	<u>10,215,825</u>	<u>2,277</u>
Total Assets	<u>\$ 4,558,471</u>	<u>\$ 6,910,102</u>	<u>\$ 70,667</u>	<u>\$ 11,539,240</u>	<u>\$ 3,346</u>

The accompanying notes are an integral part of the statements.

	Business Activities - Enterprise Funds			Total	Governmental
	Department of Watershed Management	Department of Aviation	Other Nonmajor Funds		Internal Service Fund
LIABILITIES					
Liabilities:					
Current liabilities					
Accounts payable	\$ 14,949	\$ 719	\$ 1,494	\$ 17,162	\$ 4,229
Accrued expenses, vacations, and compensatory pay	8,185	7,283	729	16,197	2,043
Claims payable	2,478	333	-	2,811	-
Due to other governments	31,280	-	-	31,280	-
Deposits and advance	2,470	-	-	2,470	-
Due to other funds	88,351	321,418	44,693	454,462	1,350
Other liabilities	22,389	-	-	22,389	-
Current maturities of long-term debt	1,471	-	4,445	5,916	-
Current maturities of capital leases	2,007	-	-	2,007	-
Current portion of other liabilities	1,661	186	4,014	5,861	-
	<u>175,241</u>	<u>329,939</u>	<u>55,375</u>	<u>560,555</u>	<u>7,622</u>
Current liabilities payable from restricted assets:					
Accounts payable	78,626	72,412	-	151,038	-
Accrued interest payable	21,556	54,631	-	76,187	-
Contract retention	18,899	16,167	-	35,066	-
Current maturities of long-term debt	25,175	57,996	-	83,171	-
Commercial Paper notes payable	123,400	21,875	-	145,275	-
Deposits and advances	-	1,784	-	1,784	-
	<u>267,656</u>	<u>224,865</u>	<u>-</u>	<u>492,521</u>	<u>-</u>
Total current liabilities payable from restricted assets	<u>267,656</u>	<u>224,865</u>	<u>-</u>	<u>492,521</u>	<u>-</u>
Total current liabilities	<u>442,897</u>	<u>554,804</u>	<u>55,375</u>	<u>1,053,076</u>	<u>7,622</u>
Noncurrent liabilities					
Long-term debt, excluding current maturities	2,602,145	2,831,903	52,610	5,486,658	-
Capital lease obligations, excluding current maturities	15,714	-	-	15,714	-
Deferred revenue	6,140	-	-	6,140	-
Contract retention, excluding current portion	10,872	11,170	-	22,042	-
Arbitrage rebate liability	7,348	303	-	7,651	-
Accrued workers' compensation	6,645	763	7,945	15,353	-
Claims payable	34,524	13,848	-	48,372	-
Landfill postclosure costs	-	-	28,602	28,602	-
Total noncurrent liabilities	<u>2,683,388</u>	<u>2,857,987</u>	<u>89,157</u>	<u>5,630,532</u>	<u>-</u>
Total Liabilities	<u>3,126,285</u>	<u>3,412,791</u>	<u>144,532</u>	<u>6,683,608</u>	<u>7,622</u>
NET ASSETS (Deficit)					
Invested in capital assets, net of related debt	1,031,119	2,430,843	4,930	3,466,892	2,277
Restricted for:					
Debt service and Capital projects	-	605,265	-	605,265	-
Unrestricted	401,067	461,203	(78,795)	783,475	(6,553)
Total net assets (deficit)	<u>\$ 1,432,186</u>	<u>\$ 3,497,311</u>	<u>\$ (73,865)</u>	<u>\$ 4,855,632</u>	<u>\$ (4,276)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>3,528</u>	
				<u>\$ 4,859,160</u>	

CITY OF ATLANTA, GEORGIA
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2007
(In Thousands)

	Business Activities - Enterprise Funds			Total	Governmental Activities
	Department of Watershed Management	Department of Aviation	Other Nonmajor Funds		Internal Service Fund
Operating revenues:					
Charges for services	\$ 290,107	\$ 178,503	\$ 46,383	\$ 514,993	\$ 144,749
Rentals, admissions and concessions	-	123,244	6,667	129,911	438
Other	12,166	28,481	-	40,647	-
Total operating revenues	<u>302,273</u>	<u>330,228</u>	<u>53,050</u>	<u>685,551</u>	<u>145,187</u>
Operating expenses:					
Salaries and employee benefits	88,002	68,958	22,704	179,664	119,555
Utilities	20,160	5,115	614	25,889	594
Supplies and materials	18,307	4,161	635	23,103	12,273
Repairs, maintenance and other contractual services	27,214	21,180	2,080	50,474	4,670
Motor equipment services	5,556	-	7,230	12,786	-
Engineering and consultant fees	56,203	-	12,288	68,491	1,989
General services	35,805	11,348	6,874	54,027	6,367
Programs services and other costs	13,601	15,290	12	28,903	334
Total operating expenses	<u>264,848</u>	<u>126,052</u>	<u>52,437</u>	<u>443,337</u>	<u>145,782</u>
Operating income (loss) before depreciation and amortization	37,425	204,176	613	242,214	(595)
Depreciation and amortization	61,235	87,573	6,605	155,413	523
Operating income (loss)	(23,810)	116,603	(5,992)	86,801	(1,118)
Non-operating revenues (expenses):					
Sales tax revenue	120,954	-	-	120,954	-
Investment income	12,488	79,034	74	91,596	452
Interest expense	(12,150)	(100,638)	(3,726)	(116,514)	(91)
Passenger facility charges	-	163,275	-	163,275	-
Customer facility charges	-	22,887	-	22,887	-
Other revenue (expenses)	3,553	(801)	-	2,752	-
Capital contributions	31,228	42,526	-	73,754	-
Impairment losses	-	(39,401)	-	(39,401)	-
Total nonoperating revenues (expenses)	<u>156,073</u>	<u>166,882</u>	<u>(3,652)</u>	<u>319,303</u>	<u>361</u>
Income (loss) before capital contributions and impairment losses	132,263	283,485	(9,644)	406,104	(757)
Transfers in	-	-	8,386	8,386	-
Transfers out	(14,700)	-	-	(14,700)	(12,966)
Changes in net assets	117,563	283,485	(1,258)	399,790	(13,723)
Net Assets (Deficit), beginning of period	<u>1,314,623</u>	<u>3,213,826</u>	<u>(72,607)</u>	<u>4,455,842</u>	<u>9,447</u>
Net Assets (Deficit), end of period	<u>\$ 1,432,186</u>	<u>\$ 3,497,311</u>	<u>\$ (73,865)</u>	<u>\$ 4,855,632</u>	<u>\$ (4,276)</u>
			Change in net assets	399,790	
			Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds	(5,124)	
			Change in net assets of business-type activities	<u>\$ 394,666</u>	

The accompanying notes are an integral part of the statements.

CITY OF ATLANTA, GEORGIA

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2007

(In Thousands)

	Business Activities - Enterprise Funds			Total	Governmental
	Department of Watershed Management	Department of Aviation	Other Nonmajor Funds		Internal Service Fund
Cash flow from operating activities					
Cash received from user charges	\$ 249,196	\$ 323,339	\$ 16,874	\$ 589,409	\$ 144,585
Cash payments to employees for services	(88,503)	(55,400)	(23,625)	(167,528)	(119,287)
Cash payments to suppliers for goods and services	(107,265)	(69,047)	(34,990)	(211,302)	(27,083)
Net cash provided by (used in) operating activities	53,428	198,892	(41,741)	210,579	(1,785)
Cash flows from noncapital financing activities					
Cash advanced to other funds	(96,791)	-	-	(96,791)	-
Transfers in	-	-	8,386	8,386	-
Transfers out	(14,700)	-	-	(14,700)	(12,966)
	(111,491)	-	8,386	(103,105)	(12,966)
Cash flows from capital and related financing activities					
Capital contributions	31,228	42,430	-	73,658	-
Proceeds from Municipal Option Sales Tax	120,591	-	-	120,591	-
Principal repayments of long-term debts	(26,697)	(94,125)	(5,793)	(126,615)	-
Acquisition, construction and improvements of capital assets	(389,055)	(470,266)	(1,426)	(860,747)	(1,350)
Passenger and customer facility charges	-	177,587	-	177,587	-
Accounts payable from restricted assets	-	(17,797)	-	(17,797)	-
Proceeds from bond/note issuances	144,125	-	-	144,125	-
Interest paid on revenue bonds	(134,932)	(151,221)	(3,726)	(289,879)	(91)
Net cash provided by (used in) capital and related financing activities	(254,740)	(513,392)	(10,945)	(779,077)	(1,441)
Cash flows from investing activities					
Interest on investments	49,200	97,022	74	146,296	452
Purchases and sales of nonpooled investments, net	176,633	294,822	-	471,455	-
Net change in investment in pooled funds	55,887	(107,069)	43,285	(7,897)	15,772
Net cash provided by (used in) investing activities	281,720	284,775	43,359	609,854	16,224
Net change in cash and cash equivalents	(31,083)	(29,725)	(941)	(61,749)	32
Cash and cash equivalents, beginning of period	47,178	81,036	943	129,157	92
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 16,095	\$ 51,311	\$ 2	\$ 67,408	\$ 124

Continued

CITY OF ATLANTA, GEORGIA

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2007
(In Thousands)

	Business Activities - Enterprise Funds			Governmental	
	Department of Watershed Management	Department of Aviation	Other Nonmajor Funds	Internal Service Fund	
			Total		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (23,810)	\$ 116,603	\$ (5,992)	\$ 86,801	\$ (1,118)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	61,235	87,573	6,605	155,413	523
Changes in assets and liabilities					
Receivables - net of allowance	5,469	(5,802)	2,699	2,366	-
Inventories	(1,233)	(35)	-	(1,268)	-
Due from other funds	(20,768)	-	-	(20,768)	(184)
Prepaid expenses and other assets	-	1,698	-	1,698	-
Due (from) other governmental units, net	(29,018)	-	-	(29,018)	-
Investment in Joint Venture	(3,719)	-	-	(3,719)	-
Accounts payable and accrued expenses	(7,481)	(169)	(4,081)	(11,731)	(588)
Other Liabilities	-	(976)	-	(976)	-
Claims payable	23,656	-	-	23,656	-
Deposits and advances	1,301	-	-	1,301	-
Due to other funds	47,796	-	(40,972)	6,824	(418)
Net cash provided by (used in) operating activities	\$ 53,428	\$ 198,892	\$ (41,741)	\$ 210,579	\$ (1,785)
Supplemental schedule of non-cash financing activities:					
Appreciation of capital appreciation bonds	\$ -	\$ 4,517	\$ -	\$ 4,517	\$ -

The accompanying notes are an integral part of the statements.

CITY OF ATLANTA, GEORGIA

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2007

(In Thousands)

ASSETS

	Pension Trust Funds	Agency Fund
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 152,369	\$ 201
Investments in pooled investment fund	-	46,914
Investments:		
Equities	1,054,899	571
U. S. government and agency obligations	572,786	-
Corporate bonds	149,942	-
Other	<u>24,579</u>	<u>-</u>
Total Investments	<u>1,802,206</u>	<u>571</u>
Securities lending collateral investment pool	329,368	-
Due from brokers for securities sold	13,497	-
Other receivables	30,318	-
Due from other funds	<u>33,387</u>	<u>-</u>
Total Assets	<u>\$ 2,361,145</u>	<u>\$ 47,686</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 6,637	\$ 47,686
Other liabilities	40,849	-
Due to other funds	50,745	-
Liability for securities lending agreement	<u>329,368</u>	<u>-</u>
Total Liabilities	427,599	47,686
Net Assets		
Held in Trust for Pension Benefits		
(See Schedule of Funding Progress on page 101)	<u>1,933,547</u>	<u>-</u>
Total Net Assets	<u>\$ 1,933,547</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 June 30, 2007
(In Thousands)

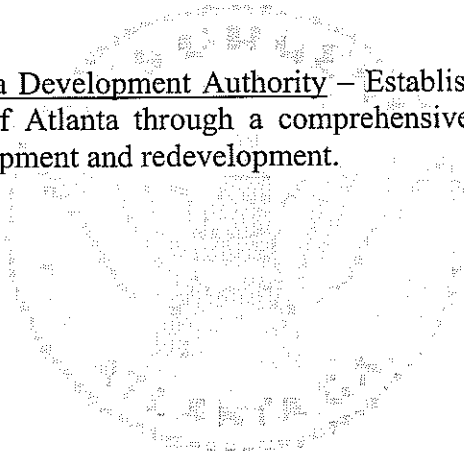
	Pension Trust Funds
Additions	
Employer contributions	\$ 139,437
Employee contributions	29,167
Refunds and other	822
Investment income:	
Net change in	
fair value of investments	124,174
Investment income	64,243
Securities lending income	359
Less: Investment expenses	(4,622)
Net investment loss	184,154
Total Additions	353,580
Deductions	
Benefit payments	125,966
Refunds	2,033
Administrative expenses	1,524
Total Deductions	129,523
Change in Net Assets	224,057
Net Assets Held in Trust for Pension Benefits:	
Beginning of Period	1,709,490
End of Period	\$ 1,933,547

The accompanying notes are an integral part of the statements.

Component Units

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

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.



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CITY OF ATLANTA, GEORGIA
Component Units

Statement of Net Assets
June 30, 2007
(In Thousands)

	Atlanta Fulton County Recreation Authority	Atlanta Development Authority	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,706	\$ 13,195	\$ 14,901
Restricted cash	-	18,708	18,708
Short-term investments	1,804	7,527	9,331
Receivables:			
Accounts	224	-	224
Pledges	2,750	-	2,750
Notes receivable	-	-	-
Other receivable	4	1,491	1,495
Total receivables	2,978	1,491	4,469
Due from other governmental units and agencies	-	300	300
Inventories	172	-	172
Prepaid expenses and other assets	137	129	266
Total current assets	6,797	41,350	48,147
Restricted assets:			
Cash and cash equivalents	114,760	-	114,760
Investments	-	7,491	7,491
Mortgage loans receivable	-	4,282	4,282
Bond issues costs and discounts	3,481	8,155	11,636
Other restricted assets	-	37,452	37,452
Total restricted assets	118,241	57,380	175,621
Property and equipment - at cost:			
Land	23,204	7,088	30,292
Construction-in-progress	107	9,251	9,358
Land improvements	927	3,271	4,198
Buildings and improvements	280,042	38,412	318,454
Other property and equipment	24,438	2,631	27,069
	328,718	60,653	389,371
Less accumulated depreciation	(105,589)	(7,507)	(113,096)
Property and equipment, net	223,129	53,146	276,275
Total assets	\$ 348,167	\$ 151,876	\$ 500,043

The accompanying notes are an integral part of the statements.

	Atlanta Fulton County Recreation Authority	Atlanta Development Authority	Totals
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 5,574	\$ 3,994	\$ 9,568
Accrued interest payable	4	-	4
Notes and loans payable	955	-	955
Other liabilities	<u>19,611</u>	<u>1,362</u>	<u>20,973</u>
Total current liabilities	<u>26,144</u>	<u>5,356</u>	<u>31,500</u>
Liabilities Payable from Restricted Assets:			
Current maturities of long-term debt	7,227	8,407	15,634
Accrued interest payable	-	3,943	3,943
Other liabilities	1,771	-	1,771
Deferred revenues	<u>156</u>	<u>4,574</u>	<u>4,730</u>
Total liabilities payable from restricted assets	<u>35,298</u>	<u>22,280</u>	<u>26,078</u>
Long-Term Liabilities:			
Long-term debt, excluding current maturities	262,591	124,006	386,597
Other liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>297,889</u>	<u>146,286</u>	<u>412,675</u>
NET ASSETS			
Investment in capital assets, net of related debt	56,667	(10,532)	46,135
Restricted for grant programs	65,351	10,147	75,498
Unrestricted	<u>(71,740)</u>	<u>5,975</u>	<u>(65,765)</u>
Total net assets	<u>\$ 50,278</u>	<u>\$ 5,590</u>	<u>\$ 55,868</u>

CITY OF ATLANTA, GEORGIA
Component Units

Statement of Activities
For the Year Ended June 30, 2007
(In Thousands)

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Business-type Activities		
					Atlanta Fulton County Recreation Authority	Atlanta Development Authority	TOTALS
Business-type activities							
Atlanta Fulton County Recreation Authority	\$ 57,553	\$ 26,948	\$ 13,370	\$ -	\$ (17,235)	\$ -	\$ (17,235)
Atlanta Development Authority	38,502	11,400	10,844	-	-	(16,258)	(16,258)
Total Business-type activities	96,055	38,348	24,214	-	(17,235)	(16,258)	(33,493)
Total Component Units	\$ 96,055	\$ 38,348	\$ 24,214	\$ -	(17,235)	(16,258)	(33,493)

General revenues:	
Other taxes	1,047
Investment income	6,134
Special item - parking deck option proceeds	30,000
Other	8
Total General revenues	37,189
Change in net assets	19,954
Net assets - beginning of period, as previously reported	30,324
NET ASSETS - END OF PERIOD	\$ 50,278

	1,047	-	1,047
	6,134	-	6,134
	30,000	-	30,000
	8	5,766	5,774
	37,189	5,766	42,955
	19,954	(10,492)	9,462
	30,324	16,082	46,406
	\$ 50,278	\$ 5,590	\$ 55,868

The accompanying notes are an integral part of the statements.



Notes to Financial Statements

CITY OF ATLANTA, GEORGIA

Notes to Financial Statements

Year ended June 30, 2007

I. 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 herein.

A. Reporting Entity

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 component units have a June 30 year end. All discretely presented component units have a December 31 year end with the exception of the Atlanta Development Authority, which changed to a June 30 fiscal year end.

Blended Component Units

The Urban Design Commission ("UDC") and 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 a 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. UDC did not have any financial activity during the year ended June 30, 2007. 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.

AEZC- The Atlanta Empowerment Zone Corporation (EZ) was established and incorporated in 1996 to oversee, implement, administer, and monitor the strategic plan for the Empowerment Zone program.

Notes to the Financial Statements - Continued

A. Reporting Entity, continued

In December 2001 the City completed an application to become a Renewal Community (RC), and in January 2002; the Department of Housing and Urban Development (HUD) awarded the City the Renewal Community status. As a result of the City being designated a Renewal Community, the City's designation as an Empowerment Zone was terminated. At the time of the RC designation, the City's EZ program had an estimate of \$53 million of unspent grant funds. The City petitioned the U.S. Department of Health and Human Services (HHS) Office of Community Service (OCS) for permission to continue the use of the EZ Social Service Block Grant Title XX funds and the request was granted until December 31, 2009.

The RC statute required the City of Atlanta to form a coordinating responsible authority (CoRA) to develop, submit and implement the strategic plan or course of action that met the RC Statute. The City formed an independent non-profit Georgia corporation (Atlanta CoRA, Inc) and a cooperative agreement transferring the responsibility of administering the remaining \$53 million EZ funds was executed between the Atlanta CoRA, Inc (ACoRA) Board and the City.

As of June 30, 2007, financial statements of the ACoRA are reported as a blended component unit of the City.

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 Development Authority ("ADA"), and Keep Atlanta Beautiful ("KAB"). They are reported in a separate column to emphasize that they are legally separate from the City. The Recreation Authority is accounted for as a proprietary fund type. ADA has both governmental and business-type activities which are accounted for as such. KAB is accounted for as a governmental fund type in the fund-level financial statements.

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 Atlanta Fulton County Recreation Authority, 755 Hank Aaron Drive, Atlanta, Georgia 30315.

The City and Fulton County (the "County"), by contractual agreement with the Recreation Authority will 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 2007 that required funding by the City or County.

Notes to the Financial Statements - Continued

A. Reporting Entity, continued

The financial statements of the Recreation Authority consolidate the operations of the Zoo with its operations of the Stadium and Arena.

ADA - ADA was created effective January 1, 1997, to promote the revitalization and growth of the City through a comprehensive and centralized program focusing on community development and redevelopment. It combined 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 obtained from the Atlanta Development Authority, 86 Pryor St. S.W., Suite 300, Atlanta, Georgia 30303.

KAB - KAB, which is legally separate from the City, was established to provide and oversee a strategic plan for keeping the City of Atlanta clean. KAB 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 KAB. The KAB did not have any financial activity during 2007.

Joint Venture

The Atlanta-Fulton County Water Resource Commission (the "Commission") is a joint venture between Fulton County (the "County") and the City for the construction and operation of a water treatment plant accounted for under the equity method of accounting. The Commission is governed by a seven-member management commission, three members are appointed by the City, three by the County, and one independent member is elected by majority vote of the other members. The City and County also approve the annual budget of the Commission.

Under the terms of the amended Joint Venture Agreement, the City and the County share equally the costs of all capital expenditures. Capital contributions are recorded during the year in which the additions to capital assets are accrued, whether paid or recorded as a liability, including retainage. The City and the County each contributed \$5,415,000 during the year ended June 30, 2007. These capital costs are reflected as Investment in the Joint Venture.

The costs 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 cost of operations, net of personnel costs paid by the City. The costs of operations, 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 operating costs was \$2,885,000 for the year ended June 30, 2007. The costs are reflected in operating costs.

Notes to the Financial Statements - Continued

A. Reporting Entity, continued

Financial information for the Commission as summarized below is as of and for the year ended December 31, 2006 (in thousands):

Total assets (net property, plant, and equipment)	<u>\$180,681</u>
Total fund net assets	<u>\$165,716</u>
Total operating revenue	<u>\$ 6,637</u>
Total operating expenses	<u>\$ 9,863</u>
Net loss	<u>\$ (3,391)</u>

The separate financial statements of the Commission may be obtained from the Commission at 9750 Spruill Rd., Alpharetta, Georgia 30022.

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 fiscal year ended June 30, 2007, the City paid approximately \$336,925 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.

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.

B. 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. City activities are reported separately from certain legally separate component units for which the City is financially accountable.

Notes to the Financial Statements - Continued

B. Government-Wide and Fund Financial Statements, continued

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.

C. 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. Agency funds, as part of fiduciary funds, while on the accrual basis do not have a measurement focus since they do not report equity.

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 60 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.

Notes to the Financial Statements - Continued

C. Measurement Focus and Basis of Accounting, continued

The City reports the following major governmental funds:

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.

The *Capital Projects Fund (Annual Bond Fund only)* is used to account for capital project activities 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 Independent School System.

The *Debt Service 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 tax allocation districts funds and 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.

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:

The *Department of Watershed Management 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.

The *Department of Aviation Fund* accounts for the activities of the William B. Hartsfield – Maynard H. Jackson Atlanta International Airport.

Additionally, the City reports the following fund types:

Internal Service Funds account for the activities of the Department of Information Technology and Motor Transport Services, 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.

Notes to the Financial Statements, Continued

C. Measurement Focus and Basis of Accounting, continued

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.

Fiduciary Fund Types

The *trust 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 members of the Plans and their beneficiaries.

The *Agency Fund* accounts for various taxes, bond deposits and other receipts held in escrow for individuals, outside organizations, other governments and/or other funds.

Notes to the Financial Statements, Continued

D. Assets, Liabilities and Net Assets or Equity

1. Cash Equivalents

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

2. 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 1 (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 III. A.)

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 in the pooled fund 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 managed by the State of Georgia (Office of Treasury and Fiscal Services) 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 shares is computed weekly with pool earnings distributed on a monthly basis based on equivalent shares owned by participants based on \$1.00 per share.

Notes to the Financial Statements, Continued

D. Assets, Liabilities and Net Assets or Equity, continued

Separate financial statements of the Georgia Fund 1 may be obtained from the Office of Treasury and Fiscal Services, 200 Piedmont Avenue, Suite 1202, West Tower, Atlanta Georgia 30334-5527.

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.

3. *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.

4. *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.

5. *Restricted Assets*

Restricted assets represent amounts which are required to be maintained pursuant to City ordinances relating to the passenger and customer facility charges (Department of Aviation only); construction, renewal and extension and sinking funds; funds received for specific purposes pursuant to U. S. government grants; municipal option sales tax (Department of Watershed Management only); various reserves required under certain bond agreements; and, investments related to a state wide municipal lease pool agreement (General Fund only).

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

6. *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 at historical cost (or estimated historical cost). This capitalization included infrastructure that could be identified and has been acquired since July 1, 1980.

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 \$5,000 and an estimated useful life in excess of two years.

Notes to the Financial Statements - Continued

D. Assets, Liabilities and Net Assets or Equity, continued

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	15-35 years
Terminal and maintenance buildings and other structures	15-35 years
Other property and equipment	2-10 years

Department of Watershed Management:

Water and wastewater plant and treatment facilities	50-75 years
Water collection and distribution system	75 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

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

Atlanta Development Authority
(as a discretely presented component unit):

Buildings and improvements	29-40 years
Equipment	30 years
Furniture	3-10 years

Notes to the Financial Statements - Continued

D. Assets, Liabilities and Net Assets or Equity, continued

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 against interest earned on invested proceeds over the same period. The Department of Watershed Management Fund and the Department of Aviation Fund capitalized \$87,000,000 and \$32,000,000, respectively, in interest costs during the year ended June 30, 2007.

7. 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 that is expected to be liquidated with expendable available financial resources is reported as 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.

8. 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, health and dental claims, 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 resources. In general, payments made within 60 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.

Notes to the Financial Statements - Continued

D. Assets, Liabilities and Net Assets or Equity, continued

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 other assets in the financial statements. 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.

9. Reservations of Net Assets / Fund Balances

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 assets for 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 payments.

10. Net Assets Classifications

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.

Notes to the Financial Statements - Continued

D. Assets, Liabilities and Net Assets or Equity, continued

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

11. 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 and proprietary funds. All grant contributions in the Proprietary Funds are for the purpose of construction activities, principal debt service reimbursements 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.

12. 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 Department of Watershed Management, the Sanitation Fund, and the Internal Service Fund in order to more fully reflect the actual cost of operating these Proprietary Funds. For the year ended June 30, 2007, such allocated expenses amounted to \$10,748,000 for the Department of Aviation, \$17,747,000 for the Department of Watershed Management, \$6,363,000 for the Sanitation Fund, and \$3,708,000 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 year's cost calculation, documented in the Cost Allocation Plan. Such expenditures charged to Community Development for the year ended June 30, 2007 amounted to approximately \$523,000.

