

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

Financial Statements

June 30, 2009

(With Independent Auditors' Report Thereon)

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

June 30, 2009

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INDEPENDENT AUDITORS' REPORT

**The Board of Directors of the
Atlanta Development Authority
Atlanta, Georgia**

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component units, and each major fund of the **Atlanta Development Authority** (the "Authority"), a component unit of the City of Atlanta, Georgia, as of and for the year ended June 30, 2009, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Inner City Development Corporation and ADA/CAU Partners, Inc. which together represents 52% and 35%, respectively, of the assets and revenues of the aggregate discretely presented component units. We also did not audit the financial statements of Lakewood Hills, Inc. which represents 4% and 18% of the assets and revenues, respectively, of the Urban Residential Finance Authority major fund; and 1% and 10% of the assets and revenues, respectively, of the business-type activities. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Inner City Development Corporation; ADA/CAU Partners, Inc.; and Lakewood Hills, Inc. is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Authority's discretely presented component units, Inner City Development Corporation and ADA/CAU Partners, Inc. as well as the discretely presented component unit of URFA; Lakewood Hills, Inc.; were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, and each major fund of the Atlanta Development Authority as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2009 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis (on pages 3 through 8) is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Mauldin & Jenkins, LLC

Atlanta, Georgia
November 17, 2009

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Management's Discussion and Analysis (Unaudited)
June 30, 2009

This section of the Atlanta Development Authority's ("ADA") annual financial report presents our discussion and analysis of ADA's financial performance during the fiscal year ended June 30, 2009. Please read it in conjunction with the financial statements and accompanying notes.

Fiscal Year 2009 Selected Financial Highlights (including component units)

- Investment in real estate increased approximately \$62.8 million or 689%, primarily due to the contribution of certain land related to the Atlanta BeltLine project. As a result, capital contributions also increased by \$66 million.
- Investment in joint ventures decreased approximately \$22.2 million primarily due to Atlanta BeltLine Inc. gaining 100% control of NE Corridor, LLC (NEC) and then causing NEC to contribute to ADA certain land related to the BeltLine project.
- Bonds and notes payable increased \$50.9 million or 33%, primarily due to the issuance of approximately \$52.8 million in refunding revenue bonds (Underground Atlanta Project), for the City of Atlanta.
- The total assets of ADA, including its discretely presented component units, were approximately \$293 million. This exceeded its liabilities of approximately \$247 million by approximately \$46 million, which represents net assets of ADA and its discretely presented component units. When component units are included, ADA experienced a \$36.3 million overall increase in total net assets from fiscal year June 30, 2008.
- ADA's long-term debt related to business-type activities increased by approximately \$52.3 million for the fiscal year ended June 30, 2009. Total long-term debt from business type activities includes the Administrative Fund, Grants and Restricted Program Fund, and the blended component units. The key factor for this increase was the issuance of \$52.8 million in refunding revenue bonds (Underground Atlanta Project).
- ADA's total net assets related to business-type activities increased by approximately \$56.9 million during the fiscal year ended June 30, 2009. Total net assets from business type activities includes the Administrative Fund, Grants and Restricted Program Fund, and the blended component units. Overall, the net increase is primarily attributable to \$66 million in contributed capital related to the donation of certain land for the Atlanta BeltLine project.
- The Administrative Fund is used primarily to account for the operating activities of ADA. This fund shows an operating loss for the year of approximately \$356,000 compared to approximately \$132,000 in operating income for the fiscal year ended June 30, 2008. The variance between years is primarily due to a \$1.7 million adjustment to the allowance for doubtful accounts this fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to ADA's basic financial statements. ADA's basic financial statements consist of four components: management's discussion and analysis (this section), government-wide financial statements, fund financial statements, and notes to the financial statements.

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

ATLANTA DEVELOPMENT AUTHORITY
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June 30, 2009

The *statement of net assets* presents information on all of ADA's assets and liabilities, with the difference between assets and liabilities reported as net assets or (net deficit). Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of ADA is improving or deteriorating.

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

The government-wide financial statements include ADA itself (known as the *primary government*) as well as legally separate entities that are so intertwined with ADA that they are treated as part of the primary government. These include the Urban Residential Finance Authority (URFA) and the Downtown Development Authority (DDA). In addition, the government wide financial statements also include legally separate entities for which the Authority is financially accountable: Atlanta BeltLine Inc. (ABI), Inner City Development Corporation; ADA/CAU Partners, Inc.; the Atlanta Economic Renaissance Corporation; Downtown Atlanta Revitalization; Pryor Road/Lakewood, LLC; Atlanta Local Development Company; and Lakewood Senior (collectively known as *component units*). Financial information for these component units is reported separately from the financial information presented for the primary government itself. As required by the Governmental Accounting Standards Board, the presentation of the activities of URFA in these statements includes the activity and balances of its component units without distinguishing between them. The breakout of that activity can be found in separately prepared financial statements of URFA.

The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The accompanying statements include four funds, one for each of the three intertwined entities, including ADA, URFA, and DDA and one for ADA's grants and restricted programs. These funds are used to report the same functions presented as business-type activities in the government-wide financial statements, but show the activity in greater detail, presenting the activity of each of the four funds and also presenting cash flow information.

The basic proprietary fund financial statements can be found on pages 11-14 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-36 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. In the case of ADA as the primary government, assets exceeded liabilities by \$76,280,838 at the close of fiscal year 2009.

By far, the largest portion of ADA's assets represents resources that are not subject to external restrictions on how they may be used. In addition, these may be used to meet ADA's ongoing obligations to citizens and creditors. Restricted assets primarily relate to the net assets created by URFA's participation in various loan programs funded by grants from the federal government, through the City of Atlanta, as well as ADA's Economic Opportunity Fund (as reported in the Grants and Restricted Program Fund).

ATLANTA DEVELOPMENT AUTHORITY
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Management's Discussion and Analysis (Unaudited)
June 30, 2009

Summary of the ADA's Net Assets
June 30, 2009 and June 30, 2008
Business-Type Activities

	2009	2008
Assets:		
Current assets	\$ 23,126,737	\$ 20,351,476
Capital assets	3,643,304	2,946,342
Other non-current assets	173,742,864	66,002,583
Total assets	200,512,905	89,300,401
Liabilities:		
Long-term liabilities	109,729,764	57,453,054
Other liabilities	14,502,303	12,450,226
Total liabilities	124,232,067	69,903,280
Net assets:		
Invested in capital assets, net of related debt	(9,026,458)	870,744
Restricted	8,999,347	12,460,044
Unrestricted	76,307,949	6,066,333
Total net assets	\$ 76,280,838	\$ 19,397,121

ADA's total assets increased by approximately \$111.2 million. This increase is primarily due to the \$66 million contribution of land related to the Atlanta BeltLine project and a \$48 million receivable from the City of Atlanta related to the 2009 (Underground Atlanta Project) refunding revenue bonds.

ADA increased its debt by \$52.3 million for the fiscal year ended June 30, 2009. This increase is primarily due to the issuance of \$52.8 million in refunding revenue bonds (Underground Atlanta Project), for the City of Atlanta.

ADA's total net assets related to business type activities increased by approximately \$56.9 million during the fiscal year ended June 30, 2009. The combination of the items noted above reflect the majority of the increase in total net assets. Total net assets reflects the Administrative Fund, Grants and Restricted Program Fund, and the blended component units of URFA and DDA. Each of these categories is different in purpose.

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June 30, 2009

Summary of Changes in the ADA's Net Assets
Fiscal Years Ended June 30, 2009 and June 30, 2008
Business-type Activities

	<u>2009</u>	<u>2008</u>
Revenues:		
Program revenues:		
Charges for services	\$ 8,661,557	\$ 4,281,834
Operating grants	15,000	976,949
Capital contributions	66,000,000	-
General revenues:		
From the use of money and property	1,377,456	4,802,705
From the City of Atlanta	961,761	1,248,610
From other governmental agencies	766,679	-
Other	2,306,912	8,323,203
Total revenues	<u>80,089,365</u>	<u>19,633,301</u>
Expenses:		
Economic development	23,205,648	21,031,932
Total expenses	<u>23,205,648</u>	<u>21,031,932</u>
Operating income (loss) from business type activities:	56,883,717	(1,398,631)
Change in net assets	<u>56,883,717</u>	<u>(1,398,631)</u>
Net assets, beginning of year	<u>19,397,121</u>	<u>20,795,752</u>
Net assets, end of year	<u>\$ 76,280,838</u>	<u>\$ 19,397,121</u>

Charges for services, operating grants and capital contributions accounted for 93% of the total revenues of ADA as of June 30, 2009 as compared to 27% in the prior year. This revenue includes capital contributions of \$66 million resulting from the contribution to ADA of certain land related to the Atlanta Beltline project, income from development properties held, service fees, operating grants, loan fees related primarily to loan programs administered by URFA, fees received from the Tax Allocation Districts, and funding received from the City of Atlanta relating to the Economic Opportunity Fund (as reported in the Grants and Restricted Program Fund).

