

**CITY OF ATLANTA, GEORGIA  
BELTLINE  
TAX ALLOCATION DISTRICT FUND**

Financial Statements and Supplementary Information

June 30, 2011

(With Independent Auditor's Report Thereon)

**CITY OF ATLANTA, GEORGIA  
BELTLINE TAX ALLOCATION DISTRICT FUND  
JUNE 30, 2011**

**Table of Contents**

	<b>Page</b>
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statement of Net Assets and Governmental Fund Balance Sheet	12
Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance	13
Notes to Basic Financial Statements	14
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	22
Supplementary Information:	
Schedule 1: Fund Balance Sheet Comparison – Cash Basis	23
Schedule 2: Flow of Funds Comparison – Cash Basis	24
Schedule 3: Balance of Funds Under the Bond Indenture – Cash Basis	25
Schedule 4: Debt Service Coverage Ratio – Cash Basis	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

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**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 BeltLine 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 BeltLine 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 BeltLine 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.

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Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 3 through 11) and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual (on page 22) 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**  
**BELTLINE TAX ALLOCATION DISTRICT FUND**

Management's Discussion and Analysis

June 30, 2011

This section of the annual financial report of the BeltLine Tax Allocation District Fund ("Fund" or "TAD") presents the analysis of the Fund's financial performance during the fiscal year 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 BeltLine 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 BeltLine TAD and is responsible for all the financial reporting and compliance required by the 2008 Reoffering/2009 Bond documents.

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

**The BeltLine Tax Allocation District**

In order to encourage the development of a substantially underutilized and economically and socially depressed area in the City, the City Council by Ordinance 05-O-1733 adopted on November 7, 2005 and signed by the Mayor on November 9, 2005 adopted the Beltline Redevelopment Plan; created Tax Allocation District Number Six- BeltLine; and authorized the pledge of positive ad valorem tax allocation increments derived from the BeltLine TAD for the payment of or as security for the payment of tax allocation bonds.

On July 17, 2006, the Mayor and the City Council of Atlanta approved and signed City Ordinance 06-O-1575 which detailed certain projects for the initial phase of the Five-year Work Plan.

On October 31, 2008, the City of Atlanta, Georgia issued \$64,500,000 Series 2008 Tax Allocation Bonds pursuant to the Constitution and laws of the State of Georgia, in particular Chapter 44 of Title 36 of the Official Code of Georgia Annotated, as amended, known as the Redevelopment Powers Law (the "Act").

On December 2, 2009, the City of Atlanta Council adopted and approved by the Mayor, the Reoffering Ordinance 09-O-1918 for the Series 2008 bonds and adopted and approved the issuance of Series 2009 Ordinance 09-O-1919.

On December 15, 2009, the City of Atlanta reoffered the Series 2008 A bonds of \$26,420,000, Series 2008 B bonds of \$33,725,000, and the Series 2008 C bonds of \$4,355,000 and issued 2009 Series B of \$12,590,000 and 2009 Series C of \$1,030,000 for a total bond issuance of \$78,120,000.

The Series 2008 Reoffering and 2009 Bonds are not deemed to constitute a debt of the City nor a pledge of the faith and credit of the City and shall not otherwise constitute an indebtedness or charge against the general taxing power of the City or Fulton County, Georgia.

**CITY OF ATLANTA, GEORGIA**  
**BELTLINE TAX ALLOCATION DISTRICT FUND**  
Management's Discussion and Analysis

June 30, 2011

**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 (5) 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 14 to 21 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 BeltLine Tax Allocation District governmental fund. This schedule can be found on page 22.

**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 Atlanta Independent School System, and the Board of Commissioners of Fulton County. Quarterly reporting consists of cash basis financials for the Tax Allocation District and meets the compliance requirement. The cash basis financials consist of two statements: 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

**CITY OF ATLANTA, GEORGIA**  
**BELTLINE TAX ALLOCATION DISTRICT FUND**  
 Management's Discussion and Analysis

June 30, 2011

Debt Service Reserve Fund. These requirements are included in Schedule 3 in the supplementary information section of this report. Schedule 4 presents the Fund's debt service coverage ratio.

A summary comparison of the Governmental Fund Financial Statements for June 30, 2010 and June 30, 2011 is presented below:

BeltLine Tax Allocation District Fund  
 Summary Comparison of Governmental Fund Balance Sheets  
 As of June 30, 2010 and June 30, 2011

	2010	2011
<b>Assets:</b>		
Cash and cash equivalents	\$ 14,051,831	\$ 14,023,475
Property taxes receivable, net of allowance	1,114,852	1,763,862
Due from other governments	291,524	931,149
Restricted investments	23,846,472	19,350,664
Total Assets	39,304,679	36,069,150
<b>Liabilities:</b>		
Accounts payable	\$ 5,655,128	\$ 3,116,324
Due to other governments	13,595,507	544,413
Due to the City of Atlanta	-	2,165,626
Deferred revenue	1,330,207	1,763,862
Total Liabilities	20,580,842	7,590,225
<b>Fund Balance:</b>		
Restricted	18,723,837	28,478,925
Total Fund Balance	18,723,837	28,478,925
Total liabilities and fund balance	\$ 39,304,679	\$ 36,069,150