The reimbursement of these costs to the General Fund is recorded as a reduction in expenditures.

Notes to the Financial Statements - Continued

E. New Accounting Pronouncements

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

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, which addresses how state and local governments should account for and report their costs and obligations related to post-employment healthcare and other non-pension benefits. Collectively, these benefits are commonly referred to as other post-employment benefits, or OPEB. The statement generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. This statement's provisions may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however, the unfunded actuarial liability is required to be amortized over future periods. This statement also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time. Application of this statement is effective for the City's fiscal year ending June 30, 2008.

In November 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which provides accounting guidance regarding recognition and disclosure of certain pollution remediation obligations and sets forth methods for measuring and reporting pollution remediation liabilities. Application of this statement is effective for the City's fiscal year ending June 30, 2009.

In May 2007, GASB issued Statement No. 50, *Pension Disclosures – an amendment of GASB No. 25 and No. 27*, enhancing the information disclosed in the notes to the financial statements or presented as required supplementary information by pension plans or employers that provide pension benefits. The statement amends Statement 25 and 27 requiring the disclosure of the funded status of the plan as of the most recent actuarial valuation date, as well as the actuarial methods and significant assumptions used in the valuation. This statement amends Statement 25 to require defined benefit pension plans and defined contribution plans to disclose the methods and assumptions used to determine the fair value of investments, if the fair value is based on other than quoted market prices. The amendments to Statement 27 include requirements of cost-sharing employers to include the required contribution rates of the employer(s) in dollars and the percentage of that amount contributed for the current year and each of the two preceding years, how the required contribution rate is determined or that the cost-sharing plan is financed on a pay-as-you-go basis. Statement 27 is also amended by Statement 50 to require that if a cost-sharing plan does not issue a publicly available stand-alone plan financial report prepared in accordance with the requirements of Statement 25, as amended, and the plan is not included in the financial report of another entity, each employer in that plan should present as RSI the schedules of funding progress and employer contributions of the plan. Application of this statement is effective for the City's fiscal year ending June 30, 2008.

Notes to the Financial Statements - Continued

E. New Accounting Pronouncements, continued

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which provides additional guidance to state and local governments to determine whether and when intangible assets should be considered capital assets for financial reporting purposes. The statement requires that an intangible asset be recognized in the statement of net assets only if it is considered identifiable. This statement establishes guidance on recognizing internally generated computer software as an intangible asset, as well as guidance specific to intangible assets related to amortization. It also provides guidance on determining the useful life of intangible assets when the length of their life is limited by contractual or legal provisions. Application of this statement is effective for the City's fiscal year ending June 30, 2010.

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

F. 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.

II. Stewardship, Compliance and Accountability

A. 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, Intergovernmental Grant, Tax Allocation Districts and Other Special Revenue all within the Special Revenue Funds; and, the 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.

Notes to the Financial Statements - Continued

A. Budgets and Budgetary Accounting, continued

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, 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.

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 the year ended June 30, 2007 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.

Notes to the Financial Statements - Continued

B. Excess of Expenditures Over Appropriations

The City did not have any excess expenditures over appropriations for the year ended June 30, 2007.

C. Deficit Fund Equity

The following funds reported deficits in Fund Balance at June 30, 2007:

- Sanitation Fund had an accumulated deficit of \$67,191,000 due to deficiencies in operating revenues. Billed rates, billing methodologies, and operating costs are being evaluated in order to eliminate the negative net assets in future periods.
- Underground Atlanta Fund had an accumulated deficit of \$12,859,000 due to deficiencies in operating revenue. The management company of the Underground project have plans to revitalize the Underground and provide positive operating results in the future.
- Emergency Telephone System had an accumulated deficit of \$34,099,000 due to increased public safety expenditures.

Notes to the Financial Statements - Continued

III. Detailed Notes on All Funds

A. Deposits and Investments

Pooled Cash and Investments Held in City Treasury.

The City maintains a cash and investment pool that is available for use by all funds. Each participating fund's portion of this pool is displayed on the accompanying financial statements as "Investment in pooled investments fund".

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

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

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

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

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

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

Notes to the Financial Statements – Continued

A. Deposits and Investments, continued

Investments in Employee Retirement Plans

The City has three defined benefit pension plans for full-time employees—the General Employees’ Pension Plan, the Police Officers’ Pension Plan and the Firefighters’ Pension Plan (the “Plans”). Each Plan is administered by its own Board of Trustees. These persons are ultimately responsible for making all decisions with regard to the administration of the respective Plans, including the management of Plan assets, and for carrying out the investment policy on behalf of the respective Plans.

The Plans’ investments are managed by various investment managers under contracts with the respective Plans who have discretionary authority over the assets managed by them, within the investment guidelines, established by the respective Boards. The investments are held in trust by the Plans’ custodians in the Plans’ name. These assets are held exclusively for the purpose of providing benefits to members of the plans and their beneficiaries.

Identified below are the investment types that are authorized by the respective Boards for each of the Plans. The investment policies also identify certain provisions that address interest rate risk, credit risk and concentration of credit risk.

The Plans, by policy, are to invest their cash in domestic equities, domestic fixed income securities and cash equivalents. These instruments consist of common and preferred stock, obligations of the U.S. government and agencies (GNMA, FHLMC, and FNMA securities and CMO’s), corporate bonds, and certificates of deposit. The Plans have strict limitations on the amounts managers are allowed to invest in any one issuer in all classes of securities. The Plans also invest in repurchase agreements which must be fully collateralized by U.S. government or agency guaranteed securities.

Respective Board policies permit the Plans to engage in securities lending transactions with an authorized agent, provided that the securities are fully collateralized at least 102% and that collateral is received prior to the release of the securities by the custodian.

INVESTMENT RISK DISCLOSURES

Governmental and Business-Type Activities

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

Notes to the Financial Statements – Continued

A. Deposits and Investments, continued

The City has the ability and generally has the intention to hold all investments until their respective maturity dates. The average maturity of the City's pooled cash and investments governed by policy as of June 30, 2007, was approximately six months. If it becomes necessary or strategically prudent for the City to sell a security prior to maturity, the Policy allows for occasional restructuring of the portfolio to minimize the loss of market value and/or to maximize cash flows.

Credit Risk. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization.

As of June 30, 2007, the City had the following fixed income investments (in thousands), with the corresponding credit ratings and maturities.

Type of Investments	Credit Rating	Maturity					Carrying Value
		Under 30 Days	31 - 180 Days	181 - 365 Days	1 - 5 Years	Over 5 Years	
U.S. Government Obligations	Aaa/AAA	75,000	193,595	56,000	427,697	11,600	763,892
U.S. Government Treasuries	Exempt	29,000	69,000	51,111	143,589	-	292,700
State Pool	AAA	275,193	-	-	-	-	275,193
CD's	Exempt	1,660	700	8,300	-	-	10,660
Repurchase Agreements	Exempt	30,000	-	-	-	-	30,000
Money Markets	AAA	307,665	-	-	-	-	307,665
GIC's	*	-	5,253	775,335	678,576	339,790	1,798,954
		\$ 718,518	\$ 268,548	\$ 890,746	\$ 1,249,862	\$ 351,390	\$ 3,479,063

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

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

The City requires that all uninsured collected balances plus accrued interest in depository accounts be collateralized and that the market value of collateralized pledged securities must be at least 110% of the deposit balances, and 102% for repurchase agreements. As a result, the City had no deposits with custodial risks as of June 30, 2007. All investments of the City are either held by the City or by a counterparty in the City's name, therefore, the City's investments had no custodial risks as of June 30, 2007.

Notes to the Financial Statements - Continued

A. Deposits and Investments, continued

Concentration Credit Risk. The City's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the OCGA.

Investments in any one issuer that represent 5% or more of total investments by *reporting unit* were as follows as of June 30, 2007:

<u>Issuer</u>	<u>Investment Type</u>	<u>% of Total Investments</u>
Department of Aviation		
Citigroup	GIC	7.00%
Societe Generale	GIC	17.20%
Morgan Stanley	GIC	6.40%
Department of Watershed Management		
Citigroup	GIC	12.90%

The City is a voluntary participant in the Georgia Local Government Investment Pool (Georgia Fund 1) that is managed by the Office of Treasury and Fiscal Services. As of June 30, 2007, the City's investment in the Georgia Fund 1 is approximately \$275,193,000. The total amount recorded by all public agencies in Georgia Fund 1 at that date is approximately \$11,010,565,000.

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

Notes to the Financial Statements - Continued

A. Deposits and Investments, continued

Pension Trust Fund Activities

Interest Rate and Credit Risks. As of June 30, 2007, the City's Pension Plans had the following fixed income investments, with the corresponding credit ratings and maturities.

Type of Investments	Credit Rating	Maturity					Fair Value
		Under 1 year	1 - 3 years	3 - 5 years	5 - 10 years	Over 10 Years	
U.S. Government Agencies	AAA	\$ 17,650,256	\$ 17,570,882	\$ 17,779,076	\$ 53,407,513	\$ 251,878,574	\$ 358,286,300
U.S. Treasury Securities	Exempt	496,926	28,033,291	32,513,786	57,481,004	18,463,592	136,988,599
U.S. Government Obligations	A+/AAA	-	-	-	-	546,252	546,252
Corporate Bonds	AA/A-	5,014,137	27,553,020	36,884,157	31,941,794	32,361,816	133,754,923
Corporate Bonds	B+/BBB	507,417	5,433,067	5,938,483	11,947,276	9,969,564	33,795,806
CMO's	AAA	-	-	-	328,422	5,123,850	5,452,272
CMO's	NR	-	-	-	1,126,153	4,593,545	5,719,698
Private Placement Trust	A-	-	-	-	-	-	-
		<u>\$ 23,668,735</u>	<u>\$ 78,590,259</u>	<u>\$ 93,115,502</u>	<u>\$ 156,232,161</u>	<u>\$ 322,937,192</u>	<u>\$ 674,543,849</u>

Securities Lending Transactions

At June 30, 2007, the Plans had no credit risk exposure to borrowers because the amounts the Plans owe the borrowers exceed the amounts the borrowers owe the Plans. The contract with the Plans' custodians requires them to indemnify the Plans if the custodians fail to recover borrowed securities and distributions made during the term of the loans. There were no losses resulting from borrower default during the period nor were there any recoveries of prior period losses.

All securities loans can be terminated on demand by either the Plans or the borrower, with the borrower returning equivalent securities to the Plans within a specified period of time.

Custodial Risk. The Pension Plans had no deposits or investments with custodial risk as of June 30, 2007.

Concentration Credit Risk. Investments in any one issuer that represent 5% or more of total investments for the combined *Pension Plans* are as follows:

Issuer	Investment Type	% of Total Investments
FNMA	Federal Agency Security	10.4%
FHLMC	Federal Agency Security	6.3%

Notes to the Financial Statements – Continued

A. Deposits and Investments, continued

Investments in any one issuer that represent 5% or more of total investments *by individual plan* are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>% of Total Investments</u>
Police Officers' Pension Plan:		
Northern TR Global Inv Quan	Equities	14.85%
Northern Trust Bank N.A.	Equities	14.39%
COLTV	Equities	6.57%
NTGI	Equities	5.47%
Firemans' Pension Plan:		
FNMA	Federal Agency Security	10.43%
FHLMC	Federal Agency Security	7.48%
General Employees Pension Plan:		
FNMA	Federal Agency Security	15.08%
FHLMC	Federal Agency Security	8.02%

Foreign Currency Risk. The Plans' policies state that the portfolio will consist of domestic equities, domestic fixed income and cash equivalents. At June 30, 2007, the Plans were not in compliance with the provisions of its policy requirements for authorized investment purchases. As of June 30, 2007 the Plans had investments in foreign equity securities totaling \$1,345,648.

Although all of the foreign equity securities are American Depository Receipts (ADR's), this does not eliminate the foreign currency risk involved in purchasing foreign securities.

The following table provides the value in U.S. dollars by foreign currency denominations and investment type for all Pension Plan investments denominated in foreign currencies.

<u>Currency</u>	<u>Short Term</u>	<u>Debt</u>	<u>Equity</u>	<u>Total</u>
Canada	\$ -	\$ -	\$ 558,449	\$ 558,449
Israel	-	-	72,856	72,856
Total International Region -USD	-	-	714,343	714,343
<i>Total Securities subject to Foreign Currency Risk</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ 1,345,648</i>	<i>\$ 1,345,648</i>
United States	\$ 129,671,913	\$ 791,933,143	\$ 1,085,081,239	\$ 2,006,686,295
<i>Total US dollars Securities</i>				
<i>Total International & US Investment Securities</i>	<i>\$ 129,671,913</i>	<i>\$ 791,933,143</i>	<i>\$ 1,086,426,888</i>	<i>\$ 2,008,031,943</i>

Notes to the Financial Statements - Continued

B. 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 2006 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	7.530
General Obligation Bond Sinking Fund:	
City Bonds	1.410
School Bonds	.054
Park Improvement Fund (included in Capital Projects Funds)	.500
Board of Education for operations	20.649
Special Tax District/DeKalb County	<u>.991</u>
	<u>31.134</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 2006 resulted in an assessed value, prior to freeport exemption, of approximately \$22,295,665,000.

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 \$1,725,000 in 2007. 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 calendar year.

Notes to the Financial Statements – Continued

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

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.

See Note Section IV-C- CSO – Consent Decree regarding the levy of a 1% Municipal Option Sales Tax.

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 various capital outlay projects throughout the City. The capital outlay projects include infrastructure improvements necessary for the City to continue to build a community that is stable, diverse and economically feasible.

Notes to the Financial Statements – Continued

C. Capital Assets

A summary of capital assets activity and changes in accumulated depreciation for the year ended June 30, 2007 follows (in thousands):

	Balance at June 30, 2006	Additions	Deletions and Retirements	Transfers	Balance at June 30, 2007
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 78,198	\$ 32,730	\$ 2,022	\$ -	\$ 108,906
Construction in progress	180,086	41,709	-	(8,906)	212,889
Total capital assets not being depreciated	<u>258,284</u>	<u>74,439</u>	<u>2,022</u>	<u>(8,906)</u>	<u>321,795</u>
Capital assets being depreciated:					
Land improvements	22,836	1,434	-	411	24,681
Buildings and building improvements	344,371	3,523	152	375	348,117
Other property and equipment	135,547	16,149	7,501	-	144,195
Infrastructure	1,829,311	13,095	-	8,120	1,850,526
Total capital assets being depreciated	<u>2,332,065</u>	<u>34,201</u>	<u>7,653</u>	<u>8,906</u>	<u>2,367,519</u>
Totals at historical cost	<u>2,590,349</u>	<u>108,640</u>	<u>9,675</u>	<u>-</u>	<u>2,689,314</u>
Less: Accumulated Depreciation					
Land improvements	12,282	1,091	-	-	13,373
Buildings and building improvements	77,186	8,038	152	-	85,072
Other property and equipment	84,015	7,395	7,197	-	84,213
Infrastructure	1,295,905	30,202	-	-	1,326,107
Total accumulated depreciation	<u>1,469,388</u>	<u>46,726</u>	<u>7,349</u>	<u>-</u>	<u>1,508,765</u>
Governmental activities capital assets, net	<u>\$ 1,120,961</u>	<u>\$ 61,914</u>	<u>\$ 2,326</u>	<u>\$ -</u>	<u>\$ 1,180,549</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 1,038,998	\$ 9,644	\$ -	\$ -	\$ 1,048,642
Construction in progress	1,881,266	918,168	-	(223,046)	2,576,388
Total capital assets not being depreciated	<u>2,920,264</u>	<u>927,812</u>	<u>-</u>	<u>(223,046)</u>	<u>3,625,030</u>
Capital assets being depreciated					
Land improvements	1,909,674	-	-	40,229	1,949,903
Buildings and other structures	3,933,064	214	-	182,817	4,116,095
Other property and equipment	226,228	20,150	8,607	-	237,771
Total capital assets being depreciated	<u>6,068,966</u>	<u>20,364</u>	<u>8,607</u>	<u>223,046</u>	<u>6,303,769</u>
Totals at historical cost	<u>8,989,230</u>	<u>948,176</u>	<u>8,607</u>	<u>-</u>	<u>9,928,799</u>
Less: Accumulated Depreciation					
Land improvements	692,248	75,587	-	-	767,835
Buildings and other structures	1,515,460	60,505	-	-	1,575,965
Other property and equipment	167,611	17,067	5,484	-	179,194
Total accumulated depreciation	<u>2,375,319</u>	<u>153,159</u>	<u>5,484</u>	<u>-</u>	<u>2,522,994</u>
Business-type activities capital assets, net	<u>\$ 6,613,911</u>	<u>\$ 795,017</u>	<u>\$ 3,123</u>	<u>\$ -</u>	<u>\$ 7,405,806</u>

Notes to Financial Statements – Continued

C. Capital Assets, continued

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

General government:	\$	3,535
Police		1,817
Fire		5,203
Corrections		220
Public Works		32,671
Parks, Recreation and Cultural Affairs		<u>3,280</u>
 Total	 \$	 <u>46,726</u>

D. Interfund Receivables, Payables, 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 June 30, 2007 are as follows (in thousands):

	Due from other funds	Due to other funds
General Fund	\$ 177,936	\$ 104,645
Capital projects fund	20,696	44,439
Debt service fund	4,127	516
Nonmajor governmental funds	5,175	102,438
Department of Watershed Management	194,822	88,351
Department of Aviation	321,442	321,418
Nonmajor enterprise funds	65	44,693
Internal Service Fund	945	1,350
Fiduciary funds	<u>33,387</u>	<u>50,745</u>
Total Primary Government	<u>\$ 758,595</u>	<u>\$ 758,595</u>

Notes to the Financial Statements – Continued

D. Interfund Receivables, Payables, and Transfers, continued

Transfers for the year ended June 30, 2007 are as follows (in thousands):

	Transfers In	Transfers Out
General Fund	\$ 33,832	\$ 39,930
Capital Projects Fund	29,508	7,124
Debt Service Fund	-	-
Nonmajor governmental funds	8,116	5,122
Department of Watershed Management	-	14,700
Nonmajor enterprise funds	9,361	975
Internal Service Fund	-	12,966
Total	\$ 80,817	\$ 80,817

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.

E. Leases

Department of Aviation

The Department leases terminal space, aircraft maintenance and overhaul facilities, cargo facilities, hangars, and other structures to air carriers and other tenants at the Airport under various operating leases which terminate no later than 2023. The total cost of the facilities described above which are leased to various tenants is \$2,188,759,000 with a carrying value of approximately \$1,290,164,000. Depreciation expense for the year ended June 30, 2007 on the facilities was approximately \$59,495,000. Certain of the leases provide for fixed and variable rental payments, and all are generally designed to allow the Department to meet its debt service requirements and recover certain operating and maintenance costs. Rental receipts related to the terminal are based on the cost of the facilities. In addition, certain of the agreements under which the Department receives revenue from the operation of concessions at the Airport, provide for the payment of a fee based on the greater of an aggregated percentage of gross receipts or a guaranteed minimum.

At June 30, 2007 minimum future rentals and fees to be received under non-cancelable leases or concession agreements are as follows (in thousands):

2008	\$ 256,097
2009	261,219
2010	266,443
2011	271,772
2012	277,208
2013 - 2017	1,471,452
2018 - 2022	1,624,502
2023	344,673
Total	\$4,773,366

Notes to the Financial Statements – Continued

E. 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 parking is solely a function of parking receipts and was approximately \$83,529,000 for the year ended June 30, 2007.

Department of Watershed Management

The Department 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 capital lease obligations at the present value of the aggregate payments due over the remaining life of the leases. Included in machinery and equipment is \$28,592,000 of equipment acquired under capital leases. The accumulated amortization on this equipment is \$13,664,000 as of June 30, 2007 and is recorded as a component of depreciation expense. Amortization expense was \$2,019,000 for the fiscal year ended June 30, 2007.

The present values of the future minimum capital lease payments as of June 30, 2007 are as follows (dollars in thousands):

2008	\$ 2,977
2009	2,847
2010	2,835
2011	2,598
2012	2,533
2013 - 2017	<u>8,580</u>
Total minimum payments	22,370
Less amounts representing interest	<u>(4,649)</u>
Present value of minimum capital Lease payments	<u>\$ 17,721</u>

Notes to the Financial Statements – Continued

E. Leases, continued

Governmental Activities

The City has entered into a lease agreement as lessee for the Traffic Court building. This lease agreement qualifies as a capital lease for accounting purposes. Included in capital assets is \$55,195,000 for the Traffic Court building. Accumulated depreciation at June 30, 2007 amounted to \$3,891,000.

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

2008	\$ 3,938
2009	3,940
2010	3,939
2011	3,928
2012	3,927
2013 – 2017	19,600
2018 – 2022	19,511
2023 – 2027	<u>19,408</u>
Total minimum payments	78,191
Less amounts representing interest	<u>(29,641)</u>
Present value of minimum capital lease payments	<u>\$ 48,550</u>

The City also entered into a lease agreement for 43 Fire Trucks (Fire Apparatus). This lease agreement qualifies as a capital lease for accounting purposes. Included in capital assets, other property and equipment, is \$12,811,000 for Fire Trucks acquired under capital lease. Accumulated depreciation at June 30, 2007 amounted to \$9,889,000.

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

2008	\$ 1,679
2009	1,679
2010	<u>1,679</u>
Total minimum payments	5,037
Less amounts representing interest	<u>(538)</u>
Present value of minimum capital lease payments	<u>\$ 4,499</u>

Notes to the Financial Statements – Continued

E. Leases, continued

General Fund

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

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

	2008	\$ 2,619
	2009	2,619
	2010	<u>2,619</u>
Total minimum payments		<u>\$ 7,857</u>

F. Notes Payable

Department of Aviation

In July 2005, the City authorized the issuance of Airport General Revenue Commercial Paper Notes, Series 2005A-1, 2005A-2, up to the amount of \$350,000,000 and Airport Passenger Facility Charge (PFC) General Revenue Commercial Paper Notes, Series 2005B-1, 2005B-2, up to the amount of \$200,000,000. These Notes were issued to finance on an interim basis a portion of the capital improvements for the Hartsfield-Jackson Atlanta International Airport. General airport revenues are pledged as security for payment on the Series A Notes and PFC Revenues and a subordinate pledge of general airport revenues secures the Series B Notes. The Notes do not constitute a debt, liability, or obligation of the City's governmental funds, or a pledge of the faith and credit or taxing power of the City. These Notes are considered a short term obligation of the Airport and may be repaid and reissued as often as necessary to affect the purposes set out in the program. The Notes, when due, will be secured by an irrevocable, direct pay letter of credit issued by a consortium of four banks. The Notes have varying maturities of not more than 270 days and bear interest at a market rate at the date issued not to exceed 12% per annum. The irrevocable direct pay letter of credit expires on November 30, 2015.

Short-term debt activities for the year ended June 30, 2007 were as follows (in thousands):

	<u>6/30/06</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2007</u>
Commercial Paper Notes	\$ 27,150	\$805	\$6,080	\$21,875

Interest rates on Notes issued during the year ended June 30, 2007 ranged from 3.34% to 3.62%.

Notes to the Financial Statements – Continued

F. Notes Payable, continued

Department of Watershed Management

Commercial Paper Notes

In March 2006, the City authorized the issuance of Water and Wastewater Commercial Paper Notes, Series 2006, up to the amount of \$600,000,000. These Notes were issued to finance on an interim basis a portion of the multi-phase, long-term capital improvement program for the Department and to pay the costs associated with the issuance of the notes. Revenue of the Department is pledged as security for payment on the Notes, which is junior and subordinate to the pledge of revenue securing the Department's long term debt. The notes do not constitute a debt, liability, or obligation of the City's governmental funds, or a pledge of the faith and credit or taxing power of the City. These Notes are considered a short term obligation of the Department and may be repaid and reissued as often as necessary to affect the purposes set out in the program. The Notes, when due, will be secured by an irrevocable, direct pay letter of credit issued on a several but not joint basis by four banks. The Notes have varying maturities of not more than 270 days and bear interest at a market rate at the date issued not to exceed 12% per annum. The irrevocable, direct pay letter of credit expires on February 1, 2009. The commitment fee incurred to obtain the letter of credit in 2006 was \$341,425.

Short-term debt activities for the year ended June 30, 2007 were as follows (in thousands):

	<u>6/30/06</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2007</u>
Commercial Paper Notes	\$51,000	\$123,400	\$51,000	\$123,400

The interest rate on Notes issued during the year ended June 30, 2007 was 3.66%.

Georgia Environmental Facilities Authority Construction Loan Advance

In October 2006, the Department received authorization for a \$31,000,000 loan from the Georgia Environmental Facilities Authority (GEFA). As of June 30, 2007, the Department had drawn \$22,389,400 of the loan proceeds for construction projects relating to the Clean Water Atlanta Program. The interest rate on the loan is 3%. Subsequent to year-end, the Department drew down \$8,610,600 of the available loan proceeds and converted the GEFA Note to permanent financing with monthly payments of \$173,123 through 2028.

