

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)

Basic Financial Statements

June 30, 2007

(With Independent Auditors' Report Thereon)

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)

June 30, 2007

Table of Contents

	Page
Independent Auditors' Report	1 and 2
Management's Discussion and Analysis (unaudited)	3-9
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements:	
Statement of Net Assets – Proprietary Funds	12
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	13
Statement of Cash Flows - Proprietary Funds	14 and 15
Component Unit Financial Statements:	
Combining Statement of Net Assets – Component Units	16
Combining Statement of Activities – Component Units	17
Notes to Financial Statements	18-37

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Atlanta Development Authority
Atlanta, Georgia

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component units, and each major fund of the **Atlanta Development Authority** (the "Authority"), a component unit of the City of Atlanta, Georgia, as of and for the year ended June 30, 2007, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Inner City Development Corporation and ADA/CAU Partners, Inc. which together represent 97% and 79%, respectively, of the assets and revenues of the aggregate discretely presented component units. We also did not audit the financial statements of Lakewood Hills, Inc. which represents 14% and 28% of the assets and revenues, respectively, of the Urban Residential Finance Authority major fund; and 8% and 8% of the assets and revenues, respectively, of the business-type activities. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Inner City Development Corporation; ADA/CAU Partners, Inc.; and Lakewood Hills, Inc. is based solely on the reports of the 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, and each major fund of the Atlanta Development Authority as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2007 on our consideration of the Authority's internal control over financial reporting and on our tests 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 performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis (on pages 3 through 9) is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 17, 2007

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Management's Discussion and Analysis (Unaudited)
June 30, 2007

As management of the Atlanta Development Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2007. The Authority, beginning January 1, 2006 adopted a new fiscal year end of June 30. This change was made in unison with the City of Atlanta, Georgia. The change in fiscal year end results in 2007 representing twelve (12) months of activity compared to 2006 which included six (6) months of activity. The financial analysis represented in management's discussion and analysis represents the fiscal year from July 1, 2006 to June 30, 2007, a twelve month period.

Financial Highlights

- The assets of the Authority exceeded its liabilities at June 30, 2007 by \$19,764,686 (*net assets*). Of this amount, \$7,880,932 (*unrestricted net assets*) may be used to meet the Authority's ongoing obligations to citizens and creditors.
- The Authority's total net assets decreased by \$1,936,390 during the fiscal year ended June 30, 2007. Total net assets reflect the Administrative Funds, Grants and Restricted Program Funds, and the component units of URFA. Overall, the net decrease reflects an additional allowance for doubtful receivables on the URFA Administrative Fund of \$1,597,313 and URFA's Grants and Restricted Program Funds of \$2,997,391. Each of these categories is different in purpose.
- The Authority's long-term debt increased by \$51,815,441 for the fiscal ended June 30, 2007. The key factors for this increase include the issuance of \$35,000,000 Georgia Taxable Revenue Bonds (Housing Opportunity Program), Series 2007, the issuance of \$23,480,000 Revenue Bonds, Series A and B (Government Center Parking Deck), and the retirement of \$9,117,807 related to the 1999 Park Place project. The debt service payments for the two new bond issuances are either a direct obligation of the City of Atlanta or will be paid by rent payments received from the City of Atlanta relating to the Government Center Parking Deck.

It is important to analyze each category to understand the total operations of the Authority. The chart below lists the change in net assets from a business perspective.

	<u>Change in Net Assets</u>
Administrative Funds of the Authority, the Urban Residential Finance Authority (a blended component unit), and Downtown Development Authority (a blended component unit)	\$ 1,065,790
2007 Additions to the Bad Debt Reserve	(1,597,313)
Change in Net Assets on Administrative Fund	(531,523)
Grants and Restricted Program Funds	607,401
Real Estate Projects owned by URFA (component units of URFA)	(2,012,268)
Change in Net Assets of the Authority	\$ (1,936,390)

The Administrative Funds show a net profit before additions to the bad debt reserve of \$1,065,790. In 2007, URFA, as part of its normal review of receivables, increased its bad debt reserve by \$1,597,313. After the bad debt reserve adjustment described above, the change in net assets on the Administrative Fund was a decrease of \$531,523.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Management's Discussion and Analysis (Unaudited)
June 30, 2007

The Restricted Program Funds were created for a purpose other than revenue generating. The two (2) funds in the restricted program funds relating to URFA are the Vine City Housing Trust Fund and the Mortgage Assistance Program. The Vine City Housing Trust Fund was established in 1989 to provide affordable single and multi-family low interest loans. The Trust Fund was established primarily as a result of commercial development with the Vine City corridor and financed using the 1% hotel sales tax dollars. In 2007, the change in net assets includes a \$2,997,391 increase in the bad debt reserve. This increase was based on two items. First, our normal review of the receivables identifying specific doubtful accounts together with establishing a general reserve (\$239,261). The second item represents an analysis of two loans which during their repayment period are interest free. Allowances were recorded to reflect the estimated present value of these loans (\$2,758,130). The ADA Restricted Program fund is the Economic Opportunity Fund. This fund Received \$9,684,892 in funding from the City Of Atlanta and disbursed \$6,214,212 for approved programs which included corporate relocation and the Brand Atlanta initiative (\$5,885,892). The remaining funding is restricted for use on approved Economic Opportunity Initiatives such as corporate relocations and small business loans.

The Real Estate Projects are development projects that are owned by component units of URFA. Of the \$2,012,268 decrease in assets, \$1,473,112 is a result of Lakewood Hills, Inc. a single and multifamily for sale housing development and \$539,637 of the decrease is from URFA Sexton, Inc. a 201 unit rental apartment complex.

It is important to review the financial presentation from a business perspective as well as from a governmental focus. The Statement of Activities presents the same net change in assets but combines all Administrative Funds, Restricted Program Funds and URFA's component units with all expenses considered economic development.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Authority's finances, including information related to its component units.

The *statement of net assets* presents information on all of the Authority's assets and liabilities, with the difference between the two (2) 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 Authority is improving or deteriorating.

The *statement of activities* presents information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include not only the Authority itself (known as the *primary government*) and legally separate entities that are so intertwined with the Authority that they are treated as part of the primary government – the Urban Residential Finance Authority (URFA), and the Downtown Development Authority (DDA), but also legally separate entities for which the Authority is financially accountable - Inner City Development Corporation; ADA/CAU Partners, Inc.; the Atlanta Economic Renaissance Corporation; Downtown Atlanta Revitalization; Pryor Road/Lakewood, LLC; Atlanta Local

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Management's Discussion and Analysis (Unaudited)
June 30, 2007

Development Company; the Atlanta BeltLine Inc. (ABI) and the Aquarium Holding Company (collectively known as *component units*). Financial information for these component units is reported separately from the financial information presented for the primary government itself. As required by the Governmental Accounting Standards Board, the presentation of the activities of URFA in these statements includes the activity and balances of its component units without distinguishing between them. The breakout of that activity can be found in separately prepared financial statements of URFA.

The government-wide financial statements can be found on pages 10 and 11 of this 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 accompanying statements include four funds – one for each of the three intertwined entities – the Authority, URFA, and DDA and one for the Authority's grants and restricted programs. These funds are used to report the same functions presented as business-type activities in the government-wide financial statements, but show the activity in greater detail, presenting the activity of each of the four funds and also presenting cash flow information.

The basic proprietary fund financial statements can be found on pages 12-15 of this report.

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 to the financial statements can be found on pages 18-37 of this report.

Additional information is provided in the form of combining statements to present greater detail regarding the balances and activity of each of the Authority's component units.

The supplementary information can be found on pages 16 and 17 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. In the case of the Authority, assets exceeded liabilities by \$19,764,686 at the close of fiscal year 2007.

By far, the largest portion of the Authority's net assets (\$10,146,841) represents resources that are subject to external restrictions on how they may be used. These restrictions primarily relate to the net assets created by URFA's participation in various loan programs funded by grants from the Federal Government, through the City of Atlanta, and ADA's Economic Opportunity Fund. In addition, the Authority had unrestricted net assets of \$7,880,932 which may be used to meet the Authority's ongoing obligations to citizens and creditors.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Management's Discussion and Analysis (Unaudited)
June 30, 2007

Summary of the Authority's Net Assets
June 30, 2007 and June 30, 2006

	<u>2007</u>	<u>2006</u>
Assets:		
Current assets	\$ 32,768,703	\$ 27,027,434
Capital assets	19,466,163	1,917,232
Other non-current assets	46,085,491	15,837,185
Total assets	<u>98,320,357</u>	<u>44,781,851</u>
Liabilities:		
Long-term liabilities	62,000,241	5,585,729
Other liabilities	16,555,430	17,495,046
Total liabilities	<u>78,555,671</u>	<u>23,080,775</u>
Net assets:		
Invested in capital assets	1,736,913	400,905
Restricted	10,146,841	9,539,440
Unrestricted	7,880,932	11,760,731
Total net assets	<u>\$ 19,764,686</u>	<u>\$ 21,701,076</u>

The Authority's total net assets decreased by \$1,936,390 during the fiscal year ended June 30, 2007. The total net assets reflect the Administrative Funds, Grants and Restricted Program Funds, and the component units of URFA. Each of these categories is different in purpose.

The Authority's total assets equal \$98,320,357 for the current fiscal year. Total assets increased by \$53,538,506. This increase is primarily due to a \$34,787,996 loan to Atlanta Housing Opportunity, Inc. partially offset by an increase in the allowance for doubtful receivables of \$4,594,704, land purchased and the construction in progress of the Government Center Parking Deck for \$16,338,929, and the Block Building leasehold improvements and furniture/equipment of \$1,366,266.

