

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

Financial Statements and Supplementary Information

June 30, 2017

(With Independent Auditor's Report Thereon)

CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUND
June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
The Atlanta Development Authority, d/b/a Invest Atlanta

Report on the Financial Statements

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, 2017, and the related notes to the financial statements, which collectively comprise the Fund’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Fund, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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, 2017 and the changes in its financial position, or, where applicable, its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the budgetary comparison information on pages 4 through 10 and 23, respectively, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fund's basic financial statements. The Fund Balance Sheet Comparison – Cash Basis, Flow of Funds Comparison – Cash Basis, Balances of Funds Under the Bond Indenture – Cash Basis, and Debt Service Coverage Ratio – Cash Basis are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Fund Balance Sheet Comparison – Cash Basis, Flow of Funds Comparison – Cash Basis, Balances of Funds Under the Bond Indenture – Cash Basis, and Debt Service Coverage Ratio – Cash Basis are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Fund Balance Sheet Comparison – Cash Basis, Flow of Funds Comparison – Cash Basis, Balances of Funds Under the Bond Indenture – Cash Basis, and Debt Service Coverage Ratio – Cash Basis are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2018 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Atlantic Station Tax Allocation District Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 26, 2018

CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUND
Management's Discussion and Analysis

June 30, 2017

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, 2017. 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 ("TAD"). 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, d/b/a Invest Atlanta ("ADA") is the redevelopment agent for the Atlantic Station TAD and is responsible for all the financial reporting and compliance required by the 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 Atlanta Independent School System 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. 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

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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 financial statements. The Fund's 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, current liabilities, and deferred inflows of resources for unavailable property taxes 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 Position column reports information about all assets, deferred outflows of resources, 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 position 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 Basic 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 basic financial statements can be found on pages 13 to 22 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 23.

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

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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 Allocation District from 1999 through June 30, 2017. 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.

A summary comparison of the governmental fund financial statements for June 30, 2016 and June 30, 2017 is presented below:

Summary Comparison of Governmental Fund Balance Sheets
As of June 30, 2016 and June 30, 2017

	2016	2017
Assets:		
Cash and cash equivalents	\$ 4,977,689	\$ 8,371,367
Investments	873,478	878,709
Property taxes receivable	126,309	247,773
Restricted investments	39,071,745	42,425,375
Total Assets	\$ 45,049,221	\$ 51,923,224
Liabilities and deferred inflows of resources:		
Accounts payable	\$ 16,523	\$ 6,967
Due to the Fulton County Tax Commissioner	890,661	1,369,216
Due to the City of Atlanta	8,021	6,600
Deferred inflow - unavailable revenue	126,309	247,773
Total Liabilities and Deferred Inflows of Resources	1,041,514	1,630,556
Fund Balance:		
Restricted	44,007,707	50,292,668
Total Fund Balance	44,007,707	50,292,668
Total Liabilities and Fund Balance	\$ 45,049,221	\$ 51,923,224

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Summary Comparison of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Years Ended June 30, 2016 and June 30, 2017

	2016	2017
Expenditures:		
General government	\$ 106,117	\$ 90,397
Debt service - principal	4,730,000	4,980,000
Debt service - interest	7,562,735	8,156,834
Total Expenditures	12,398,852	13,227,231
General Revenues:		
Tax increment revenue	18,205,951	18,872,604
Investment earnings	1,788,623	639,588
Total General Revenues	19,994,574	19,512,192
Net change in fund balance	7,595,722	6,284,961
Fund Balance		
Beginning of the fiscal year	36,411,985	44,007,707
End of the fiscal year	\$ 44,007,707	\$ 50,292,668

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 \$8,371,367 which represents an increase from last fiscal year of \$3,393,678. The increase is mainly the increase in net income during the year.

The Comparison of Revenues, Expenditures, and Changes in Fund Balance statements shows an increase of tax increment revenue of \$666,653. The increase is mainly the result of increase in tax collections for the Atlanta Schools.

For the fiscal year ended June 30, 2017, total debt service was \$13,136,834. Debt service for the 2006 bonds was \$5,545,440 and \$7,591,394 for the 2007 bonds. The principal payments on the 2006 bonds are optional. An optional principal payment was not made during the year ended June 30, 2017. 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.