Notes to the Financial Statements – Continued

G. Long Term Obligations

Changes in long-term debt during the year ended June 30, 2007 follow (in thousands):

	Balance at June 30, 2006	Additions	Reductions	Balance at June 30, 2007	Due within One Year
Governmental activities:					
Long-term debt					
General obligation and annual bonds	\$ 283,865	\$ 8,000	\$ (15,355)	\$ 276,510	\$ 16,415
Plus: Premium on bonds	6,221	2,548	-	8,769	1,869
SWMA revenue refunding bonds	23,035	-	(975)	22,060	1,020
Limited obligation bonds	406,255	50,000	(9,580)	446,675	4,590
Less: Discounts on bonds	(1,581)	(77)	-	(1,658)	-
Section 108 loans	9,515	-	(1,315)	8,200	1,000
Capital leases	5,835	-	(1,336)	4,499	1,415
Certificates of participation					
1990 GMA lease pool	11,800	-	(2,745)	9,055	3,273
1998 GMA lease pool	32,444	-	-	32,444	-
2002 COPS	49,950	-	(1,400)	48,550	1,470
Installment sale program	74,080	-	(4,920)	69,160	5,165
Total long-term debt	<u>901,419</u>	<u>60,471</u>	<u>(37,626)</u>	<u>924,264</u>	<u>36,217</u>
Other long-term liabilities					
Vacation and compensatory payable	21,610	9,691	(6,250)	25,051	14,687
Health and dental claims payable	4,371	47,641	(47,437)	4,575	4,575
General claims payable	29,060	23,228	(15,543)	36,745	11,806
Arbitrage rebate	1,441	(168)	(1,142)	131	131
Workers' compensation	22,994	5,217	(5,903)	22,308	4,458
Total other long-term liabilities	<u>79,476</u>	<u>85,609</u>	<u>(76,275)</u>	<u>88,810</u>	<u>35,657</u>
Total long-term liabilities	<u>\$ 980,895</u>	<u>\$ 146,080</u>	<u>\$ (113,901)</u>	<u>\$ 1,013,074</u>	<u>\$ 71,874</u>

Notes to Financial Statements – Continued

G. Long Term Obligations, continued

	Balance at June 30, 2006	Additions	Reductions	Balance at June 30, 2007	Due within One Year
Business-type activities					
Long-term debt					
Department of Aviation:					
Facilities Revenue Bonds	\$ 2,984,043	\$ -	\$ (93,570)	\$ 2,890,473	\$ 57,996
Issuance discounts and premium	(19)	-	(555)	(574)	-
Department of Watershed Management:					
System Revenue Bonds	2,542,765	-	(24,210)	2,518,555	25,175
Plus: Premium on bonds	38,388	(1,107)	121	37,402	-
GEFA Notes Payable	23,106	50,443	(715)	72,834	1,471
Capital lease obligation	19,614	-	(1,893)	17,721	2,007
Nonmajor funds:					
Capital lease obligation (Sanitation fund)	1,134	-	(1,134)	-	-
Revenue Bonds (Underground Atlanta)	61,280	-	(4,225)	57,055	4,445
Total long-term debt	<u>5,670,311</u>	<u>49,336</u>	<u>(126,181)</u>	<u>5,593,466</u>	<u>91,094</u>
Other long-term liabilities:					
Arbitrage rebate	14,297	-	(6,856)	7,441	-
Landfill Postclosure Liability	31,099	-	(1,396)	29,703	1,101
General Claims Payable	26,726	26,057	(1,600)	51,183	-
Workers' compensation	20,874	929	(1,690)	20,113	4,017
Total other long-term liabilities	<u>92,996</u>	<u>26,986</u>	<u>(11,542)</u>	<u>108,440</u>	<u>5,118</u>
Total long-term liabilities	<u>\$ 5,763,307</u>	<u>\$ 76,322</u>	<u>\$ (137,723)</u>	<u>\$ 5,701,906</u>	<u>\$ 96,212</u>
Component Units					
Long-term debt:					
Atlanta Fulton County Recreation Authority	\$ 312,252	\$ 88,160	\$ (17,146)	\$ 383,266	\$ 7,820
Atlanta Downtown Development Authority	57,305	23,351	(23,068)	57,588	843
Total long-term debt	<u>\$ 369,557</u>	<u>\$ 111,511</u>	<u>\$ (40,214)</u>	<u>\$ 440,854</u>	<u>\$ 8,663</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.

Notes to the Financial Statements – Continued

G. Long Term Obligations, continued

A summary of governmental-type activities long-term debt as of June 30, 2007 is as follows (in thousands):

General Long-Term Debt:

General Obligation Bonds:

1993 Refund Issue, \$42,755, 4.40% - 4.70%, due December 1, 2008	\$ 3,200
1996 Infrastructure Issue, \$28,500, 5.00%, due December 1, 2007	2,000
1997 Infrastructure Issue, \$41,360, 5.00% - 5.125%, December 1, 2008	3,500
1998 Refunding Issue, \$94,305, 4.00% - 5.00%, due December 1, 2023	81,410
2001 Infrastructure Issue, \$61,220, 4.00% - 5.00%, due December 1, 2021	20,770
2004 Issue, \$47,500, 5.00%, due December 1, 2021	38,350
2005 Issue, \$85,980, 3% - 4.125%, due December 1, 2025	83,995
	233,225

Annual G.O. Bond Issues:

1995 Issue, \$8,000, 4.90% - 5.00%, due December 1, 2007	205
1996 Issue, \$8,000, 5.00%, due December 1, 2007	195
1997 Issue, \$8,000, 5.00% - 5.125%, due December 1, 2008	285
1998 Issue, \$8,000, 4.25% - 4.90%, due December 1, 2011	1,445
1999 Issue, \$8,000, 5.125% - 5.8%, due December 1, 2010	490
2000 Issue, \$8,000, 4.75% - 5.5%, due December 1, 2012	640
2001 Issue, \$8,000, 4.00% - 5.00%, due December 1, 2022	2,785
2002 Issue, \$8,000, 3.00% - 5.00%, due December 1, 2022	6,900
2003 Issue, \$8,000, 3.60% - 4.60%, due December 1, 2023	7,110
2004 Issue, \$8,000, 3.00% - 4.40%, due December 1, 2024	7,520
2005 Issue, \$8,000, 4.00% - 4.5%, due December 1, 2025	7,710
2007 Issue, \$8,000, 4.00% - 4.5%, due December 1, 2025	8,000
	43,285

SWMA Revenue Bonds:

Series 1996, \$28,795, 4.00% - 5.25% issued by the Solid Waste Management Authority, due December 1, 2021	22,060
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Certificates of Participation:

1990 GMA Loan Pool, \$25,090, variable, due November 30, 2009	9,055
1998 GMA Loan Pool, \$32,444, 4.75%, due November 30, 2028	32,444
1998 Installment Sale Program, \$103,130, 3.10% - 5.00%, due December 1, 2023	69,160
2002 COPS, \$55,195, 4.00% - 5.125%, due December 1, 2026	48,550
	159,209

Limited Obligation Bonds:

Section 108 Loans, \$23,375, 5.40% - 7.96%, due August 1, 2019	8,200
2001 Atlantic Station, \$75,505, 7.25% - 7.90%, due December 1, 2024	73,060
2001 Westside Project, \$14,995, 1.398%, due December 1, 2021	13,230
2005A Westside Project, \$72,350, variable, due December 1, 2023	65,335
2005B Westside Project, \$10,215, variable, due December 1, 2023	10,055
2005A Eastside Project, \$9,480, variable, due December 1, 2016	9,480
2005B Eastside Project, \$38,000, variable, due December 1, 2030	38,000
2006 Atlantic Station, \$166,515, 3.5% due, December 1, 2024	166,515
2006 Princeton Lakes Project, \$21,000, variable, due January 1, 2031	21,000
2007 Atlanta Public Safety Authority, \$50,000, 4.00% - 5.00%, due December 1, 2026	50,000
	454,875

Total General Long-Term Debt

\$ 912,654

Notes to the Financial Statements – Continued

G. Long Term Obligations, continued

In March 2007, the City issued \$8,000,000 of Various Purpose General Obligation Bonds, Series A, to finance the costs of making various public purpose capital improvements and paying the cost of issuance relating to the issue. \$4,000,000 of the bonds provide funds to pay, be applied or contributed toward the cost of acquiring sites, constructing and equipping them for new or existing municipal buildings and related facilities and \$4,000,000 of the bonds provide funding to pay, be applied or contributed toward the cost of acquiring, renovating, improving, adding to, and equipping existing school buildings and facilities by or on behalf of the Atlanta Independent School System (the “School System”).

In October 2006, the City issued \$50,000,000 of Atlanta Public Safety and Judicial Facilities Authority Revenue Bonds (Public Safety Facility Project), Series 2006. The proceeds will be used for the purpose of financing all or a portion of the cost of acquiring, designing, constructing, improving and equipping a public safety headquarters and a parking deck and the parcel or parcels of property on which such facilities will be situated.

The City participates in a lease pool arrangement with 29 other local governments through the Georgia Municipal Association, Inc. (GMA). GMA issued Certificates of Participation (COPs) in 1990 and 1998 which are 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. Lease terms are generally between three and five years from the date the equipment is purchased. The agreements terminate upon the financial due date of the COPs in 2020 and 2028, respectively.

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. At June 30, 2007 the City calculated the arbitrage rebate liability to be \$7,441,000 on business type activities long term debt and \$131,000 on governmental 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 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 June 30, 2007, the City believes it was in compliance with all such significant financial limitations and restrictions.

Notes to the Financial Statements – Continued

G. Long Term Obligations, continued

Department of Aviation

Long-term debt at June 30, 2007 consists of the following (in thousands):

General Revenue Bonds

Airport Facilities Revenue Bonds, Series 1990, at 7.25%, Capital Appreciation Term Bonds, due January 1, 2010	\$ 42,328
Airport Facilities Revenue Refunding Bonds, Series 1996 at 5.25% - 6.50%, due serially through 2010	11,580
Airport General Revenue and Refunding Bonds, Series 2000A, 2004B and 2004C, at 4.75% - 6.25%, due serially through 2021	550,795
Airport General Revenue Refunding Bonds, Series 2003RF-A, at 2.0% - 5.0%, due serially through 2014	52,595
Variable Rate Airport General Revenue and Refunding Bonds, Series 2003RF-B-1, RF-B-2, RF-B-3, RF-C-1, RF-C-2, RF-C-3, at weekly modal variable interest rate, due serially through 2014	490,170
Airport General Revenue and Refunding Bonds, Series 2003RF-D, at 4.325% - 5.25%, due serially through 2019	116,270
Airport General Revenue Bonds, Series 2004A, combination serial (at 5.25% - 5.375%) and term bond (5.125%) through 2033	164,165
Airport General Revenue Bonds, Series 2004B, at 5.25%, term bond due January 1, 2033	58,655
Airport General Revenue and Refunding Bonds, Series 2004F and Series 2004G, at 4.0% - 5.25%, due serially through 2029	128,465
Airport General Revenue and Refunding Bonds, Series 2004I, at variable auction rate, due serially through 2024	51,625
Total General Revenue and Refunding Bonds	<u>1,666,648</u>

Passenger Facility Charge (PFC) Bonds

PFC and Subordinate Lien General Revenue Bonds, Series 2004C, at 5.0%, a term bond due January 1, 2033 ,	293,070
PFC and Subordinate Lien General Revenue Bonds,, Series 2004D-1, 2004D-2 ,2004E-1 and 2004E-2, variable auction rate, due serially through 2024	138,650
PFC and Subordinate Lien General Revenue Bonds, Series 2004J, at 4.0% - 5.25%, due serially through 2029	235,860
PFC and Subordinate Lien General Revenue Bonds, Sub series 2004K-1, 2004K-2, 2004K-3 and 2004K-4, at variable auction rate, due serially through 2029	324,825
Total PFC and Subordinate Lien General Revenue Bonds	<u>992,405</u>

Customer Facility Charge (CFC) Bonds

City of College Park Taxable Revenue Bonds, (Hartsfield-Jackson Atlanta International Airport Consolidated Rental Car Facility Project, Series 2006A at 5.497% - 5.965% (Conduit Debt)	209,720
City of College Park Revenue Bonds, (Hartsfield-Jackson Atlanta International Airport Automated People Mover System Maintenance Facility Project), Series 2006B at 4% - 4.69% (Conduit Debt)	21,700
Total CFC Restricted Revenue Bonds	<u>231,420</u>

Total bonds	2,890,473
Less:	
Current maturities	(57,996)
Unamortized discounts/premiums, net	(574)
Total Long Term Obligations	<u><u>\$ 2,831,903</u></u>

Notes to the Financial Statements – Continued

G. Long Term Obligations, continued

Interest Rate Exchange Agreements (SWAPs) and Associated Bonds

Department of Aviation

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

Objective of the Interest Rate Swaps - On June 17, 2003, the Department 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.

General - The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Department, or the Counterparty, may terminate the swap if the other party fails to perform under the terms of the contract. A termination of any swap agreement may result in the Department or the City making or receiving a termination payment. If at the time of termination the swap has a negative fair value, the Department would be liable to the Counterparty for a payment equal to the swap's fair value.

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, the Department will pay the Counterparties a fixed annual interest rate of 3.009%. The Department 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).

The Department will also pay the interest rate resulting from the periodic remarketing of the 2003 variable rate bonds. As of June 30, 2007, 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 (5.32%)	<u>(3.591)%</u>
Net interest rate swap payments (receipts)		<u>(0.582)%</u>
Variable rate bond coupon payments	Weekly	<u>3.750%</u>
Synthetic interest rate on bonds		<u>3.168%</u>

Notes to the Financial Statements – Continued

G. Long Term Obligations, continued

Fair Value - As of June 30, 2007, the combined fair value of the two swaps was \$ 39.4 million 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 June 30, 2007, 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.

Fiscal Year Ending	Variable Rate Bonds Principal	Interest	Interest Rate Swaps, Net	Total
2008	\$ -	\$ 18,381	\$ (2,853)	\$ 15,528
2009	-	18,381	(2,853)	15,528
2010	-	18,381	(2,853)	15,528
2011	-	18,381	(2,853)	15,528
2012	-	18,381	(2,853)	15,528
2013-2017	16,345	91,308	(14,171)	93,482
2018-2022	78,875	85,922	(13,335)	151,462
2023-2027	234,790	57,013	(8,848)	282,955
2028-2030	160,160	12,141	(1,884)	170,417
Total	\$ 490,170	\$ 338,289	\$ (52,503)	\$ 775,956

Credit Risk - As of June 30, 2007, the fair value of the swaps represents the Department's credit exposure to the Counterparties. Should the Counterparties fail to perform in accordance with the terms of the swap agreements, the Department faces a maximum possible loss equivalent to the swaps' \$39.4 million fair value. As of June 30, 2007, the Counterparties were rated as follows by Moody's and S&P:

	<u>Moody's</u>	<u>S&P</u>
Goldman Sachs Mitsui	Aaa	AAA
JP Morgan Chase Bank	Aaa	AA

Basis Risk - As noted above, the swap exposes the Department 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.

Notes to the Financial Statements – Continued

G. Long Term Obligations, continued

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 the Department if the Counterparty has one or more outstanding issues or rated unsecured, un-enhanced senior debt or long term deposits and none of such issues has at least two ratings of at least (i) "BAA1" or higher as determined by Moody's, (ii) BBB+ or higher as determined by S&P, (iii) "BBB+" or higher from Fitch, or (iv) an equivalent investment grade rating determined by a nationally-recognized rating service acceptable to both parties. The Department 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, the Department would be liable to the Counterparty for a payment equal to the swap's fair value.

All of the bond ordinances require the maintenance of sinking funds to provide for debt service on the related bonds. The ordinances also require the Department to maintain a ratio of Net Airport Revenue to Aggregate Debt Service, as defined, of at least 120%. As of June 30, 2007, the City believes it was in compliance with all significant limitations and restrictions contained in the various revenue bond indentures.

Notes to the Financial Statements – Continued

G. Long Term Obligations, continued

Department of Watershed Management

Long-term debt at June 30, 2007 consists of the following (in thousands):

Revenue Bonds

Water and Wastewater Revenue Bonds, \$1,096,140 Series 1999A, 5.0% - 5.50%, due serially through 2038	\$ 719,520
Water and Wastewater Revenue Bonds, \$415,310 Series 2001A, variable rate demand, due serially through 2039	415,310
Water and Wastewater Revenue Bonds, Series \$335,640 2001B, variable rate demand, due serially through 2038	331,315
Water and Wastewater Revenue Bonds, \$105,705 Series 2001C, variable rate demand, due serially through 2041	105,705
Water and Wastewater Revenue Bonds, \$105,600 Series 2001C, (ARCs), variable auction rate due serially through 2041	105,600
Water and Wastewater Revenue Bonds, \$849,330 Series 2004, Combination serial (2.5%-5.75%) and term bonds (5%) through 2043	<u>841,105</u>
	2,518,555
Less: Current maturities	(25,175)
Unamortized discounts and premium costs	<u>37,402</u>
Total revenue bonds	<u>2,530,782</u>

Other Debt:

Georgia Environmental Facilities Authority (GEFA) \$4,669 Loan, 3%, due serially through 2023	4,106
Georgia Environmental Facilities Authority (GEFA) \$19,006 Loan, 3.82%, due serially through 2035	18,453
Georgia Environmental Facilities Authority (GEFA) \$19,035 Loan, 3.92%, due serially through 2036	18,866
Georgia Environmental Facilities Authority (GEFA) \$31,409 Loan, 3.00%, due serially through 2037	<u>31,409</u>
	72,834
Less: Current maturities	<u>(1,471)</u>
Total other debt	<u>71,363</u>

Total Long Term Debt	<u><u>\$ 2,602,145</u></u>
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The proceeds of the GEFA loan were used to finance a portion of the cost associated with the Department's Clean Water Atlanta Program. (See Note IV-D-CSO Decree).

Notes to the Financial Statements – Continued

G. Long Term Obligations, continued

Interest Rate Exchange Agreements (SWAPs) and Associated Bonds

Department of Watershed Management

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

Objective of Interest Rate Swaps - The Department's strategy is to use swaps as a tool to achieve an overall lower cost of capital, increase the diversity of the capital structure and better match the asset to liability portfolio by matching variable rate obligations with the large amount of the Department's short-term, variable rate assets. Also, the Department uses swaps to convert fixed-rate debt to variable-rate debt without incurring refinancing costs.

General - The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Department, or the Counterparty, may terminate the swap if the other party fails to perform under the terms of the contract. A termination of any swap agreement may result in the Department or the City making or receiving a termination payment. If at the time of termination the swap has a negative fair value, the Department would be liable to the Counterparty for a payment equal to the swap's fair value.

Swap One - On March 5, 2001, the Department entered into an interest rate swap option agreement with UBS AG in which it agreed to essentially convert, at the financial institution's request, \$145,000,000 of the Department'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 BMA Municipal Swap Index. The option for conversion began in 2005. The Department will continue to service the debt at the fixed rate. For entering into this agreement, the Department received a nonrefundable \$2,700,000 commitment fee which has been deferred and is being amortized over the life of the agreement.

Swap Two - Also, on March 5, 2001, the Department entered into a similar interest rate swap option agreement with UBS AG in which it agreed to essentially convert, at UBS AG's request, \$71,850,000 of the Department'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 BMA Municipal Swap Index. The option for conversion began in 2004 and the Department received a nonrefundable \$4,800,000 commitment fee which has been deferred and is being amortized over the life of the agreement.

Term - The swaps, with a total notional amount of \$216,850,000 became effective on May 1, 2005 and May 1, 2004 respectively. The notional amount decreases over time, matching the outstanding balance of the variable rate debt. The first notional decrease is November 1, 2023 and November 1, 2022 respectively, with the final maturity for both of November 1, 2038. Under the terms of the Swap One agreement, the Department will pay the Counterparty a variable interest rate equal to the BMA Municipal Swap Index. Under the terms of the Swap Two agreement, the Department will pay the Counterparties the greater of a variable annual interest rate equal to the BMA Municipal Swap Index less 6.56 basis points or the fixed rate (5.00%). The Department will receive from the Counterparties for both a fixed rate of 5.00%. As of June 30, 2007, rates were as follows:

Notes to the Financial Statements – Continued

G. Long Term Obligations, continued

1999 Swap One

	<u>Rates</u>
Interest rate swap:	
Fixed payment from counterparty	(5.00%)
Variable payment to counterparty	<u>3.73%</u>
Net interest rate swap payments (receipts)	<u>(1.27%)</u>
Fixed rate bond coupon payments	<u>5.00%</u>
Synthetic interest rate on bonds	<u>3.73%</u>

1999 Swap Two

	<u>Rates</u>
Interest rate swap:	
Fixed payment from counterparty	(5.00%)
Variable payment to counterparty	<u>5.00%</u>
Net interest rate swap payments (receipts)	<u>0.00%</u>
Fixed rate bond coupon payments	<u>5.00%</u>
Synthetic interest rate on bonds	<u>5.00%</u>

Fair Value – As of June 30, 2007, Swap One had a positive fair value of \$776,000 and Swap Two had a negative fair value of \$3,691,000. A positive fair value indicates the amount that the counterparty is required to pay the Department to terminate Swap One. A negative fair value indicates the amount that the Department would be required to pay the counterparty to terminate Swap Two.

Swap Payments and Associated Debt - As of June 30, 2007, debt service requirements of the fixed-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

G. Long Term Obligations, continued

1999 Series

Fiscal Year Ending	Fixed Rate Bonds		Interest Rate Swaps, Net	Total
	Principal	Interest		
2008	\$ 16,315	\$ 37,367	\$ (1,842)	\$ 51,840
2009	17,110	36,550	(1,842)	51,818
2010	19,640	35,661	(1,842)	53,459
2011	20,560	34,627	(1,842)	53,345
2012	21,625	33,467	(1,842)	53,250
2013-2017	127,230	147,604	(9,207)	265,627
2018-2022	165,720	107,545	(9,207)	264,058
2023-2027	92,035	69,045	(8,463)	152,617
2028-2032	83,070	49,842	(6,080)	126,832
2033-2037	106,015	26,319	(3,012)	129,322
2038	50,200	2,540	(163)	52,577
Total	<u>\$ 719,520</u>	<u>\$ 580,567</u>	<u>\$ (45,342)</u>	<u>\$1,254,745</u>

Credit Risk - The fair value of the swaps is a result of changes in interest rate. As of June 30, 2007, Swap One had a positive fair value of \$776,000. The Department is exposed to a credit risk in the amount of the swap's fair value.

As of June 30, 2007, Swap Two has a negative fair value of \$3,691,000. As a result, the Department was not exposed to credit risks. However, should interest rates change and the fair market value of the swap become positive, the Department would be exposed to credit risk in the amount of the swap's fair value.

As of June 30, 2007, the Counterparty was rated Aa2 by Moody's and AA+ by Standard and Poor's.

Termination Risk - If the Counterparty to the swaps defaults, or if the swaps are terminated, the Department and the City will be exposed to the rates established in each bond issue. The Counterparty to the interest rate swap agreements is a large international brokerage and insurance firm, and accordingly, the Department believes there is little risk of Counterparty nonperformance. In regard to Swap One, the Counterparty owns the right to cancel the agreement beginning November 1, 2009 and semi-annually thereafter. In regard to Swap Two, the Counterparty owns the right to cancel beginning March 5, 2011 and every 5 years thereafter. If the Swaps are terminated, the fixed rate bonds would no longer carry a synthetic variable interest rate. Also, if at the time of termination the swap has a negative fair value, the Department would be liable to the Counterparty for a payment equal to the swap's fair value.

Notes to the Financial Statements – Continued

G. Long Term Obligations, continued

Swaps Three and Four - On January 3, 2002, the Department entered into two interest rate swap agreements. These swap agreements are associated with the Department's Water and Wastewater Revenue Bonds Series 2001B and 2001 C 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.

Term - The swaps, with a total notional amount of \$441,345,000 became effective on January 3, 2002. The notional amount decreases over time, matching the outstanding balance of the variable rate debt. The first notional decrease is November 1, 2002 and November 1, 2040 respectively, with the final maturity of November 1, 2038 and November 1, 2041 respectively. Under the terms of both swap agreements, the Department will pay the Counterparties a fixed annual interest rate equal to 4.09%. Under the terms of the Swap Three agreement, the Department will receive from the Counterparty a variable interest rate equal to the lesser of the BMA Municipal Swap Index or the variable bond rate to May 1, 2009 and will receive 67% of one month LIBOR to the maturity date. Under the terms of the Swap Four agreement, the Department will receive from the Counterparty a variable interest rate equal to the BMA Municipal Swap Index.

As of June 30, 2007, the rates for the 2001B Bonds and Swap Three were as follows:

Interest rate swaps:	<u>Terms</u>	<u>Rates</u>
Fixed payment to counterparty	Fixed	4.09%
Variable payment from counterparty	BMA Municipal Swap Index	<u>(3.73%)</u>
Net interest rate swap payments (receipts)		<u>0.36%</u>
Variable rate bond coupon payments		<u>3.75%</u>
Synthetic interest rate on bonds		<u>4.11%</u>

Notes to the Financial Statements – Continued

G. Long Term Obligations, continued

As of June 30, 2007, the rates for the 2001C Bonds and Swap Four were as follows:

Interest rate swaps:	<u>Terms</u>	<u>Rates</u>
Fixed payment to counterparty	Fixed	4.09%
Variable payment from counterparty	BMA Municipal Swap Index	(3.73%)
Net interest rate swap payments (receipts)		<u>0.36%</u>
Variable rate bond coupon payments		<u>3.80%</u>
Synthetic interest rate on bonds		<u><u>4.16%</u></u>

Fair Value - As of June 30, 2007, Swap Three, with a notional amount of \$335,640,000, had a negative fair value of \$20,886,000. Swap Four, with a notional amount of \$105,705,000, had positive fair value of \$3,452,000. A negative fair value indicates the amount that the Department is required to pay the counterparty to terminate Swap Three. A positive fair value indicates the amount that the counterparty would be required to pay the Department to terminate Swap Four.

Swap Payments and Associated Debt - As of June 30, 2007, 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.

