

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

Financial Statements and Supplementary Information

June 30, 2014

(With Independent Auditor's Report Thereon)

**CITY OF ATLANTA, GEORGIA**  
**EASTSIDE TAX ALLOCATION DISTRICT FUND**  
**JUNE 30, 2014**

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## INDEPENDENT AUDITOR'S REPORT

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**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 Eastside Tax Allocation District Fund (the "Fund") as of and for the fiscal year ended June 30, 2014, 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.

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***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, 2014, 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 Eastside 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, 2014 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 22, 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.

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*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 28, 2015 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* in considering the Fund's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
January 28, 2015

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

June 30, 2014

This section of the annual financial report of the Eastside Tax Allocation District Fund ("Fund" or "District") presents the analysis of the Fund's financial performance during the fiscal year ended on June 30, 2014. 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 Eastside 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, d/b/a Invest Atlanta ("ADA") is the redevelopment agent for the Eastside Tax Allocation District and is responsible for all the financial reporting and compliance required by the 2005 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 separate financial statements. Separate financial statements provide the reader with more financial information pertaining to each individual tax allocation district.

### **The Eastside Tax Allocation District**

On December 1, 2003, the Atlanta City Council adopted Ordinance 03-O-1840 which adopted the Eastside Redevelopment Plan; created the Tax Allocation District Number Five-Eastside and authorized the pledge of positive ad valorem tax allocation increments for the payment of or security for the payment of tax allocation bonds. The Initial Ordinance was amended by the City Council by Ordinance 04-O-0231 adopted on February 16, 2004 and signed by the Mayor on February 24, 2004. The City was authorized to finance certain Redevelopment Costs as defined by the Redevelopment Powers Law the following costs: clearing, grading and preparing the property for redevelopment; environmental remediation of the property; design, construction and installation of utilities; design, construction and installation of streets, sidewalks and other public works; design and construction of parking facilities; acquisition and development of parks and greenspace; and any other facilities and improvements located in the Eastside Tax Allocation District that are eligible to be financed as Redevelopment Costs under the Act.

ADA was designated as the redevelopment agent to implement the Eastside Redevelopment Plan. The City financed a portion of the Redevelopment Costs related to the Series 2005 Bonds through the issuance of its tax allocation bonds according to Ordinance 05-O-0263 adopted March 7, 2005.

In August 2005, the Eastside Tax Allocation Bonds were issued: the Series 2005A Bonds for \$9,480,000 and Series 2005B Bonds for \$38,000,000 for a total of \$47,480,000.

The Board of Commissioners of Fulton County, Georgia by resolution on December 17, 2003 and the Board of Education of the Atlanta Independent School System by resolution on December 8, 2003 consented to the inclusion of their respective shares of positive ad valorem tax increments derived for the Eastside Tax Allocation District as security for the Series 2005 bonds.

### **Overview of Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Fund's financial statements. The Funds' 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.

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

June 30, 2014

**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 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 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 13 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 Eastside 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 Board of Commissioners of Fulton County, and the Board of Education of the Atlanta Independent School System. Quarterly reporting consists of cash basis financials for the tax allocation district and meets the compliance requirement. The 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.

Schedule 3 consists of balances on deposit in each of the funds held by the Trustee. As of June 30, 2014, the Eastside Tax Allocation District has also funded a Supplemental Debt Service Reserve Fund of \$3,745,885. This fund is in addition to the Debt Service Reserve Fund. The schedule also includes a statement as to whether there were withdrawals from the Debt Service Reserve Funds. Schedule 4 presents the Fund's debt service coverage ratio.

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

June 30, 2014

A summary comparison of the governmental fund statements for June 30, 2013 and June 30, 2014 are presented on the following page:

Eastside Tax Allocation District Fund  
Summary Comparison of Governmental Fund Balance Sheets  
As of June 30, 2013 and June 30, 2014

	2013	2014
Assets:		
Cash and cash equivalents	\$ 51,423,955	\$ 57,009,571
Investments	30,191	30,227
Property taxes receivable	827,909	446,299
Due from Fulton County Tax Commissioner	4,046	13,473
Due from other governments	-	1,500
Restricted investments	11,123,861	10,952,546
Total Assets	\$ 63,409,962	\$ 68,453,616
Liabilities and Deferred Inflows of Resources:		
Accounts payable	\$ 103,307	\$ 280,323
Deferred inflow - unavailable revenue	668,633	404,383
Due to the City of Atlanta	47,489	12,574
Due to other governments	3,502,168	3,502,168
Total Liabilities and Deferred Inflows of Resources	4,321,597	4,199,448
Fund Balance:		
Restricted	59,088,365	64,254,168
Total Fund Balance	59,088,365	64,254,168
Total Liabilities and Fund Balance	\$ 63,409,962	\$ 68,453,616



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

June 30, 2014

Eastside Tax Allocation District Fund  
 Summary Comparison of Revenues, Expenditures, and Changes in Fund Balance  
 For the Fiscal Years Ended June 30, 2013 and June 30, 2014

	2013	2014
Expenditures:		
Community development	\$ 189,385	\$ 438,147
General government	348,247	550,652
Debt service-principal	1,420,000	1,500,000
Debt service- interest	2,364,705	2,284,830
Total Expenditures	4,322,337	4,773,629
General Revenues:		
Tax increment revenue	10,668,870	9,721,425
Investment earnings	230,928	208,107
Other revenues	-	9,900
Total General Revenues	10,899,798	9,939,432
Net change in Fund Balance	6,577,461	5,165,803
Fund Balance:		
Beginning of the fiscal year	52,510,904	59,088,365
End of the fiscal year	\$ 59,088,365	\$ 64,254,168

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 have increased \$5,585,616 over last fiscal year. Restricted investments decreased \$171,315 from the prior fiscal year as a result of developer requisitions.