ADA also had approximately \$1.4 million in revenue from the use of money and property, which resulted primarily from bank interest income as well as earnings on loan receivables outstanding. This compares to \$4.8 million in the prior year, with the decrease due to declining interest rates and lower earnings on loans receivable.

The amount received from the City (of approximately \$962,000) is primarily from the City of Atlanta's contribution to ADA for administrative costs. This compares to approximately \$1.2 million in the prior year, with the decrease caused by budget cuts made by the City of Atlanta. Revenues from other governmental agencies consist primarily of ADA's investment in joint venture of \$766,679.

Other revenue is comprised primarily of income from the sale of land at Lakewood Hills, Inc.

Net payment of bond proceeds is related to the net benefits received by the City of Atlanta for the 2009 refunding revenue bonds (Underground Atlanta Project).

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ADA's total operating expenses are related to its mission of economic development for the City of Atlanta and include: development costs of approximately \$1.7 million, interest on long-term financing of approximately \$3.6 million, general and administrative expenses of approximately \$7.2 million, program expenses of \$3.5 million, allowance adjustments for doubtful receivables of approximately \$3.7 million, loss on impairment of approximately \$1.1 million, net payment of bond proceeds for the benefit of the City of Atlanta of approximately \$1.8 million, and depreciation expense and other expenses of approximately \$588,000. Total expenses for the current year of \$23,205,648 increased 10% from the prior year.

Capital Asset and Debt Administration

Capital assets. The investment in capital assets includes construction in progress, furniture and equipment, and leasehold improvements.

Capital asset balances of ADA at June 30, 2009 are as follows:

Construction in progress	\$ 17,450
Building and improvements	745,971
Leasehold improvements	3,491,247
Furniture and equipment	1,011,342
Gross capital assets	<u>5,266,010</u>
Less: accumulated depreciation	<u>(1,622,706)</u>
Net capital assets	<u>\$ 3,643,304</u>

For more information on capital assets, see Note 4 to the financial statements.

Debt administration.

Long term obligations of ADA are reported in the Statement of Net Assets. For the fiscal year ended June 30, 2009, activity is summarized as follows:

ATLANTA DEVELOPMENT AUTHORITY
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Management's Discussion and Analysis (Unaudited)
June 30, 2009

	<u>June 30, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2009</u>
Primary government:				
Notes payable to the City of Atlanta funded by CDBG	\$ 352,396	\$ -	\$ (6,398)	\$ 345,998
Bonds payable, 2007A HOP	34,375,000	-	(990,000)	33,385,000
Discount, 2007A HOP	(180,583)	-	14,774	(165,809)
Bonds payable, 1999 DDA Revenue Bonds	1,107,051	-	(160,141)	946,910
Bonds payable, 2006 DDA Revenue Bonds	23,480,000	-	(575,000)	22,905,000
Bonds payable, 2009 DDA Revenue Bonds	-	52,790,000	-	52,790,000
Discount, 2006 DDA Revenue Bonds	(185,362)	-	7,723	(177,639)
Discount, 2009 DDA Revenue Bonds	-	(226,935)	15,220	(211,715)
Premium, 2009 DDA Revenue Bonds	-	2,924,179	(83,701)	2,840,478
Construction loan payable	5,802,656	-	(2,468,331)	3,334,325
Loan payable to the City of Atlanta	200,000	-	-	200,000
Capital lease payable	97,235	210,115	(125,743)	181,607
Loan payable, guaranteed debt	-	960,760	-	960,760
	<u>\$ 65,048,393</u>	<u>\$ 56,658,119</u>	<u>\$ (4,371,597)</u>	<u>\$ 117,334,915</u>
Total primary government	<u>\$ 65,048,393</u>	<u>\$ 56,658,119</u>	<u>\$ (4,371,597)</u>	<u>\$ 117,334,915</u>

ADA (including URFA and DDA) issues a significant amount of conduit debt. In accordance with GASB standards, conduit debt is not included in ADA's Statement of Net Assets, but is disclosed in Note 7 to the financial statements. These liabilities are not included in the financial statements as they are limited obligations of ADA (including URFA and DDA) issued on behalf of a third party developer who is responsible for their repayment

See Note 6 to the financial statements for more information of long-term liabilities of ADA.

Requests for Information

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

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Statement of Net Assets
June 30, 2009

	Business-type Activities	Component Units
Assets		
Current assets		
Cash and cash equivalents	\$ 11,027,309	\$ 1,360,912
Restricted cash and cash equivalents	6,999,159	30,808,280
Investment in direct financing lease with the City of Atlanta , current portion	572,998	-
Investment in real estate	721,413	-
Other receivables	1,847,097	704,139
Prepaid expenses	423,875	365
Due from Atlanta Housing Opportunity, Inc. -management fees	285,942	-
Due from Atlanta Housing Opportunity, Inc. -current portion of long term debt	1,194,506	-
Due from component units	54,438	-
Total current assets	23,126,737	32,873,696
Noncurrent assets:		
Due from Atlanta Housing Opportunity, Inc.	31,720,949	-
Investment in direct financing leases with the City of Atlanta	69,366,206	-
Loans receivable	2,575,129	-
Investment in joint venture	766,858	-
Investment in real estate	66,000,000	5,182,215
Investment in development projects	(1,210,070)	2,086,055
Capital assets, nondepreciable	17,450	14,809,877
Capital assets, net of depreciation	3,625,854	31,583,045
Prepaid rent	2,236,479	-
Bond issuance costs, net of amortization	1,985,469	5,889,160
Advances to component units	264,921	-
Other	36,923	17,440
Total noncurrent assets	177,386,168	59,567,792
Total assets	200,512,905	92,441,488
Liabilities		
Current liabilities:		
Accounts payable	825,143	1,113,718
Bonds, notes, and loans payable, current portion	7,555,785	435,000
Capital leases payable, current portion	49,366	-
Accrued interest payable	550,749	3,064,500
Line of credit payable	950,000	-
Deferred revenue	2,951,714	1,569
Funds held in escrow	1,115	158,936
Other payables	1,618,431	-
Due to Atlanta BeltLine Partnership	-	500,000
Due to the primary government	-	54,438
Total current liabilities	14,502,303	5,328,161
Noncurrent liabilities:		
Advances from primary government	-	264,921
Due to City of Atlanta	-	30,000,000
Other payables, guaranteed debt	960,760	-
Deferred revenue	-	128,310
Other payables	-	30,000
Capital leases payable	132,241	-
Bonds, notes and loans payable	108,636,763	87,188,848
Total noncurrent liabilities	109,729,764	117,612,079
Total liabilities	124,232,067	122,940,240
Net Assets (Deficit)		
Invested in capital assets, net of related debt	(9,026,458)	(44,504,147)
Restricted for grant programs	8,999,347	-
Unrestricted	76,307,949	14,005,395
Total net assets (deficit)	\$ 76,280,838	\$ (30,498,752)

See the accompanying notes to the financial statements.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Statement of Activities
Year ended June 30, 2009

	Program Revenues			Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions		
Functions/ Programs:					
Primary government:					
Business-type activities:					
Economic development	\$ 23,205,648	\$ 8,661,557	\$ 15,000	\$ 66,000,000	\$ 51,470,909
Total primary government activities	<u>\$ 23,205,648</u>	<u>\$ 8,661,557</u>	<u>\$ 15,000</u>	<u>\$ 66,000,000</u>	<u>\$ 51,470,909</u>
Component units:					
Inner City Development Corporation	\$ 9,431	\$ -	\$ 5,017	\$ -	\$ (4,414)
Atlanta BeltLine, Inc.	31,204,594	-	11,362,404	-	(19,842,190)
ADA/CAU Partners, Inc.	7,489,338	6,279,141	-	-	(1,210,197)
Atlanta Economic Renaissance Corporation	37,975	18,443	-	-	(19,532)
Downtown Atlanta Revitalization	14,670	-	-	-	(14,670)
Pryor Road/Lakewood, LLC	68,877	-	-	-	(68,877)
Lakewood Senior	68,962	31,199	-	-	(37,763)
Total component unit activities	<u>\$ 38,893,847</u>	<u>\$ 6,328,783</u>	<u>\$ 11,367,421</u>	<u>\$ -</u>	<u>\$ (21,197,643)</u>
General revenues:					
Revenues from the use of money or property					646,084
Revenues from the City of Atlanta					-
Revenues from other governmental agencies not restricted for specific functions					-
Miscellaneous					-
Total general revenues					646,084
Change in net assets					(20,551,559)
Net assets (deficit) – beginning of year					(9,947,193)
Net assets (deficit) – ending of year					<u>\$ (30,498,752)</u>