**CITY OF ATLANTA, GEORGIA**  
**BELTLINE TAX ALLOCATION DISTRICT FUND**

Management's Discussion and Analysis

June 30, 2011

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

	2010	2011
<b>Expenditures:</b>		
Community development	\$ 9,896,521	\$ 7,476,614
General government	413,438	1,027,215
Payments to other government	8,058,593	3,291,918
Affordable housing	867,456	451,680
Bond issuance costs	1,965,652	-
Debt service: interest	2,077,629	5,980,012
Total Expenditures	23,279,289	18,227,439
<b>General Revenues:</b>		
Tax increment revenue	14,977,552	27,648,646
Other revenues	-	291,524
Investment earnings	65,947	42,357
Total General Revenues	15,043,499	27,982,527
Excess (Deficiency) of Revenues over (Under) Expenditures	(8,235,790)	9,755,088
<b>Other financing sources (uses):</b>		
Proceeds from issuance of bonds	78,120,000	-
Original Issue discount	(1,256,549)	-
Payment to purchase Series 2008 bonds	(64,500,000)	-
Total other financing sources (uses)	12,363,451	-
Net change in fund balance	4,127,661	9,755,088
<b>Fund Balance:</b>		
Beginning of the fiscal year	14,596,176	18,723,837
End of the fiscal year	\$ 18,723,837	\$ 28,478,925

**CITY OF ATLANTA, GEORGIA**  
**BELTLINE TAX ALLOCATION DISTRICT FUND**

Management's Discussion and Analysis

June 30, 2011

Assets include predominately cash and cash equivalents and restricted investments. These assets are held for future payments on the 2008 Reoffering and 2009 Bonds. As of the current fiscal year end, the balance for the cash and cash equivalents was \$14,023,475. The restricted investment balance consists of the tax increment collections less qualified redevelopment costs. As compared to the prior fiscal year, restricted investments decreased approximately \$4.5 million which is the result of payments made to the Atlanta Independent School System, in accordance with an Intergovernmental Agreement, for tax increments collected for the 2009 property tax fiscal year and earlier, as well as the use of the capitalized interest from the Trust Funds.

The comparison of Revenues, Expenditures, and Changes in Fund Balance statements shows an increase of tax increment revenue of \$12,671,094. This net increase is due to the State Certification of property tax digests for calendar years 2008, 2009, and 2010. The adjustments between the temporary collection orders and certifications amounted to \$7,888,736. The 2010 Certified Tax Digest reflects taxable assessed value in the District as \$1,120,541,430 which is an increase of \$577,673,670 over the 2005 base year. The 2010 certified growth rate over the base value is 51.553%.

The expenditures for community development for fiscal year 2010 and 2011 are consistent with the costs related to the BeltLine TAD 5 fiscal year plan. The expenditure for payments to other governments (for education) is the tax increment for tax fiscal years 2009 and prior for the Atlanta Independent School System. This expenditure is pursuant to the Intergovernmental Agreement between the City of Atlanta, Georgia, the Atlanta Development Authority, and the Atlanta Independent School System dated August 17, 2009. Tax increments collected for 2010 taxes and going forward pertaining to the Atlanta Independent School System will be retained by the Fund.

Principal payments for the 2008 Reoffering Bonds and 2009 Bonds are made on January 1<sup>st</sup> of each fiscal year with semi-annual payments of interest on January 1<sup>st</sup> and July 1<sup>st</sup>. Principal payments will begin on January 1, 2012 in the amount of \$885,000. The total interest paid for fiscal year 2011 was \$5,980,012. Of this amount \$3,117,240 came from capitalized interest that was set aside at the time of the bond closing in December 2009.

**CITY OF ATLANTA, GEORGIA**  
**BELTLINE TAX ALLOCATION DISTRICT FUND**  
Management's Discussion and Analysis

June 30, 2011

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

**BeltLine Tax Allocation District Fund**  
**Summary Comparison of Government wide Statement of Net Assets**  
As of June 30, 2010 and June 30, 2011

	2010	2011
<b>Assets:</b>		
Cash and cash equivalents	\$ 14,051,831	\$ 14,023,475
Property taxes receivable, net of allowance	1,114,852	1,763,862
Due from other governments	291,524	931,149
Deferred issuance costs (net)	1,890,584	1,752,703
Restricted investments	23,846,472	19,350,664
<b>Total Assets</b>	<b>41,195,263</b>	<b>37,821,853</b>
<b>Liabilities:</b>		
Accounts payable	5,655,128	3,116,324
Due to other governments	13,595,507	544,413
Due to the City of Atlanta	-	2,165,626
Accrued interest payable	3,117,240	2,862,772
Current debt	-	885,000
Long- term debt	76,911,439	76,114,580
<b>Total Liabilities</b>	<b>\$ 99,279,314</b>	<b>\$ 85,688,715</b>
<b>Total Net Assets (Deficit)</b>	<b>\$ (58,084,051)</b>	<b>\$ (47,866,862)</b>