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The government wide financial statements for June 30, 2016 and June 30, 2017 are presented below:

Atlantic Station Tax Allocation District Fund
Summary Comparison of Statement of Net Position
As of June 30, 2016 and June 30, 2017

	2016	2017
Assets:		
Cash and investments	\$ 4,977,689	\$ 8,371,367
Investments	873,478	878,709
Property taxes receivable	126,309	247,773
Prepaid bond insurance	491,239	394,608
Restricted investments	39,071,745	42,425,375
Capital assets (net of depreciation)	7,246,558	7,073,405
Deferred outflow - loss on refunding	5,730,302	5,093,603
Total Assets	58,517,320	64,484,840
Liabilities:		
Accounts payable	16,523	6,967
Accrued interest payable	662,926	756,416
Due to the City of Atlanta	8,021	6,600
Due to the Fulton County Tax Commissioner	890,661	1,369,216
Long-term debt:		
Due within one year	4,980,000	5,230,000
Due after one year	199,787,964	194,863,485
Total Liabilities	206,346,095	202,232,684
Total Net Position (Deficit)	\$ (147,828,775)	\$ (137,747,844)

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Summary Comparison of Statement of Activities
For the Fiscal Years ended June 30, 2016 and June 30, 2017

	<u>2016</u>	<u>2017</u>
Expenses:		
Community development	\$ 173,151	\$ 173,153
Amortization expense	1,042,970	1,038,851
General government	106,117	90,397
Interest expense	<u>7,572,951</u>	<u>8,250,324</u>
Total Expenses	<u>8,895,189</u>	<u>9,552,725</u>
General Revenues:		
Tax increment revenue	18,219,931	18,994,068
Investment earnings	<u>1,788,623</u>	<u>639,588</u>
Total General Revenues	<u>20,008,554</u>	<u>19,633,656</u>
Change in Net Position	11,113,365	10,080,931
Net Position (Deficit)		
Beginning of the fiscal year	<u>(158,942,140)</u>	<u>(147,828,775)</u>
End of the fiscal year	<u>\$ (147,828,775)</u>	<u>\$ (137,747,844)</u>

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.

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 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.

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The 2006 Bonds carry an optional principal payments clause; however, monthly interest payments are due. The outstanding principal balance on the 2006 Bonds as of June 30, 2017 is \$151,425,000. The 2006 Bonds are variable rate bonds and pay interest monthly. Total interest paid on the 2006 Bonds for the comparative fiscal years 2016 and 2017 were \$4,702,366 and \$5,545,440, 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 2016 and 2017 were \$7,590,369 and \$7,591,394, respectively. Interest is paid semi-annually and principal is paid annually. The outstanding principal balance as of June 30, 2017 is \$49,875,000.

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.

Within the Atlantic Station District lies 171 17th Street, a 541,000 square foot office tower with 8,013 square feet of retail, anchored by Wells Fargo, is currently 95.3% leased. 201 17th Street, a 355,870 square foot office tower, anchored by Worldpay's recent relocation to Atlanta, is currently 95.9% leased. 271 17th Street is a 541,729 square foot office tower. Completed in 2009, this is the most recently constructed office tower at the project and is 86.9% leased. The Town Center retail area in the District was marketed in May of 2015 and sold to an institutional investor in October of 2015. The Town Center was 91% leased at the time of sale. Current owner, Hines, recently announced the anticipated groundbreaking for T3 West Midtown, a 230,000 sq. ft. mid-rise office building at the corner of 17th and State streets. Opening is planned for the second quarter of 2019.

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, 133 Peachtree Street, NE, Suite 2900, Atlanta, GA 30303.

CITY OF ATLANTA, GEORGIA
ATLANTIC STATION TAX ALLOCATION DISTRICT FUND
Statement of Net Position and Governmental Fund Balance Sheet
June 30, 2017

