

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

Financial Statements

June 30, 2010

(With Independent Auditors' Report Thereon)

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

June 30, 2010

Table of Contents

	Page
Independent Auditors' Report	1 and 2
Management's Discussion and Analysis (Unaudited)	3-8
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	9
Statement of Activities	10
Fund Financial Statements:	
Statement of Net Assets – Proprietary Funds	11
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	12
Statement of Cash Flows - Proprietary Funds	13 and 14
Component Unit Financial Statements:	
Combining Statement of Net Assets – Component Units	15
Combining Statement of Activities – Component Units	16
Notes to Financial Statements	17-39



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, 2010, 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, ADA/CAU Partners, Inc., Imagine Downtown Managing Member 2007 QEI, LLC, and Imagine Downtown, Inc. which together represents 44% and 26%, 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 3% and 1% of the assets and revenues, respectively, of the Urban Residential Finance Authority major fund; and .6% and .5% 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.; Imagine Downtown Managing Member 2007 QEI, LLC; Imagine Downtown, 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, ADA/CAU Partners, Inc., Imagine Downtown Managing Member 2007 QEI, LLC, and Imagine Downtown, 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, 2010, 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 December 15, 2010 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 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
December 15, 2010

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Management's Discussion and Analysis (Unaudited)
June 30, 2010

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, 2010. Please read it in conjunction with the financial statements and accompanying notes.

Fiscal Year 2010 Selected Financial Highlights (including component units)

- ADA's current assets decreased approximately \$9.5 million or 17%, primarily associated with an approximately \$13.8 million reduction in Atlanta Beltline Inc's restricted cash account related to the Clear Creek Project development.
- Total non-current assets increased approximately \$26.5 million or 10.2%, due predominantly to an approximately \$20.8 million increase in the capital assets of Atlanta Beltline Inc.
- Total current liabilities increased approximately \$13 million or 58%. This was due largely to Atlanta Beltline Inc.'s approximately \$5.1 million increase in accounts payable and approximately \$3 million increase related to liabilities due to MARTA. Also, Urban Residential Finance Authority's ("URFA") approximately \$2.2 million increase in its line of credit related to the 2009 New Issue Bond Program.
- Total noncurrent liabilities decreased approximately \$9.8 million or 4%, primarily due to the approximately \$4.7 million principal payment on the 2009 Downtown Development Authority's refunding revenue bonds (Underground Atlanta Project) and the \$5 million in cash returned to the City of Atlanta, by ABI, for the Clear Creek Project loan.
- The total assets of ADA, including its component units, were approximately \$332 million. This exceeded its liabilities of approximately \$273 million by approximately \$60 million, which represents ending net assets of ADA and its component units. When component units are included, ADA experienced an approximately \$9 million overall increase in total net assets from fiscal year June 30, 2009. This increase is predominantly due to the \$11 million increase in net assets (or reduction of deficit) of Atlanta Beltline, Inc.
- The Administrative Fund is used primarily to account for the operating activities of ADA. This fund shows an operating gain for the year of approximately \$8,000 compared to approximately \$356,000 operating loss for the fiscal year ended June 30, 2009. The variance between years is primarily related to the Authority's ability to lower operating expenses by approximately \$88,000 as revenues increased by approximately \$276,000.

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.

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.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Management's Discussion and Analysis (Unaudited)
June 30, 2010

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; Pryor Road/Lakewood, LLC; Atlanta Local Development Company; Imagine Downtown, Inc., Imagine Downtown Managing Member 2007 QEI, LLC, 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 17-39 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 \$77,935,552 at the close of fiscal year 2010.

By far, the largest portion of ADA's net assets represents investments in capital assets, net of related debt. Restricted net 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
(A Component Unit of the City of Atlanta, Georgia)
Management's Discussion and Analysis (Unaudited)
June 30, 2010

Summary of the Atlanta Development Authority's Net Assets
June 30, 2010 and June 30, 2009
Proprietary Funds

	<u>2010</u>	<u>2009 (Restated)</u>
Assets:		
Current assets	\$ 25,886,686	\$ 23,126,737
Capital assets	72,456,537	69,643,304
Other non-current assets	126,380,588	127,767,864
Total assets	<u>224,723,811</u>	<u>220,537,905</u>
Liabilities:		
Long-term liabilities	127,229,398	129,754,764
Other liabilities	19,558,861	14,502,303
Total liabilities	<u>146,788,259</u>	<u>144,257,067</u>
Net assets:		
Invested in capital assets, net of related debt	59,296,751	56,973,542
Restricted	16,603,719	8,999,347
Unrestricted	2,035,082	10,307,949
Total net assets	<u>\$ 77,935,552</u>	<u>\$ 76,280,838</u>

ADA's total assets increased approximately \$4.2 million. This increase is primarily due to an approximately \$2.2 million receivable related to the 2009 New Issue Bond Program as well as an approximately \$2.8 million increase in capital assets.

ADA increased its total liabilities by approximately \$2.5 million for the fiscal year ended June 30, 2010. This increase is primarily due to increases of approximately \$2.2 million and \$2.5 million related to URFA's line of credit on the 2009 New Issue Bond Program and ADA's pollution remediation liability related to land owned inside the Beltline Tax Allocation District, respectively, offset by principal payments made on bonds and notes payables.

ADA's total net assets related to business type activities increased approximately \$1.7 million during the fiscal year ended June 30, 2010. 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.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Management's Discussion and Analysis (Unaudited)
June 30, 2010

Summary of Changes in the Atlanta Development Authority's Net Assets
Fiscal Years Ended June 30, 2010 and June 30, 2009
Proprietary Funds

	2010	2009 Restated
Revenues:		
Program revenues:		
Charges for services	\$ 13,596,961	\$ 8,661,557
Operating grants	-	15,000
Capital contributions	-	66,000,000
General revenues:		
From the use of money and property	432,749	1,377,456
From the City of Atlanta	3,896,640	961,761
From other governmental agencies	-	766,679
Other	1,728,139	2,306,912
Total revenues	19,654,489	80,089,365
Expenses:		
Economic development	17,999,775	23,205,648
Total expenses	17,999,775	23,205,648
Operating income (loss) from business type activities:	1,654,714	56,883,717
Change in net assets	1,654,714	56,883,717
Net assets, beginning of year (restated)	76,280,838	19,397,121
Net assets, end of year	\$ 77,935,552	\$ 76,280,838

Charges for services, operating grants and capital contributions accounted for 69% of the total revenues of ADA as of June 30, 2010 as compared to 93% in the prior year. This revenue includes 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). In the prior year, ADA's revenue included capital contributions of \$66 million resulting from the contribution to ADA of certain land related to the Atlanta BeltLine Project in which there were no such transactions that occurred in the current year.

ADA also had approximately \$433,000 in revenue from the use of money and property, which resulted primarily from interest income as well as earnings on loan receivables outstanding. This compares to approximately \$1.4 million in the prior year. The decrease is due primarily to the change in market conditions and lower interest rates on cash in interest bearing accounts.

The amount received from the City of Atlanta, approximately \$3.9 million, is related to cost recoveries for ADA's management of the City's Tax Allocation Districts and income received by DDA from the City for debt service interest payments.

