

**CITY OF ATLANTA, GEORGIA
ATLANTIC STATION
TAX ALLOCATION DISTRICT FUND**

Financial Statements and Supplementary Information

June 30, 2011

(With Independent Auditor's Report Thereon)

CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUND
JUNE 30, 2011

Table of Contents

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statement of Net Assets and Governmental Fund Balance Sheet	10
Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance	11
Notes to Basic Financial Statements	12
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	21
Supplementary Information:	
Schedule 1: Fund Balance Sheet Comparison – Cash Basis	22
Schedule 2: Flow of Funds Comparison – Cash Basis	23
Schedule 3: Balance of Funds Under the Bond Indenture – Cash Basis	24
Schedule 4: Debt Service Coverage Ratio – Cash Basis	25
Schedule 5: 2007 Escrow – 2001 Bond Refunding	26
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	27

INDEPENDENT AUDITOR'S REPORT

**The Board of Directors
Atlanta Development Authority**

We have audited the accompanying financial statements of the governmental activities and the major fund of the City of Atlanta, Georgia Atlantic Station Tax Allocation District Fund (the "Fund") as of and for the fiscal year ended June 30, 2011, which collectively comprise the Fund's basic financial statements. These financial statements are the responsibility of the Fund's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements present only the Atlantic Station Tax Allocation District Fund and do not purport to, and do not, present fairly the financial position of the City of Atlanta, Georgia, as of June 30, 2011, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the Fund implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the City of Atlanta, Georgia Atlantic Station Tax Allocation District Fund as of June 30, 2011, and the respective changes in financial position thereof for the fiscal 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 a report dated January 24, 2012 on our consideration of the Fund'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 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 3 through 9) and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual (on page 21) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fund's basic financial statements. The supplementary information, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 24, 2012

CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUND
Notes to Basic Financial Statements

June 30, 2011

This section of the annual financial report of the Atlantic Station Tax Allocation District Fund (“Fund”) presents the analysis of the Fund’s financial performance during the fiscal year that ended on June 30, 2011. Please read it in conjunction with the financial statements and their accompanying notes, which follow this section. The financial statements include only the financial activities of the Atlantic Station Tax Allocation District. The Fund is an integral part of the City of Atlanta’s (“City”) government reporting entity and its results are included in the Comprehensive Annual Financial Report (CAFR) of the City as a Nonmajor Governmental Fund.

The Atlanta Development Authority (“ADA”) is the redevelopment agent for the Atlantic Station TAD and is responsible for all the financial reporting and compliance required by the 2001, 2006, and the 2007 Bond documents.

As mentioned above, while the tax allocation districts are shown on the City’s CAFR, both the City and ADA jointly decide which district should have a separate financial statement. A separate financial statement provides the reader with more financial information pertaining to each individual tax allocation district.

The Atlantic Station Tax Allocation District

On October 4, 1999, the Atlanta City Council adopted Resolution 99-R-1344 that established the Tax Allocation District Number Two-Atlantic Steel which became known as the Atlantic Station Tax Allocation District. The tax allocation district was created on December 31, 1999 and will continue in existence for twenty-five years. The Redevelopment Powers Law provided for the establishment of a redevelopment plan to improve economic and social depressed urban areas. ADA was designated as the redevelopment agent and prepared a Redevelopment Plan for the Atlantic Steel Brownfield Area pursuant to O.C.G.A. Section 36-44-3(9).

The City of Atlanta was authorized to issue tax allocation bonds. The proceeds were to be used for eligible costs including environmental services, environmental remediation and public improvements per the provisions outlined in the Redevelopment Plan and according to the Redevelopment Powers Law.

In December 2001, \$76,505,000 of tax exempt bonds were issued. The repayment of the bonds is from the positive ad valorem tax allocation increments derived from the Atlantic Station Tax Allocation District. To the extent the ad valorem increments are insufficient to pay the principal and interest on the bonds, a portion of the Local Option Sales Tax collected in the tax allocation district were pledged through December 31, 2009. Subsequent to the issuance of the Series 2001 bonds, Fulton County consented to the extension of its pledge of its Local Option Sales Tax revenues to December 1, 2024. Both the Board of Commissioners of Fulton County and the Board of Education of the City of Atlanta consented to the inclusion for the computation of the tax allocation increment.

On December 5, 2005, the City Council of the City adopted Ordinance #-05-O-2437 and signed by the Mayor on December 13, 2005 that amended Resolution 99-R-1344 to issue its subordinate Lien Tax Allocation Bonds not to exceed an aggregate principal amount of \$173,495,000. On April 27, 2006, additional bonds were issued in the amount of \$166,515,000.00. The use of proceeds of the TAD Bonds were for reimbursable costs as defined by Redevelopment Law.

On September 4, 2007, the City of Atlanta issued the Atlantic Station 2007 Refunding TAD Bonds for a par value of \$85,495,000. The proceeds from the sale of the Series 2007 Bonds were applied by the City (i) to refund the Series 2001 Bonds currently outstanding in the aggregate principal amount of \$73,060,000, (ii) to establish a debt service reserve fund for the Series 2007 Bonds, and (iii) to pay costs incident to issuing the

CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUND
Notes to Basic Financial Statements

June 30, 2011

Series 2007 Bonds and refunding the Series 2001 Bonds. The City Council of the City adopted Resolution 07-R-1465 and was approved by the Mayor on July 16, 2007. A supplemental Resolution 07-R-1783 was adopted by the City Council of the City and approved by the Mayor on August 29, 2007.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the Fund's basic financial statements. The Funds' basic financial statements consist of five components: 1) governmental fund financial statements, 2) government-wide financial statements, 3) notes to the financial statements, 4) required supplemental schedule, and 5) other supplemental schedules. Because the Fund's activities are single purpose in nature the governmental fund and government-wide financial statements are presented together in the statements with an adjustment column reconciling the differences.

Governmental Fund Financial Statements

The governmental fund financial statements focus only on the Fund's balances of spendable resources available at the end of the fiscal year and are presented on a modified accrual basis. Only current assets and liabilities are presented in the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance focus only on the Fund's near-term inflows and outflows of spendable resources for the fiscal year. Revenues are considered available when they are collectible within the current fiscal year or soon enough thereafter to pay liabilities of the current fiscal year. For this purpose, the Fund considers revenues to be available if they are collected within 60 days after the end of the fiscal year.