The current liability due to other governmental entities is the result of the agreed upon procedures reconciliation of the TAD tax increment collections based on a disputed 2005 growth rate percentage and the amount due to the Fulton County Tax Commissioner for the overpayment of 2010 property taxes. The amount due for the disputed 2005 growth rate is \$3,502,168 as of June 30, 2014.

The Summary Comparison of Revenues, Expenditures, and Changes in Fund Balance show a decrease of tax increment revenue of \$947,445. This net decrease is mainly due to lower assessed values within the District for tax year 2013 than for tax year 2012. The taxable assessed values for tax years 2013 and 2012 were \$569 million and \$576 million, respectively.

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

June 30, 2014

Expenditures for community development were \$438,147 for the fiscal year ended June 30, 2014. The expenditures are for qualified costs per the Redevelopment Powers law. Debt service expenditures are due semi-annually on July 1<sup>st</sup> and January 1<sup>st</sup>. Total debt service paid for the fiscal year was \$3,784,830.

The Eastside Tax Allocation District continues to report a net increase in fund balance each fiscal year. The excess revenues over expenditures were \$5,165,803 for the fiscal year ended June 30, 2014.

The government wide financial statements for June 30, 2013 and June 30, 2014 are presented below:

Eastside Tax Allocation District Fund  
Summary Comparison of Government wide Statement of Net Position  
As of June 30, 2013 and June 30, 2014

	2013	2014
<b>Assets:</b>		
Cash and cash equivalents	\$ 51,423,955	\$ 57,009,571
Investments	30,191	30,227
Property taxes receivable	827,909	446,299
Due from Fulton County	4,046	13,473
Due from other governments	-	1,500
Capital assets (net of depreciation)	3,964,062	3,839,862
Restricted investments	11,123,861	10,952,546
Total Assets	67,374,024	72,293,478
<b>Liabilities:</b>		
Accounts payable	103,307	280,323
Accrued interest	1,142,415	1,100,228
Due to the City of Atlanta	47,489	12,574
Due to other governments	3,502,168	3,502,168
Current debt	1,500,000	1,585,000
Long- term debt	39,440,861	37,873,709
Total Liabilities	45,736,240	44,354,002
Total Net Position	\$ 21,637,784	\$ 27,939,476

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

June 30, 2014

Eastside Tax Allocation District Fund  
 Summary Comparison of Government wide Statement of Activities  
 For the Fiscal Years ended June 30, 2013 and June 30, 2014

	2013	2014
Expenses:		
Community development	\$ 313,585	\$ 562,347
Amortization expense	18,502	17,848
General government	348,247	550,652
Interest expense	2,324,767	2,242,643
Total Expenses	3,005,101	3,373,490
General Revenues:		
Tax increment revenue	10,636,787	9,457,175
Investment earnings	230,928	208,107
Other revenues	-	9,900
Total General Revenues	10,867,715	9,675,182
Change in net position	7,862,614	6,301,692
Net Position		
Beginning of the fiscal year	13,775,170	21,637,784
End of the fiscal year	\$ 21,637,784	\$ 27,939,476

As noted above in the discussion, the difference between governmental fund and government wide financials is that the government wide financial statements present the information on an accrual basis. As mentioned above, net position continues to increase.

**Long-Term Debt**

In August 2005, the City issued \$47,480,000 in limited obligation bonds for the Eastside Tax Allocation District. 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. 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 the Atlanta Independent School System.

The 2005 Bonds have annual principal payments due on January 1<sup>st</sup> and semi-annual interest payments due on July 1<sup>st</sup> and January 1<sup>st</sup>. The amortization schedule for the bonds is listed in note 7 of the financial statements.

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

June 30, 2014

**Economic Factors and Outlook**

The Eastside Tax Allocation District bonds were issued on August 2, 2005. The Tax Allocation District provided funding for seven projects and \$5 million for parks and greenspace acquisition and development. The Eastside Tax Allocation District provides an Affordable Housing Purchase Program, in which all residential developers receiving funding are required to set aside 20% of units for homeowners earning up to 100% of the area median income (AMI) or renters earning up to 60% of AMI.

Projects funded with the Eastside Tax Allocation District bond proceeds include 1,014 condominiums, 421 apartments, 102 hotel rooms, 86,000 square feet of retail space and 265,000 square feet of office space. To date, all projects have been completed and are performing well with the exception of Renaissance Walk, which is currently stable. Twenty-one of the 160 condominium units were sold prior to foreclosure and a change in ownership which occurred on December 17, 2011. The new owner is leasing a total of 134 condominium units through Matrix Residential and is 98 percent occupied. The retail space is approximately 46 percent occupied as of January 2015.

As a reflection of the performance of the District, on May 11, 2010, Standard & Poor's Rating Services assigned its 'A-' long term rating to the Series 2005 Eastside TAD Bonds with a stable outlook. On August 27, 2013, this rating was "affirmed" by the Standard & Poor's Rating Services.