As previously discussed, the Authority increased its debt by \$51,815,441 for the fiscal year ended June 30, 2007. This increase is primarily due to the issuance of \$35,000,000 Georgia Taxable Revenue Bonds (Housing Opportunity Program), Series 2007, the issuance of \$23,480,000 Revenue Bonds, Series A and B (Government Center Parking Deck), and the retirement of \$9,117,807 for the 1999 Park Place project. As mentioned in the Financial Highlight section the debt service payments for the two new bond issuances are either a direct obligation of the City of Atlanta or will be paid by rent payments received from the City of Atlanta relating to the Government Center Parking Deck.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Management's Discussion and Analysis (Unaudited)
June 30, 2007

Summary of Changes in the Authority's Net Assets
Fiscal Year Ended June 30, 2007 and for the Six Months Ended June 30, 2006

	2007	2006
Revenues:		
Program revenues:		
Charges for services	\$ 5,066,842	\$ 2,572,204
Operating grants	9,684,892	407,959
General revenues:		
From the use of money and property	1,073,270	104,196
From other governmental agencies	839,275	744,752
Other	2,618,331	1,656,227
Total revenues	19,282,610	5,485,338
Expenses:		
Economic development	21,219,000	4,898,070
Total expenses	21,219,000	4,898,070
Change in net assets	(1,936,390)	587,268
Net assets, beginning of year	21,701,076	21,113,808
Net assets, end of year	\$ 19,764,686	\$ 21,701,076

When reviewing the above Changes in Net Assets 2007/2006 Summary, it should be noted that the year ended June 30, 2007 represents twelve (12) months compared to the period ending June 30, 2006 which represents six (6) months of activity.

Charges for services and operating grants and contributions accounted for 77% of the revenues of the Authority. This revenue includes income for development properties held; service, operating grants, loan fees related primarily to loan programs administered by URFA, fees from the Tax Allocation Districts, and funding received from the City of Atlanta relating to the Economic Opportunity Fund and the Brand Atlanta initiative. Note that during 2007, the Atlanta Development Authority received and disbursed funding to Brand Atlanta Inc. of \$5,884,892. The remaining funds are restricted in their use to approved Economic Opportunity Fund programs which are a small business loan program and corporate relocation incentives.

The Authority also had \$1,073,270 in revenue from the use of money and property which resulted primarily from interest income from cash accounts and earnings on loan receivables outstanding of which URFA's loan to the Atlanta Housing Opportunity Inc. represents \$442,235.

The amount from other governmental agencies (\$839,275) represents City of Atlanta contribution to ADA for administration cost.

The Authority's total operating expenses of \$21,219,000 all related to its overall purpose of economic development. These expenses included development costs of \$840,980, interest on long-term financing of \$563,757, general and administrative expenses of \$5,009,015, program expenses of \$8,143,865, allowance adjustment for doubtful receivables of \$4,594,704, and depreciation expense and other expenses of \$2,066,679. The largest component of program expenses (\$8,143,865) is \$6,134,892 from the Economic Opportunity Fund. This amount is composed of \$5,884,892 for Brand Atlanta Inc. and \$250,000 for a corporate relocation incentive. The allowance for doubtful receivable was recorded on URFA's based on

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Management's Discussion and Analysis (Unaudited)
June 30, 2007

two (2) items. First our normal review of the receivables identifying specific doubtful accounts together with establishing a general reserve. The second item represents an analysis of two loans which during their repayment period are interest free. Allowances were recorded to reflect the estimated present value of these loans (\$2,758,130).

Analysis of the Authority's Funds

As previously discussed, the Authority's funds report the activities of the Authority, URFA, and DDA and report the same level of activity, with an overall decrease in net assets of (\$1,936,390).

Capital Asset and Debt Administration

Capital assets. The Authority's investment in capital assets as of the fiscal year ended June 30, 2007, amounts to \$19,466,163 (net of accumulated depreciation). The investment in capital assets includes land, construction in progress, furniture and equipment, and leasehold improvements.

Capital asset balances of the Authority at June 30, 2007 are as follows:

Land	\$ 7,087,780
Construction in progress	9,251,149
Leasehold improvements	3,491,247
Furniture and equipment	941,932
Gross capital assets	<u>20,772,108</u>
Less: accumulated depreciation	<u>(1,305,945)</u>
Net capital assets	<u>\$19,466,163</u>

Major capital asset events during the current fiscal year included the following:

- Land purchased and the construction in progress of the Government Center Parking Deck (\$16,338,929).
- The completion of the second floor of the Block Building leasehold improvements and furniture/equipment (\$1,366,266).

For more information on capital assets, see Note 3 to the financial statements.

Debt administration. The Authority (including URFA and DDA) issues a significant amount of conduit debt, including \$64,633,000 during the fiscal year ended June 30, 2007, which is not included in the Authority's Statement of Net Assets as allowed by the Governmental Accounting Standards Board, but is disclosed in Note 6 to the financial statements. These liabilities are not included in the financial statements as they are limited obligations of the Authority (including URFA and DDA) issued on behalf of a third party developer who is primarily responsible for their repayment.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Management's Discussion and Analysis (Unaudited)
June 30, 2007

Activity for long term obligations of the Authority for the fiscal year ended June 30, 2007, which are reported in the Statement of Net Assets, is summarized as follows:

	<u>June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2007</u>
Primary government:				
Bonds payable, 1999 Park Place Apartments project	\$ 9,117,807	\$ -	\$ (9,117,807)	\$ -
Notes payable to the City of Atlanta funded by Community Development Block Grant	864,463	-	(500,000)	364,463
Bonds payable, 2007A Housing Opportunity	-	35,000,000	-	35,000,000
Bonds payable, 1999 DDA Revenue Bonds	1,434,292	-	(160,060)	1,274,232
Bonds payable, 2006 DDA Revenue Bonds	-	23,480,000	-	23,480,000
Discount on DDA Revenue Bonds	-	(200,808)	7,723	(193,085)
FNMA loan pools payable	1,674,025	-	(592,379)	1,081,646
Construction loan payable	3,482,816	3,857,359	-	7,340,175
Loan payable to the City of Atlanta	1,700,000	-	-	1,700,000
Capital Lease Payable	100,008	72,000	(30,587)	141,421
	<u>\$ 18,373,411</u>	<u>\$ 62,208,551</u>	<u>\$ (10,393,110)</u>	<u>\$ 70,188,852</u>
Total primary government	<u>\$ 18,373,411</u>	<u>\$ 62,208,551</u>	<u>\$ (10,393,110)</u>	<u>\$ 70,188,852</u>

The Authority increased its debt by \$51,815,441 for the fiscal ended June 30, 2007. This increase is primarily due to the issuance of \$35,000,000 Georgia Taxable Revenue Bonds (Housing Opportunity Program), Series 2007, the issuance of \$23,480,000 Revenue Bonds, Series A and B (Governmental Center Parking Deck), and the retirement of \$9,117,807 for the 1999 Park Place project.

See Note 5 to the financial statements for more information of long-term liabilities of the Authority.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in them. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, 86 Pryor Street, SW, Suite 300, Atlanta, GA 30303.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Statement of Net Assets
June 30, 2007

	Business-type Activities	Component Units
Assets		
Current assets:		
Cash and cash equivalents	\$ 12,105,005	\$ 1,089,664
Restricted cash	11,428,266	7,279,629
Investment in real estate	7,526,368	-
Other receivables	1,304,043	186,767
Prepaid expenses	128,784	-
Due from component units	276,237	-
Due from the primary government	-	23,646
Total current assets	32,768,703	8,579,706
Noncurrent assets:		
Advances for development costs	258,975	-
Due from Atlanta Housing Opportunity, Inc.	34,787,996	-
Loans receivable	4,281,973	-
Investment in joint venture	10,121	-
Investment in real estate	-	5,182,215
Investment in development projects	2,682,479	(383,436)
Capital assets, nondepreciable	16,338,929	-
Capital assets, net of depreciation	3,127,234	33,679,020
Prepaid rent	2,405,271	-
Bond issuance costs, net of amortization	1,654,376	6,293,990
Other	4,300	204,233
Total noncurrent assets	65,551,654	44,976,022
Total assets	98,320,357	53,555,728
Liabilities		
Current liabilities:		
Accounts payable	2,523,067	722,007
Retainage payable	749,128	-
Bonds, notes, and loans payable, current portion	8,144,424	218,398
Capital leases payable, current portion	44,187	-
Accrued interest payable	530,263	3,412,528
Deferred revenue	4,297,463	148,133
Funds held in escrow	22,694	318,925
Other payables	220,558	-
Due to Atlanta BeltLine Partnership	-	500,000
Due to component units	23,646	-
Due to the primary government	-	276,237
Total current liabilities	16,555,430	5,596,228
Noncurrent liabilities:		
Deferred revenue	-	128,310
Capital leases payable	97,234	-
Bonds, notes and loans payable	61,903,007	62,005,687
Total noncurrent liabilities	62,000,241	62,133,997
Total liabilities	78,555,671	67,730,225
Net Assets (Deficit)		
Invested in capital assets, net of related debt	1,736,913	(12,268,997)
Restricted for grant programs	10,146,841	-
Unrestricted	7,880,932	(1,905,500)
Total net assets (deficit)	\$ 19,764,686	\$ (14,174,497)