Government-wide Financial Statements

The government-wide financial statements are reported using the full accrual basis of accounting, similar to that used by private sector companies. The Statement of Net Assets column reports information about all assets and liabilities of the Fund – both current and long-term. The Statement of Activities measures the success of the Fund's operations over the past 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.

Notes to the Financial Statements

The notes provide additional information that is essential to gain a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 12 to 20 of this report.

Required Supplemental Schedule

Included in these financial statements is the schedule of revenues, expenditures, and changes in fund balances – budget to actual for the Atlantic Station Tax Allocation District governmental fund. This schedule can be found on page 21.

Supplemental Schedules

ADA, as Redevelopment Agent, is responsible for the compliance reporting to the Atlanta City Council, City of Atlanta, ADA Board of Directors, the Board of Commissioners of Fulton County and the Board of Education of the Atlanta Independent School System. Quarterly reporting consists of cash basis financials for the Tax Allocation District and meets the compliance requirement. The reporting reflects all activities of the Tax

CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUND
Notes to Basic Financial Statements

June 30, 2011

Allocation District from 1999 through June 30, 2011. The cash basis financials consist of two schedules: the Fund Balance Sheet Comparison and the Flow of Funds Comparison. These schedules are presented as Schedules 1 and 2 in the supplementary information section of this report.

The City's Continuing Disclosure Agreement requires a schedule of the balance on deposit in each fund and account under the Trust Indenture. The schedule must also include a statement as to any withdrawals from any Debt Service Reserve Fund. These requirements are included in Schedule 3 in the supplementary information section of this report.

Schedule 4 presents the history of the Fund's debt service coverage ratio. Schedule 5 presents the activity of the 2007 Escrow account for the refunding of the 2001 Series Bonds. Note that this escrow account is not included in the Fund's financial statements.

A summary comparison of the governmental fund financial statements for June 30, 2010 and June 30, 2011 is presented below:

Summary Comparison of Governmental Fund Balance Sheets
As of June 30, 2010 and June 30, 2011

	2010	2011
Assets:		
Cash and cash equivalents	\$ 15,611,508	\$ 25,146,847
Property taxes receivable	234,630	101,703
Restricted investments	10,392,053	9,084,785
Total Assets	\$ 26,238,191	\$ 34,333,335
Liabilities:		
Accounts payable	\$ 2,164	\$ 4,210
Deferred revenue	222,152	101,703
Due to the Fulton County Tax Commissioner	-	807,596
Due to the City of Atlanta	-	5,658
Total Liabilities	224,316	919,167
Fund Balance:		
Restricted	26,013,875	33,414,168
Total Fund Balance	26,013,875	33,414,168
Total Liabilities and Fund Balance	\$ 26,238,191	\$ 34,333,335

CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUND
Notes to Basic Financial Statements

June 30, 2011

Summary Comparison of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Years Ended June 30, 2010 and June 30, 2011

	2010	2011
Expenditures:		
Community development	\$ 2,148,298	\$ 1,308,813
General government	70,735	185,990
Debt service-principal	6,455,000	1,015,000
Debt service- interest	8,574,416	8,859,606
Total Expenditures	17,248,449	11,369,409
General Revenues:		
Tax increment revenue	19,927,164	18,323,098
Investment earnings	461,599	446,604
Total General Revenues	20,388,763	18,769,702
Net change in fund balance	3,140,314	7,400,293
Fund Balance		
Beginning of the fiscal year	22,873,561	26,013,875
End of the fiscal year	\$ 26,013,875	\$ 33,414,168

On the Balance Sheet, assets include predominately cash and cash equivalents plus restricted investments. These assets are held for future payments on the bonds of the Fund and for future investment in the District. Cash and cash equivalents includes the Special Fund bank account held by the City of Atlanta. The Special Fund bank account has a fiscal year-end balance of \$25,146,847 which represents an increase over last fiscal year of \$9,535,339. The increase is mainly the result of not making the 2006 optional principal payment of \$8,170,000. Restricted investments decreased as the City of Atlanta completed the construction of the fire station in the District.

The Comparison of Revenues, Expenditures, and Changes in Fund Balance statements shows a decrease of tax increment revenue of \$1,604,066. The decrease is the result of the number of appeals settled during the fiscal year. The calendar years 2008, 2009, and 2010 tax digests were certified by the State as of June 30, 2011. The net tax increment adjustment from the certifications was \$118,881. The 2010 Certified Tax Digest reflects taxable assessed value in the District as \$464,814,470 which is an increase of \$457,461,230 over the 1999 base fiscal year. The 2010 certified growth rate over the base value is 98.457 %. Comparatively, the 2009 Certified Tax Digest had taxable assessed value in the District of \$507,203,740 which is \$500,030,500 over the 1999 base fiscal year. The 2009 certified growth rate over the base value was 98.586%.

Expenditures for community development were the final construction expenditures related to the fire station. The fire station opened in December 2010.

CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUND
Notes to Basic Financial Statements

June 30, 2011

For the fiscal year ended June 30, 2011, total debt service was \$9,874,606. Debt service for the 2006 bonds was \$5,186,837 and was \$4,687,769 for the 2007 bonds. The principal payments on the 2006 bonds are optional and the City of Atlanta postponed the optional December 1st payment. Debt service expenditures for the 2007 Bonds are due semi- annually on June 1st and December 1st with principal being paid annually on December 1st. The 2006 Bonds have interest paid monthly with optional principal payments due December 1st.

The government wide financial statements for June 30, 2010 and June 30, 2011 are presented below:

Summary Comparison of Statement of Net Assets
As of June 30, 2010 and June 30, 2011

	2010	2011
Assets:		
Cash and investments	\$ 15,611,508	\$ 25,146,847
Property taxes receivable	234,630	101,703
Deferred charges, unamortized	2,546,098	2,258,920
Restricted investments	10,392,053	9,084,785
Capital assets (net of depreciation)	1,271,791	8,112,313
Total Assets	30,056,080	44,704,568
Liabilities:		
Accounts payable	2,164	4,210
Accrued interest payable	734,071	730,688
Due to the City of Atlanta	-	5,658
Due to the Fulton County Tax Commissioner	-	807,596
Long- term debt:		
Due within one year	9,185,000	3,315,000
Due after one year	213,807,062	219,782,877
Total Liabilities	223,728,297	224,646,029
Net Assets (Deficit)	\$ (193,672,217)	\$ (179,941,461)

CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUND
Notes to Basic Financial Statements

June 30, 2011

Summary Comparison of Statement of Activities
For the Fiscal Years ended June 30, 2010 and June 30, 2011

	2010	2011
Expenses:		
Community development	\$ 2,240,864	\$ 1,441,672
Amortization expense	1,439,947	1,407,993
General government	70,735	185,990
Interest expense	8,998,948	8,856,223
Total Expenses	12,750,494	11,891,878
General Revenues:		
Tax increment revenue	19,869,720	18,202,649
Investment earnings	461,599	446,604
Total General Revenues	20,331,319	18,649,253
Capital grants and contributions:		
Capital contributions from developers	-	6,973,381
Change in Net Assets	7,580,825	13,730,756
Net Assets (Deficit)		
Beginning of the fiscal year	(201,253,042)	(193,672,217)
End of the fiscal year	\$ (193,672,217)	\$ (179,941,461)

As noted above in the discussion, the difference between Governmental Fund and Government-wide Financial Statements is that the Government-wide Financial Statements present the information on an accrual basis. Capital contributions from developers of \$6,973,381 consist of land donated to the City of Atlanta from the Atlantic Station LLC in the amount of \$2,944,103 on December 7, 2010 and buildings (Fire Station #11) donated to the City of Atlanta from developers in the amount of \$4,029,278 (both reflected in the Fund's Government-wide Financial Statements as capital assets and therefore is reflected in the City of Atlanta's financial statements as governmental activities capital assets as of June 30, 2011). Fire Station #11 received its certificate of occupancy on August 10, 2010. Title of the fire station was transferred to the City of Atlanta on December 6, 2010 and is currently being depreciated on a straight-line basis over fifty years.

Long Term Debt

In April 2006, the City issued \$166,515,000 and in September 2007 issued \$85,495,000 in limited obligation bonds for the Atlantic Station Tax Allocation District. The issuances are a limited obligation of the City, not secured by the full faith and credit of the City, but rather is secured and payable solely from the pledged revenues. Pledged revenues are defined as the positive ad valorem tax allocation increments collected above the

CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUND
Notes to Basic Financial Statements

June 30, 2011

base at the time of the creation of the Tax Allocation District. Legislation for the pledged revenues was adopted by the City of Atlanta, the Board of Commissioners of Fulton County, and the Board of Education of Atlanta Independent School System.

To the extent that ad valorem increments are insufficient to pay the debt service on the bonds, the pledged revenues will also include the portion of the revenues derived from the Atlantic Station Tax Allocation District that is attributable to local option sales taxes collected to December 2024.

The 2006 Bonds have annual optional principal payments due on December 1st with monthly interest payments. The outstanding principal balance on the 2006 Bonds as June 30, 2011 is \$159,595,000. The 2006 Bonds are variable rate bonds and pay interest monthly. Total interest and principal paid on the 2006 Bonds for the comparative fiscal years 2010 and 2011 were \$10,790,647 and \$5,186,837 respectively.

On September 5, 2007, the Series 2007 Bonds were issued in the amount of \$85,495,000. The proceeds from the sale of the Series 2007 Bonds were applied by the City to refund the Series 2001 Bonds with an outstanding aggregate principal amount of \$73,060,000; establish a debt service reserve fund for the Series 2007 Bonds; and to pay costs of issuance expenses. Total interest and principal paid on the 2007 Bonds for the comparative fiscal years 2010 and 2011 were \$4,238,769 and \$4,687,769 respectively. Interest is paid semi-annually and principal is paid annually. The outstanding principal balance as of June 30, 2011 is \$75,910,000.

The amortization schedule for the bonds is listed in note 7 to the financial statements.

Economic Factors and Outlook

The Atlantic Station TAD is a project-oriented district created specifically to finance the infrastructure needs of the mixed-use development on the former site of the Atlantic Steel Company. The 2001 and 2006 Bonds were used for clearing, grading, and the preparation of the Atlantic Station Property for redevelopment; environmental remediation; design, construction and installation of utilities such as water, sewer, storm drainage, electric, gas and telecommunications; design, construction and installation of streets, sidewalks, curbs, gutters and other public works; design and construction of parking facilities and other facilities and improvements related to the Atlantic Station TAD that were eligible to be financed or refinanced under the Act. The 2006 bond proceeds also established a Public Purpose Fund of \$5,000,000 to cover the costs of locating, constructing, and equipping a fire station according to the City Services Agreement between the City and the developer. The 2007 Bonds were issued to refund the 2001 Bonds.

The Atlantic Station mixed-use development is less than halfway completed. 171 17th Street, a 509,237 square foot office tower anchored by Wells Fargo, is currently 97.5% leased. 201 17th Street, a 349,502 square foot office tower, is currently 52% leased. 271 17th Street is a 534,274 square foot office tower anchored by BB&T. Completed in 2009, this is the newest office building at the project and is currently 42% leased. The Town Center retail area in the District is approximately 90% leased.

Requests for Information

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

CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUND
Statement of Net Assets and Governmental Fund Balance Sheet
June 30, 2011

	Atlantic Station Tax Allocation District Fund	Adjustments (Note 3)	Statement of Net Assets
Assets			
Cash and cash equivalents	\$ 25,146,847	-	\$ 25,146,847
Property taxes receivable, net of allowance	101,703	-	101,703
Restricted assets:			
Investments	9,084,785	-	9,084,785
Deferred charges, unamortized balance	-	2,258,920	2,258,920
Capital assets, nondepreciable	-	2,944,103	2,944,103
Capital assets, net of accumulated depreciation	-	5,168,210	5,168,210
Total assets	\$ 34,333,335	10,371,233	\$ 44,704,568
Liabilities			
Deferred revenue	\$ 101,703	(101,703)	\$ -
Liabilities payable from restricted assets:			
Accounts payable	4,210	-	4,210
Due to the Fulton County Tax Commissioner	807,596	-	807,596
Due to the City of Atlanta	5,658	-	5,658
Accrued interest payable	-	730,688	730,688
Long-term debt:			
Due within one year	-	3,315,000	3,315,000
Due after one year	-	219,782,877	219,782,877
Total liabilities	919,167	223,726,862	224,646,029
Fund Balance/Net Assets (Deficit)			
Fund balance:			
Restricted for debt service	33,159,385	(33,159,385)	-
Restricted for redevelopment	254,783	(254,783)	-
Total fund balance	33,414,168	(33,414,168)	-
Total liabilities and fund balance	\$ 34,333,335		
Net assets (deficit):			
Invested in capital assets		8,112,313	8,112,313
Restricted for debt service		33,159,385	33,159,385
Restricted for redevelopment		254,783	254,783
Unrestricted		(221,467,942)	(221,467,942)
Total net assets (deficit)		\$ (179,941,461)	\$ (179,941,461)

See accompanying notes to basic financial statements.

CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUND
Statement of Activities and Governmental Fund
Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2011

	Atlantic Station Tax Allocation District Fund	Adjustments (Note 3)	Statement of Activities
	<u> </u>	<u> </u>	<u> </u>
Expenditures/expenses:			
General government	\$ 185,990	\$ -	\$ 185,990
Community development	1,308,813	132,859	1,441,672
Amortization expense	-	1,407,993	1,407,993
Debt service:			
Principal	1,015,000	(1,015,000)	-
Interest	8,859,606	(3,383)	8,856,223
	<u>11,369,409</u>	<u>522,469</u>	<u>11,891,878</u>
Capital grants and contributions:			
Capital contributions from developers		6,973,381	<u>6,973,381</u>
Net program expense (revenue)			<u>4,918,497</u>
General revenues:			
Tax increment revenue	18,323,098	(120,449)	18,202,649
Investment earnings	446,604	-	446,604
	<u>18,769,702</u>	<u>(120,449)</u>	<u>18,649,253</u>
Excess (deficiency) of revenues over (under) expenditures	7,400,293	(7,400,293)	-
Net change in fund balance	7,400,293	(7,400,293)	-
Change in net assets		(13,730,756)	13,730,756
Fund balance/net assets (deficit)			
Beginning of the fiscal year	<u>26,013,875</u>	<u>(219,686,092)</u>	<u>(193,672,217)</u>
End of the fiscal year	<u>\$ 33,414,168</u>	<u>\$ (213,355,629)</u>	<u>\$ (179,941,461)</u>

See accompanying notes to basic financial statements.

CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUND
Notes to Basic Financial Statements

June 30, 2011

(1) Reporting Entity

The Atlantic Station Tax Allocation District (the “Fund”) of the City of Atlanta, Georgia (the “City”) was created in 1998 in order to finance permitted redevelopment costs within the Atlantic Station Tax Allocation District. These redevelopment costs, primarily infrastructure related, were provided to the area incorporated within the Atlantic Station Tax Allocation District in order to facilitate overall development of the area by a private developer. The financing of these redevelopment costs is able to be provided by bonds, notes or other obligations of the City which are payable from ad valorem property taxes levied on assessed value of the property within the Atlantic Station Tax Allocation District after development, less the amount of ad valorem property taxes assessed before redevelopment. These ad valorem property taxes assessed include those assessed on behalf of the City, Fulton County, and the Atlanta Independent School System. On February 11, 2008, the Supreme Court of Georgia decided that School tax funds shall be expended only for the support and maintenance of public schools and cannot be utilized or diverted for any other purpose. The City of Atlanta petitioned in the Superior Court of Fulton County, State of Georgia on March 4, 2008 for a Writ of Mandamus, requesting preliminary and permanent injunctive relief for Atlanta Independent School System’s tax funds on previously validated bonds. The Superior Court concluded that the Supreme Court decision did not have any effect on any bonds which have already been validated. The Fulton County Tax Commissioner was ordered to continue to forward the School tax funds to the Tax Allocation Districts with validated bonds.

The City has designated the Atlanta Development Authority as the redevelopment agent for the Atlantic Station Tax Allocation District. The accompanying financial statements include only the financial activities of the Fund. The Fund is an integral part of the City’s government reporting entity and its results are included in the Comprehensive Annual Financial Report (CAFR) of the City as a governmental fund. The latest available CAFR is as of and for the fiscal year ended June 30, 2011; that CAFR should be read in conjunction with these financial statements.

(2) Summary of Significant Accounting Policies

(a) General

In its accounting and financial reporting in conformity with accounting principles generally accepted in the United States of America, the Fund follows the pronouncements of the Governmental Accounting Standards Board (GASB).

(b) Government-wide and Fund Financial Statements

The Fund 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, but present the governmental activities using a different basis of accounting. Significantly, the statement of net assets includes noncurrent assets and liabilities and the government-wide statement of activities reflects changes in long-term assets and liabilities. Net assets in the statement of net assets are distinguished between amounts that are invested in capital assets net of related debt, 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

CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUND
Notes to Basic Financial Statements

June 30, 2011

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 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted interest income and other items not properly included among program revenues are reported as general revenues.

In addition to the government-wide financial statements, the Fund has prepared separate fund financial statements. The fund financial statements use the modified accrual basis of accounting and the current financial resources measurement focus. Due to the single purpose nature of the activities of the Fund, the government-wide and fund financial statements have been presented together with an adjustments column reconciling the differences.

(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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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 considered measurable and available. Revenues are considered available when they are collectible within the current fiscal year or soon enough thereafter to pay liabilities of the current fiscal year. For this purpose, the Fund considers revenues to be available if they are collected within 60 days after the end of the fiscal year. Property taxes and investment income associated with the current fiscal year are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year if available. Expenditures generally are recorded when a liability is incurred, with an exception for principal and interest on long-term debt, which is recognized when due.

The Fund has only one governmental fund – the Atlantic Station Tax Allocation District Fund – which records all of its activity and is used to account for all financial resources of the Fund.

(d) *Cash and Cash Equivalents*

Cash includes cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date acquired by the Fund.

(e) *Investments*

Investments are recorded on the statement of net assets and the balance sheet at fair value. All investment income, including changes in the fair value of investments, is reported as revenue in the statement of activities and the statement of revenues, expenditures, and changes in fund balance.

(f) *Restricted Assets*

The bond indenture states that the trustee shall establish and maintain segregated trust accounts in the issuer's name for debt service, capitalized interest, and other related reserves.

CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUND
Notes to Basic Financial Statements

June 30, 2011

(g) Taxes Receivable

Although the Atlantic Station Tax Allocation District (“TAD”) is not a taxing authority, it is the direct recipient of positive ad valorem tax allocation increments derived from the Atlantic Station Tax Allocation District each fiscal year. The TAD’s revenue stream from the incremental ad valorem taxes is based upon the annual assessed value of property and the property tax billings in excess of the District’s 1999 base year.