2001 Series

<u>Fiscal Year</u> <u>Ending</u>	<u>Variable Rate Bonds</u>		<u>Interest Rate</u> <u>Swaps, Net</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>		
2008	\$ 385	\$ 17,865	\$ 1,572	\$ 19,822
2009	400	17,849	1,570	19,819
2010	420	17,832	1,569	19,821
2011	440	17,814	1,567	19,821
2012	460	17,796	1,566	19,822
2013-2017	2,605	88,674	7,801	99,080
2018-2022	3,235	88,076	7,748	99,059
2023-2027	62,045	82,518	7,170	151,733
2028-2032	92,930	65,563	5,631	164,124
2033-2037	115,050	44,299	3,727	163,076
2038-2042	159,050	18,840	1,420	179,310
Total	<u>\$ 437,020</u>	<u>\$ 477,126</u>	<u>\$ 41,341</u>	<u>\$ 955,487</u>

Notes to the Financial Statements – Continued

G. Long Term Obligations, continued

Credit Risk - In each of these agreements the Department owes interest to the Counterparty calculated at an annual fixed rate of 4.09% on a 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 2001 C Bonds, For the Series 2001B Bonds, the counterparty owes the Department interest at a variable rate based on the BMA Municipal Swap Index. For the Series 2001B Bonds, the counter party owes the Department interest at a variable rate based on the BMA Municipal Swap Index (not to exceed the interest amount payable during the same period to the holders for the Department's Series 2001B Bonds) through May 1, 2009 and thereafter based upon a percentage equal to 67% of the monthly LIBOR-BBA (U.S. Dollars)(LIBOR). For the Series 2001 C Bonds, the Counterparty was rated Aa2 and AA+ by Moody's and Standard and Poor's, respectively.

As of June 30, 2007, the Counterparty was rated Aa2 by Moody's and AA+ by Standard and Poor's.

Basis risk - The interest rate swaps expose the Department to basis risk should the relationship between LIBOR and BMA Municipal Swap Index 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 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 BMA Municipal Swap Index has exceeded 7% in the preceding 180 days. The swap agreement for the Series 2001C Bonds allows the Counterparty the one-time option to terminate on November 1, 2006 at no cost.

Interest Rate Risk - The interest rate swap option agreements increase the interest rate risk of the Department, 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 Department, and better matches the asset to liability portfolio by matching variable rate obligations with the large amount of the Department's short-term, variable rate assets.

Notes to the Financial Statements – Continued

G. 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 sites 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 remaining number of postclosure years, the City accrued a liability for those costs as the landfills were accepting waste. The \$29,703,000 reported as the landfill postclosure costs liability at June 30, 2007 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 differ from 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.

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 in revenue bonds. During 1992 and again in 2002, DDA issued refunding bonds amounting to \$86,015,000 and \$71,625,000, respectively.

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.

At June 30, 2007, the DDA had outstanding \$57,055,000 in aggregate principal.

In 1999, the City entered into an operating sublease agreement with another private company to operate and manage the 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 property lease value is being amortized over the life of the lease.

Notes to Financial Statements – Continued

G. Long Term Obligations, continued

Debt Service Requirements

The following summarizes the debt service requirements of long-term debt at June 30, 2007 (including unamortized bond premiums of \$29,000 and \$557,000 for the Recreation Authority and Atlanta Development Authority, respectively) (in thousands).

Year Ended June 30	Governmental Activities									
	General Obligations		Annual Bonds		SWMA Revenue Bonds		Limited Obligations		Certificates of Participation	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	14,095	10,990	2,320	1,857	1,020	1,101	7,205	21,603	9,908	7,730
2009	15,050	10,297	2,150	1,686	1,070	1,051	10,890	21,157	10,233	7,243
2010	12,115	9,655	2,095	1,601	1,125	996	16,590	20,504	9,804	6,745
2011	12,230	9,099	2,195	1,515	1,180	938	19,420	19,663	7,650	6,275
2012	10,650	8,595	2,170	1,427	1,240	876	20,340	18,757	8,000	5,914
2013-2017	62,525	34,368	10,070	5,880	7,195	3,358	112,750	78,629	35,545	23,989
2018-2022	79,675	16,910	12,570	3,623	9,230	1,261	141,110	48,943	22,090	16,289
2023-2027	26,885	1,502	9,715	743	-	-	110,420	15,140	23,535	10,365
2028-2032	-	-	-	-	-	-	16,150	2,000	32,444	2,313
	<u>\$ 233,225</u>	<u>\$ 101,416</u>	<u>\$ 43,285</u>	<u>\$ 18,332</u>	<u>\$ 22,060</u>	<u>\$ 9,581</u>	<u>\$ 454,875</u>	<u>\$ 246,396</u>	<u>\$ 159,209</u>	<u>\$ 86,863</u>

Year Ended June 30	Business-Type Activities						Component Units			
	Aviation		Watershed Management		Underground Atlanta		Recreation Authority		Development Authority	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	68,204	139,527	26,646	123,923	4,445	3,005	7,820	16,496	843	5,521
2009	74,696	137,126	27,937	123,989	4,710	2,754	6,565	16,174	1,363	5,146
2010	78,286	134,463	31,093	123,497	4,995	2,488	6,915	15,822	1,520	5,073
2011	68,325	120,802	32,311	122,039	5,305	2,206	7,285	15,446	1,706	4,991
2012	80,255	117,173	34,067	120,781	-	-	-	-	1,867	4,898
2013-2017	461,885	528,822	197,836	566,659	30,560	6,264	53,240	67,194	11,571	22,731
2018-2022	579,035	410,974	255,199	508,320	7,040	193	58,620	47,185	15,333	18,971
2023-2027	715,425	279,949	326,114	434,174	-	-	69,835	28,998	20,483	13,816
2028-2032	717,095	109,376	413,881	342,762	-	-	38,740	8,914	14,486	8,345
2033-2037	47,267	5,575	517,895	231,104	-	-	16,955	2,060	19,503	4,305
2038-2042	-	-	633,535	97,091	-	-	-	-	557	163
2043-2047	-	-	94,875	5,722	-	-	-	-	648	71
2043-2047	-	-	-	-	-	-	-	-	130	2
	<u>\$ 2,890,473</u>	<u>\$ 1,983,787</u>	<u>\$ 2,591,389</u>	<u>\$ 2,800,061</u>	<u>\$ 57,055</u>	<u>\$ 16,910</u>	<u>\$ 266,004</u>	<u>\$ 218,289</u>	<u>\$ 90,567</u>	<u>\$ 94,033</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 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 June 30, 2007, the City has \$164,960,000 in defeased Various Purpose General Obligation Bonds, \$447,630,000 in defeased Airport Extension and Improvement Bonds, and \$330,580,000 in defeased Water and Wastewater Revenue Bonds. At June 30, 2007, the unamortized losses on the defeased bonds were \$99,128,000 and \$34,280,000 for the Airport Extension and Improvement Bonds and the Water and Wastewater Revenue Bonds, respectively.

Notes to the Financial Statements - Continued

H. Reserved Net Assets and Restricted Assets

The various bond covenants require certain reservations of Net Assets of the Department of Aviation. Reserved Net Assets at June 30, 2007 are as follows (in thousands):

	<u>Department of Aviation</u>
Passenger and customer facility charges	\$467,679
Debt service and debt service reserve	<u>138,178</u>
Total	<u>\$605,857</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 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 III. G. related to long-term obligations. Restricted assets of the enterprise funds at June 30, 2007 are as follows (in thousands):

	<u>Department of Watershed Mgt.</u>	<u>Department of Aviation</u>	<u>Total</u>
Renewal and Extension Funds:			
Accounts receivable	\$ -	\$ 576	\$ 576
Commercial paper investments	-	11,803	11,803
Passenger Facility Charges Fund:			
Investments	-	423,115	423,115
Cash	-	22,251	22,251
Accounts receivable	-	11,178	11,178
Interest receivable	-	5,752	5,752
Customer Facility Charge Fund:			
Investments	-	4,483	4,483
Cash	-	6,249	6,249
Accounts receivable	-	2,682	2,682
			-
CONRAC and APM Funds:			
Investments	-	227,907	227,907
Interest receivable		11,141	11,141
Construction Funds:			
Projects:			
Investments	716,390	1,001,330	1,717,720
Interest receivable	2,632	176	2,808
Debt reserve:			
Investments	149,101	-	149,101
Sinking Funds:			
Cash	3,939	9,426	13,365
Investments	83,926	66,496	150,422
Interest Receivable	617	-	617
Due from other funds	53,560	-	53,560
Total	\$ 1,010,165	\$ 1,804,565	\$ 2,814,730

Notes to the Financial Statements-Continued

IV. Other Information

A. Risk Management

General

The City purchases property insurance in the amount of \$200 million, subject to a \$250,000 deductible. This coverage protects City owned facilities for covered perils, such as fire, flood and earthquake. There is also a separate property insurance policy for the Airport with a limit of \$1 billion.

Insurance requirements are imposed on contractors and consultants that do business with the City. They are generally asked to maintain certain types of insurance coverages including, but not limited to General Liability, Workers' Compensation, Automobile Liability, Performance and Payment Bonds and Professional Liability.

There has not been any material change to the insurance coverages from the previous year. Settlement claims have not exceeded commercial coverage in any of the past three years.

Self-insurance

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

Workers' Compensation

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. The calculation of the present value of future workers' compensation liabilities, as calculated by the outside actuary, is based on a discount rate of 4.0 % for both 2007 and 2006.

Health and Dental Insurance

In 2005, the City moved from fully insured medical and dental plans to self insured plans for the Blue Cross Blue Shield Point of Service (POS) and the United Healthcare Preferred Provided Organization (PPO) plans. In addition, the CIGNA dental plan is now self insured. The Kaiser HMO, OHS dental access plan and Spectra vision plan remain fully insured. The City's health and dental liability is calculated by an outside actuary firm. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR).

Notes to the Financial Statements-Continued

A. Risk Management, continued

Changes in the balances of claims liabilities for workers' compensation, health/dental insurance and general claims liabilities during the six months ended June 30, 2006 and the year ended June 30, 2007 were as follows (in thousands):

	<u>Beginning of period</u>	<u>Period claims and changes in estimates</u>	<u>Claim payments</u>	<u>End of period</u>
Workers' compensation:				
2006	\$ 39,059	6,850	(2,041)	43,868
2007	\$ 43,868	6,146	(7,593)	42,421
Health and Dental claims:				
2006	\$ 3,954	20,805	(20,388)	4,371
2007	\$ 4,371	47,641	(47,437)	4,575
General claims liability:				
2006	\$ 14,626	19,129	(4,695)	29,060
2007	\$ 29,060	23,228	(15,543)	36,745

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.

B. Employee Retirement Systems and Pension Plans

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 of the respective plans.

Notes to the Financial Statements - Continued

B. Employee Retirement Systems and Pension Plans, continued

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 Atlanta Independent School System (the "School System") who are not covered under the Teachers Retirement System of Georgia, were eligible to participate in the General Employees' Pension Plan. In addition, certain School System 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 School System. The financial information herein relates only to City obligations for City employees and retirees.

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 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 to the new Defined Contribution Plan. Sworn personnel of the Police and Fire Departments are eligible to participate in the Police Officers' and Firefighters' plans, respectively.

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

Complete financial statements for all Plans, except the 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.

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 – 2.5% for each year of service to a maximum of 32 years.
- Firefighters – 3% for each year of service to a maximum of 26.67 years.
- Police Officers – 3% for each year of service to a maximum of 26.67 years.

For General employees the percentage increased from 2.0% to 2.5% for each year of service with no maximum years and for Firefighters the percentage increased from 2.0% to 3.0% for each year of service prior to March 31, 2001 plus 3% for each year of service subsequent to

Notes to the Financial Statements - Continued

B. Employee Retirement Systems and Pension Plans, continued

March 31, 2001 with no maximum years based on ordinances approved by City Council on September 6, 2005 and signed by the Mayor on September 12, 2005.

Normal retirement, after 10 years of service (decreased from 15 years of service by City Council on September 6, 2005 and approved by the Mayor on September 12, 2005.), is available at age 60 for City Employees and at age 55 for Police and Fire employees. In addition, City employees in the General employee Pension Fund, Police and Fire are eligible to retire after 30 years of service, at any age. 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.

The 30 and out provision was approved for General employees by City Council on November 7, 2005 and approved by the Mayor on November 14, 2005. The same provision for Police was adopted by City Council on October 17, 2005 and approved by the Mayor on October 25, 2005.

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, 2006, in the three defined benefit plans and related current period 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	3,090	814	1,115	5,019
Current active employees				
Fully vested	2,267	545	884	3,696
Partially vested	890	84	316	1,290
Not vested	<u>162</u>	<u>232</u>	<u>575</u>	<u>969</u>
Total membership	<u>6,409</u>	<u>1,675</u>	<u>2,890</u>	<u>10,974</u>

The payroll and covered payroll for the year ended June 30, 2007 are as follows:

Total current period payroll	<u>\$189,941</u>	<u>\$48,776</u>	<u>\$92,087</u>	<u>\$330,804</u>
Total current period covered payroll	<u>\$153,984</u>	<u>\$47,818</u>	<u>\$78,229</u>	<u>\$280,031</u>

Notes to the Financial Statements - Continued

B. Employee Retirement Systems and Pension Plans, 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. For the year ended June 30, 2007, the amortization period used in computing the annual required contribution was at a rate that approximated the 14 years remaining on the 40 year amortization adopted in 1978. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the actuarial accrued liability.

On September 6, 2005, the City Council passed an ordinance extending the amortization period from 14 years to 19 years which was signed by the Mayor on September 12, 2005.

The required contribution percentages, developed in the most recent (January 1, 2005) actuarial valuations for the plans, to cover pension liabilities and the actual 2007 contribution amounts are (dollars in thousands):

	<u>General Employees</u>	<u>Firefighters</u>	<u>Police Officers</u>
Normal cost	15.23%	19.48%	21.39%
Amortization of the unfunded actuarial accrued liability	<u>28.96%</u>	<u>27.71%</u>	<u>26.77%</u>
Total required contributions as a percentage of covered payroll	<u>44.19%</u>	<u>47.19%</u>	<u>48.16%</u>
2007 actual employee contributions			
Dollar amount	\$12,256	\$5,192	\$6,776
Percent of covered payroll	7.96%	10.86%	8.66%
2007 actual City contributions			
Dollar amount	\$59,780	\$21,566	\$47,365
Percent of covered payroll	38.82%	45.10%	60.55%

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.

Notes to the Financial Statements - Continued

C. Employee Retirement Systems and Pension Plans, continued

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.

The City's annual pension cost and net pension obligation for the current year ended June 30, 2007 and each of the two preceding years were as follows (dollars in thousands).

Plan/Period	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
General Employees			
Year Ended 12/31/02	\$ 30,910	72%	\$ -
Year Ended 12/31/03	\$ 30,615	100%	\$ -
Year Ended 12/31/04	\$ 37,084	100%	\$ -
Year Ended 12/31/05	\$ 51,773	100%	\$ -
Six Months Ended 6/30/06	\$ 29,799	100%	\$ -
Year Ended 6/30/07	\$ 59,780	100%	\$ -
Firefighters			
Year Ended 12/31/02	\$ 12,248	100%	\$ -
Year Ended 12/31/03	\$ 9,681	100%	\$ -
Year Ended 12/31/04	\$ 17,452	100%	\$ -
Year Ended 12/31/05	\$ 14,040	100%	\$ -
Six Months Ended 6/30/06	\$ 8,120	100%	\$ -
Year Ended 6/30/07	\$ 27,502	100%	\$ -
Police Officers			
Year Ended 12/31/02	\$ 20,148	100%	\$ -
Year Ended 12/31/03	\$ 15,062	100%	\$ -
Year Ended 12/31/04	\$ 30,459	100%	\$ -
Year Ended 12/31/05	\$ 25,271	100%	\$ -
Six Months Ended 6/30/06	\$ 15,221	100%	\$ -
Year Ended 6/30/07	\$ 47,365	100%	\$ -

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, effective with the January 1, 2006 actuarial report is to be amortized over a closed period of 19 years as a level percentage of estimated future payroll, with a remaining amortization period of 17 years, in accordance with State of Georgia guidelines. (See comment above regarding approval of this change by the City Council). 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, 2005) calculations for funding purposes are:

Notes to the Financial Statements - Continued

B. Employee Retirement Systems and Pension Plans, continued

	<u>General Employees</u>	<u>Firefighters</u>	<u>Police Officers</u>
Rate of return on investments	8%	7.75%	7.75%
Projected salary increases for			
Inflation	4.50%	3.00%	3.00%
Merit or seniority and productivity	.75 – 4.5%	1.00%	1.00%
Post-retirement benefit increases	3%	2.50%	2.50%

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 June 30, 2007:

	<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	Fair Value	Fair Value
Internal loans	None	None	None
Non-governmental individual investment in excess of 5% of net assets	See Note III.A.	See Note III.A.	See Note III.A.

Defined Contribution Plan

The City's General Employees' Defined Contribution Plan provides funds at retirement for employees of the City and in the event of death, provides funds for their beneficiaries, through an arrangement by which contributions are made to the 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.

Notes to the Financial Statements - Continued

B. Employee Retirement Systems and Pension Plans, continued

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

As of June 30, 2007 there were 2,092 participants in the Defined Contribution Plan. The covered payroll for employees in the Plan was \$65,335,000. Employee contributions for the year ended June 30, 2007 were \$4,943,000 and employer contributions were \$4,790,000 or 11.4% of covered payroll.

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.

Condensed financial statement information for the Defined Contribution Plan for the year ended June 30, 2007 is shown below (in thousands):

Current assets:	
Investments	\$ 38,203
Total assets	\$ 38,203
Current liabilities:	
Due to other funds	638
Total current liabilities	\$ 638
Additions:	
Employer contributions	4,790
Employee contributions	4,943
Refunds and other	420
Investment income (loss)	2,272
Total additions	12,425
Deductions:	
Administrative expenses	2,628
Total deductions:	2,628
Change in Net Assets held in trust for pension benefits	9,797
Net Assets held in trust for pension benefits:	
Beginning of period	27,768
End of period	\$ 37,565

Notes to the Financial Statements - Continued

B. Employee Retirement Systems and Pension Plans, 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, 4,411 retirees meet the eligibility requirements. The City contributes 79% of the premium cost for the median priced health care coverage, 75% of the premium cost for dental coverage and contributes \$3.68 per thousand of the premium cost for a retiree's life insurance coverage in amounts ranging from \$5,000 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 and self-insurance claims are paid to the private insurers and such costs totaled \$41,404,286 for the year ended June 30, 2007. The City's contribution to this cost was \$29,835,106.

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.

Notes to the Financial Statements - Continued

C. Commitments and Contingent Liabilities

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 numerous 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.

Construction and Commitments

At June 30, 2007, the total estimated costs on committed projects are \$450,120,000 and \$179,388,000 for the Department of Aviation and Department of Watershed Management, respectively.

Department of Watershed Management

Commitments

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 Water Reclamation Center (the "Plant"). Pursuant to the Clayton Agreement, the City agreed to assume responsibility for the financing, construction, operation, and maintenance of the Plant. The Clayton Agreement gives DeKalb County the right to use 25 MGD or 20.8% of the plant capacity. The Agreement with DeKalb County was amended June 9, 1987 to increase DeKalb County's capacity in the Plant to 50 MGD which is 48.54% of the 103 MGD capacity.

Notes to the Financial Statements - Continued

C. Commitments and Contingent Liabilities, continued

In 1977 DeKalb County entered into an agreement for 2.62 MGD or 5.82% capacity rights in the South River Water Reclamation Center and 2.6 MGD or 12.38% capacity rights in the Intrenchment Creek Water Reclamation Center.

Additional capital improvements may be made to the Plants upon the determination by the Department that excessive flows or loads are impairing the efficient operation of the City's sewer system, improved processes are available, and that additional improvements are necessary or desirable for the efficient operation of the Department or to comply with applicable laws. In any such event, the Department 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.

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 their sewerage flows bears to the total flows to the plants. The municipalities' shares of the operation and maintenance costs for the plants for the year ended June 30, 2007 was \$17,053,000. These payments are treated as operating revenue for the Department.

The municipalities have agreed to share in the capital improvement costs made to certain plants with their share being based on their portion of the sewerage flow. The municipalities' share of the capital improvement costs for the year ended June 30, 2007 was \$6,408,000. These charges, when earned, are treated as nonoperating revenue and are included in capital contributions. The amounts receivable from those municipalities is included in the amount due from other governmental units in the accompanying financial statements.

Consent Decrees for Wastewater System

The Department 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. (the "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 Environmental 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.

Notes to the Financial Statements - Continued

C. Commitments and Contingent Liabilities, continued

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 (the "FACD") 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 FACD. Because claims brought by Riverkeeper were resolved under the CSO Consent Decree, Riverkeeper is not a party to the 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 Water Reclamation Centers; install and implement a maintenance management system, revise the current operations program, and implement upgrades to the current 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, however, along the way that must be completed on schedule.

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. 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

Notes to the Financial Statements - Continued

C. Commitments and Contingent Liabilities, continued

construction bid phase. Under the CSO Consent Decree the deadline for completion of any new or additional capital improvement is November 7, 2007. On July 5, 2007, the City received a one year extension on completion of the West CSO Tunnel Project by the EPD and the EPA.

The City is actively seeking federal and state grants, loans and other sources of funding to perform the tasks outlined in the Clean Water Atlanta (the "CWA") Program. 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 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, of four years each, can be approved by a vote of City of Atlanta residents. During the February 2008 general election, the City of Atlanta residents will vote for an extension of four years. Proceeds from the MOST for the year ended June 30, 2007, were \$120,954,000 of which \$19,584,000 was receivable from the Georgia Department of Revenue at June 30, 2007.
- Federal Appropriation - Some small Federal grants have been obtained and efforts to secure additional federal grants continue.
- State GEFA Loans - The State of Georgia passed legislation to provide up to \$50 million per year in low interest Georgia Environmental Facilities Authority (GEFA) loans to the City. The City is pursuing the maximum loan amount for each year of the CWA Program. For the year ended June 30, 2007, the City received GEFA loans in the amounts of \$50,443,000 in permanent financing which included \$443,000 in accrued interest and \$22,389,000 in short term loans to be converted to permanent financing in fiscal year 2008. At June 30, 2007, the City had \$95,223,000 of short and long-term loans outstanding to GEFA.
- 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 is intended to minimize, to the extent possible, the impact of rate increases on ratepayers to maintain affordability and to permit water conservation. In 2005, the rates were adjusted downward from originally approved rates, due to the additional revenues received through the MOST tax. The current rates are summarized below. In addition to the rates shown below, each water and wastewater bill includes a \$.15 per 100 cubic feet (CF) security surcharge.

Notes to the Financial Statements - Continued

C. Commitments and Contingent Liabilities, continued

Graduated Monthly Wastewater Rate Structure

Water Consumption	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
0-3 ccf	\$ 4.90	\$ 4.95	\$ 4.46	\$ 4.90	\$ 7.04
4-6 ccf	\$ 5.61	\$ 5.67	\$ 6.24	\$ 6.86	\$ 9.83
Above 7 ccf	\$ 6.45	\$ 6.52	\$ 7.17	\$ 7.89	\$ 13.29

Graduated City Monthly Water Rates Structure

Water Consumption	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
0-3 ccf	\$ 1.93	\$ 1.95	\$ 1.17	\$ 1.29	\$ 2.76
4-6 ccf	\$ 2.21	\$ 2.23	\$ 2.45	\$ 2.70	\$ 3.88
Above 7 ccf	\$ 2.54	\$ 2.56	\$ 2.82	\$ 3.10	\$ 5.23

Greenway Acquisition

The CSO Consent Decree required the City to fund \$25 million by March 31, 2006 for the Greenway Acquisition Project for acquisition of properties adjacent to urban streams. The properties are buffers measuring one hundred feet from the top of the bank to be maintained in perpetuity in a natural state.

As of June 30, 2007, the \$25 million Greenway Fund expenditure has resulted in a total acquisition of 1,887 acres of land. Approximately \$1.2 million in accrued interest in the escrow account remains to be committed to additional acquisitions.

Consent Orders for Drinking Water System

The City 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. These 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 of the capital program remain to be completed.

Notes to the Financial Statements - Continued

C. Commitments and Contingent Liabilities, continued

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 2008-2014 CIP <u>(In Millions)</u>
Wastewater Projects:	
CSO Consent Decree	\$ 809
First Amended Decree	1,841
Regulatory	132
R&E Fund Projects	<u>164</u>
Subtotal	<u>2,946</u>
Water Projects:	
Consent Order	130
Non-Consent Order	<u>810</u>
Subtotal	<u>940</u>
Grand total	<u>\$ 3,886</u>

Notes to the Financial Statements - Continued

D. Subsequent Events

In August 2007, the City refunded \$85,495,000 in Tax Allocation Refunding Bonds (Atlantic Station Project), Series 2007. A portion of the proceeds of the Series 2007 Bonds, together with other available funds will be deposited in an escrow for the redemption of the Series 2001 Bonds on December 1, 2011. Additionally, a debt service reserve fund will be established for the Series 2007 Bonds.

The Internal Revenue Service has notified the City that its Water and Wastewater Revenue Bonds, Series 1999A were selected for review because of transactions during 2000 between a former broker who handled investment of the bond proceeds and the bank that provided the investment agreements. On December 13, 2007, the City received notice from the IRS that the review of the Water and Wastewater Revenue Bonds, Series 199A has been closed with no change to the tax-exempt status of the bonds.

During fiscal year 2007, City Council approved the issuance of up to \$200 million in TAD Bonds and up to \$35 million in Bond Anticipation Notes for the Beltline TAD. Immediately following the approval of the legislation, a lawsuit was filed in Fulton County Superior Court challenging the Beltline TAD.

In July, 2007, a Fulton County Superior Court Judge granted a motion requiring the plaintiff to post a \$657,051 appeal bond in the lawsuit, which was subsequently posted.

The City is currently awaiting a decision from the Georgia Supreme Court, which is expected by the end of the first quarter in 2008. Upon a favorable ruling, the City is prepared to issue the Beltline TAD bonds.

On March 13, 2006, the City entered into a declaration and agreement concerning development, easements and real covenants with Ponce Park, LLC for the sale of City Hall East to Ponce Park, LLC (Phase II). On November 28, 2005, the City had entered into an agreement of purchase and sale with Ponce Park, LLC (Phase I) for the sale of the parking lot associated with City Hall East for \$6.0 million. City Hall East currently houses the headquarters for the Atlanta Police Department, the Atlanta Fire Department and the City's 911 Center. The Parks, Recreation and Cultural Affairs department also has administrative offices in City Hall East. The City has until August 2008 to vacate the building. The City currently has under construction a new public safety building and is exploring various alternatives for the other City departments currently housed in City Hall East.