See accompanying notes to financial statements.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Statement of Activities
Year ended June 30, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Business-type Activities	Component Units
Functions/ Programs:					
Primary government:					
Business-type activities:					
Economic development	\$ 21,219,000	\$ 5,066,842	\$ 9,684,892	\$ (6,467,266)	
Total primary government activities	<u>\$ 21,219,000</u>	<u>\$ 5,066,842</u>	<u>\$ 9,684,892</u>	<u>\$ (6,467,266)</u>	
Component units:					
Inner City Development Corporation	\$ 7,631,422	\$ 129,644	\$ -		\$ (7,501,778)
Atlanta BeltLine, Inc.	1,920,577	-	1,158,883		(761,694)
ADA/CAU Partners, Inc.	7,334,056	6,068,995	-		(1,265,061)
Atlanta Economic Renaissance Corporation	89,714	40,553	-		(49,161)
Pryor Road/Lakewood, LLC	227,648	83,015	-		(144,633)
Lakewood Senior	79,799	11,146	-		(68,653)
Total component unit activities	<u>\$ 17,283,216</u>	<u>\$ 6,333,353</u>	<u>\$ 1,158,883</u>		<u>(9,790,980)</u>
General revenues:					
Revenues from the use of money or property				1,073,270	614,726
Revenues from other governmental agencies not restricted for specific functions				839,275	620,370
Miscellaneous				2,618,331	-
Total general revenues				<u>4,530,876</u>	<u>1,235,096</u>
Change in net assets				(1,936,390)	(8,555,884)
Net assets (deficit) – beginning of year				21,701,076	(5,618,613)
Net assets (deficit) – ending of year				<u>\$ 19,764,686</u>	<u>\$ (14,174,497)</u>

See accompanying notes to financial statements.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)

Statement of Net Assets
Proprietary Funds
June 30, 2007

	Business-type Activities - Enterprise Funds				Total
	Administrative Fund	Grants and Restricted Program Fund	Urban Residential Finance Authority	Downtown Development Authority	
Assets					
Current assets:					
Cash and cash equivalents	\$ 490,573	\$ 3,660,380	\$ 7,953,505	\$ 547	\$ 12,105,005
Restricted cash	2,567,283	-	604,778	8,256,205	11,428,266
Investment in real estate	-	-	7,526,368	-	7,526,368
Other receivables	58,456	-	1,241,739	3,848	1,304,043
Prepaid expenses	12,157	-	7,450	109,177	128,784
Due from other funds	1,064,831	-	-	-	1,064,831
Due from component units	276,237	-	-	-	276,237
Total current assets	4,469,537	3,660,380	17,333,840	8,369,777	33,833,534
Noncurrent assets:					
Advances for development costs	58,975	-	200,000	-	258,975
Due from Atlanta Housing Opportunity, Inc.	-	-	34,787,996	-	34,787,996
Loans receivable	-	-	4,281,973	-	4,281,973
Investment in joint venture	-	-	10,121	-	10,121
Investment in development projects	864,437	-	1,818,042	-	2,682,479
Capital assets, net of depreciation	135,086	-	-	19,331,077	19,466,163
Prepaid rent	-	-	-	2,405,271	2,405,271
Bond issuance costs, net of amortization	-	-	731,157	923,219	1,654,376
Other	4,300	-	-	-	4,300
Total noncurrent assets	1,062,798	-	41,829,289	22,659,567	65,551,654
Total assets	5,532,335	3,660,380	59,163,129	31,029,344	99,385,188
Liabilities					
Current liabilities:					
Accounts payable	150,097	-	915,992	1,456,978	2,523,067
Retainage payable	-	-	-	749,128	749,128
Bonds, notes, and loans payable, current portion	-	-	7,977,242	167,182	8,144,424
Capital leases payable, current	44,187	-	-	-	44,187
Accrued interest payable	-	-	442,235	88,028	530,263
Deferred revenue	2,369,821	-	1,927,642	-	4,297,463
Due to component units	14,670	-	8,976	-	23,646
Funds held in escrow	-	-	22,694	-	22,694
Other payables	-	-	220,558	-	220,558
Due to other funds	-	-	213,813	851,018	1,064,831
Total current liabilities	2,578,775	-	11,729,152	3,312,334	17,620,261
Noncurrent liabilities:					
Capital leases payable	97,234	-	-	-	97,234
Bonds, notes, and loans payable	200,000	-	37,309,042	24,393,965	61,903,007
Total noncurrent liabilities	297,234	-	37,309,042	24,393,965	62,000,241
Total liabilities	2,876,009	-	49,038,194	27,706,299	79,620,502
Net Assets (Deficit)					
Invested in capital assets, net of related debt	(6,335)	-	-	1,743,248	1,736,913
Restricted for grant programs	-	3,660,380	6,486,461	-	10,146,841
Unrestricted	2,662,661	-	3,638,474	1,579,797	7,880,932
Total net assets	\$ 2,656,326	\$ 3,660,380	\$ 10,124,935	\$ 3,323,045	\$ 19,764,686

See accompanying notes to financial statements.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year ended June 30, 2007

Business-type Activities - Enterprise Funds					
	Administrative Fund	Grants and Restricted Program Fund	Urban Residential Finance Authority	Downtown Development Authority	Total
Operating revenues:					
Interest income	\$ 141,385	\$ 110,422	\$ 818,677	\$ 2,786	\$ 1,073,270
Service, administration, and loan fees	2,024,412	-	2,572,830	469,600	5,066,842
City of Atlanta funding (administrative)	839,275	-	-	-	839,275
City of Atlanta funding (special projects, grants, and restricted programs)	-	9,684,892	-	-	9,684,892
Other	292,428	-	2,325,903	-	2,618,331
Total operating revenues	<u>3,297,500</u>	<u>9,795,314</u>	<u>5,717,410</u>	<u>472,386</u>	<u>19,282,610</u>
Operating expenses:					
Development costs	-	-	840,980	-	840,980
Interest on bonds, notes, and loans	6,883	-	494,255	62,619	563,757
Program expenses	-	6,214,212	1,929,653	-	8,143,865
Depreciation and amortization	33,976	-	58,136	168,686	260,798
General and administrative	2,155,341	16,778	2,712,749	124,147	5,009,015
Allowance adjustment for doubtful receivables	-	-	4,594,704	-	4,594,704
Other	-	-	1,805,881	-	1,805,881
Total operating expenses	<u>2,196,200</u>	<u>6,230,990</u>	<u>12,436,358</u>	<u>355,452</u>	<u>21,219,000</u>
Operating income (loss)	1,101,300	3,564,324	(6,718,948)	116,934	(1,936,390)
Transfers in	-	-	-	222,299	222,299
Transfers out	(222,299)	-	-	-	(222,299)
Change in net assets	879,001	3,564,324	(6,718,948)	339,233	(1,936,390)
Net assets at beginning of year	1,777,325	96,056	16,843,883	2,983,812	21,701,076
Net assets at end of year	<u>\$ 2,656,326</u>	<u>\$ 3,660,380</u>	<u>\$ 10,124,935</u>	<u>\$ 3,323,045</u>	<u>\$ 19,764,686</u>

See accompanying notes to financial statements.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2007

	Business-type Activities - Enterprise Funds				Total
	Administrative Fund	Grants and Restricted Program Fund	Urban Residential Finance Authority	Downtown Development Authority	
Cash flows from operating activities:					
Receipts from customers	\$ 2,024,412	\$ -	\$ 9,014,904	\$ -	\$ 11,039,316
Receipts from grantors	839,275	9,795,314	-	-	10,634,589
Receipts of interest on loans	141,385	-	376,310	-	517,695
Miscellaneous receipts	292,428	-	673	-	293,101
Payments to suppliers	(514,009)	(16,778)	(3,483,534)	(104,147)	(4,118,468)
Payments to employees	(1,595,650)	-	(805,929)	-	(2,401,579)
Payments for programs	-	(6,214,212)	(38,930,129)	-	(45,144,341)
Other	(1,839,180)	-	738,904	1,379,171	278,895
Net cash provided by (used in) operating activities	(651,339)	3,564,324	(33,088,801)	1,275,024	(28,900,792)
Cash flows from noncapital financing activities:					
Transfers in	-	-	-	222,299	222,299
Transfers out	(222,299)	-	-	-	(222,299)
Other	-	-	(2,355,618)	-	(2,355,618)
Net cash provided by (used in) noncapital financing activities	(222,299)	-	(2,355,618)	222,299	(2,355,618)
Cash flows from capital financing activities:					
Acquisition and construction of capital assets	(72,000)	-	-	(15,037,547)	(15,109,547)
Payment bond closing costs	-	-	(708,147)	(1,144,730)	(1,852,877)
Proceeds from capital debt and construction loans	-	-	38,857,359	23,480,000	62,337,359
Repayment of bond principal	-	-	(1,092,380)	(159,300)	(1,251,680)
Principal payment for capital lease	(30,587)	-	-	-	(30,587)
Payments for interest (including interest capitalized)	(6,883)	-	(105,795)	(975,172)	(1,087,850)
Net cash provided by (used in) capital financing activities	(109,470)	-	36,951,037	6,163,251	43,004,818
Cash flows from investing activities:					
Interest income	-	-	-	2,786	2,786
Interest earned on bond proceeds and netted against capitalized interest	-	-	-	587,494	587,494
Net cash provided by investing activities	-	-	-	590,280	590,280
Net increase (decrease) in cash and cash equivalents	(983,108)	3,564,324	1,506,618	8,250,854	12,338,688
Cash and cash equivalents at beginning of year	4,040,964	96,056	7,051,665	5,898	11,194,583
Cash and cash equivalents at end of year	<u>\$ 3,057,856</u>	<u>\$ 3,660,380</u>	<u>\$ 8,558,283</u>	<u>\$ 8,256,752</u>	<u>\$ 23,533,271</u>
Reconciliation to Statement of Net Assets:					
Cash and cash equivalents	\$ 490,573	\$ 3,660,380	\$ 7,953,505	\$ 547	\$ 12,105,005
Restricted cash	2,567,283	-	604,778	8,256,205	11,428,266
	<u>\$ 3,057,856</u>	<u>\$ 3,660,380</u>	<u>\$ 8,558,283</u>	<u>\$ 8,256,752</u>	<u>\$ 23,533,271</u>