(h) Capital Assets

Capital assets are stated at cost. Capital contributions from developers are stated at fair value on the date of donation. Depreciation on capital assets is calculated on the straight-line method over the estimated useful lives as follows:

Vehicles	15 years
Buildings and improvements	50 years

(i) Fund Equity and Net Assets

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net assets.”

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the TAD is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by a formal vote of the City Council. Only the City Council may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed.

CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUND
Notes to Basic Financial Statements

June 30, 2011

As of June 30, 2011, the City Council has not expressly delegated authority to anyone to be able to assign fund balances for specific purposes.

Unassigned – Fund balances are reported as unassigned for the residual amount when the balances do not meet any of the above criterion.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Fund’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Fund’s policy, by default, to use fund balance in the following order: (1) Committed, (2) Assigned, and (3) Unassigned.

Net Assets – Net assets represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the TAD has spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net assets are reported as unrestricted. The TAD applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Restrictions on the government-wide statement of net assets represent amounts segregated to meet debt covenants and Bond Indenture.

(j) *Deferred Charges*

In the government-wide financial statements, bond issuance costs are reported as deferred charges and amortized over the term of the related debt using the effective interest method. In the governmental fund financial statements, these costs are expended.

(k) *Budget*

The Fund legally adopts an annual operating budget. A schedule of revenues, expenditures, and changes in fund balances – budget to actual is presented in the required supplementary information section of this financial report.

(l) *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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUND
Notes to Basic Financial Statements

June 30, 2011

(3) Reconciliation of Government-wide and Fund Financial Statements

(a) *Explanation of adjustments between the governmental fund balance sheet and the government-wide statement of net assets*

The Governmental fund balance sheet is adjusted for the following items to report the statement of net assets.

Amounts paid for the costs to issue long-term debt are expended in governmental funds, but are deferred in the government-wide statements and recognized over the life of the debt.	\$ 2,258,920
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	8,112,313
Amounts of property taxes receivable not available as of fiscal year end are deferred in governmental funds, but are recognized as revenue when earned.	101,703
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(730,688)
Long-term liabilities applicable to the Fund's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities – both current and long-term – are reported in the statement of net assets.	(223,097,877)

(b) *Explanation of adjustments between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities*

The Governmental fund statement of revenues, expenditures, and changes in fund balance is adjusted for the following items to report the statement of activities.

Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this difference are as follows:

Payments on bonds	\$ 1,015,000
Amortization of discount	(647,391)
Amortization of issuance costs	(287,178)
Amortization of refunding premium	163,276
Amortization of deferred loss on refunding of debt	(636,700)

CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUND
Notes to Basic Financial Statements

June 30, 2011

Payments for interest on the bonds are accrued in the statement of activities, but only reported when due in the statement of revenues, expenditures, and changes in fund balance. This is the amount of the change in the accrued interest payable. 3,383

Tax revenue in the statement of activities differs from the amount reported in the governmental funds due to the change in deferred revenue between fiscal year ends. 120,449

Governmental funds do not report the donation of capital assets not held for resale but do report capital outlays as expenditures. However, in the statement of activities, the fair market value of the donated assets is reported and the cost of those assets is allocated over the estimated useful lives and are reported as depreciation expense. These are the fair value of assets donated to the Fund which is not held for resale and the amount of depreciation expense in the current period:

Donated capital assets not held for resale	6,973,381
Depreciation expense	(132,859)

(4) Legal Compliance – Budgets

The City of Atlanta, Georgia is required to adopt a balanced budget each fiscal 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 Tax Allocation District with the level of legal budgetary control established by the City Council at the department level.

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 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 fiscal year an amount in excess of 99% of the normal revenues of the City actually collected during the previous fiscal year (unless tax rates are increased) plus any accumulated cash surplus carried forward from the previous fiscal year.

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

CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUND
Notes to Basic Financial Statements

June 30, 2011

Total appropriations for any fund may be increased if, during the fiscal 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. No such additional appropriations were required during the fiscal year ended June 30, 2011.

(5) Deposits and Investments

Investments, with a carrying value of \$866,606, consist of investment in the Georgia Fund 1, a local government investment pool administered by the State of Georgia Office of the State Treasury. As the investments represent ownership of a portion of a large pool of investments, these amounts are not categorical for custodial risk disclosure. The pooled investments are not registered with the Securities and Exchange Commission (SEC) but are managed in a manner consistent with SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the Fund's investments in the Georgia Fund 1 have been determined based on the pool's share price as adjusted to market.

Credit risk. State statutes authorize the Fund to invest in obligations of the State of Georgia or other States; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local government investment pool established by State law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of June 30, 2011, the Fund's investments in Georgia Fund 1 and AIM Treasury Short-term Investment Fund were rated AAAM by Standard & Poor's and the investments in the Guaranteed Investment Contract were rated A+ by Standard & Poor's.

At June 30, 2011, the Fund had the following investments:

<u>Investment</u>	<u>Maturities / Duration</u>	<u>Fair Value</u>
Guaranteed Investment Contract	December 1, 2024	\$ 7,822,787
Georgia Fund 1	59 days	866,606
Invesco Private Treasury	34 days	<u>395,392</u>
Total		<u>\$ 9,084,785</u>

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates may adversely affect an investment's fair value. Since the price of a bond fluctuates with market interest rates, the risk that an investor faces is that the price of the bonds in a portfolio will decline if market interest rates rise. At June 30, 2011, interest rate risk is reported in the above table as "Maturities/Duration" for each investment classification.

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

CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUND
Notes to Basic Financial Statements

June 30, 2011

municipalities. As of June 30, 2011, the Fund had no bank balances that were exposed to custodial credit risk.

(6) Capital Assets

Capital assets activity for the fiscal year ended June 30, 2011 consists of the following:

	<u>June 30,</u> <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30,</u> <u>2011</u>
Capital assets, not being depreciated:				
Land	\$ -	\$ 2,944,103	\$ -	\$ 2,944,103
Total	<u>-</u>	<u>2,944,103</u>	<u>-</u>	<u>2,944,103</u>
Capital assets, being depreciated:				
Vehicles	1,388,486	-	-	1,388,486
Buildings and improvements	<u>-</u>	<u>4,029,278</u>	<u>-</u>	<u>4,029,278</u>
Total	<u>1,388,486</u>	<u>4,029,278</u>	<u>-</u>	<u>5,417,764</u>
Less accumulated depreciation				
Vehicles	(116,695)	(92,566)	-	(209,261)
Buildings and improvements	<u>-</u>	<u>(40,293)</u>	<u>-</u>	<u>(40,293)</u>
Total accumulated depreciation	<u>(116,695)</u>	<u>(132,859)</u>	<u>-</u>	<u>(249,554)</u>
Total capital assets, being depreciated, net	<u>1,271,791</u>	<u>3,896,419</u>	<u>-</u>	<u>5,168,210</u>
Net capital assets	<u>\$ 1,271,791</u>	<u>\$ 6,840,522</u>	<u>\$ -</u>	<u>\$ 8,112,313</u>

Depreciation expense is all charged to community development.