Other revenue accounted for 9% of the total revenues of ADA as of June 30, 2010 as compared to 3% in the prior year.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Management's Discussion and Analysis (Unaudited)
June 30, 2010

ADA's total operating expenses are related to its mission of economic development for the City of Atlanta and include: development costs of approximately \$111,000, interest on long-term financing of approximately \$6.2 million, general and administrative expenses of approximately \$7.2 million, allowance adjustments for doubtful receivables of approximately \$1.9 million, program/grant expenses of approximately \$2.3 million, and depreciation expense and other expenses of approximately \$293,000. Total operating expenses for the current year of approximately \$18 million is a 22% decrease 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, 2010 are as follows:

Land	\$ 68,500,000
Construction in progress	17,450
Building and improvements	745,971
Leasehold improvements	3,514,613
Furniture and equipment	1,538,924
Gross capital assets	<u>74,316,958</u>
Less: accumulated depreciation	<u>(1,860,421)</u>
Net capital assets	<u>\$ 72,456,537</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, 2010, activity is summarized as follows:

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Management's Discussion and Analysis (Unaudited)
June 30, 2010

	Restated June 30, 2009	Additions	Reductions	June 30, 2010
Primary government:				
Notes payable to the City of Atlanta funded by CDBG	\$ 345,998	\$ -	\$ -	\$ 345,998
Bonds payable, 2005 Opportunity Bonds	20,025,000	-	(740,000)	19,285,000
Bonds payable, 2007A HOP	33,385,000	-	(1,040,000)	32,345,000
Discount, 2007A HOP	(165,809)	-	14,369	(151,440)
Bonds payable, 1999 DDA Revenue Bonds	946,910	-	(182,560)	764,350
Bonds payable, 2006 DDA Revenue Bonds	22,905,000	-	(600,000)	22,305,000
Bonds payable, 2009 DDA Revenue Bonds	52,790,000	-	(4,725,000)	48,065,000
Discount, 2006 DDA Revenue Bonds	(177,639)	-	7,723	(169,916)
Discount, 2009 DDA Revenue Bonds	(211,715)	-	72,213	(139,502)
Premium, 2009 DDA Revenue Bonds	2,840,478	-	(627,760)	2,212,718
Construction loan payable	2,347,597	-	-	2,347,597
Loan payable to the City of Atlanta	200,000	-	-	200,000
Capital lease payable	181,607	101,019	(65,444)	217,182
Loan payable, guaranteed debt	960,760	-	(960,760)	-
Commercial loan payable	-	1,250,000	-	1,250,000
Pollution Remediation Obligation	-	2,500,000	-	2,500,000
	<u>\$ 136,373,187</u>	<u>\$ 3,851,019</u>	<u>\$ (8,847,219)</u>	<u>\$ 131,376,987</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, 2010

	Business-type Activities	Component Units
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,800,494	\$ 2,933,751
Restricted cash and cash equivalents	9,691,551	16,166,211
Investment in direct financing lease with the City of Atlanta , current portion	592,098	-
Investment in real estate	674,413	-
Other receivables	757,998	923,154
Prepaid items	383,219	337
Due from the City of Atlanta, current portion of long term debt	840,434	-
Due from the City of Atlanta	190,000	-
Due from Atlanta Housing Opportunity, Inc. -current portion of long term debt	1,245,114	-
Due from component units	115,304	-
Due from the U.S. Department of the Treasury	2,189,222	-
Total current assets	<u>25,479,847</u>	<u>20,023,453</u>
Noncurrent assets:		
Investment in direct financing leases with the City of Atlanta	62,799,108	-
Due from the City of Atlanta	18,520,000	2,273,964
Due from the BeltLine Tax Allocation District	-	5,655,129
Due from Atlanta Housing Opportunity, Inc.	30,645,389	-
Due from others	2,049,548	-
Loans receivable	4,281,837	-
Other receivable	10,917	-
Investment in real estate	1,219,862	5,182,215
Investment in development projects	214,397	(733,838)
Capital assets, nondepreciable	68,517,450	40,537,830
Capital assets, net of depreciation	3,939,087	30,275,852
Prepaid rent	2,152,083	-
Bond issuance costs, net of amortization	1,446,627	5,774,750
Advances for development costs	867,456	-
Advances to component units	264,921	-
Other assets	1,525	79,955
Total noncurrent assets	<u>196,930,207</u>	<u>89,045,857</u>
Total assets	<u>222,410,054</u>	<u>109,069,310</u>
Liabilities		
Current liabilities:		
Accounts payable	887,642	7,762,673
Bonds, notes, and loans payable, current portion	10,890,901	1,516,134
Capital leases payable, current portion	85,460	-
Accrued interest payable	1,425,405	3,050,906
Pollution remediation liability, current portion	450,000	-
Line of credit payable	2,189,222	-
Unearned revenue	1,468,121	-
Funds held in escrow	4,889	157,616
Other payables	1,750,382	-
Due to MARTA	-	3,088,670
Due to Atlanta BeltLine Partnership	-	500,000
Due to the primary government	-	115,304
Total current liabilities	<u>19,152,022</u>	<u>16,191,303</u>
Noncurrent liabilities:		
Advances from primary government	-	264,921
Line of credit payable	950,000	-
Due to the City of Atlanta	-	25,000,000
Pollution remediation liability	2,050,000	-
Other payables	1,017,225	30,000
Due to others	1,281,520	-
Unearned revenue	2,123,109	128,310
Capital leases payable	131,722	-
Bonds, notes and loans payable	117,768,904	85,878,562
Total noncurrent liabilities	<u>125,322,480</u>	<u>111,301,793</u>
Total liabilities	<u>144,474,502</u>	<u>127,493,096</u>
Net Assets (Deficit)		
Invested in capital assets, net of related debt	59,296,751	(18,778,312)
Restricted for debt services	7,142,080	-
Restricted for grant programs	9,461,639	-
Unrestricted	2,035,082	354,526
Total net assets (deficit)	<u>\$ 77,935,552</u>	<u>\$ (18,423,786)</u>

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, 2010

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Business-type Activities	Component Units
Functions/ Programs:					
Primary government:					
Business-type activities:					
Economic development	\$ 17,999,775	\$ 13,596,961	\$ -	\$ (4,402,814)	
Total primary government activities	<u>\$ 17,999,775</u>	<u>\$ 13,596,961</u>	<u>\$ -</u>	<u>(4,402,814)</u>	
Component units:					
Inner City Development Corporation	\$ 12,306	\$ -	\$ -		\$ (12,306)
Atlanta BeltLine, Inc.	4,223,101	-	15,187,211		10,964,110
ADA/CAU Partners, Inc.	7,264,199	5,103,624	-		(2,160,575)
Atlanta Economic Renaissance Corporation	8,405	19,244	-		10,839
Pryor Road/Lakewood, LLC	27,265	-	-		(27,265)
Atlanta Local Development Company	11,895	-	-		(11,895)
Lakewood Senior	396,055	30,000	-		(366,055)
Imagine Downtown Managing Member 2007 QEI, LLC	183,259	81,036	-		(102,223)
Imagine Downtown, Inc.	764,097	-	-		(764,097)
Total component unit activities	<u>\$ 12,890,582</u>	<u>\$ 5,233,904</u>	<u>\$ 15,187,211</u>		<u>7,530,533</u>
General revenues:					
Revenues from the use of money or property				432,749	219,931
Revenues from the City of Atlanta				3,896,640	-
Miscellaneous				1,728,139	-
Total general revenues				<u>6,057,528</u>	<u>219,931</u>
Change in net assets				1,654,714	7,750,464
Net assets (deficit) – beginning of year (restated)				<u>76,280,838</u>	<u>(26,174,250)</u>
Net assets (deficit) – ending of year				<u>\$ 77,935,552</u>	<u>\$ (18,423,786)</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, 2010