(continued)

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2007

	Business-type Activities - Enterprise Funds				Total
	Administrative Fund	Grants and Restricted Program Fund	Urban Residential Finance Authority	Downtown Development Authority	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 1,101,300	\$ 3,564,324	\$ (6,718,948)	\$ 116,934	\$ (1,936,390)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	33,976	-	58,136	168,686	260,798
Interest payments reported in operating income	6,883	-	548,030	62,619	617,532
(Increase) decrease in:					
Other receivables	(32,938)	-	653,641	(3,848)	616,855
Advances for development costs	369	-	1,068,180	-	1,068,549
Loans receivable	-	-	3,407,028	-	3,407,028
Investment in development projects	(9,888)	-	1,017,002	-	1,007,114
Investment in joint venture	-	-	(10,000)	-	(10,000)
Prepays and other assets	1,308	-	-	59,615	60,923
Due from primary government	-	-	-	-	-
Due from Atlanta Housing Opportunity, Inc.	-	-	(34,787,996)	-	(34,787,996)
Due from (to) component units	(1,068,595)	-	-	-	(1,068,595)
Increase (decrease) in:					
Accounts payable and accrued expenses	140,918	-	46,704	20,000	207,622
Funds held in escrow	(87,025)	-	4,455	-	(82,570)
Due to primary government	-	-	193,810	851,018	1,044,828
Due to Atlanta BeltLine Partnership	-	-	-	-	-
Due to Atlanta BeltLine, Inc.	-	-	8,976	-	8,976
Deferred revenue	(737,647)	-	1,422,181	-	684,534
Net cash provided by (used in) operating activities	<u>\$ (651,339)</u>	<u>\$ 3,564,324</u>	<u>\$ (33,088,801)</u>	<u>\$ 1,275,024</u>	<u>\$ (28,900,792)</u>
Non-cash operating activities					
Allowance adjustment for doubtful receivables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,594,704</u>	<u>\$ -</u>	<u>\$ 4,594,704</u>
Non-cash capital financing activities					
Initiation of capital leases	<u>\$ 72,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,000</u>

See accompanying notes to financial statements.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Combining Statement of Net Assets
Component Units
June 30, 2007

	Inner City Development Corporation	Atlanta BeltLine, Inc.	ADA/CAU Partners, Inc.	Atlanta Economic Renaissance Corporation	Downtown Atlanta Revitalization	Pryor Road/Lakewood, LLC	Atlanta Local Development Company	Lakewood Senior	Aquarium Holding Company	Total Component Units
Assets										
Current assets:										
Cash and cash equivalents	\$ 258,091	\$ 504,230	\$ 145,559	\$ 49,246	\$ -	\$ 55,957	\$ 11,423	\$ 684	\$ 64,474	\$ 1,089,664
Restricted cash	3,140	-	7,276,489	-	-	-	-	-	-	7,279,629
Other receivables	2,500	8,976	179,267	-	14,670	5,000	-	-	-	186,767
Due from the primary government	-	-	-	-	-	-	-	-	-	23,646
Total current assets	263,731	513,206	7,601,315	49,246	14,670	60,957	11,423	684	64,474	8,579,706
Noncurrent assets:										
Capital assets, net of depreciation	-	-	33,679,020	-	-	-	-	-	-	33,679,020
Investment in real estate	3,888,974	-	-	1,293,241	-	-	-	-	-	5,182,215
Investment in development projects	-	-	-	-	-	(203,644)	-	(179,792)	-	(383,436)
Bond issuance costs, net of amortization	-	-	6,293,990	-	-	-	-	-	-	6,293,990
Other assets	204,233	-	-	-	-	-	-	-	-	204,233
Total noncurrent assets	4,093,207	-	39,973,010	1,293,241	-	(203,644)	-	(179,792)	-	44,976,022
Total assets	4,356,938	513,206	47,574,325	1,342,487	14,670	(142,687)	11,423	(179,108)	64,474	53,555,728
Liabilities										
Current liabilities:										
Accounts payable	235,257	138,159	344,958	3,633	-	-	-	-	-	722,007
Bonds, notes, and loans payable, current portion	3,398	-	215,000	-	-	-	-	-	-	218,398
Accrued interest payable	332,500	-	1,588,653	1,491,375	-	-	-	-	-	3,412,528
Deferred revenue	-	-	148,133	-	-	-	-	-	-	148,133
Funds held in escrow	3,060	-	264,265	51,600	-	-	-	-	-	318,925
Due to Atlanta BeltLine Partnership	-	500,000	-	-	-	-	-	-	-	500,000
Due to the primary government	-	6,766	-	269,471	-	-	-	-	-	276,237
Total current liabilities	574,215	644,925	2,561,009	1,816,079	14,670	(142,687)	11,423	(179,108)	64,474	5,596,228
Noncurrent liabilities:										
Deferred revenue	-	-	-	128,310	-	-	-	-	-	128,310
Bonds, notes and loans payable	6,312,428	-	52,027,007	3,666,252	-	-	-	-	-	62,005,687
Total noncurrent liabilities	6,312,428	-	52,027,007	3,794,562	-	-	-	-	-	62,133,997
Total liabilities	6,886,643	644,925	54,588,016	5,610,641	-	-	-	-	-	67,730,225
Net Assets (Deficit)										
Invested in capital assets, net of related debt	-	-	(12,268,997)	-	-	-	-	-	-	(12,268,997)
Unrestricted	(2,529,705)	(131,719)	5,255,306	(4,268,154)	14,670	(142,687)	11,423	(179,108)	64,474	(1,905,500)
Total net assets (deficit)	\$ (2,529,705)	\$ (131,719)	\$ (7,013,691)	\$ (4,268,154)	\$ 14,670	\$ (142,687)	\$ 11,423	\$ (179,108)	\$ 64,474	\$ (14,174,497)

See accompanying notes to financial statements.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Combining Statement of Activities
Year ended June 30, 2007

Component units	Program Revenues		Net (Expense) Revenue and Changes in Net Assets										Total Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Inner City Development Corporation	Atlanta BeltLine, Inc.	ADA/CAU Partners, Inc.	Atlanta Economic Renaissance Corporation	Downtown Atlanta Revitalization	Pryor Road/Lakewood, LLC	Atlanta Local Development Company	Lakewood Senior	Aquarium Holding Company	
Inner City Development Corporation	\$ 7,631,422	\$ 129,644	\$ 1,158,883	\$ (7,501,778)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7,501,778)
Atlanta BeltLine, Inc.	1,920,577	-	-	-	(761,694)	-	-	-	-	-	-	-	(761,694)
ADA/CAU Partners, Inc.	7,334,056	6,068,995	-	(1,265,061)	-	-	-	-	-	-	-	-	(1,265,061)
Atlanta Economic Renaissance Corporation	89,714	40,553	-	-	(49,161)	-	-	-	-	-	-	-	(49,161)
Downtown Atlanta Revitalization	-	-	-	-	-	-	-	-	-	-	-	-	-
Pryor Road/Lakewood, LLC	227,648	83,015	-	(144,633)	-	-	-	-	-	-	-	-	(144,633)
Atlanta Local Development Company	-	-	-	-	-	-	-	-	-	-	-	-	-
Lakewood Senior	79,799	11,146	-	-	-	-	-	-	-	(68,653)	-	-	(68,653)
Aquarium Holding Company	-	-	-	-	-	-	-	-	-	-	-	-	-
Total component unit activities	\$ 17,283,216	\$ 6,333,353	\$ 1,158,883	\$ (7,501,778)	\$ (761,694)	\$ (1,265,061)	\$ (49,161)	\$ -	\$ (144,633)	\$ -	\$ (68,653)	\$ -	\$ (9,790,980)
General revenues:													
Revenues from the use of money or property				304,668	9,605	297,328	2,155	-	-	334	-	636	614,726
Revenues from other governmental agencies not restricted for specific functions				-	620,370	-	-	-	-	-	-	-	620,370
Total general revenues				304,668	629,975	297,328	2,155	-	-	334	-	636	1,235,096
Changes in net assets				(7,197,110)	(131,719)	(967,733)	(47,006)	-	(144,633)	334	(68,653)	636	(8,555,884)
Net assets (deficit) – beginning of year				4,667,405	-	(6,045,958)	(4,221,148)	14,670	1,946	11,089	(110,455)	63,838	(5,618,613)
Net assets (deficit) – ending of year				\$ (2,529,705)	\$ (131,719)	\$ (7,013,691)	\$ (4,268,154)	\$ 14,670	\$ (142,687)	\$ 11,423	\$ (179,108)	\$ 64,474	\$ (14,174,497)

See accompanying notes to financial statements.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to Financial Statements
June 30, 2007

(1) Summary of Significant Accounting Policies

(a) *The Financial Reporting Entity*

In 1997, The Atlanta Development Authority (the “Authority” or “ADA”) was created by the City of Atlanta, Georgia (the “City”) to promote the revitalization and growth of the City of Atlanta through a comprehensive and centralized program focusing on community development and redevelopment. The Authority was created through a combination of the following economic development and financing authorities which have been included in the Authority’s financial statements as blended component units in conformity with accounting principles generally accepted in the United States of America, as set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*:

The Urban Residential Finance Authority of the City of Atlanta, Georgia (“URFA”) was created pursuant to the Urban Residential Finance Authorities Act for Large Municipalities and commenced activities on October 3, 1979. URFA is authorized to assist in providing financing for the construction or rehabilitation of multifamily residential housing and to provide funds to purchase mortgage loans to finance owner-occupied residences for families within certain income limitations, both within the City of Atlanta, Georgia. URFA’s board of directors is substantially the same as the Board of Directors of ADA and it has a financial benefit and burden relationship with the ADA. As a result, URFA is a blended component unit of ADA. These statements include Lakewood Hills, Inc.; Crogman School Development, LLC; Crogman School, Inc.; Auburn Group, Inc.; and GP URFA Sexton, Inc. which are discretely presented component units of URFA. Auburn Group, Inc is not shown in the financial statements due to no activity for the year ended June 30, 2007.