(7) Bonds Payable

During 2007, the City issued \$85,495,000 in limited obligation tax allocation refunding bonds for the Atlantic Station Tax Allocation District. These limited obligation tax allocation bonds were issued for the purpose of refunding the City's 2001 Series limited obligation bonds for the Atlantic Station Tax Allocation District. The proceeds from the issuance of the Series 2007 Bonds was applied by the City to refund the Series 2001 Bonds with an outstanding principal amount of \$73,060,000, establish a debt service reserve fund for the Series 2007 Bonds, and to pay the cost of issuance.

In addition to the 2007 bonds issued by the City of Atlanta, in 2006 the City issued \$166,515,000 in limited obligation bonds for the Atlantic Station Tax Allocation District. The issuances are limited obligations of the City, not secured by the full faith and credit of the City, but rather are secured solely by, and payable solely from, the pledged revenues. The pledged revenues are defined as the tax allocation increments, the amount of property taxes generated within the district area which exceed the amount collected from the same area prior to development, from the City, Fulton County, and the Atlanta Independent School System. Additionally, the Atlantic Station Bonds are secured by the tax increments of sales taxes collected by the City and Fulton County within the developed area until December 31, 2024 for both the 2006 and 2007 Bonds. The property tax increments are pledged until the payment in full of the bonds.

CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUND
Notes to Basic Financial Statements

June 30, 2011

The 2006 Bonds have a variable interest rate with the interest rate being the greater of: (i) the average interest rate on the Series 2006 Bonds for the interest rate period immediately preceding such determination; and (ii) the 30- year Revenue Bond Index most recently published in the Bond Buyer plus 50 basis points. The Fund's debt service requirements based upon required sinking fund and interest payments, using 3.25% as the interest rate for the 2006 Bonds (which was the rate in effect at June 30, 2011) are as follows:

	Principal	Interest	Total debt service
Fiscal year ending June 30:			
2012	\$ 3,315,000	\$ 8,773,008	\$ 12,088,008
2013	4,160,000	8,622,008	12,782,008
2014	4,335,000	8,448,406	12,783,406
2015	4,515,000	8,262,482	12,777,482
2016	4,730,000	8,047,206	12,777,206
2017-2021	27,455,000	36,425,371	63,880,371
2022-2026	186,995,000	15,319,109	202,314,109
	\$ 235,505,000	\$ 93,897,590	\$ 329,402,590

The Series 2006 Bonds also carry an optional principal redemption clause which is pursuant to a schedule prepared by the City of Atlanta. The future principal payments are entirely optional. All principal which is due at the Bonds maturity date of December 1, 2024 will be due in full. Thus far, the City has made principal payments totaling \$6,935,000 on both Series 2006 and 2007 bonds. Due to the nature of the Series 2006 Bonds, the current portion will only include the amount due as required by the Bond holder.

The Fund's long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

Bonds	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Amount Due In One Year
Series 2006 Bonds	\$ 159,595,000	\$ -	\$ -	\$ 159,595,000	\$ -
Series 2007 Bonds	76,925,000	-	1,015,000	75,910,000	3,315,000
Discount on bonds	(5,451,902)	-	(647,391)	(4,804,511)	-
Unamortized bond premium	1,474,468	-	163,276	1,311,192	-
Deferred loss on defeasance	(9,550,504)	-	(636,700)	(8,913,804)	-
Total	\$ 222,992,062	\$ -	\$ (105,815)	\$ 223,097,877	\$ 3,315,000

The District had defeased the 2001 Bond Issue by creating an irrevocable trust fund. The proceeds from the new debt were used to purchase investments which were placed in the trust. The investments and earnings are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt is considered defeased and, therefore, removed as a liability along with the assets in the trust. At June 30, 2011, the Fund had \$64,340,000 in defeased 2001 Series Bonds.

**CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUND**

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Tax increment revenue	\$ 16,221,430	\$ 16,221,430	\$ 18,323,098	\$ 2,101,668
Investment earnings	-	-	446,604	446,604
Other revenues	21,139,510	21,139,510	-	(21,139,510)
Total revenues	<u>37,360,940</u>	<u>37,360,940</u>	<u>18,769,702</u>	<u>(18,591,238)</u>
Expenditures				
Current:				
General government:				
Nondepartmental	4,355,960	4,355,960	185,990	4,169,970
Community development	2,421,800	2,421,800	1,308,813	1,112,987
Total general government	<u>6,777,760</u>	<u>6,777,760</u>	<u>1,494,803</u>	<u>5,282,957</u>
Public safety:				
Fire	145,340	145,340	-	145,340
Total public safety	<u>145,340</u>	<u>145,340</u>	<u>-</u>	<u>145,340</u>
Debt service:				
Principal	9,185,000	9,185,000	1,015,000	8,170,000
Interest	21,010,650	21,010,650	8,859,606	12,151,044
Cost of issuance	242,190	242,190	-	242,190
Total debt service	<u>30,437,840</u>	<u>30,437,840</u>	<u>9,874,606</u>	<u>20,563,234</u>
Total expenditures	<u>37,360,940</u>	<u>37,360,940</u>	<u>11,369,409</u>	<u>25,991,531</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>7,400,293</u>	<u>7,400,293</u>
Net change in fund balances	-	-	7,400,293	7,400,293
Fund balance, beginning of fiscal year	<u>26,013,875</u>	<u>26,013,875</u>	<u>26,013,875</u>	<u>-</u>
Fund balance, end of fiscal year	<u>\$ 26,013,875</u>	<u>\$ 26,013,875</u>	<u>\$ 33,414,168</u>	<u>\$ 7,400,293</u>