Required Supplementary Information

CITY OF ATLANTA, GEORGIA

Required Supplementary Information

Schedule of Funding Progress
(Amounts in thousands)

Plan/Valuation Date	Value of Assets	Actuarial Accrued Liability (AAL)	Percentage Funded	Unfunded Accrued Liabilities	Current Year Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
General Employees						
1/1/2000	\$ 703,381	\$ 920,409	76.42%	\$ 217,028	\$ 177,754	122.09%
1/1/2002	726,180	1,059,876	68.52%	333,696	175,752	189.87%
1/1/2004	681,159	1,110,501	61.34%	429,342	160,767	267.06%
1/1/2006	702,178	1,335,974	52.56%	633,796	153,984	411.60%
Firefighters						
1/1/2000	289,054	322,370	89.67%	33,316	38,797	85.87%
1/1/2002	326,620	370,291	88.21%	43,671	39,447	110.71%
1/1/2004	321,908	417,092	77.18%	95,184	38,303	248.50%
1/1/2006	334,290	572,812	58.36%	238,522	47,818	498.81%
Police Officers						
1/1/2000	384,083	419,439	91.57%	35,356	67,330	52.51%
1/1/2002	448,676	541,209	82.90%	92,533	68,056	135.97%
1/1/2004	440,212	617,501	71.29%	177,289	63,274	280.19%
1/1/2006	464,368	839,384	55.32%	375,016	78,229	479.38%

The City uses the results of its actuarial valuations of its pension plans to determine contribution 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, effective with the January 1, 2006 actuarial report is to be amortized over a closed period of 45 years from January 1, 1979 with a remaining amortization period of 19 years, as a level percentage of estimated future payroll. On September 6, 2005, the City Council passed an ordinance amending the amortization period from 40 years to 45 years which was signed by the Mayor on September 12, 2005. 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:

	General Employees	Firefighters	Police Officers
Rate of return on investments	8%	7.75%	7.75%
Projected salary increases for			
Inflation	4.50%	3.00%	3.00%
Merit or seniority and productivity	.75 – 4.5%	1.00%	1.00%
Post-retirement benefit increases	3%	2.50%	2.50%

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Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purpose.

Community Development Fund - Established to account for the revenue and expenditure 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.

Emergency 9-1-1 Fund - Established to account for the revenues and expenditures associated with the operation and management of the emergency 9-1-1 system.

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.

Atlantic Station Tax Allocation District - Established by the law creating the district to account for the proceeds of bond 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.

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.

Northwest Atlanta Tax Allocation District - Established by the law creating the district to account for the proceeds of bonds to be issued to develop the Northwest Atlanta area.

Princeton Lakes Tax Allocation District - Established by the law creating the district to account for the proceeds of bonds to be issued to develop the Princeton Lakes area.

Eastside Tax Allocation District - Established by the law creating the district to account for the proceeds of bonds issued to develop the Eastside area.

Other Special Revenue - Accounts for other restricted monies (expendable trust funds) that are classified as Special Revenue Funds. Established to account for activities in which the city acts as trustee for an individual organization, or other governmental units.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary fund and trust funds.

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 Capital Outlay Fund - 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 Authority Fund - Established to account for the revenues and expenditures associated with the operation and management of debt financings related to post closure costs 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.

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CITY OF ATLANTA, GEORGIA
Nonmajor Governmental Funds

Combining Balance Sheet
June 30, 2007
(In Thousands)

	Special Revenue Funds				
	Community Development	Emergency Telephone System	Inter-governmental Grants	Tax Allocation Districts	Other Special Revenue
ASSETS					
Cash	\$ 5,658	\$ -	\$ 40,797	\$ 7,521	\$ 10,999
Investments in pooled investment fund	-	510	-	-	38,547
Investments	-	-	-	-	2,070
Receivables					
Taxes	-	-	-	-	-
Accounts	-	1,638	-	-	400
Other	-	-	354	-	-
Due from other governmental units and agencies	1,535	-	13,477	-	496
Due from other funds	266	-	3,715	-	967
Restricted investments	-	-	-	105,063	-
Investment in escrow	-	-	-	-	-
Total assets	<u>\$ 7,459</u>	<u>\$ 2,148</u>	<u>\$ 58,343</u>	<u>\$ 112,584</u>	<u>\$ 53,479</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,597	\$ 6,009	\$ 5,021	\$ 21	\$ 2,144
Accrued salaries, vacation, and compensatory pay	38	-	165	-	77
Contract retentions	97	-	10	-	-
Due to other governments	-	-	136	4,672	410
Due to other funds	3,025	30,238	49,354	23	3,013
Deferred revenues	-	-	3,047	-	-
Total liabilities	<u>5,757</u>	<u>36,247</u>	<u>57,733</u>	<u>4,716</u>	<u>5,644</u>
Fund balances:					
Reserved for:					
Encumbrances	564	-	8,192	-	2,145
Programs	1,385	(34,099)	12,262	88,676	45,690
Capital Projects	-	-	-	19,192	-
Unreserved	(247)	-	(19,844)	-	-
Total fund balances	<u>1,702</u>	<u>(34,099)</u>	<u>610</u>	<u>107,868</u>	<u>47,835</u>
Total liabilities and fund balances	<u>\$ 7,459</u>	<u>\$ 2,148</u>	<u>\$ 58,343</u>	<u>\$ 112,584</u>	<u>\$ 53,479</u>

Capital Projects Funds				
Park Improvement	Special Assessment	General Governmental Capital Outlay	Solid Waste Management Authority	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 1,591	\$ 130	\$ 66,696
2,425	2,071	-	-	43,553
-	-	6,197	-	8,267
603	-	-	-	603
-	6	75	-	2,119
-	-	-	-	354
-	-	-	-	15,508
-	-	227	-	5,175
-	-	35,517	3,263	143,843
-	-	1	-	1
<u>\$ 3,028</u>	<u>\$ 2,077</u>	<u>\$ 43,608</u>	<u>\$ 3,393</u>	<u>\$ 286,119</u>
\$ 390	\$ -	\$ 491	\$ -	\$ 16,673
31	-	3	-	314
6	-	9	-	122
-	-	-	-	5,218
85	-	16,700	-	102,438
<u>536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,583</u>
<u>1,048</u>	<u>-</u>	<u>17,203</u>	<u>-</u>	<u>128,348</u>
167	-	1,934	-	13,002
-	-	-	-	113,914
1,813	2,077	24,471	3,393	50,946
-	-	-	-	(20,091)
<u>1,980</u>	<u>2,077</u>	<u>26,405</u>	<u>3,393</u>	<u>157,771</u>
<u>\$ 3,028</u>	<u>\$ 2,077</u>	<u>\$ 43,608</u>	<u>\$ 3,393</u>	<u>\$ 286,119</u>

CITY OF ATLANTA, GEORGIA
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2007
(In Thousands)

	Special Revenue Funds				
	Community Development	Emergency Telephone System	Inter - governmental Grants	Tax Allocation Districts	Other Special Revenue
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ 24,744	\$ -
Charges for current services	-	10,125	-	-	1,832
Charges for special assessments	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	767
Investment income	32	396	152	6,783	2,051
Intergovernmental revenues:					
U.S. Government grants	9,095	-	19,145	-	544
State and local governments	-	-	13,277	-	6,297
Total intergovernmental revenues	9,095	-	32,422	-	6,841
Other	1,155	1,638	1,181	-	6,566
Total revenues	10,282	12,159	33,755	31,527	18,057
Expenditures:					
Current:					
General government:					
Executive Offices	3,151	-	6,772	-	1,110
Personnel and human services	-	-	-	-	51
City Council	-	-	-	-	53
Nondepartmental	5	4,210	215	37,161	11,871
Courts and judicial agencies	-	-	354	-	3,182
Finance	864	-	117	-	63
Housing, planning and development	3,343	-	10,527	-	1,891
Total general government	7,363	4,210	17,985	37,161	18,221
Police	-	37,030	12,356	-	1,524
Fire	-	358	304	-	9
Corrections	64	-	186	-	1,013
Public Works	232	-	3,114	-	679
Parks, Recreation, and Cultural Affairs	2,067	-	1,721	-	4,493
Debt service:					
Principal payments	515	-	-	9,580	800
Interest payments	396	-	-	19,115	125
Bond issuance costs	-	-	-	1,001	-
Total debt service	911	-	-	29,696	925
Total expenditures	10,637	41,598	35,666	66,857	26,864
Excess (Deficiency) of revenues over (under) expenditures	(355)	(29,439)	(1,911)	(35,330)	(8,807)
Other financing sources (uses):					
Transfers in (out)	-	-	4,632	-	(2,613)
Proceeds from sale of assets	22	-	-	-	2,118
Total other financing sources (uses)	22	-	4,632	-	(495)
Revenues and other sources over (under) expenditures and other uses	(333)	(29,439)	2,721	(35,330)	(9,302)
Fund balances, beginning of period	2,035	(4,660)	(2,111)	143,198	57,137
Fund balances, end of period	\$ 1,702	\$ (34,099)	\$ 610	\$ 107,868	\$ 47,835

Capital Projects Funds

	Park Improvement	Special Assessment	General Governmental Capital Outlay	Solid Waste Management Authority	Totals
\$	8,431	\$ -	\$ -	\$ -	\$ 33,175
	655	-	-	-	12,612
	-	236	3,286	-	3,522
	-	5	-	-	772
	226	64	2,052	155	11,911
	-	-	-	-	28,784
	262	-	-	-	19,836
	262	-	-	-	48,620
	-	-	4,770	-	15,310
	9,574	305	10,108	155	125,922
	-	-	-	-	11,033
	-	-	-	-	51
	-	-	-	-	53
	6,854	-	3	-	60,319
	-	-	-	-	3,536
	-	-	-	-	1,044
	-	-	1,928	-	17,689
	6,854	-	1,931	-	93,725
	-	-	-	-	50,910
	-	-	29	-	700
	-	-	-	-	1,263
	-	-	1,881	-	5,906
	4,955	-	107	-	13,343
	-	-	-	975	11,870
	-	-	-	-	19,636
	-	-	-	-	1,001
	-	-	-	975	32,507
	11,809	-	3,948	975	198,354
	(2,235)	305	6,160	(820)	(72,432)
	-	-	-	975	2,994
	-	-	-	-	2,140
	-	-	-	975	5,134
	(2,235)	305	6,160	155	(67,298)
	4,215	1,772	20,245	3,238	225,069
\$	1,980	\$ 2,077	\$ 26,405	\$ 3,393	\$ 157,771

CITY OF ATLANTA, GEORGIA
Nonmajor Governmental Funds - Tax Allocation Districts

Combining Balance Sheet
June 30, 2007
(In Thousands)

	Atlantic Station	Westside	Northwest Atlanta	Princeton Lake	Eastside	Total
ASSETS						
Cash	\$ 1,567	\$ 4,195	\$ -	\$ -	\$ 1,759	\$ 7,521
Restricted investments	<u>17,649</u>	<u>39,981</u>	<u>4,403</u>	<u>15,604</u>	<u>27,426</u>	<u>105,063</u>
Total assets	<u>\$ 19,216</u>	<u>\$ 44,176</u>	<u>\$ 4,403</u>	<u>\$ 15,604</u>	<u>\$ 29,185</u>	<u>\$ 112,584</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 21	\$ -	\$ -	\$ -	\$ -	\$ 21
Due to other governments	-	-	-	38	4,634	4,672
Due to other funds	<u>3</u>	<u>3</u>	<u>-</u>	<u>3</u>	<u>14</u>	<u>23</u>
Total liabilities	<u>24</u>	<u>3</u>	<u>-</u>	<u>41</u>	<u>4,648</u>	<u>4,716</u>
Fund balances:						
Reserved for:						
Programs	-	44,173	4,403	15,563	24,537	88,676
Capital Projects	<u>19,192</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,192</u>
Total fund balances	<u>19,192</u>	<u>44,173</u>	<u>4,403</u>	<u>15,563</u>	<u>24,537</u>	<u>107,868</u>
Total liabilities and fund balances	<u>\$ 19,216</u>	<u>\$ 44,176</u>	<u>\$ 4,403</u>	<u>\$ 15,604</u>	<u>\$ 29,185</u>	<u>\$ 112,584</u>

CITY OF ATLANTA, GEORGIA
Nonmajor Governmental Funds - Tax Allocation Districts

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2007
(In Thousands)

	Atlantic Station	Westside	NW Atlanta	Princeton Lake	Eastside	Total
Revenues:						
Property taxes	\$ 10,774	\$ 8,171	\$ 2,384	\$ 506	\$ 2,909	\$ 24,744
Investment income	1,154	2,756	183	1,001	1,689	6,783
Total revenues	<u>11,928</u>	<u>10,927</u>	<u>2,567</u>	<u>1,507</u>	<u>4,598</u>	<u>31,527</u>
Expenditures:						
Current:						
General government:	104	13,729	-	4,341	18,987	37,161
Total general government	<u>104</u>	<u>13,729</u>	<u>-</u>	<u>4,341</u>	<u>18,987</u>	<u>37,161</u>
Debt service:						
Principal payments	1,790	7,790	-	-	-	9,580
Interest payments	12,263	3,291	-	918	2,643	19,115
Bond issuance costs	160	753	-	4	84	1,001
Total debt service	<u>14,213</u>	<u>11,834</u>	<u>-</u>	<u>922</u>	<u>2,727</u>	<u>29,696</u>
Total expenditures	<u>14,317</u>	<u>25,563</u>	<u>-</u>	<u>5,263</u>	<u>21,714</u>	<u>66,857</u>
Excess (Deficiency) of revenues over (under) expenditures	(2,389)	(14,636)	2,567	(3,756)	(17,116)	(35,330)
Other financing sources (uses):						
Transfers in (out)	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	(2,389)	(14,636)	2,567	(3,756)	(17,116)	(35,330)
Fund balances, beginning of period	<u>21,581</u>	<u>58,809</u>	<u>1,836</u>	<u>19,319</u>	<u>41,653</u>	<u>143,198</u>
Fund balances, end of period	<u>\$ 19,192</u>	<u>\$ 44,173</u>	<u>\$ 4,403</u>	<u>\$ 15,563</u>	<u>\$ 24,537</u>	<u>\$ 107,868</u>

CITY OF ATLANTA, GEORGIA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007
(In Thousands)

	Community Development Fund			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES				
Intergovernmental revenues-				
U.S. government grants	\$ 21,383	\$ 31,291	\$ 10,848	\$ (20,443)
Other income	1,027	2,265	1,209	(1,056)
Total revenues	<u>22,410</u>	<u>33,556</u>	<u>12,057</u>	<u>(21,499)</u>
EXPENDITURES				
Current:				
General government:				
Executive offices	3,494	6,044	2,384	3,660
Finance	5,782	9,027	1,767	7,260
Planning and community development	8,578	11,287	3,196	8,091
Law	6	6	1	5
Total general government	<u>17,860</u>	<u>26,364</u>	<u>7,348</u>	<u>19,016</u>
Public safety:				
Fire	37	37	-	37
Corrections	145	177	62	115
Total public safety	<u>182</u>	<u>214</u>	<u>62</u>	<u>152</u>
Public works	250	219	7	212
Parks, recreation, and cultural affairs	3,772	5,612	1,686	3,926
Department of watershed management	238	1,038	171	867
Nondepartmental expenditures	-	-	-	-
Debt Service:				
Bond principal payments			515	
Interest on Bonds			396	
Total expenditures	<u>22,302</u>	<u>33,447</u>	<u>10,185</u>	<u>24,173</u>
Excess (deficiency) of revenues over (under) expenditures	108	109	1,872	\$ <u>2,674</u>
Reconciliation to GAAP basis:				
To record effect of net change in unrecorded assets	-	-	-	
To record effect of net change in unrecorded liabilities	-	-	(2,205)	
Excess (deficiency) of revenues over (under) expenditures - GAAP basis	108	109	(333)	
Fund balance - beginning	(3,089)	(495)	2,035	
Fund balance - ending	<u>\$ (2,981)</u>	<u>\$ (386)</u>	<u>\$ 1,702</u>	

CITY OF ATLANTA, GEORGIA

Nonmajor Special Revenue Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007

(In Thousands)

	Intergovernmental Grant Fund			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES				
Intergovernmental revenues-				
U.S. Government grants	\$ 105,426	123,874	21,416	(102,458)
State of Georgia grants	18,933	23,959	10,613	(13,346)
Other income	1,493	8,830	7,840	(990)
Total revenues	<u>125,852</u>	<u>156,663</u>	<u>39,869</u>	<u>(116,794)</u>
EXPENDITURES				
Current:				
General government:				
Executive offices	15,908	22,164	7,093	(15,071)
Courts and judicial agencies	592	773	428	(345)
Finance	1,964	893	117	(776)
Planning and community development	73,851	82,126	12,520	(69,606)
Total general government	<u>92,315</u>	<u>105,956</u>	<u>20,158</u>	<u>85,798</u>
Public safety:				
Police	7,137	20,692	11,235	(9,457)
Fire	731	928	358	(570)
Corrections	129	378	184	(194)
Total public safety	<u>7,997</u>	<u>21,998</u>	<u>11,777</u>	<u>(10,221)</u>
Public works	15,161	15,038	3,456	(11,582)
Parks, recreation, and cultural affairs	2,314	5,376	1,672	(3,704)
Department of watershed management	99	96	1	(95)
Nondepartmental expenditures	69	302	302	-
Total expenditures	<u>117,955</u>	<u>148,766</u>	<u>37,366</u>	<u>60,196</u>
Excess (deficiency) of revenues over (under) expenditures	7,897	7,897	2,503	\$ <u>(5,394)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from general long-term debt				
Transfers in	-	-	4,632	
Total other financial sources and uses	<u>-</u>	<u>-</u>	<u>4,632</u>	
Excess (deficiency) of revenues and other sources over expenditures and other uses	7,897	7,897	7,135	
Reconciliation to GAAP basis:				
To record effect of net change in unrecorded assets	-	-	514	
To record effect of net change in unrecorded liabilities	-	-	(268)	
Excess (deficiency) of revenues over (under) expenditures - GAAP basis	7,897	7,897	7,381	
Fund balance - beginning	(41,267)	(140,526)	(6,771)	
Fund balance - ending	\$ <u>(33,370)</u>	\$ <u>(132,629)</u>	\$ <u>610</u>	

CITY OF ATLANTA, GEORGIA

Nonmajor Special Revenue Funds
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2007
 (In Thousands)

	Emergency Telephone System Fund			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES				
Other Revenue				
Charges for Services	\$ 5,718	\$ 11,088	\$ 11,060	\$ (28)
Miscellaneous				
Investment income	-	400	400	-
Total revenues	5,718	11,488	11,460	(28)
EXPENDITURES				
Current:				
Nondepartmental	9,402	10,853	10,853	-
Police Services	-	7,152	7,152	-
Total expenditures	9,402	18,005	18,005	-
Excess (deficiency) of revenues over (under) expenditures	(3,684)	(6,517)	(6,545)	\$ (28)
OTHER FINANCING SOURCES (USES):				
Proceeds from Bonds	-	-	-	
Discount on bonds	-	-	-	
	-	-	-	
Excess (deficiency) of revenues over (under) expenditures	(3,684)	(6,517)	(6,545)	
Reconciliation to GAAP basis:				
To record effect of net change in unrecorded assets	-	-	1,638.00	
To record effect of net change in unrecorded liabilities	-	-	(24,532.00)	
Excess (deficiency) of revenues over (under) expenditures - GAAP basis	(3,684)	(6,517)	(29,439)	
Fund balance - beginning	-	-	(4,660)	
Fund balance - ending	\$ (3,684)	\$ (6,517)	\$ (34,099)	

CITY OF ATLANTA, GEORGIA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007
(In Thousands)

	Atlantic Station TAD Fund			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes				
Taxes, Current Property Increment	\$ 11,611	\$ 11,611	\$ 10,780	\$ (831)
Miscellaneous				
Investment income	342	1,496	1,154	(342)
Other Revenue	333,554	-	-	-
Total revenues	<u>345,507</u>	<u>13,107</u>	<u>11,934</u>	<u>(1,173)</u>
EXPENDITURES				
Current:				
Fire	-	1,891	-	1,891
Nondepartmental	367,367	33,076	14,582	18,494
Total expenditures	<u>367,367</u>	<u>34,967</u>	<u>14,582</u>	<u>18,494</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,860)</u>	<u>(21,860)</u>	<u>(2,648)</u>	<u>\$ 17,321</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from Bonds	-	-	-	
Discount on bonds	-	-	-	
Excess (deficiency) of revenues over (under) expenditures	<u>(21,860)</u>	<u>(21,860)</u>	<u>(2,648)</u>	
Reconciliation to GAAP basis:				
To record effect of net change in unrecorded assets	-	-	(6.00)	
To record effect of net change in unrecorded liabilities	-	-	289.00	
Excess (deficiency) of revenues over (under) expenditures - GAAP basis	<u>(21,860)</u>	<u>(21,860)</u>	<u>(2,365)</u>	
Fund balance - beginning	<u>(15,902)</u>	<u>152,754</u>	<u>21,581</u>	
Fund balance - ending	<u>\$ (37,762)</u>	<u>\$ 130,894</u>	<u>\$ 19,216</u>	

CITY OF ATLANTA, GEORGIA

Nonmajor Special Revenue Funds
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2007
 (In Thousands)

				Westside TAD Fund			
				<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES							
Taxes							
Taxes, Current Property Increment	\$	9,752	\$	9,752	\$	8,266	\$ (1,486)
Miscellaneous							
Investment income		36		3,482		3,445	(37)
Total Revenues		<u>9,788</u>		<u>13,234</u>		<u>11,711</u>	<u>(1,523)</u>
EXPENDITURES							
Current:							
Nondepartmental		71,082		74,527		31,053	43,474
Total expenditures		<u>71,082</u>		<u>74,527</u>		<u>31,053</u>	<u>43,474</u>
Excess (deficiency) of revenues over (under) expenditures		<u>(61,294)</u>		<u>(61,293)</u>		<u>(19,342)</u>	\$ 41,951
OTHER FINANCING SOURCES (USES):							
Proceeds from Bonds							
Transfer Out		-		-		-	\$ -
Total other financial sources and uses		-		-		-	
Excess (deficiency) of revenues over (under) expenditures		<u>(61,294)</u>		<u>(61,293)</u>		<u>(19,342)</u>	
Reconciliation to GAAP basis:							
To record effect of net change in unrecorded		-		-		(784)	
To record effect of net change in unrecorded		-		-		5,490	
Excess (deficiency) of revenues over (under) expenditures - GAAP basis		<u>(61,294)</u>		<u>(61,293)</u>		<u>(14,636)</u>	
Fund balance - beginning		<u>(14,427)</u>		<u>(177,560)</u>		<u>58,809</u>	
Fund balance - ending	\$	<u><u>(75,721)</u></u>	\$	<u><u>(238,853)</u></u>	\$	<u><u>44,173</u></u>	

CITY OF ATLANTA, GEORGIA

Nonmajor Special Revenue Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2007

(In Thousands)

	NW Atlanta TAD Fund			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes				
Taxes, Current Property Increment	\$ -	\$ 2,422	\$ 2,422	\$ -
Miscellaneous				
Investment income	-	183	183	-
Total Revenues	<u>-</u>	<u>2,605</u>	<u>2,605</u>	<u>-</u>
EXPENDITURES				
Current:				
Nondepartmental	1,798	4,403	-	4,403
Total expenditures	<u>1,798</u>	<u>4,403</u>	<u>-</u>	<u>4,403</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,798)</u>	<u>(1,798)</u>	<u>2,605</u>	<u>\$ 4,403</u>
Reconciliation to GAAP basis:				
To record effect of net change in unrecorded assets	-	-	(38)	
Excess (deficiency) of revenues over (under) expenditures - GAAP basis	(1,798)	(1,798)	2,567	
Fund balance - beginning	12	-	1,836	
Fund balance - ending	<u>\$ (1,786)</u>	<u>\$ (1,798)</u>	<u>\$ 4,403</u>	

CITY OF ATLANTA, GEORGIA

Nonmajor Special Revenue Funds
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2007
 (In Thousands)

	Princeton Lakes TAD Fund			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes				
Taxes, Current Property Increment	\$ 1,424	\$ 1,353	\$ 506	\$ (847)
Miscellaneous				
Investment income		1,001	1,001	-
Total Revenues	1,424	2,354	1,507	(847)
EXPENDITURES				
Current:				
Nondepartmental	20,743	21,673	5,262	16,411
Total expenditures	20,743	21,673	5,262	16,411
Excess (deficiency) of revenues over under expenditures	(19,319)	(19,319)	(3,755)	\$ 15,564
OTHER FINANCING SOURCES (USES):				
Excess (deficiency) of revenues over (under) expenditures	(19,319)	(19,319)	(3,755)	
Reconciliation to GAAP basis:				
To record effect of net change in unrecorded assets				
To record effect of net change in unrecorded liabilities	-	-	(1)	
	-	-	-	
Excess (deficiency) of revenues over (under) expenditures - GAAP basis	(19,319)	(19,319)	(3,756)	
Fund balance - beginning	-	1,620	19,319	
Fund balance - ending	\$ (19,319)	\$ (17,699)	\$ 15,563	

CITY OF ATLANTA, GEORGIA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year Ended June 30, 2007
(In Thousands)

	Eastside TAD Fund			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes				
Taxes, Current Property Increment	\$ 2,678	\$ 2,678	\$ 902	\$ (1,776)
Miscellaneous				
Investment income	-	1,689	1,689	-
Other Revenues	-	47,480	-	(47,480)
Total Revenues	<u>2,678</u>	<u>51,847</u>	<u>2,591</u>	<u>(1,776)</u>
EXPENDITURES				
Current:				
Nondepartmental	48,903	98,072	21,861	76,211
Total expenditures	<u>48,903</u>	<u>98,072</u>	<u>21,861</u>	<u>76,211</u>
Excess (deficiency) of revenues over under expenditures	<u>(46,225)</u>	<u>(46,225)</u>	<u>(19,270)</u>	<u>\$ 74,435</u>
OTHER FINANCING SOURCES (USES):				
Excess (deficiency) of revenues over (under) expenditures	(46,225)	(46,225)	(19,270)	
Reconciliation to GAAP basis:				
To record effect of net change in unrecorded assets	-	-	2,007	
To record effect of net change in unrecorded liabilities	-	-	147	
Excess (deficiency) of revenues over (under) expenditures - GAAP basis	(46,225)	(46,225)	(17,116)	
Fund balance - beginning	(12,134)	-	41,653	
Fund balance - ending	<u>\$ (58,359)</u>	<u>\$ (46,225)</u>	<u>\$ 24,537</u>	