See the accompanying notes to the financial statements.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Business-type Activities - Enterprise Funds				Total
	Administrative Fund	Grants and Restricted Program Fund	Urban Residential Finance Authority	Downtown Development Authority	
Assets					
Current assets:					
Cash and cash equivalents	\$ 343,100	\$ 3,475,226	\$ 7,200,998	\$ 7,985	\$ 11,027,309
Restricted cash	1,830,161	-	60,891	5,108,107	6,999,159
Investment in direct financing leases with the City of Atlanta , current portion	-	-	-	572,998	572,998
Investment in real estate	-	-	721,413	-	721,413
Other receivables	1,595,144	-	251,953	-	1,847,097
Prepaid expenses	306,642	-	7,450	109,783	423,875
Due from other funds	220,134	-	-	-	220,134
Due from Atlanta Housing Opportunity, Inc. -management fees	-	-	285,942	-	285,942
Due from Atlanta Housing Opportunity, Inc. -current portion of long term debt	-	-	1,194,506	-	1,194,506
Due from component units	54,438	-	-	-	54,438
Total current assets	<u>4,349,619</u>	<u>3,475,226</u>	<u>9,723,153</u>	<u>5,798,873</u>	<u>23,346,871</u>
Noncurrent assets:					
Investment in direct financing leases with the City of Atlanta	-	-	-	69,366,206	69,366,206
Due from Atlanta Housing Opportunity, Inc.	-	-	31,720,949	-	31,720,949
Loans receivable	-	1,654,500	920,629	-	2,575,129
Investment in joint venture	766,779	-	79	-	766,858
Investment in real estate	66,000,000	-	-	-	66,000,000
Investment in development projects	219,933	-	(1,430,003)	-	(1,210,070)
Capital assets, nondepreciable	-	-	17,450	-	17,450
Capital assets, net of depreciation	212,663	-	741,309	2,671,882	3,625,854
Prepaid rent	-	-	-	2,236,479	2,236,479
Bond issuance costs, net of amortization	-	-	426,619	1,558,850	1,985,469
Advances to other funds	909,693	-	-	-	909,693
Advances to component units	264,921	-	-	-	264,921
Other	29,956	-	6,967	-	36,923
Total noncurrent assets	<u>68,403,945</u>	<u>1,654,500</u>	<u>32,403,999</u>	<u>75,833,417</u>	<u>178,295,861</u>
Total assets	<u>72,753,564</u>	<u>5,129,726</u>	<u>42,127,152</u>	<u>81,632,290</u>	<u>201,642,732</u>
Liabilities					
Current liabilities:					
Accounts payable	615,823	41,601	154,982	12,737	825,143
Bonds, notes, and loans payable, current portion	-	-	2,033,382	5,522,403	7,555,785
Capital leases payable, current	49,366	-	-	-	49,366
Accrued interest payable	-	-	154,506	396,243	550,749
Line of credit payable	950,000	-	-	-	950,000
Deferred revenue	1,838,871	-	1,112,843	-	2,951,714
Funds held in escrow	-	-	1,115	-	1,115
Other payables	-	-	1,618,431	-	1,618,431
Due to other funds	-	-	220,134	-	220,134
Total current liabilities	<u>3,454,060</u>	<u>41,601</u>	<u>5,295,393</u>	<u>5,931,383</u>	<u>14,722,437</u>
Noncurrent liabilities:					
Capital leases payable	132,241	-	-	-	132,241
Other payables, guaranteed debt	960,760	-	-	-	960,760
Advances from other funds	-	-	-	909,693	909,693
Bonds, notes, and loans payable	200,000	-	34,866,132	73,570,631	108,636,763
Total noncurrent liabilities	<u>1,293,001</u>	<u>-</u>	<u>34,866,132</u>	<u>74,480,324</u>	<u>110,639,457</u>
Total liabilities	<u>4,747,061</u>	<u>41,601</u>	<u>40,161,525</u>	<u>80,411,707</u>	<u>125,361,894</u>
Net Assets (Deficit)					
Invested in capital assets, net of related debt	31,056	-	(2,575,566)	(6,481,948)	(9,026,458)
Restricted for grant programs	-	5,088,125	3,911,222	-	8,999,347
Unrestricted	67,975,447	-	629,971	7,702,531	76,307,949
Total net assets	<u>\$ 68,006,503</u>	<u>\$ 5,088,125</u>	<u>\$ 1,965,627</u>	<u>\$ 1,220,583</u>	<u>\$ 76,280,838</u>

See the accompanying notes to the financial statements.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year ended June 30, 2009

Business-type Activities - Enterprise Funds					
	Administrative Fund	Grants and Restricted Program Fund	Urban Residential Finance Authority	Downtown Development Authority	Total
Operating revenues:					
Interest income	\$ 19,492	\$ 85,106	\$ 117,168	\$ 1,144,281	\$ 1,366,047
Service, administration, and loan fees	2,697,176	3,183	5,777,988	183,210	8,661,557
Rental income	-	-	7,134	4,275	11,409
Local assistance grants	15,000	-	-	-	15,000
City of Atlanta funding	961,761	-	-	-	961,761
Income from joint venture	766,679	-	-	-	766,679
Other	416,458	-	1,890,454	-	2,306,912
Total operating revenues	<u>4,876,566</u>	<u>88,289</u>	<u>7,792,744</u>	<u>1,331,766</u>	<u>14,089,365</u>
Operating expenses:					
Development costs	-	-	1,665,084	-	1,665,084
Interest on bonds, notes, and loans	20,464	-	2,142,858	1,396,680	3,560,002
Program expenses	-	327,093	3,215,800	-	3,542,893
Depreciation and amortization	54,035	-	57,442	267,010	378,487
General and administrative	3,473,756	235,789	3,392,993	141,956	7,244,494
Allowance adjustment for doubtful receivables	1,684,072	-	1,988,044	-	3,672,116
Loss on impairment	-	-	1,100,000	-	1,100,000
Other	-	-	209,632	-	209,632
Total operating expenses	<u>5,232,327</u>	<u>562,882</u>	<u>13,771,853</u>	<u>1,805,646</u>	<u>21,372,708</u>
Operating income (loss)	(355,761)	(474,593)	(5,979,109)	(473,880)	(7,283,343)
Net payment of bond proceeds to the City of Atlanta					
Capital contributions	66,000,000	-	-	-	66,000,000
Transfers in	-	-	-	203,774	203,774
Transfers out	(203,774)	-	-	-	(203,774)
Change in net assets	65,440,465	(474,593)	(5,979,109)	(2,103,046)	56,883,717
Net assets at beginning of year	2,566,038	5,562,718	7,944,736	3,323,629	19,397,121
Net assets at end of year	<u>\$ 68,006,503</u>	<u>\$ 5,088,125</u>	<u>\$ 1,965,627</u>	<u>\$ 1,220,583</u>	<u>\$ 76,280,838</u>

See the accompanying notes to the financial statements.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2009