**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**  
**EASTSIDE TAX ALLOCATION DISTRICT FUND**  
Statement of Net Position and Governmental Fund Balance Sheet  
June 30, 2014

	<b>Eastside Tax Allocation District Fund</b>	<b>Adjustments (Note 3)</b>	<b>Statement of Net Position</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 57,009,571	\$ -	\$ 57,009,571
Investments	30,227	-	30,227
Property taxes receivable, net of allowance	446,299	-	446,299
Due from Fulton County Tax Commissioner	13,473	-	13,473
Due from other governments	1,250	-	1,250
Due from Invest Atlanta	250	-	250
Restricted assets:			
Investments	10,952,546	-	10,952,546
Capital assets, net of accumulated depreciation	-	3,839,862	3,839,862
Total assets	<u>\$ 68,453,616</u>	<u>3,839,862</u>	<u>72,293,478</u>
<b>Liabilities</b>			
Accounts payable	\$ 280,323	-	280,323
Due to other governments	3,502,168	-	3,502,168
Due to the City of Atlanta	12,574	-	12,574
Liabilities payable from restricted assets:			
Accrued interest payable	-	1,100,228	1,100,228
Long-term debt:			
Due within one year	-	1,585,000	1,585,000
Due after one year	-	37,873,709	37,873,709
Total liabilities	<u>3,795,065</u>	<u>40,558,937</u>	<u>44,354,002</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property taxes	404,383	(404,383)	-
Total deferred inflows of resources	<u>404,383</u>	<u>(404,383)</u>	<u>-</u>
<b>Fund Balance/Net Position (Deficit)</b>			
Fund balance:			
Restricted for debt service	5,149,472	(5,149,472)	-
Restricted for redevelopment	59,104,696	(59,104,696)	-
Total fund balance	<u>64,254,168</u>	<u>(64,254,168)</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 68,453,616</u>		
Net position (deficit):			
Investment in capital assets		3,839,862	3,839,862
Restricted for debt service		5,149,472	5,149,472
Restricted for redevelopment		59,104,696	59,104,696
Unrestricted		(40,154,554)	(40,154,554)
Total net position (deficit)		<u>\$ 27,939,476</u>	<u>\$ 27,939,476</u>

See accompanying notes to basic financial statements.

**CITY OF ATLANTA, GEORGIA**  
**EASTSIDE TAX ALLOCATION DISTRICT FUND**  
Statement of Activities and Governmental Fund  
Revenues, Expenditures, and Changes in Fund Balance  
For the Fiscal Year Ended June 30, 2014

	<b>Eastside Tax Allocation District Fund</b>	<b>Adjustments (Note 3)</b>	<b>Statement of Activities</b>
<b>Expenditures/expenses</b>			
General government	\$ 550,652	\$ -	\$ 550,652
Community development	438,147	124,200	562,347
Amortization expense	-	17,848	17,848
Debt service:			
Principal	1,500,000	(1,500,000)	-
Interest	2,284,830	(42,187)	2,242,643
Total expenditures/expenses	<u>4,773,629</u>	<u>(1,400,139)</u>	<u>3,373,490</u>
<b>General revenues</b>			
Tax increment revenue	9,721,425	(264,250)	9,457,175
Investment earnings	208,107	-	208,107
Other revenues	9,900	-	9,900
Total general revenues	<u>9,939,432</u>	<u>(264,250)</u>	<u>9,675,182</u>
Excess (deficiency) of revenues over (under) expenditures	5,165,803	(5,165,803)	-
Net change in fund balance	5,165,803	(5,165,803)	-
Change in net position	-	1,135,889	6,301,692
<b>Fund balance/net position (deficit)</b>			
Beginning of the fiscal year	<u>59,088,365</u>	<u>(37,450,581)</u>	<u>21,637,784</u>
End of the fiscal year	<u>\$ 64,254,168</u>	<u>\$ (36,314,692)</u>	<u>\$ 27,939,476</u>

See accompanying notes to basic financial statements.

**CITY OF ATLANTA, GEORGIA**  
**EASTSIDE TAX ALLOCATION DISTRICT FUND**  
Notes to Basic Financial Statements

June 30, 2014

**(1) Reporting Entity**

The Eastside Tax Allocation District (the “Fund”) of the City of Atlanta, Georgia (the “City”) was created in 1993 in order to finance permitted redevelopment costs within the Eastside Tax Allocation District. These redevelopment costs, primarily infrastructure related, were provided to the area incorporated within the Eastside 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 Eastside Tax Allocation District after development, less the amount of ad valorem property taxes assessed before redevelopment. These ad valorem property taxes assessed include those assessed on behalf of the City, Fulton County, and the Atlanta Independent School System. On February 11, 2008, the Supreme Court of Georgia ruled that School tax funds shall be expended only for the support and maintenance of public schools and cannot be utilized or diverted for any other purpose. The City of Atlanta petitioned in the Superior Court of Fulton County, State of Georgia on March 4, 2008 for a Writ of Mandamus, requesting preliminary and permanent injunctive relief for Atlanta Independent School System’s tax funds on previously validated bonds. The Superior Court concluded that the Supreme Court decision did not have any effect on any bonds which have already been validated. The Fulton County Tax Commissioner was ordered to continue to forward the School tax funds to the Tax Allocation Districts with validated bonds.