CITY OF ATLANTA, GEORGIA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007
(In Thousands)

	<u>Other Special Revenue</u>			
	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental revenues-				
U.S. Government grants	\$ 14,116	17,435	593	\$ (16,842)
State of Georgia grants	32,448	35,359	1,615	(33,744)
Other income				-
Interest Income	2,434	16,485	13,296	(3,189)
Other Revenue	1,585	8,789	7,006	(1,783)
Total revenues	<u>50,583</u>	<u>78,068</u>	<u>22,510</u>	<u>(55,558)</u>
EXPENDITURES				
Current:				
General government:				
Executive offices	1,551	2,351	1,085	1,266
Personnel and human resources	105	153	52	101
City council	58	110	57	53
Courts and judicial agencies	3,910	4,025	3,184	841
Finance	680	722	121	601
Planning and community development	31,286	35,868	3,540	32,328
Procurement	4	4	-	4
Law	22	22	22	-
Total general government	<u>37,616</u>	<u>43,255</u>	<u>8,061</u>	<u>35,194</u>
Public safety:				
Police	5,080	10,211	3,603	6,608
Fire	60	70	21	49
Corrections	4,931	6,380	508	5,872
Total public safety	<u>10,071</u>	<u>16,661</u>	<u>4,132</u>	<u>12,529</u>
Public works	5,768	7,365	721	6,644
Parks, recreation, and cultural affairs	8,429	13,719	4,779	8,940
Department of watershed management	489	1,341	229	1,112
Department of Administration	2,500	2,500	-	2,500
Nondepartmental expenditures	18,010	18,583	12,525	6,058
Total expenditures	<u>82,883</u>	<u>103,424</u>	<u>30,447</u>	<u>72,977</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(32,300)</u>	<u>(25,356)</u>	<u>(7,937)</u>	<u>\$ 17,419</u>
Other Financing Sources				
Transfer in	-	-	(495)	
Total other financial sources and uses	-	-	(495)	
Excess (deficiency) of revenues over (under) expenditures	(32,300)	(25,356)	(8,432)	
Reconciliation to GAAP basis:				
To record effect of net change in unrecorded assets	-	-	(4,453)	
To record effect of net change in unrecorded liabilities	-	-	3,583	
Excess (deficiency) of revenues over (under) expenditures - GAAP basis	(32,300)	(25,356)	(9,302)	
Fund balance - beginning	(55,279)	479	57,137	
Fund balance - ending	<u>\$ (87,579)</u>	<u>\$ (24,877)</u>	<u>\$ 47,835</u>	

CITY OF ATLANTA, GEORGIA

Debt Service Fund

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007

(In Thousands)

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes				
Property taxes	\$ -	\$ 30,553	\$ 30,553	\$ -
Miscellaneous Expenses				
Investment income	-	1,978	1,978	-
	<u>-</u>	<u>32,531</u>	<u>32,531</u>	<u>-</u>
Total revenues	-	32,531	32,531	-
EXPENDITURES				
Current:				
Nondepartmental	<u>36,450</u>	<u>68,981</u>	<u>29,120</u>	<u>39,861</u>
Total expenditures	<u>36,450</u>	<u>68,981</u>	<u>29,120</u>	<u>39,861</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(36,450)</u>	<u>(36,450)</u>	<u>3,411</u>	<u>\$ 39,861</u>
Reconciliation to GAAP basis:				
To record effect of net changes in unrecorded assets	-	-	218	
To record effect of net changes in unrecorded liabilities	<u>-</u>	<u>-</u>	<u>1</u>	
Excess (deficiency) of revenues over (under) expenditures - GAAP basis	(36,450)	(36,450)	3,630	
Fund balance - beginning	(11)	-	36,532	
Fund balance - ending	\$ <u>(36,461)</u>	\$ <u>(36,450)</u>	\$ <u>40,162</u>	

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Nonmajor Proprietary Funds

Enterprise Funds

Enterprise funds are used to report any activity for which a fee is charged to external users for good or services.

Operations of enterprise funds are designed to be self-supporting. The Department of Watershed Management, Department of Aviation, Sanitation Services, Parks and Recreation Facilities 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 services 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 – Established to account for the City's portion 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.

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CITY OF ATLANTA, GEORGIA
Nonmajor Proprietary Funds

Combining Statement of Net Assets
June 30, 2007
(In Thousands)

	Sanitation	Parks and Recreational Facilities	Underground Atlanta	Civic Center	Totals
ASSETS					
Current assets:					
Cash and cash equivalents	\$ -	\$ 2	\$ -	\$ -	\$ 2
Investments in Pooled Investment Fund	-	260	-	736	996
Receivables:					
Accounts	7,625	-	-	-	7,625
Less allowance for doubtful accounts	(3,812)	-	-	-	(3,812)
Total receivables	3,813	-	-	-	3,813
Due from other funds	5	34	14	12	65
Total current assets	3,818	296	14	748	4,876
Property and equipment - at cost:					
Land	888	-	21,621	514	23,023
Buildings and other structures	6,658	6,759	57,821	4,406	75,644
Other property and equipment	29,939	3,210	12,669	-	45,818
Less accumulated depreciation	(21,489)	(6,247)	(55,858)	(3,351)	(86,945)
Property and equipment, net	15,996	3,722	36,253	1,569	57,540
Other assets	-	-	8,251	-	8,251
Total assets	\$ 19,814	\$ 4,018	\$ 44,518	\$ 2,317	\$ 70,667
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable	\$ 1,122	\$ 10	\$ 322	\$ 40	\$ 1,494
Accrued salaries and vacation,	654	19	-	56	729
Current maturities of long-term debt	-	-	4,445	-	4,445
Current portion of other long-term liabilities	4,014	-	-	-	4,014
Due to other funds	44,668	12	-	13	44,693
Total current liabilities	50,458	41	4,767	109	55,375
Long-term liabilities :					
Long-term debt, excluding current maturities shown above	-	-	52,610	-	52,610
Accrued workers' compensation	7,945	-	-	-	7,945
Landfill postclosure costs	28,602	-	-	-	28,602
Total long-term liabilities	36,547	-	52,610	-	89,157
Total liabilities	87,005	41	57,377	109	144,532
Net Assets:					
Investment in capital assets, net of related debt	15,996	3,722	(16,357)	1,569	4,930
Unreserved (deficit)	(83,187)	255	3,498	639	(78,795)
Total net assets (deficit)	(67,191)	3,977	(12,859)	2,208	(73,865)
Total liabilities and net assets	\$ 19,814	\$ 4,018	\$ 44,518	\$ 2,317	\$ 70,667

CITY OF ATLANTA, GEORGIA
Nonmajor Proprietary Funds

Combining Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2007
(In Thousands)

	Sanitation	Parks and Recreational Facilities	Underground Atlanta	Civic Center	Total
Operating revenues:					
Charges for services	\$ 45,649	\$ 463	\$ -	\$ 271	\$ 46,383
Rentals, admissions, and concessions	<u>2,302</u>	<u>59</u>	<u>2,509</u>	<u>1,797</u>	<u>6,667</u>
Total operating revenues	<u>47,951</u>	<u>522</u>	<u>2,509</u>	<u>2,068</u>	<u>53,050</u>
Operating expenses:					
Salaries and employee benefits	21,379	512	-	813	22,704
Utilities	75	36	83	420	614
Materials and supplies	550	7	-	78	635
Repairs, maintenance, and other contractual services	769	113	1,100	98	2,080
Motor equipment service	7,222	1	-	7	7,230
Engineering and consultant fees	11,093	1	1,191	3	12,288
General services	6,811	25	14	24	6,874
Program services and other	<u>2</u>	<u>9</u>	<u>1</u>	<u>-</u>	<u>12</u>
Total operating expenses	<u>47,901</u>	<u>704</u>	<u>2,389</u>	<u>1,443</u>	<u>52,437</u>
Operating income (loss) before depreciation/amortization	50	(182)	120	625	613
Depreciation and amortization	<u>1,643</u>	<u>313</u>	<u>4,543</u>	<u>106</u>	<u>6,605</u>
Operating income (loss)	<u>(1,593)</u>	<u>(495)</u>	<u>(4,423)</u>	<u>519</u>	<u>(5,992)</u>
Nonoperating revenues (expenses):					
Interest expense	(66)	(16)	(3,641)	(3)	(3,726)
Investment income (loss)	<u>22</u>	<u>26</u>	<u>1</u>	<u>25</u>	<u>74</u>
Total nonoperating revenues (expenses)	<u>(44)</u>	<u>10</u>	<u>(3,640)</u>	<u>22</u>	<u>(3,652)</u>
Income (loss) before transfers	(1,637)	(485)	(8,063)	541	(9,644)
Transfers in/(out)	<u>(975)</u>	<u>-</u>	<u>9,361</u>	<u>-</u>	<u>8,386</u>
Net income (loss)	(2,612)	(485)	1,298	541	(1,258)
Net assets (deficit), beginning of period	<u>(64,579)</u>	<u>4,462</u>	<u>(14,157)</u>	<u>1,667</u>	<u>(72,607)</u>
Net assets (deficit), end of period	<u>\$ (67,191)</u>	<u>\$ 3,977</u>	<u>\$ (12,859)</u>	<u>\$ 2,208</u>	<u>\$ (73,865)</u>

CITY OF ATLANTA, GEORGIA
Nonmajor Proprietary Funds

Combining Statement of Cash Flows
For the Year Ended June 30, 2007
(In Thousands)

	Sanitation	Parks and Recreational Facilities	Underground Atlanta	Civic Center	Total
Cash flow from operating activities					
Cash received from user charges	\$ 13,861	\$ 62	\$ 883	\$ 2,068	\$ 16,874
Cash payments to employees for services	(22,277)	(536)	-	(812)	(23,625)
Cash payments to suppliers for goods and services	(31,869)	(215)	(2,159)	(747)	(34,990)
Net cash provided by (used in) operating activities	(40,285)	(689)	(1,276)	509	(41,741)
Cash flows from noncapital financing activities					
Transfers in (out)	(975)	-	9,361	-	8,386
Net cash provided by (used in) noncapital financing activities	(975)	-	9,361	-	8,386
Cash flows from capital and related financing activities					
Payments on landfill postclosure costs	(1,348)	-	-	-	(1,348)
Principal paid on bonds	-	-	(4,445)	-	(4,445)
Interest paid on bonds	(66)	(16)	(3,641)	(3)	(3,726)
Acquisition of capital assets	(1,211)	-	-	(215)	(1,426)
Net cash provided by (used in) capital and related financing activities	(2,625)	(16)	(8,086)	(218)	(10,945)
Cash flows from investing activities					
Net change in investment in pooled funds	43,863	(262)	-	(316)	43,285
Interest on investments	22	26	1	25	74
Net cash provided by (used in) investing activities	43,885	(236)	1	(291)	43,359
Net increase (decrease) in cash and cash equivalents	-	(941)	-	-	(941)
Cash and cash equivalents, beginning of period	-	943	-	-	943
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ -	\$ 2	\$ -	\$ -	\$ 2
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (1,593)	\$ (495)	\$ (4,423)	\$ 519	\$ (5,992)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and depreciation	1,643	313	4,543	106	6,605
Increase (decrease) in receivables	2,699	-	-	-	2,699
Increase (decrease) in accounts payable	(1,923)	(25)	10	(121)	(2,059)
Increase (decrease) in other liabilities	(2,229)	(18)	220	5	(2,022)
Increase (decrease) in due to other funds	(38,882)	(464)	(1,626)	-	(40,972)
Net cash provided by (used in) operating activities	\$ (40,285)	\$ (689)	\$ (1,276)	\$ 509	\$ (41,741)

Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

PENSION TRUST FUNDS

General Employee's 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 operation 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.

AGENCY FUNDS

Agency Fund – To account for various taxes, bond deposits and other receipts held in escrow for individuals, outside organizations, other governments or other funds.

CITY OF ATLANTA, GEORGIA
Pension Trust Funds

Combining Statement of Plan Net Assets
June 30, 2007
(In Thousands)

	Pension Trust Funds				Totals
	General Employees' Defined Benefit	General Employees' Defined Contribution	Firefighters'	Police Officers'	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 36,259	\$ -	\$ 45,403	\$ 70,707	\$ 152,369
Investments:					
Equities	458,539	38,203	266,672	291,485	1,054,899
U. S. government and agency obligations	237,417	-	108,893	226,476	572,786
Corporate bonds	97,717	-	31,098	21,127	149,942
Other	24,579	-	-	-	24,579
Total Investments	<u>818,252</u>	<u>38,203</u>	<u>406,663</u>	<u>539,088</u>	<u>1,802,206</u>
Securities lending collateral investment pool	147,964	-	104,721	76,683	329,368
Due from brokers for securities sold	8,755	-	3,517	1,225	13,497
Other receivables	15,739	-	8,659	5,920	30,318
Due from other funds	8,021	-	7,604	17,762	33,387
	<u>8,021</u>	<u>-</u>	<u>7,604</u>	<u>17,762</u>	<u>33,387</u>
Total assets	<u>\$ 1,034,990</u>	<u>\$ 38,203</u>	<u>\$ 576,567</u>	<u>\$ 711,385</u>	<u>\$ 2,361,145</u>
LIABILITIES AND NET ASSETS HELD IN TRUST FOR PENSION BENEFITS					
Current liabilities:					
Accounts payable	\$ 770	\$ -	\$ 2,471	\$ 3,396	\$ 6,637
Due to brokers for securities purchased	13,475	-	25,494	1,880	40,849
Due to other funds	42,516	638	7,385	205	50,745
Liability for securities lending agreement	147,964	-	104,721	76,683	329,368
	<u>147,964</u>	<u>-</u>	<u>104,721</u>	<u>76,683</u>	<u>329,368</u>
Total current liabilities	<u>204,725</u>	<u>638</u>	<u>140,071</u>	<u>82,164</u>	<u>427,598</u>
Net Assets Held in Trust for Pension Benefits:	<u>\$ 830,265</u>	<u>\$ 37,565</u>	<u>\$ 436,496</u>	<u>\$ 629,221</u>	<u>\$ 1,933,547</u>

CITY OF ATLANTA, GEORGIA
Pension Trust Funds

Combining Statement of Changes in Plan Net Assets
For the Year Ended June 30, 2007
(In Thousands)

	Pension Trust Funds				
	General Employees' Defined Benefit	General Employees' Defined Contribution	Firefighters'	Police Officers'	Totals
Additions:					
Employer contributions	\$ 59,780	\$ 4,790	\$ 27,502	\$ 47,365	\$ 139,437
Employee contributions	12,256	4,943	5,192	6,776	29,167
Refunds and other	87	420	106	209	822
Investment income:					
Net appreciation in fair value of investments	40,889	1,518	42,402	39,365	124,174
Investment income	16,750	754	12,288	34,451	64,243
Securities lending income	171	-	79	109	359
Less: Investment expenses	(2,787)	-	(102)	(1,733)	(4,622)
Net investment income	<u>55,023</u>	<u>2,272</u>	<u>54,667</u>	<u>72,192</u>	<u>184,154</u>
Total additions	<u>127,146</u>	<u>12,425</u>	<u>87,467</u>	<u>126,542</u>	<u>353,580</u>
Deductions:					
Benefit payments	69,606	2,628	22,615	31,117	125,966
Refunds	1,820	-	4	209	2,033
Administrative expenses	323	-	674	527	1,524
Total deductions	<u>71,749</u>	<u>2,628</u>	<u>23,293</u>	<u>31,853</u>	<u>129,523</u>
Net increase in net assets held in trust for pension benefits	55,397	9,797	64,174	94,689	224,057
Net assets held in trust for pension benefits:					
Beginning of period	<u>774,868</u>	<u>27,768</u>	<u>372,322</u>	<u>534,532</u>	<u>1,709,490</u>
End of period	<u>\$ 830,265</u>	<u>\$ 37,565</u>	<u>\$ 436,496</u>	<u>\$ 629,221</u>	<u>\$ 1,933,547</u>

CITY OF ATLANTA, GEORGIA
Agency Fund

Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2007
(In Thousands)

ASSETS				
	Balance, Beginning of Period	Additions	Deductions	Balance, End of Period
Assets:				
Cash and cash equivalents	\$ 704	\$ 616	\$ (1,119)	\$ 201
Investments in pooled investment fund	21,762	27,400	(2,248)	46,914
Investments:				
Equities	54	517	-	571
Total Investments	54	517	-	571
Total Assets	\$ 22,520	\$ 28,533	\$ (3,367)	\$ 47,686
LIABILITIES				
Liabilities:				
Accounts payable	\$ 22,520	\$ 28,533	\$ (3,367)	\$ 47,686
Total Liabilities	\$ 22,520	\$ 28,533	\$ (3,367)	\$ 47,686

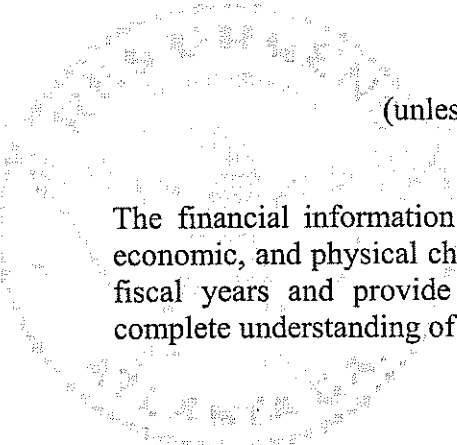
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Statistical Section

(Unaudited)

Cash Basis

(unless otherwise noted)



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
Statistical Section**

Contents

Financial Trends (Schedule 1 through 5)

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity (Schedule 6 through 12)

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity (Schedule 13 through 17)

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information (Schedule 18 through 19)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information (Schedule 20 through 22)

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

City of Atlanta

2007 Comprehensive Annual Financial Report

Schedule 1

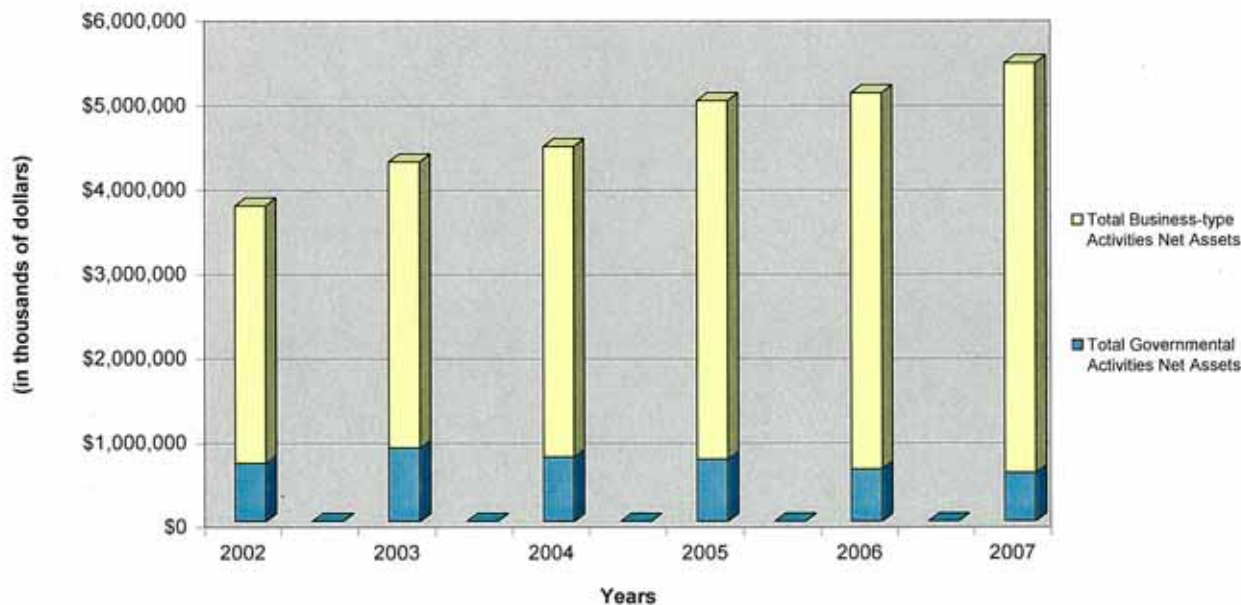
Net Assets by Component

Last Six Periods

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Period					
	2002	2003	2004	2005	2006	2007
Governmental Activities						
Invested in capital assets, net of related debt	\$ 521,789	\$ 712,791	\$ 541,003	\$ 543,166	\$ 482,373	\$ 488,569
Restricted for						
Debt service	21,863	27,470	37,556	39,818	36,532	40,162
Programs	122,999	74,521	69,511	207,039	173,138	113,914
Capital projects	104,291	97,799	139,431	104,529	127,021	137,651
Unrestricted	(84,288)	(41,942)	(28,666)	(159,662)	(199,434)	(207,696)
Total Governmental Activities Net Assets	\$ 686,654	\$ 870,639	\$ 760,835	\$ 734,890	\$ 619,630	\$ 572,600
Business-type Activities						
Invested in capital assets, net of related debt	\$ 1,900,982	\$ 2,638,247	\$ 2,826,354	\$ 3,237,337	\$ 3,177,702	\$ 3,466,892
Restricted						
Debt service	4,549	(8,041)	528,879	76,817	104,864	40,253
Capital projects	700,154	429,754	-	565,012	565,012	565,012
Unrestricted	453,896	333,029	329,966	373,465	612,037	787,003
Total Business-type Activities Net Assets	\$ 3,059,581	\$ 3,392,989	\$ 3,685,199	\$ 4,252,631	\$ 4,459,615	\$ 4,859,160
Primary Government						
Invested in capital assets, net of related debt	\$ 2,422,771	\$ 3,351,038	\$ 3,367,357	\$ 3,780,503	\$ 3,660,075	\$ 3,955,461
Restricted						
Debt service	26,412	19,429	566,435	116,635	141,396	80,415
Programs	122,999	74,521	69,511	207,039	173,138	113,914
Capital projects	804,445	527,553	139,431	669,541	692,033	702,663
Unrestricted	369,608	291,087	303,300	213,803	412,603	579,307
Total Primary Government Activities Net Assets	\$ 3,746,235	\$ 4,263,628	\$ 4,446,034	\$ 4,987,521	\$ 5,079,245	\$ 5,431,760

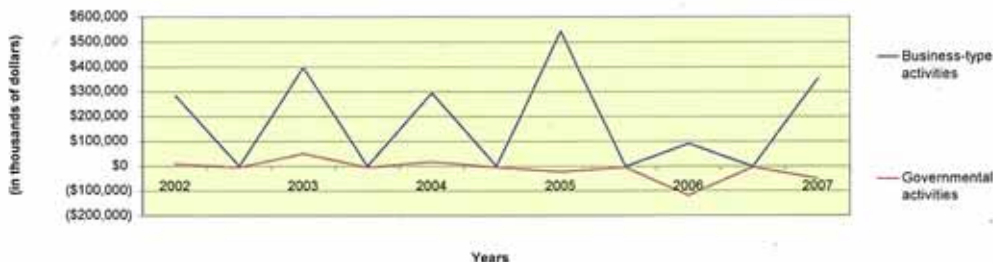


City of Atlanta

2007 Comprehensive Annual Financial Report

Schedule 2
 Changes in Net Assets
 Last Six Fiscal Periods
 (accrual basis of accounting)
 (amounts expressed in thousands)