	Business-type Activities - Enterprise Funds				Total
	Administrative Fund	Grants and Restricted Program Fund	Urban Residential Finance Authority	Downtown Development Authority	
Cash flows from operating activities:					
Receipts from customers	\$ 2,697,176	\$ 3,183	\$ 9,377,828	\$ -	\$ 12,078,187
Receipts from grantors	961,761	-	-	-	961,761
Receipts of interest on loans	19,492	85,106	117,168	1,144,281	1,366,047
Miscellaneous receipts	416,458	-	592,614	183,210	1,192,282
Payments to suppliers	(309,716)	(194,188)	(2,725,464)	(144,437)	(3,373,805)
Payments to employees	(2,420,480)	-	(1,180,610)	-	(3,601,090)
Payments for programs	-	(327,093)	(5,058,893)	-	(5,385,986)
Other	190,603	(76,623)	2,751,741	4,275	2,869,996
Net cash provided by (used in) operating activities	<u>1,555,294</u>	<u>(509,615)</u>	<u>3,874,384</u>	<u>1,187,329</u>	<u>6,107,392</u>
Cash flows from noncapital financing activities:					
Net payoff of the City of Atlanta revenue bonds	-	-	-	(47,427,546)	(47,427,546)
Proceeds from refunding of revenue bonds	-	-	-	52,790,000	52,790,000
Transfers in	-	-	-	203,774	203,774
Transfers out	(203,774)	-	-	-	(203,774)
Line of credit proceeds	(950,000)	-	-	-	(950,000)
Net cash provided by (used in) noncapital financing activities	<u>(1,153,774)</u>	<u>-</u>	<u>-</u>	<u>5,566,228</u>	<u>4,412,454</u>
Cash flows from capital financing activities:					
Acquisition and construction of capital assets	(221,507)	-	(17,450)	-	(238,957)
Repayment of bond and note principal	-	-	(3,464,729)	(735,141)	(4,199,870)
Principal payment for capital lease	(125,742)	-	-	-	(125,742)
Payments for interest	(20,464)	-	(1,897,440)	(1,088,465)	(3,006,369)
Net cash provided by (used in) capital financing activities	<u>(367,713)</u>	<u>-</u>	<u>(5,379,619)</u>	<u>(1,823,606)</u>	<u>(7,570,938)</u>
Net increase (decrease) in cash and cash equivalents	33,807	(509,615)	(1,505,235)	4,929,951	2,948,908
Cash and cash equivalents at beginning of year	2,139,454	3,984,841	8,767,124	186,141	15,077,560
Cash and cash equivalents at end of year	<u>\$ 2,173,261</u>	<u>\$ 3,475,226</u>	<u>\$ 7,261,889</u>	<u>\$ 5,116,092</u>	<u>\$ 18,026,468</u>
Reconciliation to Statement of Net Assets:					
Cash and cash equivalents	\$ 343,100	\$ 3,475,226	\$ 7,200,998	\$ 7,985	\$ 11,027,309
Restricted cash	1,830,161	-	60,891	5,108,107	6,999,159
	<u>\$ 2,173,261</u>	<u>\$ 3,475,226</u>	<u>\$ 7,261,889</u>	<u>\$ 5,116,092</u>	<u>\$ 18,026,468</u>

(continued)

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2009

	Business-type Activities - Enterprise Funds				Total
	Administrative Fund	Grants and Restricted Program Fund	Urban Residential Finance Authority	Downtown Development Authority	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (355,761)	\$ (474,593)	\$ (5,979,109)	\$ (473,880)	\$ (7,283,343)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	54,035	-	57,442	267,010	378,487
Interest payments reported in operating income (loss)	20,464	-	1,893,259	1,396,680	3,310,403
(Increase) decrease in:					
Other receivables	(1,539,099)	-	61,681	-	(1,477,418)
Advances for development costs	177,607	-	217,600	-	395,207
Advances to Atlanta BeltLine, Inc.	800,000	-	-	-	800,000
Loans receivable	-	(76,623)	4,312,515	-	4,235,892
Investment in development projects	664,437	-	1,314,409	-	1,978,846
Prepays and other assets	(286,446)	-	20,794	83,294	(182,358)
Due from Atlanta Housing Opportunity, Inc.	-	-	689,734	-	689,734
Due from (to) component units	204,703	-	-	-	204,703
Due from (to) other funds	172,165	-	-	-	172,165
Increase (decrease) in:					
Accounts payable and accrued expenses	608,732	41,601	1,046,702	(68,450)	1,628,585
Funds held in escrow	-	-	(16,600)	-	(16,600)
Due to primary government	-	-	220,154	-	220,154
Advance from primary government	-	-	-	(17,325)	(17,325)
Due to Atlanta Housing Opportunity, Inc.	-	-	(65,667)	-	(65,667)
Other payables	960,766	-	-	-	960,766
Deferred revenue	73,691	-	101,470	-	175,161
Net cash provided by (used in) operating activities	<u>\$ 1,555,294</u>	<u>\$ (509,615)</u>	<u>\$ 3,874,384</u>	<u>\$ 1,187,329</u>	<u>\$ 6,107,392</u>
Non-cash operating activities					
Allowance adjustment for doubtful receivables	\$ -	\$ -	\$ 3,215,800	\$ -	\$ 3,215,800
Loss on impairment	-	-	1,100,000	-	1,100,000

See the accompanying notes to the financial statements.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Combining Statement of Net Assets
Component Units
June 30, 2009

	Inner City Development Corporation	Atlanta Bell Inc. Inc.	ADA/CAU Partners, Inc.	Atlanta Economic Renaissance Corporation	Downtown Atlanta Revitalization	Pryor Road/Lakewood, LLC	Atlanta Local Development Company	Lakewood Senior	Total Component Units
Assets									
Current assets:									
Cash and cash equivalents	\$ 201,325	\$ 792,186	\$ 342,718	\$ 8,284	\$ -	\$ 4,227	\$ 11,884	\$ 288	\$ 1,360,912
Restricted cash	-	24,397,126	6,411,154	-	-	-	-	-	30,808,280
Prepaid expenses	-	365	-	-	-	-	-	-	365
Other receivables	-	592,541	106,598	-	-	5,000	-	-	704,139
Total current assets	201,325	25,782,218	6,860,470	8,284	-	9,227	11,884	288	32,873,696
Noncurrent assets:									
Capital assets, nondepreciable	-	14,809,877	-	-	-	-	-	-	14,809,877
Capital assets, net of depreciation	-	-	31,583,045	-	-	-	-	-	31,583,045
Investment in real estate	3,888,974	2,434,288	-	1,293,241	-	(304,316)	-	(43,917)	5,182,215
Investment in development projects	-	-	5,889,166	-	-	-	-	-	2,086,055
Bond issuance costs, net of amortization	-	-	17,440	-	-	-	-	-	5,889,166
Other assets	-	-	-	-	-	-	-	-	17,440
Total noncurrent assets	3,888,974	17,244,165	37,489,645	1,293,241	-	(304,316)	-	(43,917)	59,567,792
Total assets	4,090,299	43,026,383	44,350,115	1,301,525	-	(295,089)	11,884	(43,629)	92,441,488
Liabilities									
Current liabilities:									
Accounts payable	42,524	737,162	333,832	200	-	-	-	-	1,113,718
Bonds, notes, and loans payable, current portion	-	-	435,000	-	-	-	-	-	435,000
Accrued interest payable	-	-	1,573,125	1,491,375	-	-	-	-	3,064,500
Deferred revenue	-	-	-	1,569	-	-	-	-	1,569
Funds held in escrow	-	-	107,336	51,600	-	-	-	-	158,936
Due to Atlanta Bell Inc Partnership	-	500,000	-	-	-	-	-	-	500,000
Due to the primary government	-	54,438	-	-	-	-	-	-	54,438
Total current liabilities	42,524	1,291,600	2,449,293	1,544,744	-	-	-	-	5,328,161
Noncurrent liabilities:									
Advances from primary government	-	-	-	264,921	-	-	-	-	264,921
Due to the City of Atlanta	-	30,000,000	-	-	-	-	-	-	30,000,000
Deferred revenue	-	-	-	128,310	-	-	-	-	128,310
Bonds, notes and loans payable	2,868,993	29,429,900	51,223,703	3,666,252	-	-	-	-	87,188,848
Other liabilities	-	-	30,000	-	-	-	-	-	30,000
Total noncurrent liabilities	2,868,993	59,429,900	51,253,703	4,059,483	-	-	-	-	117,612,079
Total liabilities	2,911,517	60,721,500	53,702,996	5,604,227	-	-	-	-	122,940,240
Net Assets (Deficit)									
Invested in capital assets, net of related debt	-	7,154,556	(51,658,703)	-	-	-	-	-	(44,504,147)
Unrestricted	1,178,782	(24,849,673)	42,305,822	(4,302,702)	-	(295,089)	11,884	(43,629)	14,005,395
Total net assets (deficit)	\$ 1,178,782	\$ (17,695,117)	\$ (9,352,881)	\$ (4,302,702)	\$ -	\$ (295,089)	\$ 11,884	\$ (43,629)	\$ (30,498,752)