The City has designated the Atlanta Development Authority, d/b/a Invest Atlanta as the redevelopment agent for the Eastside 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, 2014; 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 and liabilities 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

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

Notes to Basic Financial Statements

June 30, 2014

specific function or segment. Program revenues include 1) charges to customers who purchase, use, or benefit from the services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted interest income and other items not properly included among program revenues are reported as general revenues.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

The Fund has only one governmental fund – the Eastside 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.



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**EASTSIDE TAX ALLOCATION DISTRICT FUND**

Notes to Basic Financial Statements

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**(g) Taxes Receivable**

Although the Eastside Tax Allocation District (“TAD”) is not a taxing authority, it is the direct recipient of positive ad valorem tax allocation increments derived from the Eastside 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 2003 base year.

**(h) Capital Assets**

The Fund reports capital assets for only those projects in which ownership has been transferred from the Developer. During the construction phase, in which the Fund will provide financing for, the Developer enjoys full rights and ownership of the property. Only upon completion and subsequent transfer of ownership to the Fund, will the Fund report it as a capital asset. Capital assets which are owned by the Fund are stated at cost as paid by the Developer. Depreciation on capital assets is calculated on the straight-line method over the estimated useful lives as follows:

Infrastructure	35 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 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 by passage of a subsequent ordinance.

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*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.

*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.

**(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.

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Notes to Basic Financial Statements

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

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.	\$ 3,839,862
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(1,100,228)
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.	(39,458,709)
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.	404,383

**(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 or discounts when debt is first issued, whereas these

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amounts are deferred and amortized in the statement of activities.  
The details of this difference are as follows:

Payments on bonds	1,500,000
Amortization of discount	(17,848)
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.	42,187
Tax revenue in the statement of activities differs from the amount reported in the governmental funds due to the change in deferred inflows for unavailable revenue between fiscal year ends.	(264,250)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense in the current period:	
Depreciation expense	(124,200)

**(4) Legal Compliance – Budgets**

The City of Atlanta, Georgia is required to adopt a balanced budget each fiscal year and maintains budgetary controls to ensure compliance with legal provisions of the annual appropriated budget approved by the Mayor and City Council. Annual budgets are adopted for the Tax Allocation District with the level of legal budgetary control established by the City Council at the department level.

The amounts of anticipated revenues and appropriated expenditures for the annual budget are controlled by the City Charter and various ordinances adopted by the City Council.

The responsibility for revenue anticipations and specified appropriations is fixed by law by the Budget Commission, which is composed of the Mayor, the Chief Financial Officer, the Chair of the City Council Finance Committee, and two other members of City Council. The Budget Commission may not anticipate in any fiscal year an amount in excess of 99% of the normal revenues of the City actually collected during the previous fiscal year (unless tax rates are increased) plus any accumulated cash surplus carried forward from the previous fiscal year.

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

**CITY OF ATLANTA, GEORGIA**  
**EASTSIDE TAX ALLOCATION DISTRICT FUND**  
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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, 2014.

**(5) Deposits and Investments**

Investments, with a carrying value of \$30,227, 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.

**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, 2014, the Fund's investment in the Georgia Fund 1 was rated AA+ by Standard & Poor's and the Guaranteed Investment Contract was rated A by Standard & Poor's.

At June 30, 2014, the Fund had the following investments:

<u>Investment</u>	<u>Maturities / Duration</u>	<u>Fair Value</u>
First American U.S. Treasuries - Mutual Funds	24 days	\$ 7,126,690
Georgia Fund 1	62 days	30,227
Fidelity Institutional Money Market	35 days	4,004
Guaranteed Investment Contract	January 1, 2030	<u>3,821,852</u>
Total		<u>\$ 10,982,773</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, 2014, interest rate risk is reported in the above table as "Maturities/Duration" for each of the applicable investment classifications.

**CITY OF ATLANTA, GEORGIA**  
**EASTSIDE TAX ALLOCATION DISTRICT FUND**  
Notes to Basic Financial Statements

June 30, 2014

**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, 2014, 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, 2014 consists of the following:

	<u>June 30,</u> <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30,</u> <u>2014</u>
Capital assets:				
Infrastructure	\$ 4,347,012	\$ -	\$ -	\$ 4,347,012
Total capital assets	<u>4,347,012</u>	<u>-</u>	<u>-</u>	<u>4,347,012</u>
Less accumulated depreciation				
Infrastructure	(382,950)	(124,200)	-	(507,150)
Total accumulated depreciation	<u>(382,950)</u>	<u>(124,200)</u>	<u>-</u>	<u>(507,150)</u>
Net capital assets	<u>\$ 3,964,062</u>	<u>\$ (124,200)</u>	<u>\$ -</u>	<u>\$ 3,839,862</u>

Depreciation expense is entirely charged to community development.

**(7) Bonds Payable**

During 2005, the City issued \$47,480,000 in limited obligation bonds for the Eastside Tax Allocation District. The 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, Fulton County, and the Atlanta Independent School System. The property tax increments are pledged until the payment in full of the bonds.