	Fiscal Period					
	2002	2003	2004	2005	2006	2007
EXPENSES						
Governmental Activities						
General government	\$ 189,366	\$ 169,284	\$ 167,074	\$ 207,529	\$ 113,068	\$ 264,221
Police	140,204	133,349	134,950	150,007	97,514	222,490
Fire	65,275	66,354	63,714	69,425	35,715	86,775
Corrections	37,627	32,245	35,107	39,028	20,921	45,178
Public works	65,136	63,336	68,675	81,954	45,231	47,707
Parks, recreation and cultural affairs	31,527	30,062	32,739	37,611	10,768	20,387
Interest on long-term debt	25,602	22,709	22,101	33,420	19,546	40,949
Total Governmental Activities Expenses	554,757	517,339	524,360	618,983	342,763	727,707
Business-type Activities						
Watershed Management	233,704	233,542	228,554	232,514	140,848	334,755
Aviation	233,459	240,687	303,703	230,933	126,399	315,104
Other	52,080	55,478	60,828	60,064	31,500	62,898
Total Business-type Activities Expenses	519,243	529,707	593,085	523,511	298,747	712,757
Total Primary Government Expenses	\$ 1,074,000	\$ 1,047,046	\$ 1,117,445	\$ 1,142,494	\$ 641,510	\$ 1,440,464
Program Revenues						
Governmental activities						
Charges for services						
General government	\$ 36,528	\$ 38,326	\$ 77,014	\$ 77,279	\$ 72,668	\$ 85,490
Public safety	20,823	21,850	27,619	32,311	1,747	36,849
Public works	4,203	4,410	3,876	5,084	2,857	9,907
Parks recreation and cultural affairs	1,500	1,574	1,622	2,431	568	1,787
Operating grants and contributions	55,071	30,933	48,194	51,365	21,182	48,620
Total Governmental Activities Program Revenues	118,125	97,093	158,325	168,470	99,022	182,653
Business-type Activities						
Charges for services						
Watershed Management	202,729	206,343	252,007	242,573	113,377	302,273
Aviation	244,997	247,845	273,575	289,478	147,221	330,228
Other	54,270	41,250	51,750	53,736	3,519	53,050
Capital grants and contributions	197,531	283,779	229,610	254,797	141,741	259,916
Total Business-type Activities Revenues	699,527	779,217	806,948	840,584	405,858	945,467
Primary Government Revenues	817,652	876,310	965,273	1,009,054	504,880	1,128,120
Net (expense) revenue	(436,632)	(420,246)	(366,035)	(450,513)	(243,741)	(545,054)
Governmental activities	180,284	249,510	213,863	317,073	107,111	232,710
Business-type activities	(616,916)	(669,756)	(579,898)	(767,586)	(350,852)	(777,764)
Total Primary Government Net Expense	\$ (256,348)	\$ (170,736)	\$ (152,172)	\$ (133,440)	\$ (136,630)	\$ (312,344)
GENERAL REVENUES and OTHER CHANGES in NET ASSETS						
Governmental Activities						
Taxes						
Property taxes levied for general purposes	\$ 183,604	\$ 194,935	\$ 198,875	\$ 127,738	\$ 8,739	\$ 125,999
Property taxes levied for debt service	-	-	-	54,278	1,522	61,736
Local option sales tax	94,773	101,218	83,518	90,488	50,460	111,978
Public utilities franchise taxes	47,300	42,350	46,809	37,534	8,488	39,364
Business taxes	106,956	113,092	38,262	79,571	38,234	97,662
Federal and state aid not restricted for specific purposes	-	537	542	4,723	334	4,229
Investment income	10,348	7,904	5,022	13,171	9,312	23,920
Other	14,106	22,330	9,657	21,814	11,398	26,622
Transfers	(6,682)	(7,023)	4,208	2,349	(5)	6,314
Total Governmental Activities	\$ 450,105	\$ 475,343	\$ 386,893	\$ 431,666	\$ 128,482	\$ 498,024
Business-Type Activities						
Property taxes levied for debt service	-	-	20,449	-	-	-
Local option sales tax	-	-	-	102,171	59,035	120,954
Investment income	85,392	86,905	44,452	145,900	40,831	91,596
Other	-	-	-	-	-	(39,401)
Transfers	6,682	7,023	(4,208)	(2,349)	5	(6,314)
Total Business-type Activities	92,074	93,928	60,693	245,722	99,871	166,835
Total Primary Government	\$ 542,179	\$ 569,271	\$ 447,586	\$ 677,388	\$ 228,353	\$ 664,859
Change in Net Assets						
Governmental activities	13,473	55,097	20,858	(18,847)	(115,259)	(47,030)
Business-type activities	272,358	343,438	274,556	562,795	206,962	399,545
Total Primary Government	\$ 285,831	\$ 398,535	\$ 295,414	\$ 543,948	\$ 91,723	\$ 352,515



City of Atlanta

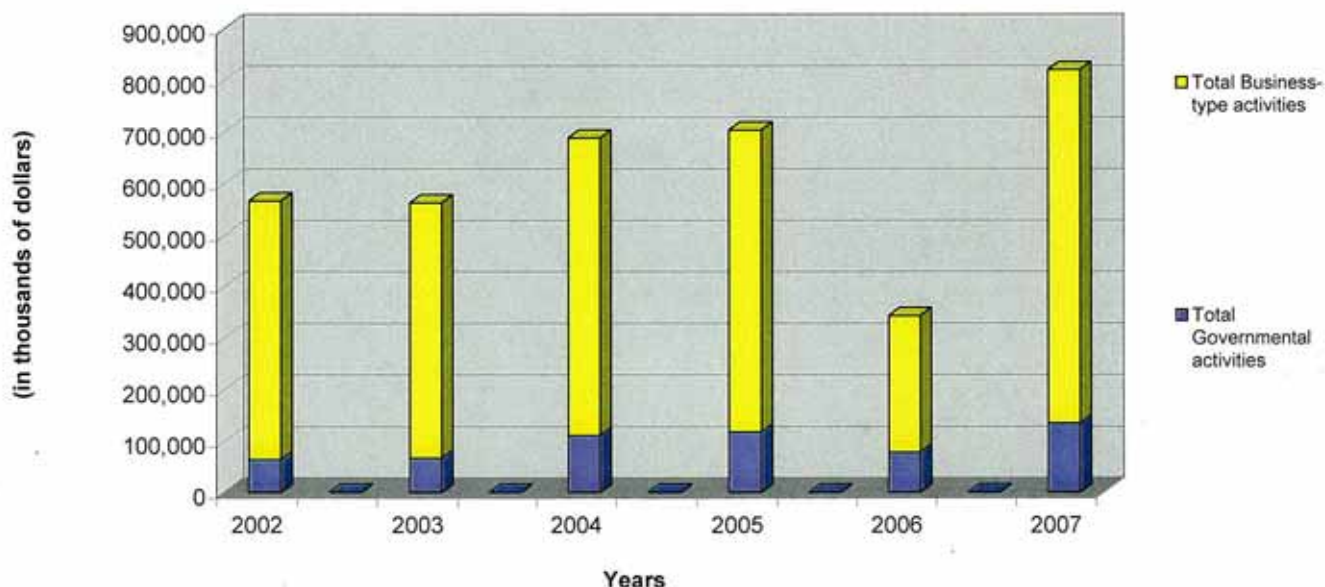
2007 Comprehensive Annual Financial Report

Schedule 3 Program Revenues by Function/Program Last Six Fiscal Periods (accrual basis of accounting)

Function/Program	Program Revenues					
	2002	2003	2004	2005	2006	2007
Primary Government						
Governmental activities:						
Charges for Services						
General government	\$ 36,528	\$ 38,326	\$ 77,014	\$ 77,279	\$ 72,668	\$ 85,490
Police	14,920	15,655	19,135	22,417	1,374	19,103
Fire	43	46	416	346	1	316
Corrections	5,860	6,149	8,068	9,548	372	17,430
Public works	4,203	4,410	3,876	5,084	2,857	9,907
Parks, Recreation, and Cultural Affairs	1,501	1,574	1,622	2,431	568	1,787
Total Governmental activities	\$ 63,055	\$ 66,160	\$ 110,131	\$ 117,105	\$ 77,840	\$ 134,033
Operating Grants	\$ 55,071	\$ 30,933	\$ 48,194	\$ 51,365	\$ 21,182	\$ 48,620
Business-type activities:						
Charges for Services						
Watershed Management	202,729	206,343	252,007	242,573	113,377	302,273
Aviation	244,997	247,845	273,575	289,478	147,221	330,228
Other**	54,270	41,250	-	-	-	-
Sanitation**	-	-	47,219	49,351	663	47,951
Parks and Recreational Facilities**	-	-	539	564	386	522
Underground Atlanta**	-	-	2,651	2,414	1,507	2,509
Civic Center**	-	-	1,347	1,407	963	2,068
Total Business-type activities	\$ 501,996	\$ 495,438	\$ 577,338	\$ 585,787	\$ 264,117	\$ 685,551
Total Primary Government	\$ 620,122	\$ 592,531	\$ 735,663	\$ 754,257	\$ 363,139	\$ 868,204

Notes: * The City changed its year-end from 12/31 to 06/30, therefore 2006 revenue shown is for 6 months only

**Prior to 2004, non-major Business-type activities were classified as "Other".



City of Atlanta

2007 Comprehensive Annual Financial Report

Schedule 4

Fund Balances, Governmental Funds

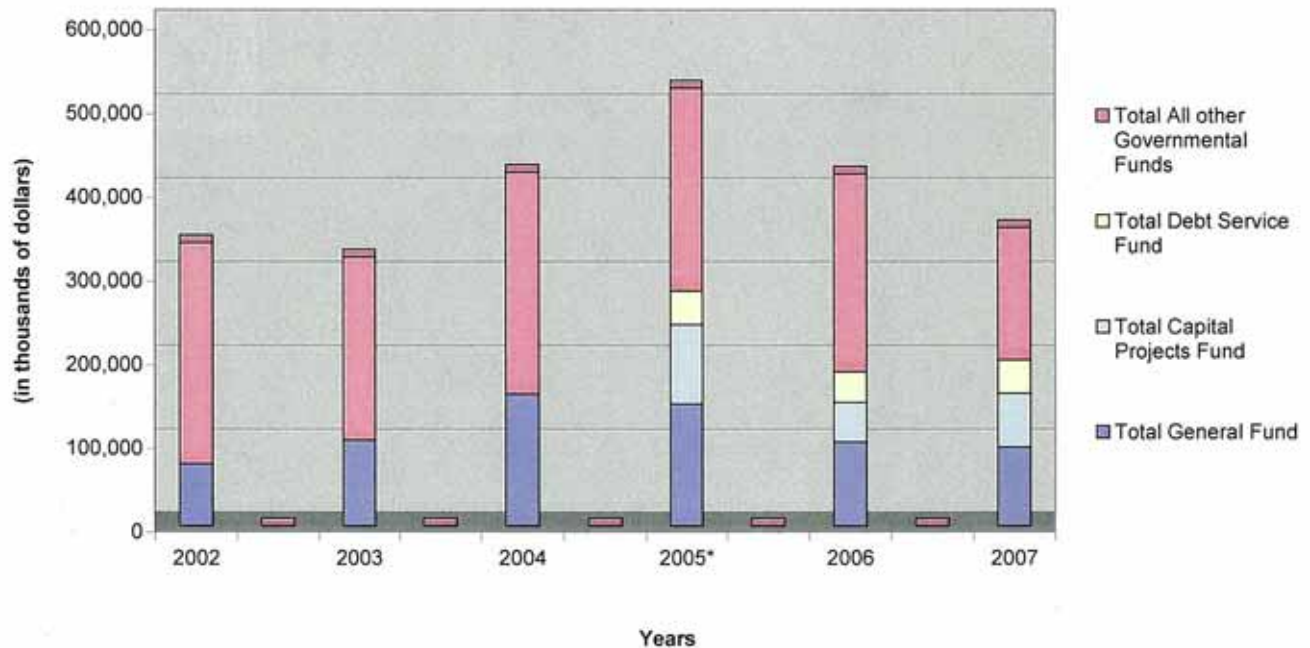
Last Six Fiscal Periods

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Period					
	2002	2003	2004	2005*	2006	2007
General Fund						
Reserved	\$ 24,002	\$ 6,433	\$ 6,353	\$ 5,783	\$ 7,602	\$ 2,614
Unreserved	50,380	96,504	151,349	140,193	92,947	91,808
Total General Fund	74,382	102,937	157,702	145,976	100,549	94,422
Capital Projects Fund						
Reserved	\$ -	\$ -	\$ -	\$ 95,129	\$ 47,397	\$ 64,163
Total Capital Projects Fund	-	-	-	95,129	47,397	64,163
Debt Service Fund						
Reserved	\$ -	\$ -	\$ -	\$ 39,818	\$ 36,532	\$ 40,162
Total Debt Service Fund	-	-	-	39,818	36,532	40,162
All Other Governmental Funds						
Reserved	263,874	218,285	285,892	251,298	245,160	177,862
Unreserved, reported in Special revenue funds	-	-	(21,416)	(9,240)	(9,240)	(20,091)
Total All other Governmental Funds	263,874	218,285	264,476	242,058	235,920	157,771

* Prior to 2005, the General Fund was considered the only major governmental fund. The capital projects fund and the debt service fund were included in all other governmental funds.

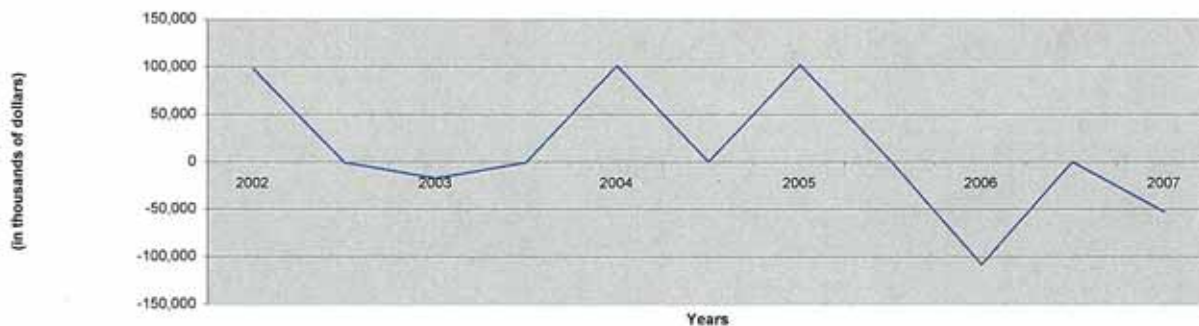


City of Atlanta

2007 Comprehensive Annual Financial Report

Schedule 5
Changes in Fund Balances, Governmental Funds
Last Six Fiscal Periods
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Period					
	2002	2003	2004	2005	2006	2007
REVENUES						
Property taxes	\$ 182,035	\$ 193,244	\$ 192,927	\$ 179,685	\$ 10,261	\$ 195,048
Local option sales taxes	94,773	94,374	83,518	90,488	50,460	111,978
Public utility, alcoholic beverages and other taxes	113,625	100,347	106,449	122,015	8,488	137,922
Licenses and permits	52,403	50,516	54,327	58,285	38,234	76,915
Charges for current services	24,060	23,951	24,761	21,576	65,235	23,482
Fines, forfeitures and penalties	20,390	19,908	18,504	17,895	6,727	14,710
Investment income	10,301	7,917	4,934	12,926	9,312	23,468
Intergovernmental revenues and contributions						
Federal revenues	39,201	23,067	31,659	30,480	334	28,764
State and local grants and contributions	16,408	4,181	16,991	20,500	21,182	24,065
Other	-	-	542	4,723	-	-
Building rentals and contributions	8,552	6,981	10,394	11,339	5,877	18,926
Other	14,106	22,330	9,657	26,584	11,398	19,844
TOTAL REVENUES	575,854	546,816	554,663	596,496	227,508	675,142
EXPENDITURES						
Current						
General government	175,110	163,041	173,027	231,207	113,068	290,882
Police	123,021	124,811	142,958	149,450	97,514	225,815
Fire	54,677	61,473	61,011	67,486	35,715	83,506
Corrections	34,591	31,111	35,283	38,678	20,921	44,456
Public works	26,369	25,989	34,506	59,679	45,231	48,393
Parks, recreation and cultural affairs	26,436	26,766	33,006	42,764	10,768	44,939
Capital outlay	56,335	68,164	15,330	-	-	-
Debt service						
Principal	26,672	27,567	13,348	26,573	-	36,290
Interest	25,602	22,709	25,646	32,706	19,546	40,949
Bond issuance costs	(599)	137	31	723	-	1,996
TOTAL EXPENDITURES	548,214	551,768	534,146	649,266	342,763	817,226
Excess of Revenues Over (Under) Expenditures	27,640	(4,952)	20,517	(52,770)	(115,255)	(142,084)
Other Financing Sources (Uses)						
Proceeds from borrowing	76,840	12,001	58,553	145,809	-	58,000
Capital leases	-	-	-	7,097	-	-
Premium on bonds sold	-	-	3,576	6,221	-	2,548
Discount on bonds sold	-	-	-	(1,581)	-	(77)
Refunding bonds issued	-	-	-	85,980	-	-
Payment to refunded bond escrow agent	-	-	-	(85,605)	-	-
Sale of asset	-	-	-	1,600	7,036	9,304
Transfers in (out)	(6,882)	(7,013)	3,322	1,149	(5)	19,280
Total Other Financing Sources (Uses)	70,158	4,988	65,451	160,670	7,031	89,055
Correction of a Prior Year Error	-	(17,069)	14,988	(6,108)	-	-
NET CHANGE IN FUND BALANCE	\$ 97,798	\$ (17,033)	\$ 100,956	\$ 101,792	\$ (108,224)	\$ (53,029)
Debt service as a percentage of noncapital expenditures	11.7%	11.6%	8.1%	10.2%	6.0%	10.7%



City of Atlanta 2007 Comprehensive Annual Financial Report

Schedule 6 Assessed Value and Estimated Actual Value of Taxable Property Last Six Fiscal Periods (amounts expressed in thousands)

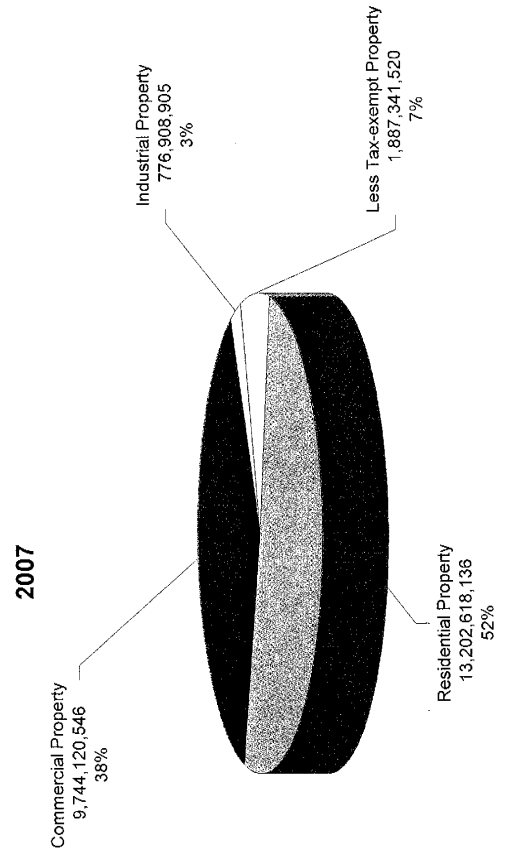
Fiscal Period Ended	Residential Property	Commercial Property	Industrial Property	Other Property ¹	Less Tax-exempt Property ²	Total Taxable Assessed Value	Total Direct Tax Rate
December 31, 2002	\$ 8,567,121,679	\$ 6,901,913,667	\$ 366,881,480	\$ 1,662,085,635	\$ 188,984,248	\$ 15,646,922,578	32.64
December 31, 2003	9,578,478,978	7,104,868,403	323,814,720	1,590,030,109	160,151,146	16,847,000,955	32.08
December 31, 2004	10,282,688,452	7,433,699,007	308,725,135	1,626,457,946	1,732,722,383	16,292,400,211	31.00
December 31, 2005	10,842,205,309	7,255,025,020	618,322,584	1,590,005,363	186,756,118	18,528,796,795	30.09
June 30, 2006	11,954,278,920	8,069,483,015	699,409,813	1,621,488,855	1,720,017,791	19,003,193,957	32.13
June 30, 2007 (3)	13,202,618,136	9,744,120,546	776,908,905	1,595,456,173	1,887,341,520	21,836,306,067	31.61

Notes: (1) Other Property consist of Historical, Agricultural, Conservation, Utility, Motor Vehicle, Heavy Equipment, Timber, Mobile Homes, etc...

(2) Tax Exempt Property consist of Basic Homestead, Elderly, Disabled Veteran, Freeport, etc...

(3) Source : DeKalb County Digest dated (5/12/07) and Fulton County Preliminary Digest dated (5/20/2007)

Source: 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.



City of Atlanta

2007 Comprehensive Annual Financial Report

Schedule 7 Direct and Overlapping Property Tax Rates Last Six Fiscal Periods (per \$1,000 of assessed value)

Fiscal Period Ended	City Direct Rates						Total Direct Tax Rate
	General Levy	School Levy	Parks Levy	City Bond Levy	School Bond Levy		
December 31, 2002	\$ 9.02	\$ 21.67	\$ 0.50	\$ 1.34	\$ 0.11	\$	32.64
December 31, 2003	8.71	21.46	0.50	1.30	0.11		32.08
December 31, 2004	8.25	20.87	0.50	1.27	0.11		31.00
December 31, 2005	7.64	20.42	0.50	1.43	0.10		30.09
June 30, 2006	7.53	22.64	0.50	1.41	0.054		32.13
June 30, 2007	7.09	22.64	0.50	1.33	0.05		31.61

Overlapping Rates

Fiscal Period Ended	Fulton County, Georgia						Total
	Atlanta/DeKalb County	Downtown Improvement District	Special Tax District ⁽¹⁾	County Levy	County Bond Levy	Georgia State Levy	
December 31, 2002	\$ 1.30	\$ 2.50	\$ 12.53	\$ 0.28	\$ 0.25	\$	13.06
December 31, 2003	1.14	3.60	12.05	0.27	0.25		12.57
December 31, 2004	1.05	4.20	11.59	0.07	0.25		11.91
December 31, 2005	2.05	5.00	11.58	0.06	0.25		11.89
June 30, 2006	0.991	5.00	11.407	0.063	0.25		11.72
June 30, 2007	0.96	5.00	10.281	0.057	0.25		10.59

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

City of Atlanta

2007 Comprehensive Annual Financial Report

Schedule 8

City of Atlanta, Georgia Principal Property Tax Payers Last Ten Fiscal Periods

Taxpayer	Type of Business	1998				1999				2000				2001				2002				2003				2004				2005				2006				2007			
		Taxable Value	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Value	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Value	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Value	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Value	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Value	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Value	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Value	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value								
Bell South	Communication Service	269,905,055	312,433,314	1	2.21%	269,905,055	312,433,314	1	2.21%	286,831,346	311,517,922	1	2.06%	281,517,922	296,305,165	1	1.79%	296,305,165	311,493,227	1	1.69%	311,493,227	311,493,227	1	1.69%	311,493,227	311,493,227	1	1.69%	311,493,227	311,493,227	1	1.69%								
Coca-Cola Company	Marketing and Manufacturing	144,778,320	155,802,140	3	1.19%	144,778,320	155,802,140	3	1.19%	153,553,900	175,126,510	2	1.09%	148,094,220	175,126,510	2	0.94%	175,126,510	162,670,820	2	0.88%	162,670,820	162,670,820	2	0.88%	162,670,820	162,670,820	2	0.88%	162,670,820	162,670,820	2	0.88%								
Georgia Power Company	Utility Service	161,843,419	152,322,369	2	1.33%	161,843,419	152,322,369	2	1.33%	141,211,989	128,913,917	3	1.01%	128,913,917	125,183,211	3	0.82%	125,183,211	138,389,311	3	0.75%	138,389,311	138,389,311	3	0.75%	138,389,311	138,389,311	3	0.75%	138,389,311	138,389,311	3	0.75%								
Georgia Pacific Company	Pulp and Paper Manufacturing	84,836,570	81,202,870	4	0.70%	84,836,570	81,202,870	4	0.70%	102,632,380	107,210,390	4	0.74%	107,210,390	111,937,620	4	0.68%	111,937,620	116,171,210	4	0.64%	116,171,210	116,171,210	4	0.63%	116,171,210	116,171,210	4	0.63%	116,171,210	116,171,210	4	0.63%								
Corporate Property	Commercial Real Estate	76,992,635	79,010,070	5	0.65%	76,992,635	79,010,070	5	0.65%	87,939,330	84,593,910	6	0.63%	84,593,910	91,552,200	5	0.54%	91,552,200	90,792,750	5	0.49%	90,792,750	90,792,750	5	0.49%	90,792,750	90,792,750	5	0.49%	90,792,750	90,792,750	5	0.49%								
AT & T	Communication Service	57,614,950	57,614,950	8	0.47%	57,614,950	57,614,950	8	0.47%	79,021,340	86,918,820	7	0.57%	86,918,820	87,329,910	6	0.50%	87,329,910	87,329,910	6	0.50%	87,329,910	87,329,910	6	0.50%	87,329,910	87,329,910	6	0.50%	87,329,910	87,329,910	6	0.50%								
Atlanta Marriott	Commercial Real Estate/Hospitality	34,539,574	33,365,121	9	0.28%	34,539,574	33,365,121	9	0.28%	76,173,610	86,760,614	6	0.55%	86,760,614	86,760,614	6	0.55%	86,760,614	86,760,614	6	0.55%	86,760,614	86,760,614	6	0.55%	86,760,614	86,760,614	6	0.55%	86,760,614	86,760,614	6	0.55%								
MCI Telecom	Communication Service	32,053,477	27,328,391	10	0.26%	32,053,477	27,328,391	10	0.26%	66,264,020	76,491,240	9	0.48%	76,491,240	76,491,240	9	0.48%	76,491,240	76,491,240	9	0.48%	76,491,240	76,491,240	9	0.48%	76,491,240	76,491,240	9	0.48%	76,491,240	76,491,240	9	0.48%								
Norfolk Southern	Commercial Real Estate/Hospitality	69,256,920	76,178,120	6	0.57%	69,256,920	76,178,120	6	0.57%	65,874,410	68,531,100	10	0.46%	68,531,100	68,531,100	10	0.46%	68,531,100	68,531,100	10	0.46%	68,531,100	68,531,100	10	0.46%	68,531,100	68,531,100	10	0.46%	68,531,100	68,531,100	10	0.46%								
One Ninety One Peachtree Association	Commercial Real Estate	1,000,918,740.00	1,081,717,781.00		8.21%	1,000,918,740.00	1,081,717,781.00		8.21%	1,209,705,691	1,209,705,691		8.69%	1,209,705,691	1,150,873,373		8.69%	1,150,873,373	1,186,627,048		6.82%	1,186,627,048	1,186,627,048		6.82%	1,186,627,048	1,186,627,048		6.82%	1,186,627,048	1,186,627,048		6.82%								
Peachtree Four Hundred Assoc.	Commercial Real Estate																																								
Total																																									

* 2006 Based on Net Assessed Value of 20,624,642,812
**2007 data not yet available

City of Atlanta

2007 Comprehensive Annual Financial Report

Schedule 9
 City of Atlanta, Georgia
 Property Tax Levies and Collections
 Last Six Fiscal Periods
 (amounts expressed in thousands)

Fiscal Period Ended	Taxes Levies for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount ⁽¹⁾	Percentage of Levy		Amount	Percentage of Levy
December 31, 2002	\$ 173,920,120	\$ 158,225,729	90.98%	\$ 15,105,557	\$ 173,331,286	99.66%
December 31, 2003	178,909,014	166,815,658	93.24%	11,466,090	178,281,748	99.65%
December 31, 2004	180,733,587	170,502,285	94.34%	9,611,834	180,114,119	99.66%
December 31, 2005	178,703,068	160,301,279	89.70%	6,629,249	166,930,528	93.41%
June 30, 2006	6,750,195	6,750,195	100.00%	-	6,750,195	100.00%
June 30, 2007	179,606,933	164,976,460	91.85%		164,976,460	91.85%