	<u>Atlantic Station Tax Allocation District Fund</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Net Position</u>
Assets			
Cash and cash equivalents	\$ 8,371,367	\$ -	\$ 8,371,367
Investments	878,709	-	878,709
Property taxes receivable, net of allowance	247,773	-	247,773
Restricted assets:			
Investments	42,425,375	-	42,425,375
Prepaid bond insurance costs	-	394,608	394,608
Capital assets, nondepreciable	-	2,944,103	2,944,103
Capital assets, net of accumulated depreciation	-	4,129,302	4,129,302
Total assets	<u>51,923,224</u>	<u>7,468,013</u>	<u>59,391,237</u>
Deferred Outflows of Resources			
Deferred loss on refunding of debt	-	5,093,603	5,093,603
Total deferred outflows of resources	<u>-</u>	<u>5,093,603</u>	<u>5,093,603</u>
Liabilities			
Accounts payable	6,967	-	6,967
Due to the Fulton County Tax Commissioner	1,369,216	-	1,369,216
Due to the City of Atlanta	6,600	-	6,600
Accrued interest payable	-	756,416	756,416
Long-term debt:			
Due within one year	-	5,230,000	5,230,000
Due after one year	-	194,863,485	194,863,485
Total liabilities	<u>1,382,783</u>	<u>200,849,901</u>	<u>202,232,684</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	247,773	(247,773)	-
Total deferred inflows of resources	<u>247,773</u>	<u>(247,773)</u>	<u>-</u>
Fund Balance/Net Position (Deficit)			
Fund balance:			
Restricted for debt service	8,178,276	(8,178,276)	-
Restricted for redevelopment	42,114,392	(42,114,392)	-
Total fund balance	<u>50,292,668</u>	<u>(50,292,668)</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 51,923,224</u>		
Net position (deficit):			
Investment in capital assets		7,073,405	7,073,405
Restricted for debt service		8,178,276	8,178,276
Restricted for redevelopment		42,114,392	42,114,392
Unrestricted		(195,113,917)	(195,113,917)
Total net position (deficit)		<u>\$ (137,747,844)</u>	<u>\$ (137,747,844)</u>

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, 2017

	Atlantic Station Tax Allocation District Fund	Adjustments (Note 3)	Statement of Activities
Expenditures/expenses			
General government	\$ 90,397	\$ -	\$ 90,397
Community development	-	173,153	173,153
Amortization expense	-	1,038,851	1,038,851
Debt service:			
Principal	4,980,000	(4,980,000)	-
Interest	8,156,834	93,490	8,250,324
Total expenditures/expenses	<u>13,227,231</u>	<u>(3,674,506)</u>	<u>9,552,725</u>
Net program expense			<u>9,552,725</u>
General revenues			
Tax increment revenue	18,872,604	121,464	18,994,068
Investment earnings	639,588	-	639,588
Total general revenues	<u>19,512,192</u>	<u>121,464</u>	<u>19,633,656</u>
Excess (deficiency) of revenues over (under) expenditures	6,284,961	(6,284,961)	-
Net change in fund balance	6,284,961	(6,284,961)	-
Change in net position	-	(10,080,931)	10,080,931
Fund balance/net position (deficit)			
Beginning of the fiscal year	44,007,707	(191,836,482)	(147,828,775)
End of the fiscal year	<u>\$ 50,292,668</u>	<u>\$ (188,040,512)</u>	<u>\$ (137,747,844)</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, 2017

(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.

The City has designated the Atlanta Development Authority, d/b/a Invest Atlanta 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 non-major governmental fund. The latest available CAFR is as of and for the fiscal year ended June 30, 2017; 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 position 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 position includes noncurrent assets, liabilities, and deferred outflows of resources and the government-wide statement of activities reflects changes in long-term assets and liabilities. Net position in the statement of net position is distinguished between amounts that are invested in capital assets, 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.

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ATLANTIC STATION TAX ALLOCATION DISTRICT FUND
Notes to Basic Financial Statements

June 30, 2017

(2) Summary of Significant Accounting Policies (Continued)

(b) *Government-wide and Fund Financial Statements (continued)*

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 position 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, 2017

(2) Summary of Significant Accounting Policies (Continued)

(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 acquisition 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 Position

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

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities and deferred inflows of resources under the current financial resources measurement 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 by passage of a subsequent ordinance.

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. The Chief Financial Officer of the City may recommend assignment of fund balances subject to approval of the City Council.

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

June 30, 2017

(2) Summary of Significant Accounting Policies (Continued)

(i) Fund Equity and Net Position (continued)

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 Position – Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Amounts shown as net investment in capital assets are made up of capital asset costs, 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 position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted. The TAD applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Restrictions on the government-wide statement of net position represent amounts segregated to meet debt covenants and the Bond Indenture.

(j) Prepaid Items

Prepaid items are accounted for using the consumption method. In the government-wide financial statements, bond insurance costs are reported as a prepaid item and amortized over the term of the related debt using the effective interest method.

(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, liabilities, deferred inflows and outflows of resources 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.

(m) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Fund has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide financial statements on the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunding or refunded debt.