The Downtown Development Authority (“DDA”) was developed to promote the revitalization and redevelopment of the City by financing projects that will develop and promote for the public good and general welfare trade, commerce, industry, and employment opportunities and will promote the general welfare of the City. DDA’s board of directors is substantially the same as the Board of Directors of ADA and it has a financial benefit and burden relationship with ADA. As a result, DDA is a blended component unit of ADA.

The component unit column in the government-wide financial statements includes the Inner City Development Corporation; Atlanta Beltline Inc.; ADA/CAU Partners, Inc.; the Atlanta Economic Renaissance Corporation; Downtown Atlanta Revitalization; Pryor Road/Lakewood, LLC; Atlanta Local Development Company; and the Aquarium Holding Company. They are reported in a separate column to emphasize that they are legally separate from the Authority. Each of these component units is accounted for using the guidance applicable to proprietary funds.

The Inner City Development Corporation (the “ICDC”) was created to acquire land and develop the Historic Westside Village area. The Board of Directors of ICDC is appointed by the Board of Directors of ADA and the assets of ICDC are legally entitled to revert to ADA. The ICDC includes its component units: HWV 2A, LLC and HWV 3A, LLC. IDC and its component units have a December 31 year-end.

The Atlanta Beltline, Inc. (“ABI”) was incorporated on September 1, 2006 to act solely in the capacity as “redevelopment agency” for the City of Atlanta, with respect to the City of Atlanta Tax Allocation District Number Six – Beltline (the “Beltline TAD”) including the administrative, development and/or redevelopment activities as and to the extent contemplated

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to Financial Statements
June 30, 2007

(1) Summary of Significant Accounting Policies (Continued)

(a) *The Financial Reporting Entity (Continued)*

in the Atlanta Beltline TAD Redevelopment Plan adopted by the City Council of the City of Atlanta on November 7, 2005 pursuant to Ordinance 05-O-1733. A majority of ABI's board of directors are appointed by the Board of Directors of the ADA and it has a financial benefit and burden relationship with ADA.

ADA/CAU Partners, Inc. was created to construct college dormitories on the campus of Clark Atlanta University. The Board of Directors of ADA/CAU Partners, Inc. is appointed by the Board of Directors of ADA, who can also impose their will on the ADA/CAU Partners, Inc. by removal of board members at any time.

The Atlanta Economic Renaissance Corporation ("AERC"), formerly the Atlanta Economic Development Corporation, was created to coordinate and encourage efforts by the private and public sectors to promote the general economic development of the City and its residents. The Board of Directors of AERC is appointed by the Board of Directors of ADA, who can also impose their will on AERC through its management as the management of ADA and the AERC are essentially the same.

The Downtown Atlanta Revitalization ("DAR") was created to carry out the purposes of the Atlanta Economic Development Corporation. The Board of Directors of DAR is appointed by the Board of Directors of ADA, who can also impose their will on DAR by removal of board members at any time. DAR does not include the activity of its component unit – Lakewood Senior, Inc which has a December 31 year-end. Lakewood Senior activity is shown separately as a component unit within the accompanying statements. DAR is a 501(c)(3) non-profit corporation.

Pryor Road/Lakewood, LLC is wholly owned by ADA and was created to purchase and develop real property for the Park Place South Development. As the sole member of the limited liability corporation, the ADA controls the activity of Pryor Road/Lakewood, LLC. Pryor Road/Lakewood, LLC has a December 31 year-end.

The Atlanta Local Development Company ("ALDC") was created to manage the small business administration loan program in the Atlanta area. Due to the significance of influence of the management of ADA on the activity of ALDC, it would be misleading to exclude ALDC from the financial reporting entity of ADA.

The Aquarium Holding Company (the "AHC") was created to study the possibility of building an aquarium in the downtown Atlanta area. Due to the significance of influence of the management of the ADA on the activity of the AHC, it would be misleading to exclude the AHC from the financial reporting entity of the ADA.

Separate financial statements or financial information on these component units may be obtained from the Chief Financial Officer, Atlanta Development Authority at 86 Pryor Street, SW, Suite 300, Atlanta, GA 30303. Management has considered the criteria set forth in Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, *Defining the Financial Reporting Entity*. Based upon the application of the above criteria, the City of Atlanta, Georgia has determined ADA to be a component unit of the City.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to Financial Statements
June 30, 2007

(1) Summary of Significant Accounting Policies (Continued)

(b) Government-wide and Fund Financial Statements

The Authority presents government-wide financial statements which are prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements (i.e. the statement of net assets and the statement of activities) do not provide information by fund. Net assets in the statement of net assets are distinguished between amounts invested in capital assets (net of any related debt), amounts that are restricted for use by third parties or outside requirements, and amounts that are unrestricted.

The statement of activities demonstrates the degree to which 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 customers who purchase, use, or benefit from the services provided by a given function or segment and include interest income on loans provided for economic development and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted interest income on investments and other items not properly included among program revenues are reported as general revenues.

In addition to the government-wide financial statements, the Authority has prepared separate financial statements for proprietary funds. These fund financial statements also use the accrual basis of accounting and the economic resources measurement focus.

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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. Interest income and service, administration, and loan fees are recognized as revenue when earned regardless of when the cash is received. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenses are recorded when a liability is incurred.

The Authority reports the following major enterprise funds:

Administrative Fund – This fund is used to account for all economic development and administrative activity of ADA except those financed with grants. This fund includes all personnel, office, and administrative costs of the Authority.

Grants and Restricted Program Fund – This fund is used to account for all activity of the Authority that is restricted for grant activities.

Urban Residential Finance Authority – These statements are used to account for all economic development activity of the blended component unit - URFA.

Downtown Development Authority – These statements are used to account for all economic development activity of the blended component unit - DDA.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to Financial Statements
June 30, 2007

(1) Summary of Significant Accounting Policies (Continued)

(c) *Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)*

Private-sector standards of accounting and financial reporting issued prior to November 30, 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 GASB. 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 Authority has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. The principal operating revenue of each of the Authority's enterprise funds is interest income on loans outstanding; service, administration, and loan fees; and other activity surrounding the development of property. Operating expenses for the enterprise funds include direct general and administrative expenses of administering the economic development programs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

(d) *Cash, Cash Equivalents, and Investments*

For the purposes of the statement of cash flows, the Authority considers all short-term investment securities with original maturities of three months or less, local government investment pools, repurchase agreements, money market accounts, and investment agreements under which funds can be withdrawn at any time without penalty to be cash equivalents. State statutes authorize the Authority to invest in obligations of any state; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loan which have deposits insured by the FDIC or FSLIC; prime bankers acceptances; repurchase agreements; and the Local Government Investment Pool of the State of Georgia ("Georgia Fund 1").

Investments are carried at fair value based on quoted market prices.

(e) *Advances for Development Costs*

Advances for development costs consist of amounts paid to developers for initial costs of development of a desired area. Once permanent financing is obtained or sales or leasing of developed properties begin, these advances are repaid to the Authority.

(f) *Loans Receivable*

Loans receivable are stated at their unpaid principal balance less loan discounts. The discounts are amortized using a method approximating a level yield over the estimated average life of the loans.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to Financial Statements
June 30, 2007

(1) Summary of Significant Accounting Policies (Continued)

(g) *Investment in Joint Venture*

Investments in joint venture consist of the Authority's investment in the Auburn Group, Inc.'s (a component unit of URFA) investment in Auburn Glenn Partners, LLC. Auburn Group, Inc. owns a 10% interest in the joint venture with two (2) other unrelated entities. The Authority's investments in joint ventures are accounted for using the equity method of accounting. There was no activity during the fiscal year ended June 30, 2007 for the Auburn Group, Inc.

(h) *Investment in Real Estate*

Investments in real estate consist of property stated at the lower of aggregate cost or net realizable value. Cost includes the purchase price of the land and development costs, as well as capitalized interest. There was no interest capitalized during 2007. Valuation allowances are provided to adjust the carrying value of land held for resale to net realizable values (see Note 4).

(i) *Investment in Development Projects*

Investments in development projects represent the Authority's acquisition and improvement of properties in anticipation of either private or public development of the property. Investments and improvements are recorded at cost.

(j) *Capital Assets*

Capital assets are stated at cost. Depreciation on capital assets is calculated on the straight-line method over the estimated useful lives as follows:

Leasehold improvements	29 years
Furniture and Equipment	3-5 years

(k) *Income Taxes*

The Authority's income is exempt for Federal income taxes pursuant to Section 115 of the Internal Revenue Code.