**CITY OF ATLANTA, GEORGIA**  
**BELTLINE TAX ALLOCATION DISTRICT FUND**

Management's Discussion and Analysis

June 30, 2011

BeltLine Tax Allocation District Fund  
Summary Comparison of Government wide Statement of Activities  
For the Fiscal Years ended June 30, 2010 and June 30, 2011

	2010	2011
Expenses:		
Community development	\$ 9,896,521	\$ 7,476,614
General government	413,438	1,027,215
Payment to other government	8,058,593	3,291,918
Affordable housing	867,456	451,680
Amortization expense	2,332,833	226,022
Interest expense	4,085,499	5,725,544
Total Expenses	25,654,340	18,198,993
General Revenues:		
Tax increment revenue	14,856,168	28,373,825
Other revenue	291,524	-
Investment earnings	65,947	42,357
Total General Revenues	15,213,639	28,416,182
Change in net assets	(10,440,701)	10,217,189
Net Assets (Deficit):		
Beginning of the fiscal year	(47,643,350)	(58,084,051)
End of the fiscal year	\$ (58,084,051)	\$ (47,866,862)

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. Assets include net deferred issuance costs related to the 2008 Reoffering and 2009 Bonds.

Revenues for tax increments on the government wide financials include the total amounts billed compared to governmental fund which adjusts the property tax receivable to those amounts collected within a 60 day period following the fiscal year end. The increase in tax increments is related to the Fund's legal authority to collect tax revenue from the Atlanta Independent School System pursuant to legislation signed into law by the Governor of Georgia and the State Certification adjustments on the calendar years 2008, 2009, and 2010 tax digests.

Government wide statements also reflect debt service as a liability compared to the governmental fund which carries debt service as an expenditure.

**CITY OF ATLANTA, GEORGIA**  
**BELTLINE TAX ALLOCATION DISTRICT FUND**  
Management's Discussion and Analysis

June 30, 2011

**Affordable Housing Trust Funds**

When the original Series 2008 bonds were issued, \$8,851,916 of the \$64,500,000 was set aside in the trust funds for affordable housing assistance programs. \$1,544,309 was allocated to the single family down payment assistance program. This program provides assistance in the form of a deferred second mortgage for qualified individuals within the Tax Allocation District. As of June 30, 2011, \$1,319,136 (cumulatively since inception) of down payment assistance loans has been issued. The other affordable housing programs include multifamily rental developer incentives and acquisitions, single family developer incentives, Community Housing Development Organizations set aside for single family ownership and multifamily rental and program administration.

**Long-Term Debt**

In October 2008, the City issued \$64,500,000 in limited obligation bonds for the BeltLine Tax Allocation District. The original 2008 Bonds issued were paid off in December 2009 with the issuance of the 2008 Reoffering and 2009 Bonds. The issuance is 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 base at the time of the creation of the Tax Allocation District. Due to the 2008 Reoffering and 2009 Bonds being issued prior to legislation, the positive tax increment derived from the ad valorem property tax levy imposed for, or on behalf of the Atlanta Independent School System are not pledged as a source or repayment of, or security for the Series 2008 Reoffering and 2009 Bonds.

The 2008 reoffering bond issue consists of Series 2008 Reoffering A bonds for \$26,420,000, Series 2008 Reoffering B bonds for \$33,725,000, and Series 2008 Reoffering C bonds for \$4,355,000 for a total of \$64,500,000. The 2009 bond issue consists of Series 2009 B for \$12,590,000 and Series 2009 C for \$1,030,000 for a total of \$13,620,000. The combined bond issue for the 2008 Reoffering and 2009 Bonds is \$78,120,000. The interest payment dates are July 1<sup>st</sup> and January 1<sup>st</sup> of each fiscal year. The interest rates and terms are as follows:

2008 Reoffering A final maturity in 2031:	\$26,420,000	7.750%
2008 Reoffering B final maturity in 2020:	\$ 8,810,000	6.750%
2008 Reoffering B final maturity in 2031:	\$24,915,000	7.375%
2008 Reoffering C final maturity in 2031:	\$ 4,355,000	7.850%
2009 B final maturity in 2020:	\$ 3,280,000	6.750%
2009 B final maturity in 2031:	\$ 9,310,000	7.375%
2009 C final maturity in 2031:	\$ 1,030,000	7.500%

At the time of the bond closing, \$3,117,240 was set aside in the Trust Funds for Capitalized Interest. The capitalized interest funded interest payments made on July 1, 2010. Tax increment collections funded the interest payment on January 1, 2011 of \$2,862,772.