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

June 30, 2017

(2) Summary of Significant Accounting Policies (Continued)

(m) Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Fund has one type of deferred inflow, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental fund reports unavailable revenues from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

(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 position

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	\$ 7,073,405
Amounts paid for the prepaid bond insurance costs are expended in governmental funds, but are accrued in the government-wide statements and recognized over the life of the debt.	394,608
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(756,416)
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 for bonds – both current and long-term – are reported in the statement of net position. This item includes the related deferred loss on refunding reported as a deferred outflow of resources.	(194,999,882)
Amounts of property taxes receivable not available as of fiscal year end are deferred inflows in governmental funds, but are recognized as revenue when earned in the government-wide statements.	(247,773)

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

June 30, 2017

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

(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 position. Also, governmental funds report the effect of premiums, 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 for principal on bonds	\$ 4,980,000
Amortization of discount	(421,613)
Amortization of insurance costs	(96,630)
Amortization of premium	116,092
Amortization of deferred loss on refunding of debt	(636,700)

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.	(93,490)
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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 inflow for unavailable revenue between fiscal year ends.	121,464
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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 value of the donated assets is reported and the cost of those assets is allocated over the estimated useful lives and is reported as depreciation expense. These are the value of assets donated to the Fund which are not held for resale (if any) and the amount of depreciation expense in the current period:

Depreciation expense	(173,153)
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(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.

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

June 30, 2017

(4) Legal Compliance – Budgets (Continued)

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, 2017.

(5) Deposits and Investments

Investments, with a carrying value of \$878,709, consist of investment in the Georgia Fund 1, a local government investment pool administered by the State of Georgia Office of the State Treasurer. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the Fund's investment in the Georgia Fund 1 is reported at fair value. As the investments represent ownership of a portion of a large pool of investments, these amounts are not categorizable for custodial risk disclosure.

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, 2017, the Fund's investment in the Georgia Fund 1 was rated AAf by Standard & Poor's, the Invesco Private Treasury Mutual Fund was rated AAAM and the Guaranteed Investment Contract was rated A. The municipal bond holdings included \$7,272,208 rated AA, \$7,253,221 rated A, and \$19,240,107 rate BAA.

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

June 30, 2017

(5) Deposits and Investments (Continued)

At June 30, 2017, the Fund had the following investments:

<u>Investment</u>	<u>Maturities / Duration</u>	<u>Fair Value</u>
Invesco Private Treasury	13 days	\$ 255,342
Georgia Fund 1	26 days	878,709
Guaranteed Investment Contract	7.4 years	8,404,497
Municipal Bonds	6.00 years	<u>33,765,536</u>
Total		<u>\$ 43,304,084</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, 2017, interest rate risk is reported in the previous table as "Maturities/Duration" for each investment classification.

Fair Value Measurements. The Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Fund has the following recurring fair value measurements as of June 30, 2017:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Invesco Private Treasury Mutual Fund	\$ 255,342	\$ -	\$ -	\$ 255,342
Guaranteed Investment Contract	-	-	8,404,497	8,404,497
Municipal Bonds	<u>7,307,614</u>	<u>26,457,922</u>	<u>-</u>	<u>33,765,536</u>
Total investments measured at fair value	<u>\$ 7,562,956</u>	<u>\$ 26,457,922</u>	<u>\$ 8,404,497</u>	<u>\$ 42,425,375</u>
Investments not subject to level disclosure:				
Georgia Fund 1				<u>878,709</u>
Total investments at fair value				<u>\$ 43,304,084</u>

The investment in Invesco Private Treasury Mutual Fund is valued based on quoted prices for shares of the fund as of year-end. The Municipal Bonds are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Guaranteed Investment Contract is valued using a discounted cash flow technique with adjustments made for credit risk, investment term, and a rate adjustment based on the credit and liquidity.

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the Fund does not disclose the investment in the Georgia Fund 1 within the fair value hierarchy.

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

June 30, 2017

(5) Deposits and Investments (Continued)

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, 2017, 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, 2017 consists of the following:

	<u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
Capital assets, not being depreciated:				
Land	\$ 2,944,103	\$ -	\$ -	\$ 2,944,103
Total	<u>2,944,103</u>	<u>-</u>	<u>-</u>	<u>2,944,103</u>
Capital assets, being depreciated:				
Vehicles	1,388,486	-	-	1,388,486
Buildings and improvements	4,029,278	-	-	4,029,278
Total	<u>5,417,764</u>	<u>-</u>	<u>-</u>	<u>5,417,764</u>
Less accumulated depreciation				
Vehicles	(672,089)	(92,567)	-	(764,656)
Buildings and improvements	(443,220)	(80,586)	-	(523,806)
Total accumulated depreciation	<u>(1,115,309)</u>	<u>(173,153)</u>	<u>-</u>	<u>(1,288,462)</u>
Total capital assets, being depreciated, net	<u>4,302,455</u>	<u>(173,153)</u>	<u>-</u>	<u>4,129,302</u>
Net capital assets	<u>\$ 7,246,558</u>	<u>\$ (173,153)</u>	<u>\$ -</u>	<u>\$ 7,073,405</u>