See the accompanying notes to the financial statements.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Combining Statement of Activities
Year ended June 30, 2009

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets									
	Expenses	Charges for Services	Operating Grants and Contributions	Inner City Development Corporation	Atlanta BeltLine, Inc.	ADA/CAU Partners, Inc.	Atlanta Economic Renaissance Corporation	Downtown Atlanta Revitalization	Pryor Road/Lakewood, LLC	Atlanta Local Development Company	Lakewood Senior	Total Component Units
	\$ 9,431	\$ -	\$ 5,017	\$ (4,414)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,414)
Inner City Development Corporation	31,204,594	-	11,362,404	-	(19,842,190)	-	-	-	-	-	-	(19,842,190)
Atlanta BeltLine, Inc.	7,489,338	6,279,141	-	-	-	-	-	-	-	-	-	(1,210,197)
ADA/CAU Partners, Inc.	37,975	18,443	-	-	-	(19,532)	-	-	-	-	-	(19,532)
Atlanta Economic Renaissance Corporation	14,670	-	-	-	-	-	(14,670)	-	-	-	-	(14,670)
Downtown Atlanta Revitalization	68,877	-	-	-	-	-	-	(68,877)	-	-	-	(68,877)
Pryor Road/Lakewood, LLC	-	-	-	-	-	-	-	-	(68,877)	-	-	(68,877)
Atlanta Local Development Company	68,962	31,199	-	-	-	-	-	-	-	-	(37,763)	(37,763)
Lakewood Senior	-	-	-	-	-	-	-	-	-	-	(37,763)	(37,763)
Total component unit activities	\$ 38,893,847	\$ 6,328,783	\$ 11,367,421	\$ (4,414)	\$ (19,842,190)	\$ (1,210,197)	\$ (19,532)	\$ (14,670)	\$ (68,877)	\$ -	\$ (37,763)	\$ (21,197,643)
General revenues:												
Revenues from the use of money or property				1,200	457,528	187,178	96	-	-	-	-	646,084
Total general revenues				1,200	457,528	187,178	96	-	-	-	-	646,084
Changes in net assets				(3,214)	(19,384,662)	(1,023,019)	(19,436)	(14,670)	(68,877)	82	(37,763)	(20,551,559)
Net assets (deficit) – beginning of year				1,181,996	1,689,545	(8,329,862)	(4,283,266)	14,670	(226,212)	11,802	(5,866)	(9,947,193)
Net assets (deficit) – ending of year				\$ 1,178,782	\$ (17,695,117)	\$ (9,332,881)	\$ (4,302,702)	\$ -	\$ (295,089)	\$ 11,884	\$ (43,629)	\$ (30,498,752)

See the accompanying notes to the financial statements.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2009

(1) Summary of Significant Accounting Policies

(a) Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase, use, or benefit from the services provided by a given function or segment and include interest income on loans provided for economic development and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted interest income on investments and other items not properly included among program revenues are reported as general revenues.

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

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

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

The Authority reports the following major enterprise funds:

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

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

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

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

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2009

(1) Summary of Significant Accounting Policies (Continued)

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

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Authority has elected not to follow subsequent private-sector guidance.

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

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

(c) The Financial Reporting Entity

In 1997, the Atlanta Development Authority was created by the City of Atlanta, Georgia (the "City") as the official economic development agency for the City. The Authority is comprised of a combination of several economic development and financing entities which have been included in the Authority's financial statements as blended component units in conformity with accounting principles generally accepted in the United States of America, as set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*:

The Urban Residential Finance Authority of the City of Atlanta, Georgia was created pursuant to the Urban Residential Finance Authorities Act for Large Municipalities and commenced activities in 1979. Within the city of Atlanta, URFA is authorized to assist in providing financing for the construction or rehabilitation of single family and multi-family residential housing and to provide funds to be used as down payment assistance for families within certain income limitations. URFA's board of directors is substantially the same as the Board of Directors of ADA and it has a financial benefit and burden relationship with ADA. As a result, URFA is a blended component unit of ADA. URFA financial statements also include Lakewood Hills, Inc.; Crogman School Development, LLC; Crogman School, Inc.; and GP URFA Sexton, Inc. Each of the preceding entities is a discretely presented component unit of URFA and each has a fiscal year ending December 31. Balances for each of the discretely presented component units of URFA are shown in this report as of their fiscal year ending date.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2009

(1) Summary of Significant Accounting Policies (Continued)

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

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

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

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

Atlanta Beltline, Inc. (“ABI”) was incorporated in 2006 to act as implementation agent for the Authority with respect to the Atlanta Beltline Project (the “Beltline”). The majority of ABI’s board of directors are appointed by ADA and it has a financial benefit and burden relationship with ADA.

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

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

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

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2009

(1) Summary of Significant Accounting Policies (Continued)

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

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

The Atlanta Local Development Company (“ALDC”) was created to manage small business administration loan programs in the Atlanta area. The Board of Directors of ALDC is appointed by the Board of Directors of ADA, who can also impose their will on ALDC by removal of board members at any time. On October 15, 2009, ALDC was dissolved by the Board of Directors of ADA.

Lakewood Senior, Inc. was created in 2007 and became the managing general partner of Park Place South Senior, LP (“PPS”). PPS was created to construct a senior apartment community within the Park Place South Master Community development. The Board of Directors of Lakewood Senior, Inc. is appointed by the Board of Directors of ADA, who can also impose their will on Lakewood Senior, through its management, as the management of ADA and Lakewood Senior, Inc. are essentially the same.

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

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

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

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment or other specific purposes are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or by the purpose of certain agreements with other parties.

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

(e) *Loans Receivable*

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

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2009

(1) Summary of Significant Accounting Policies (Continued)

(f) Investment in Real Estate

Investments in real estate consist of property stated at the lower of aggregate cost or net realizable value. Cost includes the purchase price of the land and development costs, as well as capitalized interest. There was no interest capitalized during fiscal 2009. Valuation allowances are provided to adjust the carrying value of land held for resale to net realizable values (see Note 5).

(g) Investments in Joint Ventures

Investments in joint ventures consist of ADA's investment in Imagine Downtown, Inc. ("IDI") and its investment in Imagine Downtown Managing Member 2007 QEI, LLC. The Authority's investments in joint ventures are accounted for using the equity method of accounting.

IDI is a Georgia corporation that was formed to serve and provide investment capital for low income communities or low income persons. The IDI joint venture was formed on March 4, 2008 through an agreement between ADA and Central Atlanta Progress, Inc. ("CAP"). ADA and CAP each own 50% of IDI, and its primary activity consists of making qualified loans to, or qualified investments in, qualified active low income businesses (as defined by Internal Revenue Code Section 45D). IDI received certification from the US Treasury's Community Development Financial Institutions Fund as a qualified Community Development Entity ("CDE").

Imagine Downtown Managing Member 2007 QEI, LLC, is a Georgia limited liability company that was formed to serve directly, or indirectly, as a manager and member of IDI 1-2007 Managing Member, LLC, which itself was formed to serve directly, or indirectly, as a manager and member of IDI 1-2007, LLC, a subsidiary qualified Community Development Entity ("subsidiary CDE"). ADA and CAP each own 50% of Imagine Downtown Managing Member 2007 QEI, LLC, and Imagine Downtown Managing Member 2007 QEI, LLC owns 100% of IDI 1-2007 Managing Member, LLC.

IDI 1-2007 Managing Member, LLC, through its subsidiary, IDI 1-2007, LLC, can exercise all of the rights, authority, obligations and duties with respect to the subsidiary CDE, including without limitation entering into and performing under the subsidiary CDE's operating agreement and the documents and agreements contemplated by the subsidiary CDE.

At June 30, 2009, the value of ADA's investment in IDI and Imagine Downtown Managing Member 2007 QEI, LLC was \$766,779.

(h) Investment in Development Projects

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

(i) Capital Assets

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

Leasehold improvements	29 years
Building	26 years
Furniture and Equipment	3-5 years

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(1) Summary of Significant Accounting Policies (Continued)

(j) *Income Taxes*

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

(k) *Use of Estimates*

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

(2) Deposits and Investments

(a) *Credit Risk*

The Authority is authorized to invest in obligations or investments as determined by the Board of Directors of the Authority, subject to any agreement with bondholders and with applicable law. As of June 30, 2009, the Authority did not have any investments other than deposits with financial institutions.