The amortization schedule for the bonds is listed in note 6 to the financial statements.

**CITY OF ATLANTA, GEORGIA**  
**BELTLINE TAX ALLOCATION DISTRICT FUND**  
Management's Discussion and Analysis

June 30, 2011

**Economic Factors and Outlook**

The BeltLine TAD was created by the City pursuant to the Act and the Initial Ordinance, effective December 31, 2005. The BeltLine TAD generally surrounds a 22 mile largely inactive railroad loop that encircles center Atlanta and includes or affects 50 of the City's in-town neighborhoods. At 6,545 acres, the BeltLine TAD is Atlanta's largest tax allocation district comprising 8% of the City's land area.

The Redevelopment Plan specifies that the BeltLine TAD will continue in existence until the latter to occur of December 31, 2030 or when all Redevelopment costs are paid in full or such repayment is otherwise provided for by the City.

The overall goal of the BeltLine TAD is to stimulate, attract and organize a significant portion of the City's future growth around parks, transit and trails located in the Tax Allocation District and to improve quality of life for all residents. A summary of the key goals and objectives of the BeltLine TAD as outlined in the Redevelopment Plan and the Five-year Workplan are as follows:

- A connected network of parks and greenspaces
  - Creation of over 1,200 acres of new or expanded parks, as well as improvements to cover 700 acres of existing parks
- Trails and pedestrian friendly streets to link existing neighborhoods previously served by rail and industry
  - Creation of 33 miles of continuous trails connecting 40 parks, including 11 miles of spur trails connecting to parks located outside of the BeltLine TAD
- A 22 mile transit/integrated transportation loop allowing City residents, commuters and visitors to make fewer automobile trips between jobs, residences and cultural attractions.
  - Creation of 22 mile transit and integrated transportation system connecting to the larger regional transit network, including the existing MARTA transit system and the Atlanta Streetcar Line.
- Enhancement of single-family neighborhoods
- Preservation of historic building and structures
- Creation of more than 30,000 permanent jobs and 48,000 year-long construction jobs
- Creation of 5,600 new workforce housing units
- Investment in new and renovated streets and intersections, including 31 miles of new streetscapes connecting neighborhoods and parks to the BeltLine TAD.

**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, 86 Pryor Street, SW, Suite 300, Atlanta, GA 30303.

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

	<u>Beltline Tax Allocation District Fund</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Net Assets</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 14,023,475	\$ -	\$ 14,023,475
Property taxes receivable, net of allowance	1,763,862	-	1,763,862
Due from other governments	931,149	-	931,149
Restricted assets:			
Investments	19,350,664	-	19,350,664
Deferred charges, unamortized balance	-	1,752,703	1,752,703
Total assets	<u>\$ 36,069,150</u>	<u>1,752,703</u>	<u>37,821,853</u>
<b>Liabilities</b>			
Accounts payable	\$ 3,116,324	-	3,116,324
Due to other governments	544,413	-	544,413
Due to the City of Atlanta	2,165,626	-	2,165,626
Deferred revenue	1,763,862	(1,763,862)	-
Liabilities payable from restricted assets:			
Accrued interest payable	-	2,862,772	2,862,772
Long-term debt:			
Due within one year	-	885,000	885,000
Due after one year	-	76,114,580	76,114,580
Total liabilities	<u>7,590,225</u>	<u>78,098,490</u>	<u>85,688,715</u>
<b>Fund Balance/Net Assets (Deficit)</b>			
Fund balance:			
Restricted for debt service	6,610,544	(6,610,544)	-
Restricted for redevelopment	21,868,381	(21,868,381)	-
Total fund balance	<u>28,478,925</u>	<u>(28,478,925)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 36,069,150</u>		
Net assets (deficit):			
Restricted for debt service		6,610,544	6,610,544
Restricted for redevelopment		21,868,381	21,868,381
Unrestricted		(76,345,787)	(76,345,787)
Total net assets (deficit)		<u>\$ (47,866,862)</u>	<u>\$ (47,866,862)</u>

See accompanying notes to basic financial statements.