(l) *Use of Estimates*

Management of the Authority has made a number of estimates and assumptions relating to the reporting of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses to prepare the financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from these estimates.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to Financial Statements
June 30, 2007

(2) Deposits and Investments

(a) Credit Risk.

The Authority is authorized to invest in obligations or investments as determined by the Authority, subject to any agreement with bondholders and with applicable law. As of June 30, 2007, the Authority did not have any investments other than deposits with financial institutions.

(b) Custodial Credit Risk-Deposits

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 deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2007, ADA had no bank balances that were exposed to custodial credit risk.

(3) Capital Assets

Capital assets activity for the year ended June 30, 2007 consists of the following:

Atlanta Development Authority Administrative Fund	June 30, 2006	Additions	Deletions	June 30, 2007
Capital assets being depreciated:				
Furniture and equipment	\$ 109,882	\$ 72,000	\$ -	\$ 181,882
	109,882	72,000	-	181,882
Less accumulated depreciation	(12,820)	(33,976)	-	(46,796)
Net property and equipment	<u>\$ 97,062</u>	<u>\$ 38,024</u>	<u>\$ -</u>	<u>\$ 135,086</u>

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to Financial Statements
June 30, 2007

(3) Capital Assets (Continued)

	June 30, 2006	Additions	Deletions	June 30, 2007
Downtown Development Authority:				
Capital assets not being depreciated:				
Land	\$ -	\$ 7,087,780	\$ -	\$ 7,087,780
Construction in progress	-	9,251,149	-	9,251,149
Total capital assets not being depreciated	<u>-</u>	<u>16,338,929</u>	<u>-</u>	<u>16,338,929</u>
Capital assets subject to depreciation:				
Furniture and equipment	\$ 508,177	\$ 251,873	\$ -	\$ 760,050
Leasehold improvements	2,448,854	1,042,393	-	3,491,247
	<u>2,957,031</u>	<u>1,294,266</u>	<u>-</u>	<u>4,251,297</u>
Capital assets being depreciated:				
Furniture and equipment	(508,177)	(19,873)	-	(528,050)
Leasehold improvements	(628,684)	(102,415)	-	(731,099)
Total capital assets being depreciated	<u>1,820,170</u>	<u>1,171,978</u>	<u>-</u>	<u>2,992,148</u>
Net property and equipment	<u>\$ 1,820,170</u>	<u>\$ 17,510,907</u>	<u>\$ -</u>	<u>\$ 19,331,077</u>
Total primary government:				
Capital assets not being depreciated:				
Land	\$ -	\$ 7,087,780	\$ -	\$ 7,087,780
Construction in progress	-	9,251,149	-	9,251,149
Total capital assets not being depreciated	<u>-</u>	<u>16,338,929</u>	<u>-</u>	<u>16,338,929</u>
Capital assets subject to depreciation:				
Furniture and equipment	618,059	323,873	-	941,932
Leasehold improvements	2,448,854	1,042,393	-	3,491,247
	<u>3,066,913</u>	<u>1,366,266</u>	<u>-</u>	<u>4,433,179</u>
Capital assets being depreciated:				
Furniture and equipment	(520,997)	(53,849)	-	(574,846)
Leasehold improvements	(628,684)	(102,415)	-	(731,099)
Total capital assets being depreciated	<u>1,917,232</u>	<u>1,210,002</u>	<u>-</u>	<u>3,127,234</u>
Net property and equipment	<u>\$ 1,917,232</u>	<u>\$ 17,548,931</u>	<u>\$ -</u>	<u>\$ 19,466,163</u>

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to Financial Statements
June 30, 2007

(3) Capital Assets (Continued)

Capital assets activity for the discretely presented component units for the year ended June 30, 2007 consists of the following:

	<u>June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2007</u>
Capital assets not being depreciated:				
Land	\$ 1,946,841	\$ -	\$ (1,946,841)	\$ -
Capital assets being depreciated:				
Furniture and equipment	1,688,911	-	-	1,688,911
Buildings and improvements	43,075,755	69,470	(8,224,818)	34,920,407
Land improvements	3,270,833	-	-	3,270,833
	<u>49,982,340</u>	<u>69,470</u>	<u>(10,171,659)</u>	<u>39,880,151</u>
Less accumulated depreciation	<u>(4,785,660)</u>	<u>(1,415,471)</u>	<u>-</u>	<u>(6,201,131)</u>
Net property and equipment	<u>\$ 45,196,680</u>	<u>\$ (1,346,001)</u>	<u>\$ (10,171,659)</u>	<u>\$ 33,679,020</u>

(4) Investment in Real Estate

Investment in real estate consisted of the following at June 30, 2007:

Lakewood Hills	<u>\$ 7,526,368</u>
Total	<u>\$ 7,526,368</u>

Component units:

Inner City Development Corporation:	
Historic Westside Village	\$ 3,888,974
Atlanta Economic Renaissance Corporation:	
Flood Plain Land	81,995
Southside Industrial Park (SIP)	3,412,561
Less accumulated write-down to net realizable value	<u>(2,201,315)</u>
Total	<u>\$ 5,182,215</u>

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to Financial Statements
June 30, 2007

(4) Investment in Real Estate (Continued)

(a) Lakewood Hills, and Historic Westside Village

The parcels of vacant land at the Historic Westside Village and the condominiums and townhomes in the Lakewood Hills development are being held for resale.

(b) Southside Industrial Park

Using funds provided by the U.S. Department of Housing and Urban Development (HUD), the SIP property was purchased by the City for future development and sale. The project was then transferred to DAFC, at which time AERC entered into an agreement with DAFC to develop and market the project. During 1986, DAFC issued industrial revenue bonds in the amount of \$1,750,000, a portion of the proceeds of which were used by AERC to reimburse the City for the original property acquisition with the remaining proceeds to be used by AERC for future improvements. The bonds were to be repaid from proceeds from SIP land sales or according to an agreed-upon payment schedule, whichever was earlier. The Bond obligation was repaid in 1989.

During 1989, AERC purchased additional parcels of land from the City and HUD (Phases II (a) and II (b)). This acquisition was financed by borrowings from the City and a local bank. During March 1993, the \$1,218,733 note payable to bank was repaid with the proceeds from a loan from the City. AERC and the City have entered into an agreement establishing the priority of payments on these obligations from the land sale proceeds. The proceeds from sales of Phase II (a), net of an established percentage ranging from 8% to 20% to be retained by AERC as reimbursement of administrative expenses, will be utilized to repay \$2,600,000 of the Phase I original loan from the City and thereto repay \$2,975,000 of the Phase II original loan from the City. The proceeds from the sale of Phase II (b) will be utilized to repay \$2,975,000 of the Phase II original loan from the City. A total of 50% of the remaining proceeds, if any, will be paid to the City. The Authority will be required to repay the outstanding balance on the loans if insufficient proceeds are derived from land sales.

Approximately 18.8 acres of SIP property were sold in June 2001. Proceeds from the sale were reflected in the prior year financial statements as land sales revenue. The net cost basis of the land sold was reflected as cost of land sales. No land sales occurred in 2002, 2003, 2004, 2005, 2006, or 2007.

Management has, however, determined that the land's market value exceeds its net cost basis and that further write-downs of the land's value are not considered necessary. This determination was based on the selling price generated from prior year sales. The total valuation allowance on the SIP property was \$2,201,315 at June 30, 2007.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to Financial Statements
June 30, 2007

(5) Long-term Liabilities

Activity for the bonds, notes, loans payable, and other long-term liabilities for the year ended June 30, 2007 consists of the following:

	<u>June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2007</u>	<u>Amount Due Within One Year</u>
Primary government:					
Bonds payable, 1999 Park Place Apartments project	\$ 9,117,807	\$ -	\$ (9,117,807)	\$ -	\$ -
Construction loan payable	3,482,816	3,857,359	-	7,340,175	7,340,175
Notes payable to the City of Atlanta funded by Community Development Block Grant	864,463	-	(500,000)	364,463	12,067
Bonds payable, 2007A Series Housing Opportunity Program	-	35,000,000	-	35,000,000	625,000
FNMA loan pools payable	1,674,025	-	(592,379)	1,081,646	-
Loan payable to the City of Atlanta	1,700,000	-	-	1,700,000	-
Bonds payable, 1999 Downtown Development Authority Revenue Bonds	1,434,292	-	(160,060)	1,274,232	167,182
Bonds payable, 2006 Downtown Development Authority Revenue Bonds	-	23,480,000	-	23,480,000	-
Discount on 2006 Downtown Development Authority Revenue Bonds	-	(200,808)	7,723	(193,085)	-
Capital leases payable	100,008	72,000	(30,587)	141,421	44,187
Total primary government	<u>\$ 18,373,411</u>	<u>\$ 62,208,551</u>	<u>\$ (10,393,110)</u>	<u>\$ 70,188,852</u>	<u>\$ 8,188,611</u>
Component units:					
Bonds payable, 2004 Clark Atlanta University project	\$ 52,446,159	\$ -	\$ (204,152)	\$ 52,242,007	\$ 215,000
Loan payable to the City of Atlanta, secured by SIP land sale revenue	2,134,720	-	-	2,134,720	-
Loan payable to the City of Atlanta, secured by SIP land sale revenue	271,532	-	-	271,532	-
Loan payable to the City of Atlanta, secured by SIP land sale revenue	1,260,000	-	-	1,260,000	-
Loan payable to the City of Atlanta, from Section 108 federal funds	4,469,141	-	(1,478,315)	2,990,826	-
Loan payable for construction purposes	3,057,342	-	(3,057,342)	-	-
Loan payable to the Atlanta Empowerment Zone Corporation	3,325,000	-	-	3,325,000	3,398
Deferred revenue	128,310	-	-	128,310	-
Total component units	<u>\$ 67,092,204</u>	<u>\$ -</u>	<u>\$ (4,739,809)</u>	<u>\$ 62,352,395</u>	<u>\$ 218,398</u>

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to Financial Statements
June 30, 2007

(5) Long-term Liabilities (Continued)

Primary Government

Component units of URFA are included in the URFA fund in the financial statements. Construction of Phase V condominiums of Lakewood Hills is financed with a construction loan. The construction loan had a balance of \$7,340,175 as of June 30, 2007.