SCHEDULE 1

**CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUNG
SUPPLEMENTARY INFORMATION**

**Atlantic Station TAD
Fund Balance Sheet Comparison - Cash Basis
As of the Period Ended**

	December 31, 2004	December 31, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011
ASSETS:								
Restricted Cash: Tax Increments	\$ 3,876,757.32	\$ 5,691,544.14	\$ 2,861,002.19	\$ 6,039,610.63	\$ 7,971,585.73	\$ 10,769,417.27	\$ 16,476,568.79	\$ 26,013,452.92
Restricted Cash: 2001 Other Funds	10,066,181.74	7,635,592.19	7,635,499.81	7,635,874.72	140,094.92	140,607.45	140,607.52	140,607.59
Restricted Cash: 2006 Other Funds	-	-	10,843,997.82	5,540,606.27	5,406,364.57	5,106,030.24	1,563,595.66	254,783.77
Restricted Cash: 2007 Other Funds	-	-	-	-	7,807,529.38	7,840,889.79	7,822,788.35	7,822,788.25
TOTAL ASSETS	\$ 13,942,939.06	\$ 13,327,136.33	\$ 21,340,499.82	\$ 19,216,091.62	\$ 21,325,574.60	\$ 23,856,944.75	\$ 26,003,560.32	\$ 34,231,632.53
LIABILITIES/FUND BALANCE:								
Cash Pool Payable	\$ -	\$ -	\$ -	3,408.00	\$ -	\$ 1,388,486.00	\$ -	\$ 5,658.00
Payable to Fulton County Tax Commissioner	-	-	-	-	-	-	-	807,596.13
Fund Balance	14,807,546.17	13,942,939.06	13,327,136.33	21,340,499.82	19,212,683.62	21,325,574.60	22,468,458.75	26,003,560.32
Sources (Uses) Balance	(864,607.11)	(615,802.73)	8,013,363.49	(2,127,816.20)	2,112,890.98	1,142,884.15	3,535,101.57	7,414,818.08
Total Fund Balance	13,942,939.06	13,327,136.33	21,340,499.82	19,212,683.62	21,325,574.60	22,468,458.75	26,003,560.32	33,418,378.40
TOTAL LIABILITIES/FUND BALANCE	\$ 13,942,939.06	\$ 13,327,136.33	\$ 21,340,499.82	\$ 19,216,091.62	\$ 21,325,574.60	\$ 23,856,944.75	\$ 26,003,560.32	\$ 34,231,632.53

The Fund Balance Sheet Comparison lists the bank balances as of fiscal year-end and is reported on the cash basis of accounting.

SCHEDULE 2

**CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUND
SUPPLEMENTARY INFORMATION**

Atlantic Station TAD Flow of Funds Comparison - Cash Basis For the Period Ended									
	January 1, 2001 - December 31, 2002	January 1, 2003 - December 31, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	Total
SOURCES OF FUNDS:									
Tax Increments	\$ 3,792,349.37	\$ 15,008,613.78	\$ 81,583.44	\$ 10,778,346.94	\$ 14,191,942.02	\$ 16,427,203.91	\$ 20,375,324.49	\$ 18,337,581.83	\$ 98,992,945.78
Tax Increment- 2005 City of Atlanta 07-R-0518	-	-	-	2,587.33	-	-	-	-	2,587.33
Bond Proceeds	76,505,000.00	-	166,515,000.00	-	85,495,000.00	-	-	-	328,515,000.00
Deferred Interest	47,260.80	(47,260.80)	-	-	-	-	-	-	-
Bond Premium	-	-	-	-	1,938,865.65	-	-	-	1,938,865.65
Interest Income	867,095.65	2,056,123.99	645,340.61	1,082,389.97	908,914.97	584,971.80	461,598.68	446,604.02	7,053,039.69
Short Term Capital Gain (Loss)	-	-	-	-	692.40	-	-	-	692.40
Gain (Loss) for Capitalized Interest Fund	45,709.55	(491,582.32)	-	-	-	-	-	-	(445,872.77)
TOTAL SOURCES	81,257,415.37	16,525,894.65	167,241,924.05	11,863,324.24	102,535,415.04	17,012,175.71	20,836,923.17	18,784,185.85	436,057,258.08
USES OF FUNDS:									
Cost of Issuance Expenses	2,741,813.60	-	942,825.39	-	439,627.22	-	-	-	4,124,266.21
Underwriter discount, Adm fees, Credit Facility	-	-	10,353,418.05	-	2,092,513.66	-	-	-	12,445,931.71
Reimbursement to City of Atlanta	10,000,000.00	-	-	-	-	-	-	-	10,000,000.00
2007 Original Issue Discount	-	-	-	-	363,758.50	-	-	-	363,758.50
Development Costs Atlantic Station LLC	45,399,446.27	-	144,363,699.15	-	-	-	-	-	189,763,145.42
Development Costs Fire Station	-	-	-	-	251,898.49	1,708,754.61	2,148,298.39	1,308,812.75	5,417,764.24
MuniCap Consulting Fees	-	-	-	-	-	-	-	86,838.75	86,838.75
Trustee Fees	3,705.00	7,125.00	-	3,500.00	7,015.00	8,955.00	8,955.00	8,995.00	48,250.00
Accounting and Auditing Fees	-	27,700.00	18,200.00	28,900.00	19,400.00	16,700.00	17,600.00	18,500.00	147,000.00
Legal Fee	-	-	-	-	-	8,899.26	-	3,680.00	12,579.26
Arbitrage Reports	-	4,500.00	1,000.00	3,408.00	-	10,025.00	5,750.00	3,600.00	28,283.00
Remarketing Fees	-	-	-	156,569.71	100,274.45	132,907.09	23,217.45	-	412,968.70
Bank Charges- Administration Costs	11,546.99	7,233.08	23,327.68	2,985.52	16,534.32	13,250.22	-	3,302.78	81,526.30
ADA Program Cost Recovery	-	-	-	-	-	-	65,282.00	53,284.00	118,566.00
Economic Study (Buxton-Garner)	-	-	-	-	-	-	-	7,705.33	7,705.33
2007 Escrow Fund- Refunding 2001 Bonds	-	-	-	-	84,520,603.49	-	-	-	84,520,603.49
Bond Principal-2001	-	1,655,000.00	-	1,790,000.00	-	-	-	-	3,445,000.00
Bond Principal 2006	-	-	-	-	-	1,000,000.00	5,920,000.00	-	6,920,000.00
Bond Interest-2006	-	-	586,315.29	6,195,589.71	5,391,595.63	5,411,581.62	4,870,647.22	5,186,837.47	27,642,566.94
Bond Interest-2001	6,599,491.25	17,998,612.50	2,939,775.00	5,810,187.50	-	-	-	-	33,348,066.25
Bond Interest 2007	-	-	-	-	2,934,303.30	3,808,218.76	3,703,768.76	3,672,768.76	14,119,059.58
Bond Principal 2007	-	-	-	-	4,285,000.00	3,750,000.00	535,000.00	1,015,000.00	9,585,000.00
TOTAL USES OF FUNDS	64,756,003.11	19,700,170.58	159,228,560.56	13,991,140.44	100,422,524.06	15,869,291.56	17,301,821.60	11,369,367.77	402,638,879.68
SOURCES (USES) BALANCE	\$ 16,501,412.26	\$ (3,174,275.93)	\$ 8,013,363.49	\$ (2,127,816.20)	\$ 2,112,890.98	\$ 1,142,884.15	\$ 3,535,101.57	\$ 7,414,818.08	\$ 33,418,378.40