**CITY OF ATLANTA, GEORGIA**  
**BELTLINE 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

	<b>Beltline Tax Allocation District Fund</b>	<b>Adjustments (Note 3)</b>	<b>Statement of Activities</b>
<b>Expenditures/expenses:</b>			
General government	\$ 1,027,215	\$ -	\$ 1,027,215
Community development	7,476,614	-	7,476,614
Payments to the Atlanta Independent School System	3,291,918	-	3,291,918
Affordable housing	451,680	-	451,680
Amortization expense	-	226,022	226,022
Debt service:			
Interest	5,980,012	(254,468)	5,725,544
Total expenditures/expenses	<u>18,227,439</u>	<u>(28,446)</u>	<u>18,198,993</u>
Net program expense			<u>18,198,993</u>
<b>General revenues:</b>			
Tax increments	27,648,646	725,179	28,373,825
Other revenue	291,524	(291,524)	-
Investment earnings	42,357	-	42,357
Total general revenues	<u>27,982,527</u>	<u>433,655</u>	<u>28,416,182</u>
Excess (deficiency) of revenues over (under) expenditures	9,755,088	(9,755,088)	-
Net change in fund balance	9,755,088	(9,755,088)	-
Change in net assets	-	(10,217,189)	10,217,189
<b>Fund balance/net assets (deficit):</b>			
Beginning of the fiscal year	<u>18,723,837</u>	<u>(76,807,888)</u>	<u>(58,084,051)</u>
End of the fiscal year	<u>\$ 28,478,925</u>	<u>\$ (76,345,787)</u>	<u>\$ (47,866,862)</u>

See accompanying notes to basic financial statements.

**CITY OF ATLANTA, GEORGIA**  
**BELTLINE TAX ALLOCATION DISTRICT FUND**

Notes to Basic Financial Statements

June 30, 2011

**(1) Reporting Entity**

The BeltLine Tax Allocation District (the “Fund”) of the City of Atlanta, Georgia (the “City”) was created in 2005 in order to finance permitted redevelopment costs within the BeltLine Tax Allocation District. These redevelopment costs, primarily infrastructure related, were provided to the area incorporated within the BeltLine Tax Allocation District in order to facilitate overall development of the area by private developers. 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 BeltLine Tax Allocation District after development, less the amount of ad valorem property taxes assessed before redevelopment. The City has designated the Atlanta Development Authority as the redevelopment agent for the BeltLine 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 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 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.

**CITY OF ATLANTA, GEORGIA**  
**BELTLINE TAX ALLOCATION DISTRICT FUND**

Notes to Basic Financial Statements

June 30, 2011

**(2) Summary of Significant Accounting Policies (Continued)**

**(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 period or soon enough thereafter to pay liabilities of the current period. 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 BeltLine 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.

**(g) *Taxes Receivable***

Although the BeltLine Tax Allocation District ("TAD") is not a taxing authority, it is the direct recipient of positive ad valorem tax allocation increments derived from the BeltLine 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 2005 base year.

**CITY OF ATLANTA, GEORGIA**  
**BELTLINE TAX ALLOCATION DISTRICT FUND**

Notes to Basic Financial Statements

June 30, 2011

(2) **Summary of Significant Accounting Policies (Continued)**

(h) ***Due to/from Other Governments***

Amounts reported as due from other governments include \$877,935 advanced to the Atlanta BeltLine Inc., for the purpose of funding immediate capital needs and amounts due from the Atlanta Independent School System (the “APS”) represents overpayments to APS in the amount of \$53,214 which are due back to the Fund.

Amounts reported as due to other governments include amounts due to the Fulton County Tax Commissioner and for \$543,543 and \$870, respectively.

(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 either 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. 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.

**CITY OF ATLANTA, GEORGIA**  
**BELTLINE TAX ALLOCATION DISTRICT FUND**

Notes to Basic Financial Statements

June 30, 2011

**(2) Summary of Significant Accounting Policies (Continued)**

**Flow Assumptions** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, by default, the TAD’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 balance – 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**  
**BELTLINE 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.	\$ 1,752,703
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Amounts of property taxes receivable not available as of fiscal year end are deferred in governmental funds, but are recognized as revenue when earned.	1,763,862
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Interest on long-term debt is not accrued in governmental fund, but rather is recognized as an expenditure when due.	(2,862,772)
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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.	(76,999,580)
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**(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.

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:

Amortization of tax allocation bond issuance costs	(137,881)
Amortization of discount on tax allocation bonds	(88,141)

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.	254,468
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Tax revenue and other revenue in the statement of activities differ from the amount reported in the governmental funds due to the change in deferred revenue between fiscal year ends.	433,655
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**CITY OF ATLANTA, GEORGIA**  
**BELTLINE TAX ALLOCATION DISTRICT FUND**

Notes to Basic Financial Statements

June 30, 2011

**(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.

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 \$1,322,093 consist of investment in the Georgia Fund 1, a local government investment pool administered by the State of Georgia Office of the State Treasurer. As the investments represent ownership of a portion of a large pool of investments, these amounts are not categorizable 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.

**CITY OF ATLANTA, GEORGIA**  
**BELTLINE TAX ALLOCATION DISTRICT FUND**

Notes to Basic Financial Statements

June 30, 2011

**(5) Deposits and Investments (Continued)**

**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 investment in Georgia Fund 1 was rated AAAM by Standard & Poor’s.

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

<u>Investment</u>	<u>Maturities / Duration - WAM</u>	<u>Fair Value</u>
Goldman Sachs Financial Square - Mutual Funds	23 days	\$ 18,028,571
Georgia Fund 1	59 days	1,322,093
Total		<u>\$ 19,350,664</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 municipalities. As of June 30, 2011, the Fund had no bank balances that were exposed to custodial credit risk.