**CITY OF ATLANTA, GEORGIA**  
**EASTSIDE TAX ALLOCATION DISTRICT FUND**  
Notes to Basic Financial Statements

June 30, 2014

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:			
2015	\$ 1,585,000	\$ 2,200,456	\$ 3,785,456
2016	1,675,000	2,111,298	3,786,298
2017	1,770,000	2,020,770	3,790,770
2018	1,870,000	1,925,190	3,795,190
2019	1,975,000	1,824,210	3,799,210
2020-2024	11,665,000	7,370,760	19,035,760
2025-2029	15,440,000	3,710,280	19,150,280
2030	3,640,000	203,840	3,843,840
	<u>\$ 39,620,000</u>	<u>\$ 21,366,804</u>	<u>\$ 60,986,804</u>

The Fund's long-term liability activity for the fiscal year ended June 30, 2014, was as follows:

<u>Bonds</u>	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2014</u>	<u>Amount Due Within One Year</u>
Series 2005 Bonds	\$ 41,120,000	\$ -	\$ 1,500,000	\$ 39,620,000	\$ 1,585,000
Less: Discount	(179,139)	-	(17,848)	(161,291)	-
Total	<u>\$ 40,940,861</u>	<u>\$ -</u>	<u>\$ 1,482,152</u>	<u>\$ 39,458,709</u>	<u>\$ 1,585,000</u>

**(8) Transfer of Assets to the City of Atlanta**

The Atlanta Development Authority is the Redevelopment Agent for the City of Atlanta. As certain developer capital improvements are completed, the ownership of those assets are transferred to the City of Atlanta to be included as capital assets and depreciated according to the City of Atlanta's policy and procedures. At fiscal year-end, the balance of those assets which are currently completed and reported by the Fund have a historical cost of \$4,347,012.

**CITY OF ATLANTA, GEORGIA  
EASTSIDE 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, 2014**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Tax increment revenue	\$ 7,586,960	\$ 7,586,960	\$ 9,721,425	\$ 2,134,465
Investment earnings	240,000	240,000	208,107	(31,893)
Other revenues	-	-	9,900	9,900
Total revenues	<u>7,826,960</u>	<u>7,826,960</u>	<u>9,939,432</u>	<u>2,112,472</u>
<b>Expenditures</b>				
Current:				
General government:				
Executive offices	42,999,990	42,999,990	728,957	42,271,033
Finance	296,191	296,191	259,842	36,349
Total general government	<u>43,296,181</u>	<u>43,296,181</u>	<u>988,799</u>	<u>42,307,382</u>
Debt service:				
Principal	1,500,000	1,500,000	1,500,000	-
Interest	2,284,830	2,284,830	2,284,830	-
Total debt service	<u>3,784,830</u>	<u>3,784,830</u>	<u>3,784,830</u>	<u>-</u>
Total expenditures	<u>47,081,011</u>	<u>47,081,011</u>	<u>4,773,629</u>	<u>42,307,382</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(39,254,051)</u>	<u>(39,254,051)</u>	<u>5,165,803</u>	<u>44,419,854</u>
Net change in fund balances	(39,254,051)	(39,254,051)	5,165,803	44,419,854
<b>Fund balance, beginning of fiscal year</b>	<u>59,088,365</u>	<u>59,088,365</u>	<u>59,088,365</u>	<u>-</u>
<b>Fund balance, end of fiscal year</b>	<u><u>\$ 19,834,314</u></u>	<u><u>\$ 19,834,314</u></u>	<u><u>\$ 64,254,168</u></u>	<u><u>\$ 44,419,854</u></u>



SCHEDULE 1

CITY OF ATLANTA, GEORGIA  
EASTSIDE TAX ALLOCATION DISTRICT FUND  
FUND BALANCE SHEET COMPARISON - CASH BASIS  
AS OF THE PERIOD ENDED