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

City of Atlanta

2007 Comprehensive Annual Financial Report

Schedule 10
 City of Atlanta, Georgia
 Taxable Sales by Category
 Last Six Fiscal Periods
 (in thousands of dollars)

Local Option Sales Tax	Fiscal Period					
	2002*	2003	2004	2005	2006**	2007***
Food	\$ -	\$ 15,663,417	\$ 17,085,817	\$ 18,227,462	\$ 21,181,670	\$ 12,524,653
Apparel	-	3,128,059	3,391,724	3,657,878	4,043,395	2,503,914
General	-	9,028,363	9,378,994	9,816,473	10,542,134	6,748,029
Automotive	-	7,798,800	8,576,677	8,986,665	10,704,116	6,322,706
Home	-	8,746,596	9,656,318	11,420,684	12,488,531	7,223,408
Lumber	-	5,525,925	6,215,037	6,590,849	7,436,668	4,228,072
Miscellaneous Services	-	10,505,516	10,144,407	10,575,829	12,396,264	6,765,846
Manufacturers	-	2,155,805	2,614,909	3,025,195	4,333,126	2,195,509
Utilities	-	7,331,954	7,679,384	8,016,539	9,234,770	5,247,921
Miscellaneous	-	6,686,294	7,965,956	8,228,806	8,651,981	6,688,032
Total	\$ 0.00	\$ 76,570,729.10	\$ 82,709,223.66	\$ 88,546,378.26	\$ 101,012,654.89	\$ 60,448,089.82
City direct sales tax rate	0%	0%	0%	0%	0%	0%

Municipal Option Sales Tax (1)	Fiscal Period					
	2002	2003	2004	2005	2006	2007
Food	\$ -	\$ -	\$ 1,244,484	\$ 20,262,057	\$ 12,415,988	\$ 26,529,627
Apparel	-	-	329,493	5,268,202	3,200,528	6,232,358
General	-	-	560,254	9,817,354	5,876,141	10,818,855
Automotive	-	-	185,286	2,951,697	3,770,532	4,125,484
Home	-	-	723,835	13,940,445	1,686,685	16,480,009
Lumber	-	-	453,282	6,870,413	8,952,687	8,107,471
Miscellaneous Services	-	-	857,201	13,772,985	3,472,644	17,745,384
Manufacturers	-	-	132,360	2,827,119	8,352,696	3,680,987
Utilities	-	-	534,743	9,725,057	1,730,697	11,045,370
Miscellaneous	-	-	578,069	11,969,607	5,573,612	15,347,660
Total	\$ -	\$ -	\$ 5,599,006.15	\$ 97,404,934.98	\$ 55,032,209.38	\$ 120,113,205.98
City direct sales tax rate	N/A	N/A	1.00%	1.00%	1.00%	1.00%

Note: (1) Effective October 1, 2004, the City began collecting a 1% Municipal Option Sales Tax (MOST) for retail sales and use occurring within the incorporated city limits of Atlanta

Source: Georgia Department of Revenue, Local Government Division

*2002 Historical data not available

**2006 data represents the 2006 Calendar year

***2007 represents six months of activity, January through June 2007

City of Atlanta

2007 Comprehensive Annual Financial Report

Schedule 11
City of Atlanta, Georgia
Direct and Overlapping Sales Tax Rates
Last Six Fiscal Periods

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Fulton County</u>
2002	0.00%	7.00%
2003	0.00%	7.00%
2004	0.00%	7.00%
2005	1.00%	7.00%
2006	1.00%	7.00%
2007	1.00%	7.00%

Source: Commodity Report, Georgia Department of Revenue

City of Atlanta 2007 Comprehensive Annual Financial Report

Schedule 12
City of Atlanta, Georgia
Principal Sales Tax Remitters
Last Six Fiscal Periods

Tax Remitters	2002			2003			2004		
	Number of Filers	Percentage of Total	Tax Liability	Number of Filers	Percentage of Total	Tax Liability	Number of Filers	Percentage of Total	Tax Liability
Food		\$				\$	6092	18.89%	1,244,484
Apparel							1845	5.72%	329,493
General							3442	10.67%	560,254
Automotive							1946	6.04%	185,286
Home							4856	15.06%	723,835
Lumber							453	1.40%	453,282
Miscellaneous Services							2119	6.57%	857,201
Manufacturers							892	2.77%	132,360
Utilities							710	2.20%	534,743
Miscellaneous							9889	30.67%	578,069
Total	0	0%	\$ 0	0	0%	\$ 0	32,244	100%	\$ 5,599,006

Tax Remitters	2005			2006			2007		
	Number of Filers	Percentage of Total	Tax Liability	Number of Filers	Percentage of Total	Tax Liability	Number of Filers	Percentage of Total	Tax Liability
Food							6092	18.89%	26,529,627
Apparel							1845	5.72%	6,232,358
General							3442	10.67%	10,818,855
Automotive							1946	6.04%	4,125,484
Home							4856	15.06%	16,480,009
Lumber							453	1.40%	8,107,471
Miscellaneous Services							2119	6.57%	17,745,384
Manufacturers							892	2.77%	3,680,987
Utilities							710	2.20%	11,045,370
Miscellaneous							9889	30.67%	15,347,660
Total	32,244	100%	\$ 97,404,935	32,244	100%	\$ 55,032,209	32,244	100%	\$ 120,113,206

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the city's revenue. Historical Filer information unavailable. State of Georgia only has access to information on the currently registered filers.

City of Atlanta

2007 Comprehensive Annual Financial Report

Schedule 13
 City of Atlanta, Georgia
 Ratio of Outstanding Debt by Type
 Last Six Fiscal Periods
 (amounts expressed in thousands, except per capita)

Fiscal Period Ended	Governmental Activities										Certificates of Participation					Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)			
	SWRMA Revenue Refunding Bonds					Section 108 Loans					1988 GMA Lease Pool		2002 Certificates of Participation		Citywide Radio System				Installment Sale Program		
	General Obligation Debt*	SWRMA Revenue Refunding Bonds	Limited Obligation Bonds*	Section 108 Loans	Capital Leases	1988 GMA Lease Pool	1990 GMA Lease Pool	1988 GMA Lease Pool	2002 Certificates of Participation	Citywide Radio System	Installment Sale Program										
December 31, 2002	\$ 239,510	\$ 25,710	\$ 91,500	\$ 14,660	\$ -	\$ 597	\$ 18,476	\$ 53,785	\$ 5,065	\$ 87,610											
December 31, 2003	\$ 239,360	\$ 24,865	\$ 91,500	\$ 12,965	\$ -	\$ -	\$ 15,827	\$ 52,560	\$ -	\$ 83,280											
December 31, 2004	290,365	23,985	90,935	11,250	-	3,053	32,444	51,280	-	76,780											
December 31, 2005	283,865	23,035	218,740	9,515	5,835	10,054	32,444	49,950	-	74,080											
June 30, 2006	283,865	23,035	408,255	9,515	6,835	11,800	32,444	49,950	-	74,080											
June 30, 2007	276,510	22,060	396,675	8,200	4,499	9,055	32,444	48,550	-	69,190											
	Department of Aviation																				
	Business-Type Activities																				
	Water & Wastewater System Fund																				
Fiscal Period Ended	Facilities Revenue Bonds*		Bond Anticipation Notes		Issuance Discounts and Refunding Losses		System Revenue Bonds		Premium on Bonds		GEFA Notes Payable		Capital Lease Obligation		Sanitation Fund Capital Lease Obligation		Underground Atlanta Revenue Bonds		Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
December 31, 2002	\$ 1,682,273	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,984,431	#REF!	#REF!
December 31, 2003	\$ 1,442,984	\$ 395,000	\$ (116,676)	\$ 1,718,110	\$ -	\$ (41,544)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,011,355	26.77%	9,224
December 31, 2004	2,927,307	-	1,521	2,558,000	39,867	-	23,373	22,239	3,217	65,330	2,205	61,280	6,199,613	40.50%	14,023						
December 31, 2005	2,805,127	-	662	2,542,765	38,881	-	23,106	20,520	1,134	61,280	17,951	6,567,090	38.22%	13,734							
June 30, 2006	2,984,043	-	(19)	2,542,765	38,388	-	23,106	19,614	57,055	6,483,446	37.93%	14,542									
June 30, 2007	2,890,474	-	(575)	2,516,555	37,402	-	23,106	17,951	57,055	6,483,446	35.20%	14,357									

(*) Net of any discount or premium

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(a) See Exhibit D-1 for personal income and population data.

(b) Personal income information - not available for this period

City of Atlanta

2007 Comprehensive Annual Financial Report

Schedule 14
 City of Atlanta, Georgia
 Ratio of General Bonded Debt Outstanding
 Last Six Fiscal Periods
 (amounts expressed in thousands, except per capita)

Fiscal Period Ended	General Obligation Debt *	SWMA		Section 108 Loans	Capital Leases	Total	Percentage of Actual Taxable Value of Property	Per Capita
		Revenue Refunding Bonds	Limited Obligation Bonds*					
December 31, 2002	\$ 238,510	\$ 25,710	\$ 91,500	14,660	-	535,913	3.43%	\$ 1,238
December 31, 2003	\$ 239,360	\$	\$ 91,500	12,965	-	495,492	2.94%	\$ 1,139
December 31, 2004	290,365	23,965	90,935	11,250	-	582,072	3.57%	1,317
December 31, 2005	283,865	23,035	218,740	9,515	5,835	707,518	3.82%	1,567
June 30, 2006	283,865	23,035	406,235	9,515	5,835	895,013	4.71%	1,982
June 30, 2007	276,510	22,060	399,985	8,200	4,499	711,254	3.26%	1,575

* Net of any discount or premium.

Note: Details regarding the City's outstanding debt can be found in the notes to the financials statements.
 (a) Information not available - See Footnote III B - Property Taxes

City of Atlanta 2007 Comprehensive Annual Financial Report

Schedule 15
City of Atlanta, Georgia
Direct and Overlapping Governmental Activities Debt
Last Six Fiscal Periods
(amounts expressed in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
2002	\$ 492,075	55.70%	\$ 274,093
2003	474,841	55.19%	262,048
2004	606,651	58.31%	353,731
2005	720,722	65.77%	473,999
2006	720,722	65.77%	473,999
2007	\$ 707,593	66.88%	\$ 473,246

Sources: Assessed value data used to estimate applicable percentage provided by Fulton County Tax Assessor. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when taking into consideration the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt, of each overlapping government.

(a) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value. This approach was also used by the City's capital leases and other debt. The applicable

City of Atlanta

Schedule 16
 City of Atlanta, Georgia
 Legal Debt Margin Information
 Last Six Fiscal Periods
 (amounts expressed in thousands)

	2002	2003	2004	2005	2006	2007
Debt limit	\$ 2,073,582,315	\$ 2,198,052,425	\$ 2,278,113,865	\$ 2,349,127,724	\$ 2,657,777,842	\$ 2,464,044,067
Total net debt applicable to limit	238,510,000	239,360,000	290,365,000	239,360,000	302,654,250	673,185,000
Legal debt margin	\$ 1,835,072,315	\$ 1,958,692,425	\$ 1,987,748,865	\$ 2,109,767,724	\$ 2,355,123,592	\$ 1,790,859,067

City of Atlanta

2007 Comprehensive Annual Financial Report

SCHEDULE 17A
City of Atlanta, Georgia
Department of Aviation
Schedule of Revenue Bond Coverage
Last Ten Fiscal Periods

Period	Operating Revenue ¹	Current Operating Expenses ²	Net Revenue available for Debt Service	Debt Service Requirements			
				Principal	Interest ³	Total	% Coverage
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
2005	289,342,426	103,949,240	185,393,186	33,935,000	73,171,696	107,106,696	1.73
2006	145,147,000	53,925,574	91,221,426	18,743,260	31,570,415	50,313,675	1.81
2007	330,228,000	126,052,000	204,176,000	39,196,401	31,127,758	70,324,159	2.90

- (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

2007 Comprehensive Annual Financial Report

Schedule 17B
City of Atlanta, Georgia
Department of Watershed Management
Schedule of Revenue Bond Coverage
Last Ten Fiscal Periods

Period	Operating Revenue ¹	Current Operating Expenses ²	Net Revenue available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal ³	Interest	Total	
1998	\$ 182,183	\$ 111,798	\$ 70,385	\$ 4,935	\$ 27,381	\$ 32,316	2.18
1999	\$ 182,946	\$ 107,984	\$ 74,962	\$ 8,365	\$ 25,872	\$ 34,237	2.19
2000	\$ 208,463	\$ 125,968	\$ 82,495	\$ 10,000	\$ 30,959	\$ 40,959	2.01
2001	\$ 185,957	\$ 121,102	\$ 64,855	\$ 10,000	\$ 29,334	\$ 39,334	1.65
2002	\$ 240,954	\$ 121,732	\$ 119,222	\$ 0	\$ 42,420	\$ 42,420	2.81
2003	\$ 227,441	\$ 137,284	\$ 90,157	\$ 325	\$ 69,667	\$ 69,992	1.29
2004	\$ 287,778	\$ 133,146	\$ 154,632	\$ 9,375	\$ 82,284	\$ 91,659	1.69
2005	\$ 385,697	\$ 159,081	\$ 226,616	\$ 10,655	\$ 81,519	\$ 92,174	2.46
2006	\$ 189,844	\$ 96,345	\$ 93,499	\$ 0	\$ 61,842	\$ 61,842	1.51
2007	\$ 435,715	\$ 240,848	\$ 194,867	\$ 24,210	\$ 128,435	\$ 152,645	1.28

- (1) Total operation revenue plus investment income and sales tax
- (2) Total operating expenses exclusive of the payment in lieu of taxes and franchise fee, depreciation and amortization, and contingent liability.
- (3) Annual debt service includes sinking fund requirements of the Water and Sewerage Revenue Fund, this excluding capitalized interest

City of Atlanta 2007 Comprehensive Annual Financial Report

Schedule 18 City of Atlanta, Georgia Demographic and Economic Statistics Last Six Years

Fiscal Year Ended	Population ¹	Personal Income (thousands of dollars) ²	Per Capita Personal Income ³	Median Age ⁴	Educational Attainment ⁵	School Enrollment ⁶	Unemployment Rate ⁷
December 31, 2002	428,100	149,831	32,925	32.3	83.6	55,640	7.9%
December 31, 2003	432,900	153,070 \$	32,739	34.0	82.9	53,485	7.7%
December 31, 2004	434,900	162,297	33,838	33.8	81.7	51,358	7.4%
December 31, 2005	442,100	173,159	34,825	34.7	82.9	50,188	5.9%
June 30, 2006	451,600	184,186	35,846	34.7	82.9	49,924	5.3%
June 30, 2007	451,600	184,186	35,846	34.7	82.9	49,707	4.5%

¹Atlanta Regional Commission - re-benchmarked to U.S. Census 2000 estimate for year ending 2000; June 30, 2006 estimate as of April 2006

²U.S. Department of Commerce, Bureau of Economic Analysis - data reported annually, available through 2005 for Atlanta MSA

³U.S. Department of Commerce, Bureau of Economic Analysis - data reported annually, available through 2005 for Atlanta MSA

⁴U.S. Census Bureau, American Community Survey data for city of Atlanta; data limited to household population, excludes institutions, college dormitories, & other group quarters; data available through 2005

⁵U.S. Census Bureau, American Community Survey for city of Atlanta; % of population that attained high school degree or higher educational degrees; data based on population 25 years and over and limited to household population, excludes institutions, college dormitories, & other group quarters; data available through 2005

⁶Georgia Department of Education - Enrollment as of March of each fiscal year end

⁷U.S. Department of Labor, Bureau of Labor Statistics; city of Atlanta data for fiscal year 2007 is through May 2007

City of Atlanta

2007 Comprehensive Annual Financial Report

Schedule 19 City of Atlanta, Georgia Principal Employers Last Six Years

2002				2003			
Employer ¹	Type of Business	Employees	Percentage of Total City Employment	Employer ¹	Type of Business	Employees	Percentage of Total City Employment
International Business Machine Corp.	Technology Services	3,851	1.99%	International Business Machine Corp.	Technology Services	3,683	1.90%
Georgia-Pacific Corporation	Pulp and Paper Manufacturing	3,245	1.68%	Georgia-Pacific Corporation	Pulp and Paper Manufacturing	3,352	1.73%
Efficiency Plus Consultants	Consulting	3,200	1.65%	Efficiency Plus Consultants	Consulting	3,200	1.65%
The Coca-Cola Company	Marketing and Manufacturing	3,181	1.64%	The Coca-Cola Company	Marketing and Manufacturing	3,095	1.60%
Cable News Network, Inc.	Media	2,055	1.06%	Cable News Network, Inc.	Media	2,087	1.08%
Atlanta Journal and Constitution	Media	1,423	0.73%	Atlanta Journal and Constitution	Media	1,664	0.86%
Tenet Healthsystem, Inc.	Healthcare	1,336	0.69%	Tenet Healthsystem, Inc.	Healthcare	1,400	0.72%
Turner Entertainment Networks	Entertainment	1,019	0.53%	Turner Entertainment Networks	Entertainment	1,029	0.53%
Atlanta Marriott Marquis Hotel	Hospitality	1,000	0.52%	Turner Broadcasting System, Inc.	Media/Entertainment	912	0.47%
Turner Broadcasting System, Inc.	Media/Entertainment	943	0.49%	Skanska USA Building, Inc.	Construction-related Services	793	0.41%
Total		21,253	10.97%	Total		21,215	10.95%

2004				2005			
Employer ¹	Type of Business	Employees	Percentage of Total City Employment	Employer ¹	Type of Business	Employees	Percentage of Total City Employment
International Business Machine Corp.	Technology Services	3,864	1.97%	International Business Machine Corp.	Technology Services	3,697	1.81%
Georgia-Pacific Corporation	Pulp and Paper Manufacturing	3,358	1.71%	The Coca-Cola Company	Marketing and Manufacturing	3,096	1.52%
The Coca-Cola Company	Marketing and Manufacturing	3,062	1.56%	Accenture LLP	Consulting	3,000	1.47%
Cable News Network, Inc.	Media	1,953	0.99%	Georgia-Pacific Corporation	Pulp and Paper Manufacturing	2,434	1.19%
Atlanta Journal and Constitution	Media	1,407	0.72%	Cable News Network, Inc.	Media	1,922	0.94%
Tenet Healthsystem, Inc.	Healthcare	1,377	0.70%	Allied Barton Security Services	Security Services	1,896	0.93%
Turner Entertainment Networks	Entertainment	1,067	0.54%	Tenet Healthsystem, Inc.	Healthcare	1,410	0.69%
Turner Broadcasting System, Inc.	Media/Entertainment	974	0.50%	Turner Broadcasting System, Inc.	Media/Entertainment	1,351	0.66%
Atlanta Spirit, Inc.	Sports	797	0.41%	Turner Entertainment Networks	Entertainment	1,118	0.55%
Air Serv Corp.	Transportation	767	0.39%	Atlanta Journal and Constitution	Media	1,017	0.50%
Total		18,626	9.49%	Total		20,941	10.26%

2006				2007**			
Employer ¹	Type of Business	Employees	Percentage of Total City Employment	Employer ¹	Type of Business	Employees	Percentage of Total City Employment
International Business Machine Corp.	Technology Services	4,225	2.00%	International Business Machine Corp.	Technology Services		
The Coca-Cola Company	Marketing and Manufacturing	3,178	1.51%	The Coca-Cola Company	Marketing and Manufacturing		
Allied Barton Security Services	Security Services	2,148	1.02%	Allied Barton Security Services	Security Services		
Cable News Network, Inc.	Media	1,924	0.91%	Cable News Network, Inc.	Media		
Air Serv Corp.	Transportation	1,721	0.82%	Air Serv Corp.	Transportation		
Accenture LLP	Consulting	1,700	0.81%	Accenture LLP	Consulting		
Turner Broadcasting System, Inc.	Media/Entertainment	1,528	0.72%	Turner Broadcasting System, Inc.	Media/Entertainment		
Tenet Healthsystem, Inc.	Healthcare	1,408	0.67%	Tenet Healthsystem, Inc.	Healthcare		
Turner Entertainment Networks	Entertainment	1,054	0.50%	Turner Entertainment Networks	Entertainment		
Atlanta Journal and Constitution	Media	1,036	0.49%	Atlanta Journal and Constitution	Media		
Total		19,922	9.44%	Total		0	0.00%

¹Employee data from City of Atlanta, Office of Revenue, Business License division

**Atlanta city total employment data from U.S. Department of Labor, Bureau of Labor Statistics

***2007 data not yet available

City of Atlanta

2007 Comprehensive Annual Financial Report

Schedule 20
 City of Atlanta, Georgia
 Full-time Equivalent City Government Employees by Function/Program
 Last Six Fiscal Periods

	Fiscal Period					
	2002	2003	2004	2005	2006	2007
General Government						
Mayors Office	2	4	4	4	4	4
City Council	48	48	48	49	49	46
Finance	183	200	187	200	239	233
Planning	346	303	310	322	354	388
Procurement	0	39	49	50	56	56
Human Resources	59	50	49	53	73	74
Police						
Officers	1,481	1,478	1,558	1,585	1,647	1,780
Civilian	443	441	466	473	483	527
Fire						
Officers	914	899	949	976	1,005	1,054
Civilian	61	61	63	65	67	83
Corrections	507	321	454	551	615	620
Public Works						
Streets	624	438	354	358	358	416
Refuse collection	508	426	418	418	418	453
Parks, Recreation and Cultural Affairs	90	331	341	346	405	405
Water/Wastewater	655	591	1,064	1,133	1,351	1,547
Aviation		451	488	593	606	633
Total full-time equivalent employees	5,921	6,081	6,802	7,176	7,730	8,319

Sources: Office of Budget and Fiscal Policy

City of Atlanta

2007 Comprehensive Annual Financial Report

Schedule 21
City of Atlanta, Georgia
Operating Indicators by Function/Program
Last Six Fiscal Periods

Function/Program	Fiscal Period					
	2002	2003	2004	2005	2006	2007
Police						
Arrests	49,450	46,722	41,107	38,609	39,954	59,374
Parking violations	67,883	38,808	54,730	39,619	37,339	42,668
Traffic violations	156,182	133,730	136,043	115,573	102,878	113,925
Fire						
Emergency responses	51,017	48,303	49,450	58,334	41,886	24,847
Fires extinguished	2,999	2,546	2,464	2,247	1,620	1,235
Inspections	12,324	12,867	11,961	9,996	9,317	7,261
Refuse collection						
Refuse collected (tons per day)	169,000	168,363	153,630	-	11,428	720
Other public works						
Miles of streets resurfaced	41	49	43	81	64	78
Potholes repaired	N/A	6,422	6,251	3,710	1,158	1,944
Parks and recreation						
Athletic field permits issued	90	84	85	46	59	59
Community center admissions	57,000	57,000	57,500	58,000	59,000	64,900
Water						
New connections	N/A	N/A	N/A	25,989	27,288	15,716
Water main breaks	N/A	N/A	204	224	154	241
Average daily consumption (thousands of gallons)	107,600,000	106,400,000	107,900,000	106,600,000	107,600,000	113,875,000
Peak daily consumption (thousands of gallons)	138,100,000	142,500,000	141,000,000	132,700,000	138,100,000	144,908,000
Wastewater						
Average daily sewage treatment (thousands of gallons)	132,200,000	145,300,000	135,700,000	144,500,000	132,000,000	128,337,000
Aviation						
Number of passengers served	75,858,500	79,086,792	83,606,583	86,583,210	42,546,000	85,037,680

Sources: Various city departments

City of Atlanta

2007 Comprehensive Annual Financial Report

Schedule 22
 City of Atlanta, Georgia
 Capital Asset Statistics by Function/Program
 Last Six Fiscal Periods

Function/Program	Fiscal Period					
	2002	2003	2004	2005	2006	2007
Police						
Stations	10	10	10	10	10	10
Zone offices	6	6	6	6	6	6
Patrol units	387	416	355	355	355	338
Fire stations	34	34	34	35	35	36
Refuse collection						
Collection trucks	66	66	66	66	83	83
Parks and recreation						
Acreage	2,850	2,835	3,354	3,533	3,533	3,682
Playgrounds	111	110	105	101	101	101
Baseball/softball diamonds	81	81	81	82	82	82
Soccer/football fields	5	5	5	5	5	5
Community centers	38	33	49	49	49	49
Water						
Water mains (miles)	2,414	2,414	2,424	2,424	2,424	2,424
Storage capacity (thousands of gallons)	247	247	247	247	247	247
Wastewater						
Sanitary sewers (miles)	2,000	2,000	2,000	2,000	2,000	2,000
Storm sewers (miles)						
Treatment capacity (thousands of gallons)	131.8 MGD	156.1 MGD	135 MGD	154MGD	170MGD	181.7MGD
Aviation						
Number of Runways	4	4	4	4	5	5
Number of Feet for 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					
10-28	9,000 feet or 2,743 meters					

Sources: Various city departments

City of Atlanta

2007 Comprehensive Annual Financial Report

OPERATING DATA OF THE DEPARTMENT OF WATERSHED MANAGEMENT YEAR ENDED JUNE 30, 2007 CONTINUING 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	202
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:	44 MGD
South River:	54 MGD
Total	220 MGD

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

<u>Dwelling Code</u>	<u># meters</u>
AHA	238
COMM	13,426
CTYBOE	185
CTYGOV	251
FEDGOV	11
FULBOE	22
FULTON	155
INDUST	264
PUBLIC	354
RESID	141,715
STATE	34
WHOLE	49
TOTAL	156,704

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

3-Tiered conservation Rate FY-2007		
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
Sewer Inside the City	4.95 per ccf	0 – 3 ccf
	5.67	Next 3 ccf
	6.52	7 ccf & up
Sewer Outside the City	3.73 per ccf	
Wholesale Rate	1.54 per ccf	all
Security Surcharge	.15 per ccf	all

Source: City of Atlanta, Department of Watershed Management, Customer Relations