**(6) Bonds Payable**

During 2009, the City issued \$78,120,000 in tax allocation bonds for the BeltLine Tax Allocation District the purpose of which was to purchase the Series 2008 Bonds, in lieu of redemption and to provide additional financing for redevelopment cost for qualifying BeltLine TAD Projects. This issuance is a limited obligation of the City, not secured by the full faith and credit of the City, but rather is 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 and Fulton County. Tax increments collected for 2010 taxes and going forward pertaining to the Atlanta Independent School System (APS) will be retained by the Fund and used for debt service payment on the bonds and for redevelopment costs. The property tax increments are pledged until the payment in full of the bonds.

**CITY OF ATLANTA, GEORGIA**  
**BELTLINE TAX ALLOCATION DISTRICT FUND**

Notes to Basic Financial Statements

June 30, 2011

**(6) Bonds Payable (Continued)**

The Fund's debt service requirements based upon required sinking fund and interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>
Fiscal year ending June 30:			
2012	\$ 885,000	\$ 5,725,544	\$ 6,610,544
2013	1,760,000	5,663,294	7,423,294
2014	1,915,000	5,539,094	7,454,094
2015	2,140,000	5,403,944	7,543,944
2016	2,325,000	5,252,932	7,577,932
2017-2021	14,900,000	23,515,044	38,415,044
2022-2026	22,170,000	17,073,530	39,243,530
2027-2031	32,025,000	7,470,743	39,495,743
	<u>\$ 78,120,000</u>	<u>\$ 75,644,125</u>	<u>\$ 153,764,125</u>

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

<u>Bonds</u>	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2011</u>	<u>Amount Due In One Year</u>
Series 2008/2009 Bonds	\$ 78,120,000	\$ -	\$ -	\$ 78,120,000	\$ 885,000
Discount on 2008/2009 Bonds	(1,208,561)	-	88,141	(1,120,420)	-
Total	<u>\$ 76,911,439</u>	<u>\$ -</u>	<u>\$ 88,141</u>	<u>\$ 76,999,580</u>	<u>\$ 885,000</u>

**CITY OF ATLANTA, GEORGIA  
BELTLINE 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		
<b>Revenues</b>				
Tax increment revenue	\$ 11,751,892	\$ 11,751,892	\$ 27,648,646	\$ 15,896,754
Investment earnings	-	-	42,357	42,357
Other revenues	23,114,370	23,114,370	291,524	(22,822,846)
Total revenues	<u>34,866,262</u>	<u>34,866,262</u>	<u>27,982,527</u>	<u>(6,883,735)</u>
<b>Expenditures</b>				
Current:				
General government:				
Nondepartmental	18,654,750	18,654,750	4,770,813	13,883,937
Community development	8,962,840	8,962,840	7,476,614	1,486,226
Total general government	<u>27,617,590</u>	<u>27,617,590</u>	<u>12,247,427</u>	<u>15,370,163</u>
Debt service:				
Interest	5,980,012	5,980,012	5,980,012	-
Cost of issuance	3,660	3,660	-	3,660
Total debt service	<u>5,983,672</u>	<u>5,983,672</u>	<u>5,980,012</u>	<u>3,660</u>
Total expenditures	<u>33,601,262</u>	<u>33,601,262</u>	<u>18,227,439</u>	<u>15,373,823</u>
Excess of revenues over expenditures	<u>1,265,000</u>	<u>1,265,000</u>	<u>9,755,088</u>	<u>8,490,088</u>
<b>Other financing sources (uses)</b>				
Discount on sale of bonds	(1,265,000)	(1,265,000)	-	(1,265,000)
Total other financing sources (uses)	<u>(1,265,000)</u>	<u>(1,265,000)</u>	<u>-</u>	<u>(1,265,000)</u>
Net change in fund balances	-	-	9,755,088	9,755,088
<b>Fund balance, beginning of fiscal year</b>	<u>18,723,837</u>	<u>18,723,837</u>	<u>18,723,837</u>	<u>-</u>
<b>Fund balance, end of fiscal year</b>	<u>\$ 18,723,837</u>	<u>\$ 18,723,837</u>	<u>\$ 28,478,925</u>	<u>\$ 9,755,088</u>

**CITY OF ATLANTA, GEORGIA**  
**BELTLINE TAX ALLOCATION DISTRICT FUND**  
**Fund Balance Sheet Comparison - Cash Basis**  
**As of the Period Ended**