		Business-type Activities - Enterprise Funds				
		Urban				
		Administrative	Grants and	Residential	Downtown	
		Fund	Restricted	Finance	Development	Total
			Program Fund	Authority	Authority	
Assets						
Current assets:						
Cash and cash equivalents	\$	221,900	\$ 2,962,282	\$ 5,611,833	\$ 4,479	\$ 8,800,494
Restricted cash		2,327,103	-	222,368	7,142,080	9,691,551
Investment in direct financing leases with the City of Atlanta, current portion		-	-	-	592,098	592,098
Investment in real estate		-	-	674,413	-	674,413
Other receivables		540,835	-	217,163	-	757,998
Prepaid items		269,115	-	7,450	106,654	383,219
Due from other funds		-	-	406,839	-	406,839
Due from the City of Atlanta, current portion of long term debt		840,434	-	-	-	840,434
Due from the City of Atlanta		-	-	190,000	-	190,000
Due from Atlanta Housing Opportunity, Inc. -current portion of long term debt		-	-	1,245,114	-	1,245,114
Due from component units		115,304	-	-	-	115,304
Due from the U.S. Department of the Treasury		-	-	2,189,222	-	2,189,222
Total current assets		<u>4,314,691</u>	<u>2,962,282</u>	<u>10,764,402</u>	<u>7,845,311</u>	<u>25,886,686</u>
Noncurrent assets:						
Investment in direct financing leases with the City of Atlanta		-	-	-	62,799,108	62,799,108
Due from the City of Atlanta		18,520,000	-	-	-	18,520,000
Due from Atlanta Housing Opportunity, Inc.		-	-	30,645,389	-	30,645,389
Due from others		-	-	2,049,548	-	2,049,548
Loans receivable		-	3,271,525	1,010,312	-	4,281,837
Other receivables		-	-	10,917	-	10,917
Investment in real estate		1,219,862	-	-	-	1,219,862
Investment in development projects		219,933	-	(5,536)	-	214,397
Capital assets, nondepreciable		68,500,000	-	17,450	-	68,517,450
Capital assets, net of depreciation		678,538	-	745,507	2,515,042	3,939,087
Prepaid rent		-	-	-	2,152,083	2,152,083
Bond issuance costs, net of amortization		-	-	389,599	1,057,028	1,446,627
Advances for development costs		867,456	-	-	-	867,456
Advances to other funds		1,906,918	-	-	-	1,906,918
Advances to component units		264,921	-	-	-	264,921
Other assets		1,525	-	-	-	1,525
Total noncurrent assets		<u>92,179,153</u>	<u>3,271,525</u>	<u>34,863,186</u>	<u>68,523,261</u>	<u>198,837,125</u>
Total assets		<u>96,493,844</u>	<u>6,233,807</u>	<u>45,627,588</u>	<u>76,368,572</u>	<u>224,723,811</u>
Liabilities						
Current liabilities:						
Accounts payable		676,399	81,004	128,139	2,100	887,642
Bonds, notes, and loans payable, current portion		765,000	-	3,456,169	6,669,732	10,890,901
Capital leases payable, current		85,460	-	-	-	85,460
Accrued interest payable		75,434	-	150,114	1,199,857	1,425,405
Line of credit payable		-	-	2,189,222	-	2,189,222
Unearned revenue		-	546,388	921,733	-	1,468,121
Pollution remediation liability, current portion		450,000	-	-	-	450,000
Funds held in escrow		-	-	4,889	-	4,889
Other payables		-	-	1,750,382	-	1,750,382
Due to other funds		406,839	-	-	-	406,839
Total current liabilities		<u>2,459,132</u>	<u>627,392</u>	<u>8,600,648</u>	<u>7,871,689</u>	<u>19,558,861</u>
Noncurrent liabilities:						
Capital leases payable		131,722	-	-	-	131,722
Line of credit payable		950,000	-	-	-	950,000
Unearned revenue		2,123,109	-	-	-	2,123,109
Pollution remediation liability		2,050,000	-	-	-	2,050,000
Other payables		1,017,225	-	-	-	1,017,225
Due to others		-	-	1,281,520	-	1,281,520
Advances from other funds		-	-	948,563	958,355	1,906,918
Bonds, notes, and loans payable		19,970,000	-	31,430,986	66,367,918	117,768,904
Total noncurrent liabilities		<u>26,242,056</u>	<u>-</u>	<u>33,661,069</u>	<u>67,326,273</u>	<u>127,229,398</u>
Total liabilities		<u>28,701,188</u>	<u>627,392</u>	<u>42,261,717</u>	<u>75,197,962</u>	<u>146,788,259</u>
Net Assets (Deficit)						
Invested in capital assets, net of related debt		68,961,356	-	(2,533,203)	(7,131,402)	59,296,751
Restricted for debt services		-	-	-	7,142,080	7,142,080
Restricted for grant programs		-	5,606,415	3,855,224	-	9,461,639
Unrestricted		(1,168,700)	-	2,043,850	1,159,932	2,035,082
Total net assets		<u>\$ 67,792,656</u>	<u>\$ 5,606,415</u>	<u>\$ 3,365,871</u>	<u>\$ 1,170,610</u>	<u>\$ 77,935,552</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, 2010

	Business-type Activities - Enterprise Funds				Total
	Administrative Fund	Grants and Restricted Program Fund	Urban Residential Finance Authority	Downtown Development Authority	
Operating revenues:					
Interest income	\$ 2,931	\$ 74,017	\$ 39,371	\$ 48	\$ 116,367
Service, administration, and loan fees	3,930,492	1,926,058	6,972,383	-	12,828,933
Developer fees	-	-	768,028	-	768,028
Rental income	-	-	-	316,382	316,382
Income received from the City of Atlanta for debt service interest payment	915,998	-	-	2,980,642	3,896,640
Other revenue	303,528	-	1,424,611	-	1,728,139
Total operating revenues	<u>5,152,949</u>	<u>2,000,075</u>	<u>9,204,393</u>	<u>3,297,072</u>	<u>19,654,489</u>
Operating expenses:					
Development costs	11,844	-	99,372	-	111,216
Interest on bonds, notes, and loans	969,819	-	1,937,984	3,290,562	6,198,365
Program expenses	-	1,000,000	1,295,558	-	2,295,558
Economic development	370,172	422,752	1,111,607	-	1,904,531
Depreciation and amortization	64,439	-	70,558	110,838	245,835
General and administrative	3,728,223	59,033	3,241,936	145,580	7,174,772
Other	-	-	47,134	-	47,134
Total operating expenses	<u>5,144,497</u>	<u>1,481,785</u>	<u>7,804,149</u>	<u>3,546,980</u>	<u>17,977,411</u>
Operating income (loss)	8,452	518,290	1,400,244	(249,908)	1,677,078
Net payment of residual bond proceeds to the City of Atlanta	-	-	-	(22,364)	(22,364)
Transfers in	-	-	-	222,299	222,299
Transfers out	(222,299)	-	-	-	(222,299)
Change in net assets	(213,847)	518,290	1,400,244	(49,973)	1,654,714
Net assets at beginning of year	68,006,503	5,088,125	1,965,627	1,220,583	76,280,838
Net assets at end of year	<u>\$ 67,792,656</u>	<u>\$ 5,606,415</u>	<u>\$ 3,365,871</u>	<u>\$ 1,170,610</u>	<u>\$ 77,935,552</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, 2010