Depreciation expense is entirely 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

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

June 30, 2017

(7) Bonds Payable (Continued)

December 31, 2024 for both the 2006 and 2007 Bonds. The property tax increments are pledged until the payment in full of the bonds.

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 4.14% as the interest rate for the 2006 Bonds (which was the rate in effect at June 30, 2017) are as follows:

	Principal	Interest	Total debt service
Fiscal year ending June 30:			
2018	\$ 5,230,000	\$ 8,630,401	\$ 13,860,401
2019	5,465,000	8,391,592	13,856,592
2020	5,735,000	8,121,501	13,856,501
2021	6,045,000	7,812,276	13,857,276
2022	6,370,000	7,486,383	13,856,383
2023-2025	172,455,000	10,447,940	182,902,940
	\$ 201,300,000	\$ 50,890,093	\$ 252,190,093

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 optional and at the discretion of the City's Chief Financial Officer. 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 optional principal payments totaling \$15,090,000 on the Series 2006 bonds.

The Fund's long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

Bonds	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Amount Due In One Year
Series 2006 Bonds	\$ 151,425,000	\$ -	\$ -	\$ 151,425,000	\$ -
Series 2007 Bonds	54,855,000	-	4,980,000	49,875,000	5,230,000
Discount on bonds	(2,102,204)	-	(421,613)	(1,680,591)	-
Unamortized bond premium	590,168	-	116,092	474,076	-
Total	\$ 204,767,964	\$ -	\$ 4,674,479	\$ 200,093,485	\$ 5,230,000

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, 2017**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Tax increment revenue	\$ 18,988,089	\$ 18,988,089	\$ 18,872,604	\$ (115,485)
Investment earnings	390,000	390,000	639,588	249,588
Total revenues	<u>19,378,089</u>	<u>19,378,089</u>	<u>19,512,192</u>	<u>134,103</u>
Expenditures				
Current:				
General government:				
Nondepartmental	185,200	185,200	90,397	94,803
Total general government	<u>185,200</u>	<u>185,200</u>	<u>90,397</u>	<u>94,803</u>
Debt service:				
Principal	4,980,000	4,980,000	4,980,000	-
Interest	8,156,834	8,156,834	8,156,834	-
Total debt service	<u>13,136,834</u>	<u>13,136,834</u>	<u>13,136,834</u>	<u>-</u>
Total expenditures	<u>13,322,034</u>	<u>13,322,034</u>	<u>13,227,231</u>	<u>94,803</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,056,055</u>	<u>6,056,055</u>	<u>6,284,961</u>	<u>228,906</u>
Net change in fund balances	6,056,055	6,056,055	6,284,961	228,906
Fund balance, beginning of fiscal year	<u>44,007,707</u>	<u>44,007,707</u>	<u>44,007,707</u>	<u>-</u>
Fund balance, end of fiscal year	<u>\$ 50,063,762</u>	<u>\$ 50,063,762</u>	<u>\$ 50,292,668</u>	<u>\$ 228,906</u>