**SUPPLEMENTARY INFORMATION**

	<i>June 30, 2007</i>	<i>June 30, 2008</i>	<i>June 30, 2009</i>	<i>June 30, 2010</i>	<i>June 30, 2011</i>
<b>ASSETS:</b>					
<i>Restricted Cash: Tax Increment</i>					
Restricted Cash Tax Increment Fund	\$ -	\$ 282,669.45	\$ 3,352,628.80	\$ 13,373,487.84	\$ 13,796,601.36
Restricted Cash Tax Increment Investment -State Pool	-	5,407,922.77	5,482,425.59	5,496,963.62	1,322,092.80
<b>Total Restricted Cash Tax Increment Fund</b>	<b>-</b>	<b>5,690,592.22</b>	<b>8,835,054.39</b>	<b>18,870,451.46</b>	<b>15,118,694.16</b>
<b>Restricted Cash: Other/ Trust Funds</b>	<b>-</b>	<b>-</b>	<b>11,770,124.64</b>	<b>19,027,851.42</b>	<b>18,255,444.96</b>
<b>Accounts Receivable Other Government Entities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,213.96</b>
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 5,690,592.22</b>	<b>\$ 20,605,179.03</b>	<b>\$ 37,898,302.88</b>	<b>\$ 33,427,353.08</b>
<b>LIABILITIES/FUND BALANCE:</b>					
Other Payable- Due to Other Governmental Entities	-	5,529,148.32	5,529,148.32	13,587,741.73	870.14
Other Payable- Due to City Cash Pool	-	-	-	-	2,167,625.99
Other Payable- Payable to FCTC	-	-	-	-	476,118.14
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 5,529,148.32</b>	<b>\$ 5,529,148.32</b>	<b>\$ 13,587,741.73</b>	<b>\$ 2,644,614.27</b>
Fund Balance	-	-	161,443.90	15,076,030.71	24,310,561.15
Sources (Uses) Balance	-	161,443.90	14,914,586.81	9,234,530.44	6,472,177.66
<b>Total Fund Balance</b>	<b>-</b>	<b>161,443.90</b>	<b>15,076,030.71</b>	<b>24,310,561.15</b>	<b>30,782,738.81</b>
<b>TOTAL LIABILITIES/FUND BALANCE</b>	<b>\$ -</b>	<b>\$ 5,690,592.22</b>	<b>\$ 20,605,179.03</b>	<b>\$ 37,898,302.88</b>	<b>\$ 33,427,353.08</b>

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

**CITY OF ATLANTA, GEORGIA  
BELTLINE TAX ALLOCATION DISTRICT FUND**

**SCHEDULE 2**

**Flow of Funds Comparison - Cash Basis  
For the Period Ended**

**SUPPLEMENTARY INFORMATION**

	<i>June 30, 2007</i>	<i>June 30, 2008</i>	<i>June 30, 2009</i>	<i>June 30, 2010</i>	<i>June 30, 2011</i>	<i>Total</i>
<b>SOURCES OF FUNDS:</b>						
Tax Increments	\$ -	\$ 10,016,750.18	\$ 6,431,437.63	\$ 15,078,986.59	\$ 27,792,239.98	\$ 59,319,414.38
<b>TOTAL TAX INCREMENT COLLECTED</b>	<b>-</b>	<b>10,016,750.18</b>	<b>6,431,437.63</b>	<b>15,078,986.59</b>	<b>27,792,239.98</b>	<b>59,319,414.38</b>
Resolution 07-R-0518	603,394.60	-	-	-	-	603,394.60
Bond Proceeds	-	-	64,500,000.00	78,120,000.00	-	142,620,000.00
Interest Income:	-	157,705.56	85,510.25	65,946.93	42,357.26	351,520.00
<b>TOTAL SOURCES</b>	<b>603,394.60</b>	<b>10,174,455.74</b>	<b>71,016,947.88</b>	<b>93,264,933.52</b>	<b>27,834,597.24</b>	<b>202,894,328.98</b>
<b>USES OF FUNDS:</b>						
APS Tax Increment	-	5,529,148.32	-	8,058,593.41	3,291,918.06	16,879,659.79
Legal Fees	285,306.49	-	5,768.67	-	47,841.69	338,916.85
Consulting Fees	318,088.11	-	-	-	-	318,088.11
Audit Fee	-	-	-	18,400.00	19,100.00	37,500.00
ADA Program Cost Recovery	-	-	-	206,180.00	92,187.00	298,367.00
Bank Charges	-	1,611.19	1,967.25	2,063.16	2,071.00	7,712.60
First Southwest FC - COA	-	-	-	1,820.00	1,195.00	3,015.00
Payments to DDA- ABI	-	2,302,632.00	-	-	-	2,302,632.00
Payments to ADA-ABI	-	2,179,620.33	-	-	-	2,179,620.33
Redevelopment Costs -ABI	-	-	3,259,364.39	4,802,210.91	11,396,617.43	19,458,192.73
MuniCap Fees	-	-	-	11,100.00	-	11,100.00
Trustee Fees	-	-	-	1,500.00	3,000.00	4,500.00
Economic Study (Buxton/Garner)	-	-	-	-	7,705.33	7,705.33
DAC	-	-	-	-	1,237.35	1,237.35
COA Permit Fees	-	-	-	-	67,854.35	67,854.35
Bond Closing- Reimbursement ADA-ABI	-	-	-	-	-	-
Working Capital Advance	-	-	1,000,000.00	-	-	1,000,000.00
Bond Closing- Acquisition Related	-	-	48,500,000.00	-	-	48,500,000.00
Bond Closing- Costs of Issuance	-	-	1,815,084.10	717,528.66	-	2,532,612.76
Bond Closing- URFA Affordable Housing Fees	-	-	273,401.30	282,549.70	-	555,951.00
Bond Closing- URFA Downpayment Program	-	-	85,800.00	781,656.00	451,680.00	1,319,136.00
Bond Closing- Private Placement Bank Fees	-	-	580,500.00	64,500.00	-	645,000.00
Bond Interest-2008 Original bonds	-	-	580,475.36	2,077,628.54	-	2,658,103.90
Principal-2008 Original bonds	-	-	-	64,500,000.00	-	64,500,000.00
2008/2009 OID	-	-	-	1,256,548.90	-	1,256,548.90
2008/2009 Underwriter Discount	-	-	-	1,248,123.80	-	1,248,123.80
2008 Reoffering/2009 Interest	-	-	-	-	5,980,012.37	5,980,012.37
<b>TOTAL USES OF FUNDS</b>	<b>603,394.60</b>	<b>10,013,011.84</b>	<b>56,102,361.07</b>	<b>84,030,403.08</b>	<b>21,362,419.58</b>	<b>172,111,590.17</b>
<b>SOURCES (USES) BALANCE</b>	<b>\$ -</b>	<b>\$ 161,443.90</b>	<b>\$ 14,914,586.81</b>	<b>\$ 9,234,530.44</b>	<b>\$ 6,472,177.66</b>	<b>\$ 30,782,738.81</b>