	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 and grantors	\$ 4,320,476	\$ 855,421	\$ 4,674,440	\$ -	\$ 9,850,337
Receipts from City of Atlanta to cover interest expense on revenue bonds issued on behalf of the City of Atlanta for Atlanta Housing Opportunity, Inc.	-	-	1,824,330	-	1,824,330
Receipts from third parties (rental income)	-	-	90,730	316,382	407,112
Receipts of funds from the City of Atlanta for debt service payment	915,998	-	-	2,980,642	3,896,640
Receipts of interest on loans and bank accounts	2,931	74,017	39,381	-	116,329
Payment to component units	(60,866)	-	-	-	(60,866)
Miscellaneous receipts	1,540,901	-	-	-	1,540,901
Receipts of developer fees	-	-	867,400	-	867,400
Advances paid/received from Atlanta Development Authority	(48,662)	-	-	48,662	-
Advances to affiliates for development costs	(867,456)	-	-	-	(867,456)
Payments from Atlanta Housing Opportunity Inc.	-	-	285,942	-	285,942
Payments to/from Atlanta Development Authority	626,973	-	(626,973)	-	-
Payments to suppliers	(1,062,588)	(19,630)	(2,207,716)	(156,216)	(3,446,150)
Payments to employees	(2,921,122)	-	(949,763)	-	(3,870,885)
Payments for interest	-	-	-	(2,486,948)	(2,486,948)
Payments for programs	-	(1,422,752)	(2,531,568)	-	(3,954,320)
Other	-	-	145,556	87,573	233,129
Net cash provided by (used in) operating activities	<u>2,446,585</u>	<u>(512,944)</u>	<u>1,611,759</u>	<u>790,095</u>	<u>4,335,495</u>
Cash flows from noncapital financing activities:					
Repayment on bond principal related to revenue bonds issued on behalf of the City of Atlanta in previous years	(740,000)	-	-	(5,325,000)	(6,065,000)
Funds received on direct financing lease with City of Atlanta	-	-	-	6,547,997	6,547,997
Net payment of residual bond proceeds to the City of Atlanta	-	-	-	(22,364)	(22,364)
Transfers in	-	-	-	222,299	222,299
Transfers out	(222,299)	-	-	-	(222,299)
Line of credit proceeds	-	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>(962,299)</u>	<u>-</u>	<u>-</u>	<u>1,422,932</u>	<u>460,633</u>
Cash flows from capital financing activities:					
Acquisition and construction of capital assets	(538,974)	-	(23,366)	-	(562,340)
Repayment on construction loans	-	-	(986,728)	-	(986,728)
Proceeds from construction loans	-	-	948,631	-	948,631
Proceeds from commercial loans	1,250,000	-	-	-	1,250,000
Repayment of bonds, notes, and loan principal	(960,760)	-	(1,040,000)	(182,560)	(2,183,320)
Proceeds from capital leases	101,019	-	-	-	101,019
Principal payment for capital lease	(65,444)	-	-	-	(65,444)
Payments for interest	(894,385)	-	(1,937,984)	-	(2,832,369)
Net cash provided by (used in) capital financing activities	<u>(1,108,544)</u>	<u>-</u>	<u>(3,039,447)</u>	<u>(182,560)</u>	<u>(4,330,551)</u>
Net increase (decrease) in cash and cash equivalents	375,742	(512,944)	(1,427,688)	2,030,467	465,577
Cash and cash equivalents at beginning 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>
Cash and cash equivalents at end of year	<u>\$ 2,549,003</u>	<u>\$ 2,962,282</u>	<u>\$ 5,834,201</u>	<u>\$ 7,146,559</u>	<u>\$ 18,492,045</u>
Reconciliation to Statement of Net Assets:					
Cash and cash equivalents	\$ 221,900	\$ 2,962,282	\$ 5,611,833	\$ 4,479	\$ 8,800,494
Restricted cash	<u>2,327,103</u>	<u>-</u>	<u>222,368</u>	<u>7,142,080</u>	<u>9,691,551</u>
	<u>\$ 2,549,003</u>	<u>\$ 2,962,282</u>	<u>\$ 5,834,201</u>	<u>\$ 7,146,559</u>	<u>\$ 18,492,045</u>

(continued)

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2010

	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)	\$ 8,452	\$ 518,290	\$ 1,400,244	\$ (249,908)	\$ 1,677,078
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	64,439	-	70,558	110,838	245,835
Interest payments reported in operating income (loss)	969,819	-	1,937,984	-	2,907,803
(Increase) decrease in:					
Other receivables	105,746	-	26,648	-	132,394
Advances for development costs	(867,456)	-	-	-	(867,456)
Advances to/from other funds	(48,662)	-	(285,560)	-	(334,222)
Due from others	-	-	(1,281,520)	-	(1,281,520)
Loans receivable	-	(1,617,025)	(89,683)	-	(1,706,708)
Investment in joint venture	766,779	-	79	-	766,858
Investment in real estate	-	-	47,000	-	47,000
Investment in development projects	-	-	(1,424,735)	-	(1,424,735)
Prepaid items	37,527	-	-	87,525	125,052
Due from Atlanta Housing Opportunity, Inc.	-	-	1,310,894	-	1,310,894
Due from the City of Atlanta	-	-	(190,000)	-	(190,000)
Due from (to) component units	(60,866)	-	(768,028)	-	(828,894)
Due from (to) other funds	626,973	-	(121,279)	-	505,694
Other assets	28,431	-	-	-	28,431
Increase (decrease) in:					
Accounts payable and accrued expenses	60,571	39,403	(26,844)	792,978	866,108
Funds held in escrow	-	-	3,774	-	3,774
Due to primary government	-	-	(220,134)	-	(220,134)
Due to others	-	-	1,281,520	-	1,281,520
Advance from primary government	-	-	-	48,662	48,662
Due to Atlanta Housing Opportunity, Inc.	-	-	-	-	-
Other payables	470,594	-	131,951	-	602,545
Unearned revenue	284,238	546,388	(191,110)	-	639,516
Net cash provided by (used in) operating activities	<u>\$ 2,446,585</u>	<u>\$ (512,944)</u>	<u>\$ 1,611,759</u>	<u>\$ 790,095</u>	<u>\$ 4,335,495</u>
Non-cash operating activities					
Allowance adjustment for doubtful receivables	\$ 370,172	\$ 422,752	\$ 1,111,607	\$ -	\$ 1,904,531
Loss on impairment	-	-	47,000	-	47,000
Non-cash capital financing activities					
Initiation of Capital leases	101,019	-	-	-	101,019