(b) *Custodial Credit Risk-Deposits*

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2009, ADA had no bank balances that were exposed to custodial credit risk.

(3) Investment in Direct Financing Leases with the City of Atlanta

The Government Center Parking Deck was placed into operations in January 2008 and the land and related building of the Parking Deck was leased to the City of Atlanta in a lease that qualifies as a capital lease. The lease payments from the City of Atlanta equal the debt service payments on the Series 2006 Revenue Bonds (see Note 6 for revenue bonds payable disclosure). As of June 30, 2009, the investment in direct financing lease is \$21,874,204.

ATLANTA DEVELOPMENT AUTHORITY
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(3) Investment in Direct Financing Leases with the City of Atlanta (Continued)

In 2009, DDA issued \$52,790,000 in Refunding Revenue Bonds (Series 2009) on behalf of the City of Atlanta to pay off or refund the City's 2002 Series Underground Atlanta Project Revenue Bonds. The principal and interest on the Series 2009 Revenue Bonds are special limited obligations of DDA and shall be payable solely from moneys payable to DDA by the City of Atlanta (see Note 6 for revenue bonds payable disclosure) under a capital lease arrangement for the Underground Parking Deck. As of June 30, 2009, a net receivable of \$48,065,000 is recorded by the Downtown Development Authority as an investment in direct financing lease with the City of Atlanta with the difference (\$4,725,000) between the total outstanding Series 2009 revenue bonds and the receivable being money transferred by the City of Atlanta to DDA's trust account for July 1, 2009 debt service payments.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2009 consists of the following:

Atlanta Development Authority Administrative Fund	June 30, 2008	Additions	Deletions	June 30, 2009
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital assets being depreciated:				
Furniture and equipment	\$ 211,667	\$ 221,507	\$ (181,882)	\$ 251,292
	211,667	221,507	(181,882)	251,292
Less accumulated depreciation	<u>(97,340)</u>	<u>(54,038)</u>	<u>112,749</u>	<u>(38,629)</u>
Net property and equipment	<u>\$ 114,327</u>	<u>\$ 167,469</u>	<u>\$ (69,133)</u>	<u>\$ 212,663</u>

ATLANTA DEVELOPMENT AUTHORITY
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June 30, 2009

(4) Capital Assets (Continued)

	<u>June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2009</u>
Downtown Development Authority:				
Capital assets subject to depreciation:				
Furniture and equipment	\$ 760,050	\$ -	\$ -	\$ 760,050
Leasehold improvements	3,491,247	-	-	3,491,247
	<u>4,251,297</u>	<u>-</u>	<u>-</u>	<u>4,251,297</u>
Capital assets being depreciated:				
Furniture and equipment	(567,795)	(39,745)	-	(607,540)
Leasehold improvements	(851,487)	(120,388)	-	(971,875)
Total capital assets being depreciated	<u>\$ 2,832,015</u>	<u>\$ (160,133)</u>	<u>\$ -</u>	<u>\$ 2,671,882</u>
Urban Residential Finance Authority:				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 17,450	\$ -	\$ 17,450
Total capital assets not being depreciated	<u>-</u>	<u>17,450</u>	<u>-</u>	<u>17,450</u>
Capital assets subject to depreciation:				
Building and improvements	-	745,971	-	745,971
Capital assets being depreciated:				
Building and improvements	-	(4,662)	-	(4,662)
Total capital assets being depreciated	<u>\$ -</u>	<u>\$ 741,309</u>	<u>\$ -</u>	<u>\$ 741,309</u>
Total primary government:				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 17,450	\$ -	\$ 17,450
Total capital assets not being depreciated	<u>-</u>	<u>17,450</u>	<u>-</u>	<u>17,450</u>
Capital assets subject to depreciation:				
Furniture and equipment	971,717	221,507	(181,882)	1,011,342
Building and improvements	-	745,971	-	745,971
Leasehold improvements	3,491,247	-	-	3,491,247
	<u>4,462,964</u>	<u>967,478</u>	<u>(181,882)</u>	<u>5,248,560</u>
Capital assets being depreciated:				
Furniture and equipment	(665,135)	(93,783)	112,749	(646,169)
Building and improvements	-	(4,662)	-	(4,662)
Leasehold improvements	(851,487)	(120,388)	-	(971,875)
Total capital assets being depreciated	<u>2,946,342</u>	<u>748,645</u>	<u>(69,133)</u>	<u>3,625,854</u>
Net property and equipment	<u>\$ 2,946,342</u>	<u>\$ 766,095</u>	<u>\$ (69,133)</u>	<u>\$ 3,643,304</u>

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June 30, 2009

(4) Capital Assets (Continued)

Capital assets activity for the discretely presented component units for the year ended June 30, 2009 consists of the following:

	<u>June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2009</u>
Capital assets not being depreciated:				
Land	\$ 3,485,000	\$ 9,010,791	\$ -	\$ 12,495,791
Construction in progress	629,190	1,684,896	-	2,314,086
Total capital assets not being depreciated	<u>4,114,190</u>	<u>10,695,687</u>	<u>-</u>	<u>14,809,877</u>
Capital assets being depreciated:				
Furniture and equipment	1,713,480	-	-	1,713,480
Buildings and improvements	35,166,455	325,392	-	35,491,847
Land improvements	<u>3,270,833</u>	<u>-</u>	<u>-</u>	<u>3,270,833</u>
Total capital assets being depreciated	40,150,768	325,392	-	40,476,160
Less accumulated depreciation	<u>(7,543,386)</u>	<u>(1,349,729)</u>	<u>-</u>	<u>(8,893,115)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>32,607,382</u>	<u>(1,024,337)</u>	<u>-</u>	<u>31,583,045</u>
Net capital assets	<u>\$ 36,721,572</u>	<u>\$ 9,671,350</u>	<u>\$ -</u>	<u>\$ 46,392,922</u>

(5) Investment in Real Estate

Investment in real estate consisted of the following at June 30, 2009:

Lakewood Hills	\$ 721,413
BeltLine Property	<u>66,000,000</u>
Total	<u>\$ 66,721,413</u>

Component units:

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

ATLANTA DEVELOPMENT AUTHORITY
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June 30, 2009

(5) Investment in Real Estate (Continued)

Lakewood Hills and Historic Westside Village

The parcels of vacant land in the Historic Westside Village project, along with the properties in the Lakewood Hills development are being held for resale.

BeltLine Property

In 2009, approximately 66 acres of land was transferred to ADA to be used for transit right of way, park space, and transit oriented development in the Atlanta BeltLine project (“the BeltLine”), an urban renewal project that will include light rail, parks, trails and mixed use development in selected geographical areas within the city of Atlanta. When completed, the BeltLine will deliver approximately 22 miles of new light rail service to the residents of Atlanta, along with additional greenspace and economic development opportunities. The Authority is holding this property for sale to developers or others and for future easements or infrastructure of the City.

Southside Industrial Park (“SIP”)

AERC owns approximately 80 acres at Southside Industrial Park (“SIP”). SIP was originally developed in 1986, and a Phase 2 was developed in 1993. As a result, AERC has notes payable to the City amounting to \$3,666,252. AERC and the City entered into an agreement establishing the priority of payments on these obligations from the land sale proceeds. The agreement required that the proceeds from sales, net of an established percentage ranging from 8% to 20% to be retained by AERC as reimbursement of administrative expenses, would be utilized to repay these loans.

Approximately 18.8 acres of SIP property were sold in June 2001. No land sales occurred from 2002 through 2009.

The total valuation allowance was \$2,201,315 at June 30, 2009. Management has determined that the market value of the land exceeds its net cost basis and that further write downs of the value of the land are not considered necessary.