SCHEDULE 1

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

**Atlantic Station TAD
Fund Balance Sheet Comparison - Cash Basis (1)
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	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
ASSETS:														
Restricted Cash: Tax Increment	\$ 3,876,757.32	\$ 5,091,544.14	\$ 2,861,002.19	\$ 6,039,610.63	\$ 7,971,985.73	\$ 10,769,417.27	\$ 16,476,588.79	\$ 26,013,622.92	\$ 29,431,547.48	\$ 23,174,077.02	\$ 25,315,442.05	\$ 28,183,783.46	\$ 5,851,167.49	\$ 9,250,076.00
Restricted Cash: Tax Increment Investment Fund-State Pool	-	-	-	-	-	-	-	-	-	869,003.93	-	-	-	-
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	-	-	10,843,937.82	5,540,606.27	6,406,364.57	5,106,030.24	1,563,595.66	254,783.77	254,798.03	254,808.23	254,839.06	254,839.06	254,966.75	255,342.00
Restricted Cash: 2007 Other Funds	-	-	-	-	7,807,529.38	7,840,889.79	7,822,788.35	7,822,788.25	7,822,788.25	7,820,633.78	7,820,633.78	8,210,593.10	8,016,891.66	8,404,497.00
Restricted Investments: Tax Increments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from Invest Atlanta	-	-	-	-	-	-	-	-	-	-	250.00	-	30,800,066.60	33,765,536.00
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	\$ 37,509,133.76	\$ 32,118,522.96	\$ 33,391,134.06	\$ 36,619,195.62	\$ 44,922,912.50	\$ 51,675,451.00
LIABILITIES/FUND BALANCE:														
Cash Pool Payable	\$ -	\$ -	\$ -	\$ 3,408.00	\$ -	\$ -	\$ -	\$ 7,658.00	\$ 18,498.51	\$ 16,354.00	\$ 4,329.00	\$ 2,078.00	\$ 8,021.00	\$ 6,600.00
Payable to Fulton County Tax Commissioner	-	-	-	-	-	-	-	805,590.13	542,666.56	1,096,393.51	494,544.68	202,409.28	890,661.33	1,365,216.00
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	22,468,488.75	26,003,560.32	33,418,394.40	36,848,068.69	31,005,775.45	32,892,260.38	38,414,708.34	44,024,230.17
Sources (Uses) Balance	(664,607.11)	(615,802.73)	8,013,363.49	(2,127,816.20)	2,112,890.98	1,142,884.15	3,535,101.57	7,414,824.08	3,529,684.29	(5,942,293.24)	1,886,484.93	3,522,447.96	7,609,521.83	6,275,404.83
Total Fund Balance	13,942,939.06	13,327,136.33	21,340,499.82	19,212,683.62	21,325,574.60	22,468,488.75	26,003,560.32	33,418,394.40	36,948,068.69	31,005,775.45	32,892,260.38	38,414,708.34	44,024,230.17	50,298,635.00
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	\$ 37,509,133.76	\$ 32,118,522.96	\$ 33,391,134.06	\$ 36,619,195.62	\$ 44,922,912.50	\$ 51,675,451.00