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, 2010

	Inner City Development Corporation	Atlanta BeltLine, Inc.	ADA/CAU Partners, Inc.	Atlanta Economic Renaissance Corporation	Pryor Road/ Lakewood, LLC	Atlanta Local Development Company	Lakewood Senior	Imagine Downtown Managing Member 2007 QEI, LLC	Imagine Downtown, Inc.	Total Component Units
Assets										
Current assets:										
Cash and cash equivalents	\$ 190,522	\$ 1,681,995	\$ 161,061	\$ 19,482	\$ 4,227	\$ -	\$ 157	\$ 875,293	\$ 1,010	\$ 2,933,751
Restricted cash	-	10,267,707	5,898,504	-	-	-	-	-	-	16,166,211
Prepaid items	-	337	-	-	-	-	-	-	-	337
Accounts receivables	-	859,521	49,833	-	5,000	-	-	6,250	2,550	923,154
Total current assets	<u>190,522</u>	<u>12,809,564</u>	<u>6,109,398</u>	<u>19,482</u>	<u>9,227</u>	<u>-</u>	<u>157</u>	<u>881,543</u>	<u>3,560</u>	<u>20,023,453</u>
Noncurrent assets:										
Capital assets, nondepreciable	-	40,537,830	-	-	-	-	-	-	-	40,537,830
Capital assets, net of depreciation	-	15,519	30,260,333	-	-	-	-	-	-	30,275,852
Investment in real estate	3,888,974	-	-	1,293,241	-	-	-	-	-	5,182,215
Investment in development projects	-	-	-	-	(331,581)	-	(409,841)	3,084	4,500	(733,838)
Bond issuance costs, net of amortization	-	-	5,774,750	-	-	-	-	-	-	5,774,750
Due from the City of Atlanta	-	2,273,964	-	-	-	-	-	-	-	2,273,964
Due from the BeltLine Tax Allocation District	-	5,655,129	-	-	-	-	-	-	-	5,655,129
Due from other component units	-	-	-	-	-	-	-	576,541	-	576,541
Other assets	4,500	-	17,440	-	-	-	-	-	58,015	79,955
Total noncurrent assets	<u>3,893,474</u>	<u>48,482,442</u>	<u>36,052,523</u>	<u>1,293,241</u>	<u>(331,581)</u>	<u>-</u>	<u>(409,841)</u>	<u>579,625</u>	<u>62,515</u>	<u>89,622,398</u>
Total assets	<u>4,083,996</u>	<u>61,292,006</u>	<u>42,161,921</u>	<u>1,312,723</u>	<u>(322,354)</u>	<u>-</u>	<u>(409,684)</u>	<u>1,461,168</u>	<u>66,075</u>	<u>109,645,851</u>
Liabilities										
Current liabilities:										
Accounts payable	48,524	7,058,235	593,662	2,110	-	-	-	27,736	32,406	7,762,673
Bonds, notes, and loans payable, current portion	-	726,134	565,000	-	-	-	-	-	225,000	1,516,134
Accrued interest payable	-	-	1,559,531	1,491,375	-	-	-	-	-	3,050,906
Funds held in escrow	-	-	106,016	51,600	-	-	-	-	-	157,616
Due to MARTA	-	3,088,670	-	-	-	-	-	-	-	3,088,670
Due to the Atlanta BeltLine Partnership	-	500,000	-	-	-	-	-	-	-	500,000
Due to the primary government	-	115,304	-	-	-	-	-	-	-	115,304
Due to other component units	-	-	-	-	-	-	-	-	576,541	576,541
Total current liabilities	<u>48,524</u>	<u>11,488,343</u>	<u>2,824,209</u>	<u>1,545,085</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,736</u>	<u>833,947</u>	<u>16,767,844</u>
Noncurrent liabilities:										
Advances from primary government	-	-	-	264,921	-	-	-	-	-	264,921
Due to the City of Atlanta	-	25,000,000	-	-	-	-	-	-	-	25,000,000
Unearned revenue	-	-	-	128,310	-	-	-	-	-	128,310
Bonds, notes and loans payable	2,868,993	28,703,766	50,639,551	3,666,252	-	-	-	-	-	85,878,562
Other liabilities	-	-	30,000	-	-	-	-	-	-	30,000
Total noncurrent liabilities	<u>2,868,993</u>	<u>53,703,766</u>	<u>50,669,551</u>	<u>4,059,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,301,793</u>
Total liabilities	<u>2,917,517</u>	<u>65,192,109</u>	<u>53,493,760</u>	<u>5,604,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,736</u>	<u>833,947</u>	<u>128,069,637</u>
Net Assets (Deficit)										
Invested in capital assets, net of related debt	-	(3,608,844)	(15,169,468)	-	-	-	-	-	-	(18,778,312)
Unrestricted	1,166,475	(291,259)	3,837,625	(4,291,845)	(322,354)	-	(409,684)	1,433,432	(767,872)	354,526
Total net assets (deficit)	<u>\$ 1,166,479</u>	<u>\$ (3,900,103)</u>	<u>\$ (11,331,839)</u>	<u>\$ (4,291,845)</u>	<u>\$ (322,354)</u>	<u>\$ -</u>	<u>\$ (409,684)</u>	<u>\$ 1,433,432</u>	<u>\$ (767,872)</u>	<u>\$ (18,423,786)</u>

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, 2010

	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	Pryor Road/Lakewood, LLC	Atlanta Local Development Company	Lakewood Senior	Imagine Downtown Managing Member 2007 QEI, LLC	Imagine Downtown, Inc.	Total Component Units
Functions/ Programs:													
Component units:													
Inner City Development Corporation	\$ 12,306	\$ -	\$ -	\$ (12,306)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (12,306)
Atlanta BeltLine, Inc.	4,223,101	-	15,187,211	-	10,964,110	-	-	-	-	-	-	-	10,964,110
ADA/CAU Partners, Inc.	7,264,199	5,103,624	-	-	-	(2,160,575)	-	-	-	-	-	-	(2,160,575)
Atlanta Economic Renaissance Corporation	8,405	19,244	-	-	-	-	10,839	-	-	-	-	-	10,839
Pryor Road/Lakewood, LLC	27,265	-	-	-	-	-	-	(27,265)	-	-	-	-	(27,265)
Atlanta Local Development Company	11,895	-	-	-	-	-	-	-	(11,895)	-	-	-	(11,895)
Lakewood Senior	396,055	30,000	-	-	-	-	-	-	-	(366,055)	-	-	(366,055)
Imagine Downtown Managing Membe 2007 QEI, LLC	183,259	81,036	-	-	-	-	-	-	-	-	(102,223)	-	(102,223)
Imagine Downtown, Inc.	764,097	-	-	-	-	-	-	-	-	-	-	(764,097)	(764,097)
Total component unit activities	\$ 12,890,582	\$ 5,233,904	\$ 15,187,211	(12,306)	10,964,110	(2,160,575)	10,839	(27,265)	(11,895)	(366,055)	(102,223)	(764,097)	7,530,533
General revenues:													
Revenues from the use of money or property				3	35,984	181,617	18	-	11	-	2,297	1	219,931
Total general revenues				3	35,984	181,617	18	-	11	-	2,297	1	219,931
Changes in net assets				(12,303)	11,000,094	(1,978,958)	10,857	(27,265)	(11,884)	(366,055)	(99,926)	(764,096)	7,750,464
Net assets (deficit) – beginning of year (restated)				1,178,782	(14,900,197)	(9,352,881)	(4,302,702)	(295,089)	11,884	(43,629)	1,533,358	(3,776)	(26,174,250)
Net assets (deficit) – ending of year				\$ 1,166,479	\$ (3,900,103)	\$ (11,331,839)	\$ (4,291,845)	\$ (322,354)	\$ -	\$ (409,684)	\$ 1,433,432	\$ (767,872)	\$ (18,423,786)

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, 2010

(1) Summary of Significant Accounting Policies

(a) *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.; GP URFA Sexton, Inc.; Sylvan Hills Development LLC; and Toby Sexton Development, LLC. 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.