The Authority entered into loan agreements with the City of Atlanta wherein the City loaned the Authority \$900,000 of U.S. Department of Housing and Urban Development (HUD) funds under its Community Development Block Grant Program. The purpose of the loan is to establish loan funds for Evergreen Village Estates, L.P. and Fulton Cotton Mill Associates, L.P. in order to leverage the investment of tax-exempt housing revenue bonds in the acquisition and rehabilitation of the projects. Repayment terms are consistent with the terms of the promissory note executed with the developer. On December 29, 2006, the Evergreen Village Estates was sold for \$6,000,000. The proceeds were sufficient to repay only \$430,691 of the \$500,000 second mortgage. The Authority paid the City of Atlanta the \$430,691 and the remaining balance was written off. Therefore, total reductions of \$500,000 in the notes and loans payable to the City of Atlanta funded by the Community Development Block Grant were recognized during the fiscal year. At June 30, 2007, the balance of the remaining loans payable was \$364,463.

On April 11, 2007, the Authority issued \$35,000,000 of Georgia Taxable Revenue Bonds (Housing Opportunity Program), Series 2007A for the purpose of loaning the proceeds from the sale of the bonds to the Atlanta Housing Opportunity, Inc, in which loans will be made to finance, single family housing and multifamily housing in the City. The City of Atlanta has guaranteed that it will make payments sufficient in time and amount to enable the Atlanta Housing Opportunity, Inc to pay the principal of and interest on the bonds. Interest on the bonds is payable semiannually on June 1, and December 1, commencing December 1, 2007 with interest rates ranging from 5.068% to 5.802%. The bonds mature on December 1, 2027. At June 30, 2007, the balance of these bonds was \$35,000,000. Also at June 30, 2007 an amount of \$34,787,996 is recorded as being due from Atlanta Housing Opportunity, Inc., with the difference between the bonds and the receivable being differences in unamortized issuance costs.

On August 31, 2004 the Authority entered into a comprehensive amendment and reaffirmation of its 1999, as amended in 2000, financing agreement with FNMA for \$7,500,000 which was used by the Authority to lend or invest in development projects that meet the Authority's housing goals and underwriting criteria. The agreement is secured by the assets of each project, plus a letter of credit provided by the Authority for 15% of the outstanding advances. Interest is paid monthly in arrears at LIBOR plus 1.25%. Payments of principal will be from the net sales proceeds in connection with the sale of lots within the Villages of Kings Ridge at Cascade project. The maturity date of this note is April 30, 2009. As of June 30, 2007, the Authority had \$1,081,646 outstanding under the agreement.

Prior to 2002, the City of Atlanta donated undeveloped land known as the King's Ridge property to the Authority for development purposes. The value of this property is part of the basis of the Village of Kings Ridge at Cascade project. The value of the land of \$1,500,000 will be paid back to the City from home sales. In prior years, the Authority also received land in the Summerhill/Georgia Avenue for development purposes. During 2002, the Authority decided not to develop the property and is trying to sell the property. As a result, the Authority will owe the City any proceeds from the sale of the property which is expected to approximate the Authority's current basis in the property of \$200,000. The Authority will not be responsible for any loss on the sale of the property. No sales on either property occurred during 2007.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to Financial Statements
June 30, 2007

(5) Long-term Liabilities (Continued)

Primary Government (Continued)

In February 1999, the Authority issued \$2,400,000 of Series 1999 Downtown Development Authority Revenue Bonds for renovations and leasehold improvements of the office space located in the Block building. The balance due on these bonds at June 30, 2007 is \$1,274,232.

On July 12, 2006, the Authority issued \$23,480,000 of revenue bonds for the purpose of financing the acquisition, construction, equipping and installation of a five-story parking facility consisting of approximately 836 parking spaces and the cost of acquiring the land on which the facility will be located. Interest is due semiannually on June 1, and December 1 of each year with varying interest rates ranging from 4% to 5%. First principal payment is due during fiscal year 2008 and the bonds (\$17,990,000 Series 2006A and \$5,490,000 Series 2006B) mature in 2034. The balance due on these bonds at June 30, 2007 is \$23,480,000. This facility, when completed in December 2007, will be leased to the City of Atlanta with the lease payments equaling the debt service payments on these bonds.

During fiscal year 2007, the Authority entered into lease agreements as lessee for financing the acquisition of various equipment. The lease agreement qualify as a capital lease for accounting purposes (title transfers at the end of the lease term) and have been recorded at the present value of the future minimum lease payment as of the date of inception. This lease is being serviced in the Authority's Administrative Fund.

The following is an analysis of equipment leased under capital leases as of June 30, 2007:

	ADA
	Administration
	Fund
	<hr/>
Equipment	\$ 181,882
Less accumulated depreciation	(46,796)
Carrying value	<hr/> <u>\$ 135,086</u> <hr/>

The following is a schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30, 2007:

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to Financial Statements
June 30, 2007

(5) Long-term Liabilities (Continued)

Primary Government (Continued)

Fiscal year ending	ADA Administration Fund
2008	\$ 51,471
2009	51,471
2010	51,571
Total minimum lease payments	154,513
Less amount representing interest	(13,092)
Present value of future minimum lease payments	141,421
Less current maturities	(44,187)
	\$ 97,234

Component Units

During 2005, ADA/CAU Partners refinanced the Series 2001A and 2001B Bonds with a loan payable in the aggregate amount of \$51,900,000 funded with proceeds from the issuance of student housing revenue bonds, Series 2004A and 2004B (ADA/CAU Partners, Inc. Project at Clark Atlanta University). Pursuant to the trust indenture dated July 1, 2004, the proceeds from the sale of the Series 2004 Bonds are restricted to refunding the Series 2001 Bonds, to fund various reserves for the Series 2004 Bonds, to pay the costs of issuance of the Series 2004 Bonds, and to fund development and construction costs of Phase II of the project. The balance due on these bonds, net of bond premium of \$557,007, at June 30, 2007 (ADA/CAU Partners' year-end) is \$52,242,007.

AERC has three loans payable from the City related to purchase of the SIP land held for sale (Note 4). The original notes were borrowed to purchase the land. The agreement called for repayment of the loans upon sale of the land, with proceeds going to pay off the notes. During March 1993, AERC borrowed an additional \$1,260,000 from the City and negotiated a modification of terms on its then existing \$2,600,000 and \$1,715,000 notes payable to the City. The \$1,260,000 was used to repay the note payable to a bank along with accrued interest and fees. The new note to the City is interest free and was due on March 1, 1998. The modification of terms on the \$2,600,000 and \$1,715,000 notes extended the maturity dates to no later than March 1, 1998 and capped accrued and unpaid interest at \$913,214 and \$578,161 for each loan, respectively. As a result of the modifications, interest expense has not been accrued on these notes for their remaining terms. As no land sales occurred in 2007, 2006, 2005, 2004, 2003 or 2002, no payments were made on the notes. AERC still remains in default on these outstanding loans from the City. Management is currently in negotiations to sell the properties and repay the related notes and loans payable to the City.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to Financial Statements
June 30, 2007

(5) Long-term Liabilities (Continued)

Component Units (Continued)

Inner City Development Corporation (ICDC) has a loan payable to the City of Atlanta in the amount of \$2,990,826, at June 30, 2007, which was funded by a Section 108 loan from the United States Department Housing and Urban Development. The loan provided financing for the development of the Historic Westside Village area. The loan will be repaid from property sales and cash flow from the project and will be considered paid in full.

ICDC had a loan payable to a bank for construction in the Historic Westside Village Area originally in the amount of \$4,000,000. The ICDC balance on this loan of \$3,057,342 was paid off as of June 30, 2007.

ICDC has a loan payable to the Atlanta Empowerment Zone Corporation in the amount of \$3,325,000, at June 30, 2007, which was funded by the Empowerment Zone grant. The loan provided financing for the development of the Historic Westside Village area. Principal payments will commence in 2008 and continue through 2048, with an interest rate of 3%.

Long term deferred revenue relates to AERC which received Federal funds from the City for land acquisitions and improvements related to the SIP land held for sale. These funds were provided to AERC contingent upon AERC's development and eventual sale of the SIP land held for sale. Therefore, the revenue has been deferred until land sales occur, at which time grant revenue is recognized equal to the portion of the cost of land sold which was originally funded by these grants. No revenue was recognized during 2007 and the deferred grant revenue relating to this project totaled \$128,310 at June 30, 2007.