ATLANTA DEVELOPMENT AUTHORITY
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(6) Long-term Liabilities

Activity for the bonds, notes, loans payable, and other long-term liabilities for the year ended June 30, 2009 consists of the following:

Opportunity Program	34,375,000	-	(990,000)	33,385,000	1,040,000
Discount on 2007A Series Housing Opportunity Program Bonds Payable	(180,583)		14,774	(165,809)	-
Loan payable to the City of Atlanta	200,000	-	-	200,000	-
Bonds payable, 1999 Downtown Development Authority Revenue Bonds	1,107,051	-	(160,141)	946,910	197,403
Bonds payable, 2006 Downtown Development Authority Revenue Bonds	23,480,000	-	(575,000)	22,905,000	600,000
Discount on 2006 Downtown Development Authority Revenue Bonds	(185,362)	-	7,723	(177,639)	-
Bonds payable, 2009 Downtown Development Authority Revenue Bonds	-	52,790,000	-	52,790,000	4,725,000
Discount on 2009 Downtown Development Authority Revenue Bonds	-	(226,935)	15,220	(211,715)	-
Unamortized premium on 2009 Downtown Development Authority Revenue Bonds	-	2,924,179	(83,701)	2,840,478	-
Capital leases payable	97,235	210,115	(125,743)	181,607	49,366
Loan payable, guaranteed debt	-	960,760	-	960,760	-
	<u>\$ 65,048,393</u>	<u>\$ 56,658,119</u>	<u>\$ (4,371,597)</u>	<u>\$ 117,334,915</u>	<u>\$ 7,605,151</u>
Component units:					
Bonds payable, 2004 Clark Atlanta University project	\$ 52,007,855	\$ -	\$ (349,152)	\$ 51,658,703	\$ 435,000
Loan payable to the City of Atlanta, secured by SIP land sale revenue	2,134,720	-	-	2,134,720	-
Loan payable to the City of Atlanta, secured by SIP land sale revenue	271,532	-	-	271,532	-
Loan payable to the City of Atlanta, secured by SIP land sale revenue	1,260,000	-	-	1,260,000	-
Loan payable to the City of Atlanta,	30,000,000	-	-	30,000,000	-
Loan payable to the City of Atlanta, from Section 108 federal funds	2,868,993	-	-	2,868,993	-
Note payable	29,429,900	-	-	29,429,900	-
Deferred revenue	128,310	-	-	128,310	-
	<u>\$ 118,101,310</u>	<u>\$ -</u>	<u>\$ (349,152)</u>	<u>\$ 117,752,158</u>	<u>\$ 435,000</u>

ATLANTA DEVELOPMENT AUTHORITY
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Notes to the Financial Statements
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(6) Long-term Liabilities (Continued)

Primary Government

Component units of URFA are included in the URFA Fund in the financial statements. Construction of the condominiums in the Lakewood Hills development was financed with construction loans provided by two local banks. The construction loans had a combined balance of \$3,334,325 as of June 30, 2009.

The bank loans payable for construction purposes had original maturity dates which were ultimately extended from April 15, 2009 to December 31, 2010. As part of the extension agreement for the note due April 15, 2009, the restricted funds held in escrow were applied against the outstanding principal and interest balance and ADA paid off the balance of that note on behalf of Lakewood Hills, replacing it with a new note due to ADA that contained substantially the same terms as the previous bank note.

At June 30, 2009, principal on the remaining bank construction loan for the Lakewood Hills project, is payable when property sales occur; therefore, no debt service requirement schedules are presented

The Authority, through URFA, entered into loan agreements with the City of Atlanta wherein the City loaned the Authority \$900,000 of U.S. Department of Housing and Urban Development (HUD) funds under its Community Development Block Grant ("CDBG") program. The CDBG funds were used to establish mezzanine financing for Evergreen Village Estates, L.P. and Fulton Cotton Mill Associates, L.P. to leverage their investment of tax-exempt housing revenue bonds in the acquisition and rehabilitation of certain development projects. At June 30, 2009, the balance of the remaining loans payable was \$345,998.

On April 11, 2007, the Authority, through URFA, issued \$35,000,000 of Georgia Taxable Revenue Bonds (Housing Opportunity Program), Series 2007A, for the purpose of loaning the proceeds from the sale of the bonds to Atlanta Housing Opportunity, Inc. ("AHOI"), a Georgia non-profit corporation. AHOI uses the bond proceeds to make loans to finance, single family and multi-family housing purchases in the city of Atlanta. The City of Atlanta has guaranteed that it will make payments sufficient in time and amount to enable AHOI to pay the principal and interest on the bonds. Interest on the bonds is payable semiannually on June 1 and December 1 of each year, with interest rates ranging from 5.068% to 5.802%. The bonds mature on December 1, 2027. At June 30, 2009, the outstanding principal balance was \$33,385,000. Also at June 30, 2009, an amount of \$32,915,455 is recorded as being due from AHOI, with the difference between the bonds and the receivable resulting from differences in unamortized issuance costs.

In prior years, the City of Atlanta transferred land to the Authority which had a cost basis of \$200,000. The Authority decided not to develop the property. The Authority will owe the City any proceeds from the sale of the property and will not be responsible for any loss on the sale of the property.

ATLANTA DEVELOPMENT AUTHORITY
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June 30, 2009

(6) Long-term Liabilities (Continued)

Primary Government (Continued)

In February 1999, the Authority, through DDA, issued \$2,400,000 of Series 1999 Downtown Development Authority Revenue Bonds for renovations and leasehold improvements of office space. The balance due on these bonds at June 30, 2009 is \$946,910.

In 2006, the Authority, through DDA, issued \$23,480,000 of Revenue Bonds (\$17,990,000, Series 2006A, and \$5,490,000, Series 2006B) for the purpose of acquiring land and a five-story parking facility. Interest is due semiannually on June 1, and December 1 of each year with varying interest rates ranging from 4% to 5%. Principal payments are due annually and the bonds mature in 2032. The balance due on these bonds at June 30, 2009 is \$22,905,000. This facility is currently being leased to the City of Atlanta with the lease payments equal to the debt service payments on the bonds.

In 2009, the Authority, through DDA issued \$52,790,000 of refunding revenue bonds (\$44,975,000, Series 2009A, and \$7,815,000, Series 2009B). The Series 2009A bonds were used to refund the principal of the City of Atlanta Series 2002, Variable Rate Refunding Revenue Bonds (Underground Atlanta Project). The Series 2009B bonds were issued for the purpose of paying (a) the termination fee in connection with an interest rate swap relating to the City's Series 2002 Bonds, (b) accrued interest on the City's Series 2002 Bonds, and (c) the costs of issuance of the Series 2009 Bonds. Commencing on July 1, 2009, interest is due semiannually on January 1 and July 1 of each year with varying interest rates ranging from 2% to 5%. The 2009A bonds mature in 2017, whereas the 2009B bonds mature in 2011. The balance due on these bonds at June 30, 2009 is \$52,790,000. The Authority has recorded a receivable from the City of Atlanta for all future debt service payments.

During the current and previous fiscal years, the Authority, as lessee, entered into various lease agreements for financing the acquisition of various equipment. The lease agreements qualify as a capital leases for accounting purposes (titles transfer at the end of the lease term) and have been recorded at the present value of the future minimum lease payments as of the date of inception. These leases are being serviced in the Authority's Administrative Fund.

The following is an analysis of equipment leased under capital leases as of June 30, 2009:

	ADA
	Administration
	Fund
	<hr/>
Equipment	\$ 210,115
Less accumulated depreciation	(24,513)
Carrying value	<u><u>\$ 185,602</u></u>

The following is a schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30, 2009:

ATLANTA DEVELOPMENT AUTHORITY
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Notes to the Financial Statements
June 30, 2009

(6) Long-term Liabilities (Continued)

Primary Government (Continued)

Fiscal year ending	ADA Administration Fund
2010	\$ 58,920
2011	58,920
2012	58,920
2013	24,550
Total minimum lease payments	201,310
Less amount representing interest	(19,703)
Present value of future minimum lease payments	181,607
Less current maturities	(49,366)
	\$ 132,241

Component Units

ADA/CAU Partners, Inc.

ADA/CAU Partners, Inc. refinanced its Series 2001A and 2001B Bonds with a loan payable in the aggregate amount of \$51,900,000 funded with proceeds from the issuance of student housing revenue bonds, Series 2004A and 2004B. At June 30, 2009, the balance due on these bonds (net of bond premium of \$518,703) is \$51,658,703.

Atlanta Economic Renaissance Corp (“AERC”)

AERC has three loans payable to the City related to purchase of development land held for sale at Southside Industrial Park (SIP) (Note 5). The loan agreements call for repayment of the loans upon sale of the land at SIP. The loans were due to be repaid no later than March 1, 1998, with accrued and unpaid interest capped at specific amounts. As a result of the cap, interest expense has not been accrued on these notes during their remaining terms. As no land sales occurred from 2002 through 2009, no payments were made on the notes. Management is currently marketing the properties for sale.