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; Pryor Road/Lakewood, LLC; Atlanta Local Development Company; Lakewood Senior; Imagine Downtown Managing Member 2007 QEI, LLC; and Imagine Downtown, Inc. 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.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2010

(1) Summary of Significant Accounting Policies (Continued)

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

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.

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.

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 owns 100% 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. As the sole member of the limited liability corporation, ADA controls the activity of Imagine Downtown Managing Member 2007 QEI, LLC., which has a December 31 year-end.

Imagine Downtown, Inc. was created in 2005 to serve and provide investment capital for low-income communities or low-income persons. Imagine Downtown, Inc.’s primary activity is making qualified loans to, or qualified investments in, active low-income business. As the sole owner of the Imagine Downtown, Inc., ADA controls the activity of Imagine Downtown, Inc. which has a December 31 year-end.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2010

(1) Summary of Significant Accounting Policies (Continued)

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

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.

(b) *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.

(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, 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.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2010

(1) Summary of Significant Accounting Policies (Continued)

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

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.

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.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2010

(1) Summary of Significant Accounting Policies (Continued)

(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.

(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 2010. Valuation allowances are provided to adjust the carrying value of land held for resale to net realizable values (see Note 5).

(g) 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.

(h) 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

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2010

(1) Summary of Significant Accounting Policies (Continued)

(i) Income Taxes

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

(j) 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, 2010, 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, 2010, 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, 2010, the investment in direct financing lease is \$21,301,206.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2010

(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, 2010, a net receivable of \$42,090,000 is recorded by the Downtown Development Authority as an investment in direct financing lease with the City of Atlanta with the difference (\$5,975,000) 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 future debt service payments.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2010 consists of the following:

Atlanta Development Authority Administrative Fund	Restated June 30, 2009	Additions	Deletions	June 30, 2010
Capital assets not being depreciated:				
Land	\$ 66,000,000	\$ 2,500,000	\$ -	\$ 68,500,000
Total capital assets, not being depreciated	<u>66,000,000</u>	<u>2,500,000</u>	<u>-</u>	<u>68,500,000</u>
Capital assets being depreciated:				
Furniture and equipment	251,292	538,974	(11,392)	\$ 778,874
	<u>251,292</u>	<u>538,974</u>	<u>(11,392)</u>	<u>778,874</u>
Less accumulated depreciation	(38,629)	(64,439)	2,732	(100,336)
Capital assets net of depreciation	<u>212,663</u>	<u>474,535</u>	<u>(8,660)</u>	<u>678,538</u>
Net capital assets	<u>\$ 66,212,663</u>	<u>\$ 2,974,535</u>	<u>\$ (8,660)</u>	<u>\$ 69,178,538</u>

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2010

(4) Capital Assets (Continued)

	Restated June 30, 2009	Additions	Deletions	June 30, 2010
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	(607,540)	(36,452)	-	(643,992)
Leasehold improvements	(971,875)	(120,388)	-	(1,092,263)
	<u>(1,579,415)</u>	<u>(156,840)</u>	<u>-</u>	<u>(1,736,255)</u>
Total capital assets being depreciated	<u>\$ 2,671,882</u>	<u>\$ (156,840)</u>	<u>\$ -</u>	<u>\$ 2,515,042</u>
Urban Residential Finance Authority:				
Capital assets not being depreciated:				
Construction in progress	\$ 17,450	\$ -	\$ -	\$ 17,450
Total capital assets not being depreciated	<u>17,450</u>	<u>-</u>	<u>-</u>	<u>17,450</u>
Capital assets subject to depreciation:				
Building and improvements	745,971	-	-	745,971
Leasehold improvements	-	23,366	-	23,366
	<u>745,971</u>	<u>23,366</u>	<u>-</u>	<u>769,337</u>
Capital assets being depreciated:				
Building and improvements	(4,662)	(18,649)	-	(23,311)
Leasehold improvements	-	(519)	-	(519)
	<u>(4,662)</u>	<u>(19,168)</u>	<u>-</u>	<u>(23,830)</u>
Total capital assets being depreciated	<u>741,309</u>	<u>4,198</u>	<u>-</u>	<u>745,507</u>
Net capital assets	<u>\$ 758,759</u>	<u>\$ 4,198</u>	<u>\$ -</u>	<u>\$ 762,957</u>
Total primary government:				
Capital assets not being depreciated:				
Land	\$ 66,000,000	\$ 2,500,000	\$ -	\$ 68,500,000
Construction in process	17,450	-	-	17,450
Total capital assets not being depreciated	<u>66,017,450</u>	<u>2,500,000</u>	<u>-</u>	<u>68,517,450</u>
Capital assets subject to depreciation:				
Furniture and equipment	1,011,342	538,974	(11,392)	1,538,924
Building and improvements	745,971	-	-	745,971
Leasehold improvements	3,491,247	23,366	-	3,514,613
	<u>5,248,560</u>	<u>562,340</u>	<u>(11,392)</u>	<u>5,799,508</u>
Capital assets being depreciated:				
Furniture and equipment	(646,169)	(100,891)	2,732	(744,328)
Building and improvements	(4,662)	(18,649)	-	(23,311)
Leasehold improvements	(971,875)	(120,907)	-	(1,092,782)
	<u>(1,622,706)</u>	<u>(220,447)</u>	<u>2,732</u>	<u>(1,840,421)</u>
Total capital assets being depreciated	<u>3,625,854</u>	<u>321,893</u>	<u>(8,660)</u>	<u>3,939,087</u>
Net capital assets	<u>\$ 69,643,304</u>	<u>\$ 2,821,893</u>	<u>\$ (8,660)</u>	<u>\$ 72,456,537</u>

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2010

(4) Capital Assets (Continued)

Capital assets activity for the discretely presented component units for the year ended June 30, 2010 consists of the following:

	Restated June 30, 2009	Additions	Deletions	June 30, 2010
Capital assets not being depreciated:				
Land	\$ 15,176,574	\$ 2,244,040	\$ -	\$ 17,420,614
Construction in progress	4,608,769	18,508,447	-	23,117,216
Total capital assets not being depreciated	<u>19,785,343</u>	<u>20,752,487</u>	<u>-</u>	<u>40,537,830</u>
Capital assets being depreciated:				
Furniture and equipment	1,713,480	16,432	-	1,729,912
Buildings and improvements	35,491,847	38,956	-	35,530,803
Land improvements	<u>3,270,833</u>	<u>-</u>	<u>-</u>	<u>3,270,833</u>
Total capital assets being depreciated	40,476,160	55,388	-	40,531,548
Less accumulated depreciation	<u>(8,893,115)</u>	<u>(1,362,581)</u>	<u>-</u>	<u>(10,255,696)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>31,583,045</u>	<u>(1,307,193)</u>	<u>-</u>	<u>30,275,852</u>
Net capital assets	<u>\$ 51,368,388</u>	<u>\$ 19,445,294</u>	<u>\$ -</u>	<u>\$ 70,813,682</u>

(5) Investment in Real Estate

Investment in real estate consisted of the following at June 30, 2010:

Primary government:	
Lakewood Hills Property	<u>\$ 1,894,275</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
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2010

(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.

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 2010.

The total valuation allowance was \$2,201,315 at June 30, 2010. 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.