SUPPLEMENTARY INFORMATION

	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
<b>ASSETS:</b>											
<b>Restricted Cash - Tax Increment</b>											
Restricted Cash Tax Increment Fund	\$ 1,336,045.12	\$ 8,781,199.87	\$ 8,972,525.00	\$ 8,972,525.00	\$ 11,567,574.98	\$ 18,142,059.12	\$ 24,773,116.36	\$ 38,435,313.91	\$ 44,618,335.13	\$ 51,423,954.65	\$ 57,009,571.05
Restricted Cash Tax Increment Investment Fund	-	-	-	-	29,567.40	29,974.72	30,054.21	30,107.88	30,144.19	30,191.22	30,227.30
<b>Total Restricted Cash Tax Increment Fund</b>	<b>1,336,045.12</b>	<b>8,781,199.87</b>	<b>8,972,525.00</b>	<b>8,972,525.00</b>	<b>11,597,142.38</b>	<b>18,172,033.84</b>	<b>24,803,170.57</b>	<b>38,465,421.79</b>	<b>44,648,479.32</b>	<b>51,454,145.87</b>	<b>57,039,798.35</b>
<b>Restricted Cash - Other Funds</b>											
Restricted Cash - Capitalized Interest Fund-GIC	-	4,895,232.78	4,013,607.32	1,604,638.47	0.96	-	-	-	-	-	-
Restricted Cash - Debt Service Reserve Fund-GIC	-	3,745,885.00	3,821,851.54	3,821,851.94	3,821,851.52	3,821,851.52	3,821,851.52	3,821,851.52	3,745,884.98	3,745,885.00	3,745,885.00
Restricted Cash - Project A Fund - GIC	-	6,630,063.45	5,068,307.71	1,739,273.53	733,509.61	718,821.62	718,821.62	718,828.83	718,828.83	718,828.83	441,352.14
Restricted Cash - Project B Fund - GIC	-	21,560,606.15	19,992,835.88	10,021,968.30	6,722,777.56	3,067,583.00	2,734,688.57	2,672,045.31	1,732,267.78	1,542,883.30	1,535,865.71
Restricted Cash - Project B Fund - APS	-	1,944,498.00	1,944,498.00	1,944,498.00	1,944,498.00	1,944,498.00	1,944,498.00	1,944,498.00	1,944,498.00	1,944,498.00	1,944,498.00
Restricted Cash - Interest Fund	-	-	7,292.71	7,650.11	0.09	1,289,663.40	1,331,584.66	1,296,044.12	1,182,352.45	1,294,348.10	1,403,587.20
Restricted Cash - Supplemental DSR Fund	-	-	-	3,816,145.30	3,788,682.07	3,748,450.34	3,745,885.00	3,745,885.00	3,745,885.00	3,745,885.00	3,745,885.00
Restricted Cash - Tax Increment Fund	-	2,002,765.00	2,036,537.55	24,628.72	1,357,436.61	21,209.10	174,941.92	33.81	8,032.35	64.14	4,004.16
<b>Total Restricted Cash - Other Funds</b>	<b>-</b>	<b>40,719,040.38</b>	<b>36,884,930.72</b>	<b>22,960,654.37</b>	<b>18,368,796.44</b>	<b>14,612,076.98</b>	<b>12,724,965.09</b>	<b>12,254,888.59</b>	<b>11,133,251.39</b>	<b>11,047,894.37</b>	<b>10,876,579.21</b>
<b>Accounts Receivable:</b>											
Interest Receivable	-	-	-	-	-	-	-	-	75,966.54	75,966.55	75,966.55
Fulton County Tax Commissioner	-	-	-	-	-	-	-	-	66,880.98	4,046.13	13,472.84
Westside TAD	-	-	-	-	-	-	-	-	-	-	1,250.00
Invest Atlanta	-	-	-	-	-	-	-	-	-	-	250.00
<b>Total Accounts Receivable:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>142,847.52</b>	<b>80,012.68</b>	<b>90,939.39</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,336,045.12</b>	<b>\$ 49,560,491.27</b>	<b>\$ 45,857,455.72</b>	<b>\$ 28,979,032.72</b>	<b>\$ 29,965,898.82</b>	<b>\$ 32,784,110.82</b>	<b>\$ 37,528,135.66</b>	<b>\$ 50,720,110.38</b>	<b>\$ 55,924,578.23</b>	<b>\$ 62,582,052.92</b>	<b>\$ 68,007,316.95</b>
<b>LIABILITIES/FUND BALANCE:</b>											
Other Payable - Governmental Entities	\$ -	\$ 8,944,293.00	\$ 8,854,898.28	\$ 3,498,289.00	\$ 3,502,735.00	\$ 3,501,568.00	\$ 3,501,596.00	\$ 3,501,596.00	\$ 3,501,596.00	\$ 3,501,596.00	\$ 3,502,167.00
Other Payable - City - Pension Fund - Erroneous Deposit	-	-	-	11,382.05	-	-	-	-	-	-	-
Payables other	-	-	-	-	-	-	-	5,811.25	-	-	-
Other Payable - FCTC	-	-	-	-	-	-	-	687,409.25	-	-	-
Other Payable - Due to City Cash Pool	-	-	-	2,946.50	-	-	-	12,637.00	14,387.28	47,649.00	14,802.75
<b>Total Liabilities</b>	<b>-</b>	<b>8,944,293.00</b>	<b>8,854,898.28</b>	<b>3,512,617.55</b>	<b>3,502,735.00</b>	<b>3,501,568.00</b>	<b>3,501,596.00</b>	<b>4,207,453.50</b>	<b>3,515,983.28</b>	<b>3,549,245.00</b>	<b>3,516,969.75</b>
Fund Balance	1,301,136.88	1,336,045.12	40,616,198.27	37,002,557.44	25,466,415.17	26,463,163.82	29,282,542.82	34,026,539.66	46,512,656.88	52,408,594.95	59,032,807.92
Sources (Uses) Balance	34,908.24	39,280,153.15	(3,613,640.83)	(11,536,142.27)	996,748.65	2,819,379.00	4,743,996.84	12,486,117.22	5,895,938.07	6,624,212.97	5,457,539.28
<b>Total Fund Balance</b>	<b>1,336,045.12</b>	<b>40,616,198.27</b>	<b>37,002,557.44</b>	<b>25,466,415.17</b>	<b>26,463,163.82</b>	<b>29,282,542.82</b>	<b>34,026,539.66</b>	<b>46,512,656.88</b>	<b>52,408,594.95</b>	<b>59,032,807.92</b>	<b>64,490,347.20</b>
<b>TOTAL LIABILITIES/FUND BALANCE</b>	<b>\$ 1,336,045.12</b>	<b>\$ 49,560,491.27</b>	<b>\$ 45,857,455.72</b>	<b>\$ 28,979,032.72</b>	<b>\$ 32,784,110.82</b>	<b>\$ 37,528,135.66</b>	<b>\$ 50,720,110.38</b>	<b>\$ 55,924,578.23</b>	<b>\$ 62,582,052.92</b>	<b>\$ 68,007,316.95</b>	