ATLANTA DEVELOPMENT AUTHORITY
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June 30, 2009

(6) Long-term Liabilities (Continued)

Component Units (Continued)

Inner City Development Corporation (ICDC)

ICDC has a loan payable to the City of Atlanta which was originally funded by a Section 108 loan from HUD. The loan provided financing for certain development in the Historic Westside Village area. The loan is to be repaid from property sales and cash flow from the projects. There was no cash flow, sales activity or repayments in 2009. At June 30, 2009, the loan balance is \$2,868,993.

Atlanta Beltline, Inc. ("ABI")

In 2007, ABI entered into an agreement with a consortium of financial institutions to receive \$29,429,900 of interim funding for the implementation of the 2007 BeltLine Projects. Interest is payable semi-annually (on April 17 and October 17), at a daily rate of LIBOR + .55% for a period of 24 months commencing April 17, 2008. Thereafter, interest will be due at a daily rate of LIBOR plus .75% until the note matures on September 17, 2022. Principal will be due annually each October commencing on October 17, 2010. As of June 30, 2009, the outstanding balance on the note payable is \$29,429,900.

Long Term Deferred Revenue

Long term deferred revenue relates to AERC's receipt of federal funds from the City for land acquisitions and improvements related to the SIP land held for sale. These funds were provided to AERC contingent upon AERC's development and eventual sale of the SIP land held for sale. Therefore, the revenue has been deferred until land sales occur, at which time grant revenue is recognized equal to the portion of the cost of land sold which was originally funded by these grants. No revenue was recognized during 2009 and the deferred grant revenue relating to this project totaled \$128,310 at June 30, 2009.

ATLANTA DEVELOPMENT AUTHORITY
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Notes to the Financial Statements
June 30, 2009

(6) Long-term Liabilities (Continued)

Debt Service Requirements

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2010	\$ 5,522	\$ 2,491	\$ 8,013
2011	6,786	3,165	9,951
2012	7,040	2,912	9,952
2013	7,364	2,591	9,955
2014	7,666	2,221	9,887
2015 - 2019	26,590	5,851	32,441
2020 - 2024	4,945	3,145	8,090
2025 - 2029	6,210	1,885	8,095
2030 - 2032	4,520	341	4,861
Totals	<u>76,643</u>	<u>\$ 24,602</u>	<u>\$ 101,245</u>
Plus premium on Downtown Development Authority	2,840		
Less discount on Downtown Development Authority	(390)		
Total outstanding debt	<u>\$ 79,093</u>		

ATLANTA DEVELOPMENT AUTHORITY
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Notes to the Financial Statements
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(6) Long-term Liabilities (Continued)

Debt Service Requirements (Continued)

	Bonds of URFA		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2010	\$ 1,040	\$ 1,828	\$ 2,868
2011	1,095	1,774	2,869
2012	1,150	1,717	2,867
2013	1,210	1,656	2,866
2014	1,275	1,592	2,867
2015 - 2019	7,490	6,847	14,337
2020 - 2024	9,890	4,446	14,336
2025 - 2028	10,235	1,231	11,466
Totals	<u>33,385</u>	<u>\$ 21,091</u>	<u>\$ 54,476</u>
Less discount	(166)		
Net bonds payable	<u>\$33,219</u>		

	Bonds of Component Units		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2010	\$ 435	\$ 3,146	\$ 3,581
2011	565	3,119	3,684
2012	670	3,084	3,754
2013	805	3,042	3,847
2014	860	2,991	3,851
2015 - 2019	5,165	14,082	19,247
2020 - 2024	6,995	12,254	19,249
2025 - 2029	9,450	9,795	19,245
2030 - 2034	12,710	6,535	19,245
2035 - 2037	13,485	1,906	15,391
Totals	<u>51,140</u>	<u>\$ 59,954</u>	<u>\$ 111,094</u>
Plus Amortization of bond premium	519		
Totals	<u>\$ 51,659</u>		

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2009

(6) Long-term Liabilities (Continued)

Debt Service Requirements (Continued)

	Notes Payable - ABI		Total
	Principal	Interest	
Year ending June 30:			
2010	\$ -	\$ 304	\$ 304
2011	2,264	280	2,544
2012	2,264	257	2,521
2013	2,264	234	2,498
2014	2,264	210	2,474
2015 - 2019	11,319	701	12,020
2020 - 2023	9,055	140	9,195
Totals	<u>\$ 29,430</u>	<u>\$ 2,126</u>	<u>\$ 31,556</u>

All loans and notes payable for AERC and ICDC are payable to the City of Atlanta, and are required to be paid only when certain events occur, such as land sales or program income; therefore, no debt service requirement schedules are presented.

(7) Conduit Debt

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

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(7) Conduit Debt (Continued)

At June 30, 2009, the aggregate principal amounts of bonds issued by URFA as conduit debt were \$490,200,836.

The aggregate principal amount outstanding for bonds issued by DDA as conduit debt prior to 1995 could not be determined; however, the aggregate original issuance amounts for projects financed by DDA were \$247,718,400.

At June 30, 2009, the aggregate principal amounts of bonds issued by ADA as conduit debt were \$594,840,000.

(8) Inter-fund Balances and Transfers

All inter-fund balances were for payments made or received on behalf of each respective fund or component unit which had not been reimbursed at year end. At June 30, 2009, URFA owed \$220,134 which was expected to be repaid within one year, to the Authority's Administrative Fund.

As part of its normal course of business, the Authority provides operating funds to DDA. During the year ended June 30, 2009 transfers were \$203,774.

At June 30, 2009, DDA owes the Authority's Administrative Fund \$909,693, which was not expected to be repaid within one year, but will be repaid over the next three (3) years.

(9) Pension Plans

The Authority offers two different qualified tax deferred defined contribution retirement plans to its employees, both of which are administered by the International City/County Management Association Retirement Corp ("ICMA-RC"). The first plan operates under section 457(b) of the Internal Revenue Code, and allows employees to contribute a certain percentage of their pay each year (up to the Federal maximum limits). The Authority does not match contributions to the section 457(b) plan.

Because ADA does not participate in the federal social security system, it is required by law to establish a "public employee retirement system" ("PERS") to take the place of its otherwise mandatory contributions to the federal social security system. Establishing a PERS requires by law that ADA contribute a minimum of 7.25% of base pay for all eligible employees to a qualified retirement plan. ADA has met this requirement by establishing a second retirement plan which operates under section 401(a) of the Internal Revenue Code and is wholly funded by employer contributions which are made based on a percentage of eligible compensation for all full time employees of the Authority who are over 21 years of age. ADA has elected to contribute more to the plan than the required legal minimum. For the year ended June 30, 2009, ADA contributions to the 401(a) plan totaled \$746,745. Employees cannot contribute directly to the 401(a) plan.

Investments in both plans are self-directed by the employee and each employee vests in both plans immediately upon hire. The benefit provisions, including the amount of the employer contribution that is in excess of the legal minimum, and contribution requirements may be amended at any time by the President or the Board of Directors of the Authority.

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(10) Contingencies

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

The Authority is subject to various legal proceedings and claims which arise in the ordinary course of its business. In the opinion of management, based on the advice of legal counsel, the amount of ultimate liability and/or gain with respect to these actions, with the exception of the SunTrust and the Woodham matters detailed in Note 11, will not materially affect the financial position or results of operations of the Authority.

(11) Subsequent Events

At June 30, 2009, in accordance with SFAS No. 5, ADA recorded a liability of \$960,760 for its probable liability under the terms of a limited loan guaranty provided to SunTrust bank on behalf of Lakewood Partners, LLC ("Lakewood"), pursuant to a real estate note agreement entered into between SunTrust and Lakewood. Subsequent to June 30, 2009, SunTrust filed a lawsuit against ADA to enforce ADA's limited guaranty on a real estate note agreement entered into between SunTrust and Lakewood. Lakewood is a joint venture between Pryor Rd/Lakewood, LLC and New Pryor Development, LLC. ADA owns 100% of Pryor Rd/Lakewood, LLC. and provided the limited guaranty on its behalf. ADA expects its ultimate liability under the guaranty to be no more than \$1.25 million.

Subsequent to June 30, 2009, ADA received a favorable judgment against John Woodham, Esq. and Citizens for Ethics in Government, LLC (the "counterparties") which required the counterparties to reimburse ADA for its costs to defend a lawsuit which was ultimately deemed by the courts to have been filed by the counterparties in bad faith. The judgment required the counterparties to pay approximately \$300,000 to ADA. In accordance with generally accepted accounting principles, the award is not reflected in the financial statements of the Authority at June 30, 2009.