(6) Long-term Liabilities

Activity for the bonds, notes, loans payable, and other long-term liabilities for the year ended June 30, 2010 consists of the following:

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2010

(6) Long-term Liabilities (Continued)

	Restated June 30, 2009	Additions	Reductions	June 30, 2010	Amount Due Within One Year
Primary government:					
Construction loan payable	\$ 2,347,597	\$ -	\$ -	\$ 2,347,597	\$ 2,347,597
Notes payable to the City of Atlanta funded by Community Development Block Grant	345,998	-	-	345,998	13,572
Bonds payable, 2005 Series Opportunity Program	20,025,000	-	(740,000)	19,285,000	765,000
Bonds payable, 2007A Series Housing Opportunity Program	33,385,000	-	(1,040,000)	32,345,000	1,095,000
Discount on 2007A Series Housing Opportunity Program Bonds Payable	(165,809)	-	14,369	(151,440)	-
Loan payable to the City of Atlanta	200,000	-	-	200,000	-
Bonds payable, 1999 Downtown Development Authority Revenue Bonds	946,910	-	(182,560)	764,350	74,732
Bonds payable, 2006 Downtown Development Authority Revenue Bonds	22,905,000	-	(600,000)	22,305,000	620,000
Discount on 2006 Downtown Development Authority Revenue Bonds	(177,639)	-	7,723	(169,916)	-
Bonds payable, 2009 Downtown Development Authority Revenue Bonds	52,790,000	-	(4,725,000)	48,065,000	5,975,000
Discount on 2009 Downtown Development Authority Revenue Bonds	(211,715)	-	72,213	(139,502)	-
Unamortized premium on 2009 Downtown Development Authority Revenue Bonds	2,840,478	-	(627,760)	2,212,718	-
Capital leases payable	181,607	101,019	(65,444)	217,182	85,460
Loan payable, guaranteed debt	960,760	-	(960,760)	-	-
Commercial loan payable	-	1,250,000	-	1,250,000	-
Pollution Remediation Obligation	-	2,500,000	-	2,500,000	450,000
Total primary government	\$ 136,373,187	\$ 3,851,019	\$ (8,847,219)	\$ 131,376,987	\$ 11,426,361
Component units:					
Bonds payable, 2004 Clark Atlanta University project	\$ 51,658,703	\$ -	\$ (454,152)	\$ 51,204,551	\$ 565,000
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, from Section 108 federal funds	30,000,000	-	(5,000,000)	25,000,000	-
Note payable	2,868,993	-	-	2,868,993	-
Note payable	29,429,900	225,000	-	29,654,900	951,134
Unearned revenue	128,310	-	-	128,310	-
Total component units	\$ 117,752,158	\$ 225,000	\$ (5,454,152)	\$ 112,523,006	\$ 1,516,134

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2010

(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 \$3,296,160 as of June 30, 2010.

Construction of the Lakewood Hills development was financed with construction loans. On April 28, 2008, Lakewood Hills Inc. refinanced its construction loan with Wachovia Bank. The note, in the amount of \$3,000,000, incurs interest at the 1 –month LIBOR plus 1.80 percent rate. Payments of interest only are due beginning June 1, 2008 and continuing until maturity, which is the earlier of the date of the sale of the last individual residential lot or December 31, 2010. Proceeds from sales of individual residential lots will be used to reduce the principal balance outstanding on the note, in accordance with the terms of the loan agreement with Wachovia (or now Wells Fargo). The construction loan had a balance of \$2,347,597 at June 30, 2010.

On January 15, 2009, Lakewood Hills, Inc. obtained a loan in the amount of \$986,728 from the Atlanta Development Authority (ADA) in which Lakewood Hills, Inc. received the funds through a line of credit with BB&T (note that in the prior year, this balance was included in the total construction loan payable as discussed in the preceding paragraph). Lakewood Hills, Inc. used the funds to pay down the construction loan with Sun Trust Bank. The loan bears interest at a variable rate and matures on January 15, 2019. The loan is to be repaid with net proceeds from the sale of condominium units, with the entire balance and any unpaid accrued interest due becoming immediately payable upon the first to occur of the sale of the last unit or the maturity date. As of year-end, the loan due to ADA was \$948,563 which is excluded from the tabular presentation of the summary of changes in long-term debt on the preceding page.

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, 2010, the balance of the remaining loans payable was \$345,998.

On January 12, 2006, the Authority issued \$22,000,000 of Taxable Revenue Bonds (Homeless Opportunity Project), Series 2005, for the purpose of financing certain supportive housing projects in the City of Atlanta, which will provide for the delivery of services to counteract unemployment, underemployment, and resulting homelessness. The City of Atlanta guarantees the principal and interest payments on the bonds. Interest on the bonds is payable semiannually on June 1 and December 1 of each year, with interest rates ranging from 3.50% to 5.00%. The bonds mature on December 1, 2026. At June 30, 2010, the outstanding principal balance was \$19,285,000. Also at June 30, 2010, an amount of \$19,360,434 is recorded as being due from the City of Atlanta, with the difference between the bonds and the receivable resulting from interest accrued for at year end.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2010

(6) Long-term Liabilities (Continued)

Primary Government (Continued)

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, 2010, the outstanding principal balance was \$32,345,000. Also at June 30, 2010, an amount of \$31,890,503 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.

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, 2010 is \$764,350.

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 construct 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, 2010 is \$22,305,000. 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. 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, 2010 is \$48,065,000. The Authority has recorded a receivable from the City of Atlanta for all future debt service payments.

During the current year, ADA received a \$1,250,000 note payable from BB&T. The note bears an interest rate of 4% and the note matures on September 5, 2010. This note was used to pay off the guaranteed loan payable of \$960,760. As of year-end, the remaining balance of the note payable is \$1,250,000.

ADA is responsible for the cleanup of portions of the BeltLine Corridor extending from Buford Highway to DeKalb Avenue. ADA, through ABI, contracted with an engineering and consulting firm to calculate the expected outlays of the pollution remediation. As of June 30, 2010, ADA expects the total cost of the pollution remediation to be \$2,500,000. Of this amount, management of ADA expects outlays of \$450,000 within one year of June 30, 2010.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2010

(6) Long-term Liabilities (Continued)

Primary Government (Continued)

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 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, 2010:

	ADA Administration Fund
Equipment	\$ 311,134
Less accumulated depreciation	(80,567)
Carrying value	\$ 230,567

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, 2010:

Fiscal year ending	ADA Administration Fund
2011	\$ 94,524
2012	94,524
2013	42,352
Total minimum lease payments	231,400
Less amount representing interest	(14,218)
Present value of future minimum lease payments	217,182
Less current maturities	(85,460)
	\$ 131,722

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2010

6) Long-term Liabilities (Continued)

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, 2010, the balance due on these bonds (net of bond premium of \$499,551) is \$51,204,551.

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 2010, no payments were made on the notes. Management is currently marketing the properties for sale.

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 2010. At June 30, 2010, 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). For a period of 24 months commencing April 17, 2010, the loan was to accrue interest at a daily rate of LIBOR + .75%. However, due to a downgrade of the City of Atlanta’s debt rating, the interest rate changed in accordance with the original loan agreement to a daily rate of LIBOR + .85%. This rate is effective until the note matures on September 17, 2022. Principal will be due annually each October commencing on October 17, 2010. As of June 30, 2010, the outstanding balance on the note payable is \$29,429,900.