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

SCHEDULE 2

	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	Total
<b>CITY OF ATLANTA, GEORGIA</b>												
<b>EASTSIDE TAX ALLOCATION DISTRICT FUND</b>												
<b>FLOW OF FUNDS COMPARISON - CASH BASIS</b>												
<b>FOR THE PERIOD ENDED</b>												
<b>SUPPLEMENTARY INFORMATION</b>												
<b>SOURCES OF FUNDS:</b>												
Tax Increments	\$ 1,336,062.12	\$ 1,841,880.94	\$ 89,394.72	\$ 3,770,968.02	\$ 7,342,112.48	\$ 9,892,106.04	\$ 10,550,203.90	\$ 16,420,123.13	\$ 10,537,112.06	\$ 10,646,019.07	\$ 9,838,784.80	\$ 82,364,767.28
Bond Proceeds-Series A	-	9,480,000.00	-	-	-	-	-	-	-	-	-	9,480,000.00
Bond Proceeds-Series B	-	38,000,000.00	-	-	-	-	-	-	-	-	-	38,000,000.00
Developer Reimbursement for Interest - Bondholders	-	-	7,130.39	-	-	-	-	-	-	-	-	7,130.39
Developer Reimbursement for Cost of Issuance	-	135,982.05	(135,982.05)	-	-	-	-	-	-	-	-	-
Technical Assistance Fees	-	-	-	-	-	-	-	-	-	-	-	-
Application Fees	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income	-	14,061.59	1,613,148.08	1,448,125.10	1,000,837.50	370,737.22	272,870.12	236,562.13	231,173.04	230,927.87	2,900.00	7,000.00
<b>TOTAL SOURCES OF FUNDS</b>	<b>1,336,062.12</b>	<b>49,471,924.58</b>	<b>1,573,691.14</b>	<b>5,219,093.12</b>	<b>8,342,949.98</b>	<b>10,362,843.26</b>	<b>10,823,074.02</b>	<b>16,656,685.26</b>	<b>10,768,285.10</b>	<b>10,876,946.94</b>	<b>10,056,791.45</b>	<b>135,488,346.97</b>
<b>USES OF FUNDS:</b>												
Developers												
30 Allen Plaza	-	2,310,000.00	-	-	-	-	-	-	-	-	-	2,310,000.00
The Reynolds	-	2,785,970.00	-	260,150.00	-	-	-	-	-	-	-	4,300,000.00
Oakland Park	-	316,462.00	-	1,159,696.99	321,841.00	-	-	-	-	-	-	1,799,996.99
12 Centennial	-	1,633,707.76	-	6,439,451.41	1,523,308.12	-	-	-	-	-	-	11,000,000.00
Tribute Lots	-	-	-	505,779.20	984,772.63	-	-	-	-	-	-	3,200,000.00
Sweet Auburn	-	581,721.79	427,944.24	2,024,226.94	920,080.67	46,026.36	-	-	-	-	-	4,000,000.00
Capitol Gateway	-	1,539,365.34	127,752.46	7,233.64	(7,233.64)	2,359,983.58	319,900.84	51,027.68	702,998.67	189,384.48	7,017.59	5,297,440.64
APS	-	-	-	-	-	-	1,747,306.20	197,191.80	-	-	-	1,944,498.00
<b>Total Developers</b>	<b>-</b>	<b>8,850,764.89</b>	<b>4,073,269.31</b>	<b>11,964,288.45</b>	<b>3,342,768.78</b>	<b>2,406,019.94</b>	<b>2,067,207.04</b>	<b>2,482,19.48</b>	<b>702,998.67</b>	<b>189,384.48</b>	<b>7,017.59</b>	<b>33,851,938.63</b>
Parks and Greenspace	-	-	5,075.00	2,088,011.39	1,330,814.89	12,943.59	-	-	236,778.86	-	-	4,995,295.68
Atlanta Streetcar Enhancements	-	-	-	-	-	-	-	-	-	-	277,476.69	277,476.69
Trustee Fees	-	-	-	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00	64,000.00
Economic Study (Gamer and Buxton)	-	-	-	-	-	-	-	7,705.33	2,000.00	-	-	9,705.33
Cost of Issuance Fees	-	1,340,854.50	-	-	-	-	-	-	-	-	-	1,340,854.50
Accounting and Auditing Fees	-	4,000.00	4,000.00	40,200.00	15,200.00	19,200.00	20,000.00	20,899.55	18,800.00	19,300.00	19,700.00	177,299.55
Continuing Disclosure- Municip and Public Resource	-	-	10,953.37	4,632.50	6,071.25	8,521.25	10,043.33	20,353.75	6,066.36	15,097.94	9,816.25	91,598.00
Holland & Knight - Lobbying	-	-	-	-	-	-	-	-	-	5,644.44	-	5,644.44
Credit Rating - Muncipal	-	-	-	-	-	-	22,125.00	-	-	-	-	22,125.00
Credit Rating - Standard & Poor's	-	-	-	-	-	-	23,000.00	-	-	-	-	23,000.00
Legal	-	-	-	5,578.35	6,280.70	7,000.00	3,500.00	1,200.00	2,361.93	-	23,067.50	54,875.98
Arbitrage Report	-	-	-	-	-	-	-	-	29.15	-	1,200.00	15,300.00
La Madeleine	-	-	-	-	-	-	-	-	2,000.00	-	-	2,000.00
Backstrom - Consulting	-	-	-	-	-	-	-	-	-	-	-	65,832.34
The Riddle Company	-	-	-	-	-	-	-	-	-	-	-	2,000.00
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	571.00
ADA Program Cost Recovery	-	-	-	-	-	-	114,961.00	74,523.00	74,882.00	166,004.59	286,039.00	696,409.59
ADA Program Cost Recovery-Indirect	-	-	-	-	-	-	-	-	35,319.27	42,357.00	71,308.00	148,984.27
Maxberry - Consulting	-	-	-	-	-	-	-	-	532.50	-	-	532.50
Reznick - Economic Study	-	-	-	-	-	-	-	-	-	253.00	-	253.00
Thomson & Reuters	-	-	1,704.00	-	-	-	-	-	-	-	-	1,704.00
First Southwest Financial- FC-COA	-	-	-	-	-	-	-	-	-	-	-	15,389.06
Cohn Reznick	-	-	-	-	-	-	-	-	-	-	-	5,000.00
Garner	-	-	-	-	-	-	-	-	-	-	-	2,277.78
Royster - Consulting	-	152.04	289.79	240.70	766.41	835.42	973.46	1,795.68	1,296.29	2,277.78	-	44,301.47
Bank & Service Charges/Trust Investment Sweep	-	-	-	-	-	-	-	-	-	-	-	37,004.74
Bond Principal	-	-	-	-	-	-	1,200,000.00	1,265,000.00	1,340,000.00	1,420,000.00	1,500,000.00	7,860,000.00
Bond Interest	-	-	-	-	-	-	2,511,236.25	2,440,980.00	2,364,705.00	2,284,830.00	2,120,000.00	21,201,062.01
<b>TOTAL USES OF FUNDS</b>	<b>17.00</b>	<b>10,191,771.43</b>	<b>5,187,331.97</b>	<b>16,755,235.59</b>	<b>7,346,201.33</b>	<b>7,543,464.26</b>	<b>6,079,077.18</b>	<b>4,170,568.04</b>	<b>4,872,347.03</b>	<b>4,252,733.97</b>	<b>4,999,252.17</b>	<b>70,997,995.77</b>
<b>SOURCES (USES) BALANCE</b>	<b>\$ 1,336,045.12</b>	<b>\$ 39,280,153.15</b>	<b>\$ (3,613,640.83)</b>	<b>\$ (11,536,142.27)</b>	<b>\$ 996,746.65</b>	<b>\$ 2,819,379.00</b>	<b>\$ 4,743,996.84</b>	<b>\$ 12,486,117.22</b>	<b>\$ 5,895,935.07</b>	<b>\$ 6,624,212.97</b>	<b>\$ 5,457,539.28</b>	<b>\$ 64,490,347.20</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  
 EASTSIDE TAX ALLOCATION DISTRICT FUND