Debt Service Requirements

Annual principal and interest requirements for the bonds payable are set forth below (dollar amounts in thousands):

	Bonds of DDA		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2008	\$ 167	\$ 1,112	\$ 1,279
2009	749	1,093	1,842
2010	782	1,061	1,843
2011	811	1,028	1,839
2012	845	993	1,838
2013 - 2017	4,030	4,451	8,481
2018 - 2022	4,525	3,568	8,093
2023 - 2027	5,660	2,431	8,091
2028 - 2032	7,185	920	8,105
Totals	<u>\$24,754</u>	<u>\$ 16,657</u>	<u>\$ 41,411</u>

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to Financial Statements
June 30, 2007

(5) Long-term Liabilities (Continued)

Debt Service Requirements (Continued)

	Bonds of URFA		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2008	\$ 625	\$ 2,243	\$ 2,868
2009	990	1,879	2,869
2010	1,040	1,828	2,868
2011	1,095	1,774	2,869
2012	1,150	1,717	2,867
2013 - 2017	6,735	7,599	14,334
2018 - 2022	8,835	5,503	14,338
2023 - 2027	11,745	2,589	14,334
2028	2,785	81	2,866
Totals	<u>\$35,000</u>	<u>\$ 25,213</u>	<u>\$ 60,213</u>

	Bonds of Component Units		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2008	\$ 215	\$ 3,177	\$ 3,392
2009	330	3,167	3,497
2010	435	3,146	3,581
2011	565	3,119	3,684
2012	670	3,084	3,754
2013 - 2017	4,575	14,673	19,248
2018 - 2022	6,195	13,052	19,247
2023 - 2027	8,385	10,861	19,246
2028 - 2032	11,290	7,955	19,245
2033 - 2037	19,025	4,064	23,089
Plus Amortization of bond premium	557	-	557
Totals	<u>\$ 52,242</u>	<u>\$ 66,298</u>	<u>\$ 118,540</u>

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to Financial Statements
June 30, 2007

(5) Long-term Liabilities (Continued)

Debt Service Requirements (Continued)

Annual principal and interest requirements for the note payable to the Atlanta Empowerment Zone Corporation are set forth below (dollar amounts in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2008	\$ 3	\$ 101	\$ 104
2009	43	100	143
2010	45	99	144
2011	46	98	144
2012	47	97	144
2013 - 2017	261	459	720
2018 - 2022	303	416	719
2023 - 2027	353	366	719
2028 - 2032	411	309	720
2033 - 2037	478	241	719
2038 - 2042	557	163	720
2043 - 2047	648	71	719
2048	130	2	132
Totals	<u>\$ 3,325</u>	<u>\$ 2,522</u>	<u>\$ 5,847</u>

The FNMA loan pool payable was renegotiated during 2004 to be repaid as properties financed by the loan are sold. The final maturity date of the loan pool payable is 2009. The loan payable for construction purposes will mature in 2007. The construction loan for the Lakewood Hills project is payable when property sales occur, therefore no debt service requirement schedule is presented. All loans and notes payable to the City of Atlanta are required to be paid when certain events occur, such as land sales or program income; therefore no debt service requirement schedule is presented.

(6) Conduit Debt

URFA, DDA and the Authority issue private activity tax exempt and taxable revenue bonds to private sector entities for projects located within the city limits of Atlanta. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans or promissory notes. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The Authority is not obligated in any manner for repayment of the bonds and does not report these as liabilities in the accompanying financial statements.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to Financial Statements
June 30, 2007

(6) Conduit Debt (Continued)

(a) URFA Conduit Debt

The aggregate principal amounts of bonds outstanding as of June 30, 2007 for conduit debt issued by URFA are as follows:

	<u>Amount</u> <u>outstanding</u>
Multifamily:	
Series 1985 Renaissance on Peachtree Project	\$ 20,685,000
Series 1992 A&B Parcel 25 Redevelopment Project	3,145,000
Series 1993 Sylvan Circle Apartments Project	1,685,000
Series 1995 West End Housing Development Project	5,615,000
Series 1995 Cascade Pines Affordable Housing Project	6,595,000
Series 1996 Spring Branch Apartments Project	3,905,000
Series 1996 New Community at East Lake Project	6,800,000
Series 1997 Fulton Cotton Mill Project	9,015,000
Series 1998 New Community at John Hope	4,550,000
Series 1998 New Community at John Eagan	5,770,000
Series 1998 City Plaza Project	10,720,000
Series 2000 Carver Redevelopment Project	4,115,000
Series 2001 Park at Lakewood Restructuring	5,335,000
Series 2001 Peaks at West Atlanta Project	9,615,000
Series 2001 Big Bethel Village Project	8,600,000
Series 2001 Delmonte/Brownlee Project	4,510,000
Series 2001 Allen Temple Project	15,390,000
Series 2001 Carver Phase III Project	3,875,000
Series 2002 Crogman School Project	4,910,000
Series 2002 Northside Plaza Refunding	4,710,000
Series 2002 Auburn Glenn Apartments Project	18,709,357
Series 2002 Alta Pointe Project	11,625,000
Series 2002 City Views at Rosa Burney Park	6,169,327
Series 2002 Park District at Atlantic Commons Project	26,500,000
Series 2003 Marietta Street Apartments	28,000,000
Series 2003 Peaks at Martin Luther King	9,920,000
Series 2003 Hollywood/Shawnee	3,280,000
Series 2003 Toby Sexton Redevelopment	11,382,676
Series 2003 Preserve at Cascade	12,500,000
Series 2003 Northside Village	16,290,000
Series 2003 Collegetown at Harris Homes	7,530,000
Series 2003 Richmond Oaks Project	10,477,266
Series 2003 Brookside Park Apartments	12,340,327
Series 2004 Terraces and Highbury Court Apartments	9,462,066
Series 2004 Market District at Atlantic Commons	29,000,000
Series 2004 Lindbergh City Center	33,500,000
Series 2005 Capital Gateway Project	16,500,000
Series 2006 Parkview at Coventry Station	10,000,000
Series 2006 Columbia at Sylvan Hills	11,400,000
Series 2007 Lillie R. Campbell House	6,500,000
Series 2007 Alta Coventry	28,000,000
Total Multifamily	<u>\$ 458,631,019</u>

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to Financial Statements
June 30, 2007

(6) Conduit Debt (Continued)

(a) URFA Conduit Debt (continued)

	<u>Amount outstanding</u>
Single Family:	
Series 1987 GNMA Collateralized Home Mortgage Program	\$ 858,327
Series 1989A GNMA Collateralized Home Mortgage Program	460,968
Series 1990 GNMA Collateralized Home Mortgage Program	294,959
Series 1991A GNMA Collateralized Home Mortgage Program	249,601
Series 1991B GNMA Collateralized Home Mortgage Program	469,497
Series 2007A Single Family Mortgage Revenue Bonds	<u>18,733,000</u>
Total Single Family	<u>\$ 21,066,352</u>
College Facility:	
1995 Morehouse College Project	<u>\$ 7,640,000</u>

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to Financial Statements
June 30, 2007

(6) Conduit Debt (Continued)

(b) DDA Conduit Debt

The aggregate principal amount outstanding for issuances prior to 1995 with the exception of the Atlanta Federal Center could not be determined; however, the original issuance amounts for projects financed by DDA are as follows:

81 Walton Street Project	\$ 1,500,000
H.J. Russell & Co.	850,000
132-136 Mitchell Street	1,350,000
Atlanta North Georgia Conf. of the AME Church	2,500,000
Fairlie 70 Investors	5,500,000
Chamber of Commerce	3,500,000
Peachtree-Broad Building	3,200,000
Glentown Investment Partners	4,038,400
Walton Place Partners	7,240,000
CARE Project	5,000,000
Atlanta Federal Center (principal balance outstanding at 6/30/2006)	203,200,000
GSU School of Music Project	4,725,000
Central Atlanta Hospitality Childcare, Inc.	5,115,000
Total	<u>\$ 247,718,400</u>

The aggregate principal amounts outstanding for issuances after 1995 are as follows:

Underground Atlanta Refunding Series 2002	<u>\$ 57,055,000</u>
---	----------------------

(c) Atlanta Development Authority Conduit Debt

The aggregate principal amounts of bonds outstanding as of June 30, 2007 for conduit debt issued by ADA are as follows:

Piedmont Ellis Student Housing	\$ 161,330,000
Student Recreation Center at Georgia State University	24,975,000
Yamacraw Design Center Project	76,845,000
TUFF ATDC Project	55,330,000
Total	<u>\$ 318,480,000</u>

(7) Inter-fund Balances and Transfers

At June 30, 2007 the Administrative Fund of ADA was owed \$851,018 from DDA and \$213,813 from URFA for payments made on behalf of DDA which had not been reimbursed at year end. Balances are expected to be repaid within one year of the year ended June 30, 2007.

The Authority provides operating funds to the Downtown Development Authority which for the year ended June 30, 2007 was \$222,299.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to Financial Statements
June 30, 2007

(8) Pension Plan

The Authority participates in a Simplified Employee Pension Plan, which provides for a discretionary employer contribution, for all of its full time employees over 21 years of age. The Authority contributed 15% of all participants' base compensation for 2007. Employer contributions totaled \$424,829 for the year ended June 30, 2007.

(9) Contingencies

The Authority participated in a number of Federal financial assistance programs in prior years. These programs are subject to independent financial and compliance audits by grantor agencies. Except as disclosed above, the amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

The Authority is subject to various legal proceedings and claims which arise in the ordinary course of its business. In the opinion of management, based on the advice of legal counsel, the amount of ultimate liability, with respect to these actions, will not materially affect the financial position or results of operations of the Authority.

(10) Contractual Commitments

For the fiscal year ended June 30, 2007, the Downtown Development Authority had contractual commitments on uncompleted contracts of \$6,072,332.

(11) Subsequent Event

On November 15, 2007, the Authority's interest in the Villages of Kings Ridge at Cascade LLC was sold for \$975,000 and the Authority used the proceeds to pay off the related FNMA loan payable.