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

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

	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	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	Total
SOURCES OF FUNDS:															
Tax Incremental 2006 City of Atlanta OFR 0518															
Tax Incremental 2006 City of Atlanta OFR 0518															
Bond Proceeds	3,792,349.37	15,008,613.78	61,583.44	10,779,346.94	14,161,942.02	16,427,203.91	20,375,324.49	18,337,561.83	15,349,575.59	14,586,523.29	14,134,242.86	16,215,088.00	18,205,892.00	18,886,296.00	196,949,805.32
Bond Premium	76,505,000.00		168,515,000.00	2,587.25	85,465,000.00										338,515,000.00
Deferred Interest	(47,269.80)														
Bond Premium					1,838,865.65										1,838,865.65
Interest Income	867,095.65	2,056,123.99	645,340.61	1,062,289.97	908,914.97	584,971.80	461,898.68	446,604.02	443,709.05	434,245.55	413,890.37	398,621.00	778,471.00	1,307,165.00	10,829,231.66
Short Term Capital Gain (Loss)					692.40				16.56	10.20			1,010,151.97	(867,577.00)	719.16
Unrealized Gain (Loss)															
Gain (Loss) for Capitalized Interest Fund	45,709.55	(491,562.32)													342,674.97
TOTAL SOURCES	81,257,415.37	16,525,694.65	167,241,524.05	11,863,324.24	102,535,415.04	17,012,173.71	20,836,833.17	18,784,165.85	15,793,391.20	15,000,779.04	14,547,315.03	\$16,613,709.00	\$19,994,574.97	\$19,525,894.00	557,523,911.32
USES OF FUNDS:															
Cost of Issuance Expenses	2,741,813.60		942,525.39		439,627.22										4,124,966.21
Underwriter discount, Adm fees, Credit Facility			10,353,418.05		2,892,513.66										12,445,831.71
Reimbursement to City of Atlanta	10,000,000.00														10,000,000.00
2007 Original Issue Discount					383,759.50										383,759.50
Development Costs Atlantic Station LLC	45,399,446.27		144,363,699.15												189,763,145.42
Development Costs Fire Station					251,896.49		1,708,754.61								5,417,764.24
Machinery Consulting							2,148,289.39								125.00
The Royler Consulting															2,277.76
Legal Fee															1,270.00
Financial Consultant															1,790.00
Fire Station															17,864.00
Townsite Fees	3,705.00	7,126.00		3,600.00	7,015.00	8,955.00	8,955.00	8,955.00	9,045.00	5,900.00	12,780.00	5,830.00	9,790.00	8,510.00	99,894.00
Accounting and Auditing Fees		27,700.00	18,200.00	28,800.00	19,400.00	16,700.00	17,800.00	18,900.00	24,000.00	24,200.00	24,400.00	24,500.00	24,900.00	24,500.00	293,100.00
Holland & Knight - Lobbying										5,644.44					5,644.44
Backstrom, McManey, Berry & Co.											2,000.00				6,786.74
The Redle Company															2,000.00
Thomson Reuters															253.00
Garner															5,000.00
Legal Fee		4,500.00		3,408.00				3,680.00	3,811.42						2,000.00
Arbitrage Reports						8,889.26		3,600.00							5,000.00
La Madeleine						10,025.00	5,750.00	3,600.00	3,600.00						40,895.26
CCA Advisors										29.15					29.15
Banking Fees										12,879.61					14,879.61
Renegotiating Fees															353.60
Digital Assurance Certification				196,589.71	100,274.45		132,907.09								412,868.20
Bank Charges - Administration Costs	11,446.99	7,233.08	23,327.68	2,985.52	16,534.32	13,250.22	3,502.78	3,454.71	2,467.83	1,299.93	17,986.39	44,194.01	34,817.33	16,486.00	198,587.79
ADA Program Cost Recovery									39,257.00	69,716.32	73,388.00	30,542.00	19,341.74	48,092.17	398,987.23
ADA Program Cost Recovery - Indirect									18,257.85	18,727.00	18,165.00	4,882.30	1,421.00	7,086.00	69,539.15
Economic Study (Baxton-Garner)															9,705.33
2007 Escrow Fund - Refunding 2001 Bonds															84,520,803.49
Bond Principal 2001															3,445,000.00
Bond Interest 2006															15,000,000.00
Bond Interest 2006															58,911,100.40
Bond Interest 2001	6,599,497.25	17,968,612.50		5,610,167.50	2,834,302.30	3,898,218.76	3,703,788.76	3,672,788.76	3,698,168.76	3,436,168.76	3,261,568.76	3,076,643.76	2,860,368.76	2,611,394.00	33,348,068.28
Bond Principal 2007															35,600,000.00
Bond Interest 2007															4,980,000.00
TOTAL USES OF FUNDS	64,756,003.11	19,700,170.98	159,228,680.56	13,991,140.44	100,422,524.08	15,860,291.56	17,301,821.60	11,369,381.77	12,263,706.91	20,943,072.28	12,660,830.10	13,091,281.04	12,388,053.14	13,250,479.17	487,233,276.32
SOURCES (USES) BALANCE	16,501,412.26	(3,174,276.60)	8,013,383.49	(61,272,816.20)	2,112,890.98	1,142,864.15	3,535,001.57	7,414,624.08	3,559,684.29	(6,942,293.24)	1,866,484.93	3,522,247.96	7,609,521.63	\$6,275,404.83	50,999,635.00

(1) 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, 2017

<u>Trust Funds - Bank of New York</u>	
2006 Project Fund	\$ 255,342
2007 Debt Service Reserve Fund	<u>8,404,497</u>
Total Trust Funds	<u>\$ 8,659,839</u>