SUPPLEMENTARY INFORMATION

BALANCES OF FUNDS UNDER THE BOND INDENTURE - CASH BASIS

JUNE 30, 2014

**Trust Funds - U.S. Bank:**

Project Fund- Series A	\$ 441,352
Project Fund- Series B	1,535,866
Supplemental Reserve Fund	3,745,885
Tax Increment Fund	4,004
Interest Fund	1,403,587
Debt Service Reserve Fund	<u>3,821,852</u>
Total Trust Funds	<u><u>\$ 10,952,546</u></u>

As of June 30, 2014, there have not been any withdrawals from the Debt Service Reserve Fund.

**CITY OF ATLANTA, GEORGIA  
EASTSIDE TAX ALLOCATION DISTRICT FUND  
DEBT SERVICE COVERAGE RATIO - CASH BASIS  
JUNE 30, 2014**

**SUPPLEMENTARY INFORMATION**

Calculation Based on Offering Memorandum

**Revenue for debt service calculation:**

Tax increment collections- 2013 Property Tax Year	\$ 9,282,821
Tax increment collections- 2012 Property Tax Year	355,345
Tax increment collections- 2011 Property Tax Year	33,404
Tax increment collections- 2010 Property Tax Year	43,566
Tax increment collections- 2009 Property Tax Year	55,284
Tax increment collections- 2008 Property Tax Year	56,811
Tax increment collections- 2007 Property Tax Year	11,225
Tax increment collections- 2006 Property Tax Year	<u>329</u>
Total Tax Increment Collections	9,838,785

Interest income DSR fund	208,107
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Total revenue for debt service calculation	<u><u>\$ 10,046,892</u></u>
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**Expenditures for debt service calculation:**

Debt service paid:

Interest paid July 1, 2013	\$ 1,142,415
Interest paid January 1, 2014	1,142,415
Principal Paid January 1, 2014	<u>1,500,000</u>
Total debt service paid	<u>3,784,830</u>

Total expenditures for debt service calculation	<u>3,784,830</u>
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Excess revenue over expenditures	<u><u>\$ 6,262,062</u></u>
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<b>DSC Ratio for the Fiscal Year Ending June 30, 2014</b>	<b>2.65</b>
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**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  
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 Eastside Tax Allocation District Fund (the "Fund"), as of and for the fiscal year ended June 30, 2014, 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 28, 2015. 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.

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### **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 28, 2015