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  
 BELTLINE TAX ALLOCATION DISTRICT FUND

Balance of Funds Under the Bond Indenture - Cash Basis

SUPPLEMENTARY INFORMATION

June 30, 2011

**Trust Funds - US Bank:**

Series A-2008 Capitalized Interest- Reoffering	\$ -
Series A- 2008 Interest Reoffering	990,784
Series B-2008 Capitalized Interest- Reoffering	-
Series B- 2008 Interest Reoffering	1,216,120
Series B- 2008 Affordable Housing-Reoffering	4,319,922
Series B-2008 Economic Development-Reoffering	636,436
Series B- 2008 Administration -Reoffering	218
Series C- 2008 Capitalized Interest-Reoffering	-
Series C- 2008 Interest Reoffering	163,318
Series C- 2008 Affordable Housing-Reoffering	2,437,903
Series 2008- Cost of Issuance- Reoffering	4,910
Series 2009- Cost of Issuance-	1,037
Series B 2009 Capitalized Interest	-
Series B 2009 Interest	454,022
Series C 2009 Capitalized Interest	-
Series C 2009 Interest	38,627
Series 2009 Project	38,997
Series 2009 Affordable	20,034
Series 2009 Economic	6,678
Series 2008 DSR Reoffering	6,354,883
Series 2009 DSR Reoffering	1,344,684
Total Trust Funds	<u>\$ 18,028,573</u>

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

**CITY OF ATLANTA, GEORGIA  
BELTLINE TAX ALLOCATION DISTRICT FUND**

**Debt Service Coverage Ratio - Cash Basis**

**SUPPLEMENTARY INFORMATION**

**June 30, 2011**

<b>Revenue for debt service calculation</b>	
Tax increment collections- 2010 Property Tax Year	\$ 19,621,032
Tax increment collections- 2009 Property Tax Year	47,815
Tax increment collections- 2008 Property Tax Year	228,229
Tax increment collections- 2007 Property Tax Year	6,428
Total Tax Increment Collections	<u>19,903,504</u>
Tax Digest Certification 2008, 2009, and 2010	
2008 Certification Adjustment	2,251,076
2009 Certification Adjustment	5,838,444
2010 Certification Adjustment	<u>(200,784)</u>
Total Tax Digest Certification Adjustments	<u>7,888,736</u>
Total Tax Increment Collections	<u>27,792,240</u>
Interest income DSR fund	728
Total revenue for debt service calculation	<u>27,792,968</u>
<b>Expenditures for debt service calculation</b>	
Debt service paid	
Interest paid July 1, 2010 ( Capitalized Interest Fund)	3,117,241
Interest paid July 1, 2010 ( Capitalized Interest Fund-from Bond Proceeds)	(3,117,241)
Interest paid January 1, 2011	2,862,772
Total debt service paid	<u>2,862,772</u>
Total expenditures for debt service calculaton	<u>2,862,772</u>
<b>Excess revenue over expenditures</b>	<u><u>\$ 24,930,196</u></u>
<b>DSC Ratio for the Fiscal Year Ended June 30, 2011</b>	<u><u>9.71</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***

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**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 BeltLine 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 the 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 Fund'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.

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### **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