As of June 30, 2017, 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, 2001- December 31, 2001	January 1, 2002- December 31, 2002	January 1, 2003- December 31, 2003	January 1, 2004- December 31, 2004	January 1, 2005- December 31, 2005	January 1, 2006- June 30, 2006 (18 month period)	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	July 1, 2011- through June 30, 2012	July 1, 2012- through June 30, 2013	July 1, 2013- through June 30, 2014	July 1, 2014- through June 30, 2015	July 1, 2015- through June 30, 2016	July 1, 2016- through June 30, 2017
Actual Collections	\$ 508,094	\$ 3,284,255	\$ 3,868,387	\$ 4,671,712	\$ 6,468,515	\$ 81,583	\$ 10,778,347	\$ 14,191,842	\$ 16,427,204	\$ 20,376,324	\$ 18,337,582	\$ 15,349,576	\$ 14,566,523	\$ 14,133,425	\$ 16,215,088	\$ 18,205,952	\$ 20,241,820
Debt Requirements:																	
2001 Bonds Interest	599,954	5,999,538	5,999,538	5,999,538	5,999,538	2,939,775	8,939,313	5,810,187	-	-	-	-	-	-	-	-	-
2001 Bonds Principal	-	-	-	-	1,655,000	1,655,000	1,790,000	1,790,000	-	-	-	-	-	-	-	-	-
2006 Interest	-	-	-	-	586,315	586,315	6,195,590	5,391,696	5,411,582	4,870,647	5,186,837	5,223,567	5,016,570	4,907,829	5,352,770	4,702,366	5,545,440
2006 Principal	-	-	-	-	-	-	-	1,000,000	1,000,000	5,920,000	5,920,000	8,170,000	8,170,000	3,261,569	3,075,644	2,880,369	2,811,384
2007 Interest	-	-	-	-	-	-	-	2,934,303	3,808,219	3,703,769	3,872,788	3,886,169	3,435,169	4,335,000	4,515,000	4,730,000	4,980,000
2007 Principal	-	-	-	-	-	-	-	4,285,000	3,790,000	3,550,000	1,015,000	3,315,000	4,160,000	4,335,000	4,515,000	4,730,000	4,980,000
Debt Requirements	599,954	5,999,538	5,999,538	5,999,538	7,654,538	3,526,090	13,795,777	12,610,899	13,969,901	15,029,416	9,874,605	12,124,736	20,781,739	12,504,388	12,943,414	12,292,735	13,136,834
Debt Service Reserve Earnings Fixed Rate 4.91%-GIC-2001 Bonds	N/A	(336,918)	(372,165)	(373,201)	(373,201)	(186,601)	(559,802)	-	-	-	-	-	-	-	-	-	-
Debt Service Reserve Earnings Interest-Trustee-2001 Bonds	(15,388)	(14,321)	(192)	(61)	(65)	(54)	(139)	-	-	-	-	-	-	-	-	-	-
Debt Service Reserve Earnings - Fixed Rate 5.105%-GIC 2007	-	-	-	-	-	-	-	(287,622)	(419,045)	(387,805)	(387,805)	(387,805)	(387,805)	(386,728)	(389,959)	(386,728)	(387,805)
Capitalized Interest per Trust Indenture-2006 Bonds	-	-	-	-	-	(586,315)	(586,315)	-	-	-	-	-	-	-	-	-	-
Capitalized Interest per Trust Indenture/DDA Revenues-2001 Bonds	(89,347)	(2,975,088)	(2,975,088)	(2,975,088)	(2,245,381)	(2,245,381)	-	-	-	-	-	-	-	-	-	-	-
Adjusted Debt Service Requirements	\$ 495,219	\$ 2,673,211	\$ 2,652,093	\$ 2,651,198	\$ 5,035,861	\$ 2,753,120	\$ 7,787,744	\$ 12,323,277	\$ 13,550,756	\$ 14,641,611	\$ 9,486,800	\$ 11,736,931	\$ 20,393,934	\$ 12,117,670	\$ 12,553,455	\$ 11,906,007	\$ 12,749,029
EXCESS (DEFICIT) OVER DEBT COVERAGE	\$ 12,875	\$ 611,044	\$ 1,216,294	\$ 2,020,514	\$ 1,432,654	\$(2,671,537)	\$(1,238,883)	\$ 2,990,603	\$ 1,868,665	\$ 2,876,448	\$ 8,850,782	\$ 3,612,645	\$(6,827,411)	\$ 2,015,755	\$ 3,661,633	\$ 6,299,944	\$ 7,492,791
ACTUAL DEBT SERVICE RATIO	1.026	1.229	1.459	1.762	1.284	0.841 (1)	1.384	1.152	1.212	1.392	1.933	1.308 (1)	0.714 (3)	1.166	1.292	1.529	1.588

(1) On January 1, 2006, the City of Atlanta changed its financial reporting from a December 31st year end to a June 30th fiscal 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 ended 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 series bonds was deferred. The amount of the optional principal payment was \$8,455,000.

(3) During fiscal year 2013, the City's CFO exercised the City's option to make an optional payment on the 2006 series bonds in an amount equal to \$8,170,000. This optional payment caused a decline in the Fund's debt service ratio for the fiscal year ended June 30, 2013.



**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
The Atlanta Development Authority, d/b/a Invest Atlanta**

We have audited, in accordance with the 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, 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, 2017, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated January 26, 2018. Our report includes a reference that the Fund is not the entire reporting entity of the City of Atlanta, Georgia.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion of the effectiveness of the Fund's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 26, 2018