The Flow of Funds Comparison is reported on the cash basis of accounting which reports only cash collected and disbursed during the period presented.

**CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUND**

Supplementary Information

Balances of Funds Under the Bond Indenture – Cash Basis

June 30, 2011

<u>Trust Funds - Bank of New York</u>	
2001 Interest Fund	\$ 140,608
2006 Project Fund	254,784
2007 Debt Service Reserve Fund	<u>7,822,788</u>
Total Trust Funds	<u>\$ 8,218,180</u>

As of June 30, 2011, there were no withdrawals from the Debt Service Reserve Fund.

**CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUND**

Supplementary Information

Debt Service Coverage Ratio – Cash Basis

Calculation Based on Offering Memorandum

	January 1, 2002- December 31, 2002	January 1, 2006- June 30, 2006	July 1, 2006- through June 30, 2007	July 1, 2007- through June 30, 2008	July 1, 2008- through June 30, 2009	July 1, 2009- through June 30, 2010	July 1, 2010- through June 30, 2011
Actual Collections	\$ 3,284,255	\$ 81,583	\$ 10,778,347	\$ 14,191,942	\$ 16,427,204	\$ 20,375,324	\$ 18,337,582
Debt Requirements:							
2001 Bonds Interest	5,999,538	2,939,775	5,810,187	-	-	-	-
2001 Bonds Principal	-	-	1,790,000	-	-	-	-
2006 Interest	-	586,315	6,195,590	5,391,596	5,411,582	4,870,647	5,186,837
2006 Principal	-	-	-	-	1,000,000	5,920,000	-
2007 Interest	-	-	-	2,934,303	3,808,219	3,703,769	3,672,768
2007 Principal	-	-	-	4,285,000	3,750,000	535,000	1,015,000
Debt Requirements	5,999,538	3,526,090	13,795,777	12,610,899	13,969,801	15,029,416	9,874,605
Debt Service Reserve Earnings Fixed Rate 4.91%-GIC-2001 Bonds	(336,918)	(186,601)	(373,201)	-	-	-	-
Debt Service Reserve Earnings Interest- Trustee - 2001 Bonds	(14,321)	(54)	(193)	-	-	-	-
Debt Service Reserve Earnings -Fixed Rate 5.105% - GIC 2007 Bonds	-	-	-	(287,622)	(419,045)	(387,805)	(387,805)
Capitalized Interest per Trust Indenture- 2006 Bonds	-	(586,315)	(5,634,639)	-	-	-	-
Capitalized Interest per Trust Indenture/DDA Revenues-2001 Bonds	(2,975,088)	-	-	-	-	-	-
Adjusted Debt Service Requirements	\$ 2,673,211	\$ 2,753,120	\$ 7,787,744	\$ 12,323,277	\$ 13,550,756	\$ 14,641,611	\$ 9,486,800
EXCESS (DEFICIT) OVER DEBT COVERAGE	\$ 611,044	\$ (2,671,537)	\$ 2,990,603	\$ 1,868,665	\$ 2,876,448	\$ 5,733,713	\$ 8,850,782
ACTUAL DEBT SERVICE RATIO	1.229	0.030 (1)	1.384	1.152	1.212	1.392	1.933 (2)

(1) On January 1, 2006 the City of Atlanta changed their financial reporting from a December 31st year end to a June 30th year end. This change resulted in financial statements being issued for a short period of six months from January 1, 2006 to June 30, 2006. This change in reporting affected the Debt Service Coverage Ratio calculations. Since property tax revenue is primarily received in August and October of each year, there is only a limited amount of revenue for the six month period ending June 30, 2006. However, debt service payments remain constant. The deficit for the short period ending June 30, 2006 was covered by prior years excess collections over debt service.

The Debt Service Coverage Ratio for the six month period ending June 30, 2006 is not a good indicator of the performance of the Atlantic Station TAD due to the timing of the property tax collection dates referred to above and the one time issuance of financial statements for a six month period.

(2) Optional principal payment for 2006 bonds was deferred. The amount of the optional payment was \$8,170,000.

SCHEDULE 5

**CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUND**

Supplementary Information

2007 Escrow – 2001 Bond Refunding

Fiscal year Ended June 30, 2011

June 30, 2010	Balance	<u>\$ 70,746,787.79</u>
December 1, 2010	Interest on 2001 Bonds	(2,627,062.50)
December 1, 2010	Principal on 2001 Bonds	(2,440,000.00)
December 31, 2010	Interest income	<u>1,505,811.46</u>
May 31, 2011	Balance	<u>67,185,536.75</u>
June 1, 2011	Interest income	1,430,847.13
June 1, 2011	Interest on 2001 Bonds	<u>(2,532,512.50)</u>
June 30, 2011	Balance	<u><u>\$ 66,083,871.38</u></u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**The Board of Directors
Atlanta Development Authority**

We have audited the financial statements of the governmental activities and the major fund of the City of Atlanta, Georgia Atlantic Station Tax Allocation District Fund (the "Fund"), as of and for the fiscal year ended June 30, 2011, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated January 24, 2012, which references that the Fund is not the entire reporting entity of the City of Atlanta and the implementation of a new accounting standard on fund balance classification. 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.

Internal Control over Financial Reporting

Management of the Fund is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, the City of Atlanta, and management and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 24, 2012