In 2007, ABI and the City of Atlanta entered into an intergovernmental agreement for the Clear Creek Project. The Clear Creek Project will result in the construction of a storm water retention pond and infrastructure improvements for sewer basin relief. The City of Atlanta contributed \$30 million to ABI for the estimated cost to complete the project. During the current year, ABI returned \$5 million of the unspent project dollars to the City. Thus, the City has only provided up to \$25 million for the Clear Creek Project. Upon completion, both the project and any portion of the \$25 million not expended by ABI will revert back to the City of Atlanta in order to satisfy this obligation. This amount has no maturity date, nor is interest charged. All costs associated with the Clear Creek Project are being accounted for as construction in process and a portion accounted for as land. Under the agreement, any costs in excess of \$25 million are required to be funded by ABI. At June 30, 2010, total project cost to date was \$18,880,967.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2010

6) Long-term Liabilities (Continued)

Component Units (Continued)

Imagine Downtown, Inc.

Pursuant to the Stock and Membership Interest Redemption Agreement dated November 19, 2009, between the Imagine Downtown, Inc., the Class A Shareholder, and Imagine Downtown Managing Member 2007 QEI, LLC, Imagine Downtown, Inc. redeemed and purchased 999 shares of common stock held by the Class A Shareholder for the amount of \$1. In addition and in conjunction with the stock redemption, the Imagine Downtown, Inc. acquired a 50% interest in Imagine Downtown Managing Member 2007 QEI, LLC, for \$449,999 with a promissory note to the Class A Shareholder for \$225,000 and \$224,999 cash, which was borrowed from Imagine Downtown Managing Member 2007 QEI, LLC and is included in due to related parties. The note to the Class A Shareholder for \$225,000 bears no interest and matures on December 31, 2010.

Long Term Unearned Revenue

Long term unearned 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 2010 and the unearned grant revenue relating to this project totaled \$128,310 at June 30, 2010.

Debt Service Requirements

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

	Bonds of ADA		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2011	\$ 765	\$ 891	\$ 1,656
2012	790	858	1,648
2013	830	817	1,647
2014	875	776	1,651
2015	915	734	1,649
2016 - 2020	5,285	2,928	8,213
2021 - 2025	6,700	1,487	8,187
2026 - 2027	3,125	142	3,267
Totals	<u>\$ 19,285</u>	<u>\$ 8,633</u>	<u>\$ 27,918</u>

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2010

(6) Long-term Liabilities (Continued)

Debt Service Requirements (Continued)

	Bonds of DDA		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2011	\$ 6,670	\$ 3,168	\$ 9,838
2012	6,904	2,921	9,825
2013	7,222	2,605	9,827
2014	8,073	2,235	10,308
2015	7,890	1,840	9,730
2016 - 2020	19,600	4,727	24,327
2021 - 2025	5,175	2,918	8,093
2026 - 2030	6,515	1,584	8,099
2031 - 2032	3,085	154	3,239
Totals	<u>71,134</u>	<u>\$ 22,152</u>	<u>\$ 93,286</u>
Plus premium on Downtown Development Authority Bonds	2,213		
Less discount on Downtown Development Authority Bonds	<u>(309)</u>		
Total outstanding debt	<u>\$ 73,038</u>		

	Bonds of URFA		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
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	1,345	1,524	2,869
2016 - 2020	7,905	6,430	14,335
2021 - 2025	10,470	3,865	14,335
2026 - 2028	7,895	705	8,600
Totals	<u>32,345</u>	<u>\$ 19,263</u>	<u>\$ 51,608</u>
Less discount	<u>(151)</u>		
Net bonds payable	<u>\$32,194</u>		

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2010

(6) Long-term Liabilities (Continued)

Debt Service Requirements (Continued)

	Bonds of Component Units		Total
	Principal	Interest	
Year ending June 30:			
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	910	2,938	3,848
2016 - 2020	5,490	13,760	19,250
2021 - 2025	7,430	11,816	19,246
2026 - 2030	10,030	9,216	19,246
2031 - 2035	13,485	5,760	19,245
2036 - 2037	10,460	1,082	11,542
Totals	<u>50,705</u>	<u>\$ 56,808</u>	<u>\$ 107,513</u>
Plus Amortization of bond premium	500		
Totals	<u>\$ 51,205</u>		

	Notes Payable of ABI		Total
	Principal	Interest	
Year ending June 30:			
2011	\$ 726	\$ 330	\$ 1,056
2012	1,441	313	1,754
2013	1,707	294	2,001
2014	1,856	272	2,128
2015	2,020	249	2,269
2016 - 2020	12,250	841	13,091
2021 - 2023	9,430	113	9,543
Totals	<u>\$ 29,430</u>	<u>\$ 2,412</u>	<u>\$ 31,842</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.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2010

(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.

At June 30, 2010, the aggregate principal amounts of bonds issued by URFA as conduit debt were \$453,177,368.

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, 2010, the aggregate principal amounts of bonds issued by ADA as conduit debt were \$505,835,000.

(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, 2010, ADA owed \$406,839 to URFA which was expected to be repaid within one year, to URFA's Administrative Fund.

As part of its normal course of business, the Authority provides operating funds to DDA. During the year ended June 30, 2010, transfers were \$222,299.

In previous years, ADA advanced funds to its component unit, the Atlanta Economic Renaissance Corporation to cover some of its operating shortfalls during that time. As of June 30, 2010, the Atlanta Economic Renaissance Corporation owes the Authority's Administrative Fund \$264,921, which was not expected to be repaid within one year, but will be repaid in the near future.

At June 30, 2010, DDA owes the Authority's Administrative Fund \$958,355, which was not expected to be repaid within one year, but will be repaid over the next two (2) years.

At June 30, 2010, ABI owes the Authority's Administrative Fund \$115,304, which is expected to be repaid within one year.

As of year-end, Atlanta BeltLine Inc. (ABI) has a deficit of \$3,900,103. The Atlanta BeltLine Project is fairly new and has grown in activity each year in relation to environmental studies and construction surrounding the Clear Creek Project and Atlanta BeltLine Corridor Project. This deficit will continue to decrease in the future as ABI continues to receive federal grants, private grants and contributions, and local funding from the City of Atlanta (ABI's deficit has decreased from the prior year of \$14,900,197 to \$3,900,103 in the current year).

As of year-end, the Atlanta Economic Renaissance Corporation, Pryor Road/Lakewood, LLC, Lakewood Senior, and Imagine Downtown, Inc., all of which are component units of ADA, have deficits of \$4,291,845, \$322,354, \$409,684, and \$767,872, respectively, in which ADA has agreed, if deemed necessary, to cover any major operating shortfalls these entities may have.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2010

(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, 2010, ADA contributions to the 401(a) plan totaled \$437,537. 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.

(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 will not materially affect the financial position or results of operations of the Authority.

(11) Prior Period Adjustments

Primary Government

ADA has determined that several restatements of prior period balances are necessary to properly report amounts related to the Series 2005 Homeless Opportunity Project bonds and capital assets. The cumulative effect of these restatements on the beginning net assets of ADA is described below.

In 2006, ADA issued Series 2005 Homeless Opportunity Project bonds in the name of the City of Atlanta. However, ADA did not record the debt or reflect a receivable due from the City of Atlanta in its financial statements in prior years. An adjustment to debt of \$20,025,000 was necessary to properly record debt that was not reported in prior years. This entry has no effect on beginning net assets as another adjustment of an identical amount was recorded by ADA to show the full amount as being due from the City of Atlanta.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2010

(11) Prior Period Adjustments (Continued)

Primary Government (Continued)

Long term liabilities, June 30, 2009, as previously reported	\$ 117,334,915
Adjustment for debt not reported in prior periods	20,025,000
Long term liabilities, June 30, 2009, as restated	<u>\$ 137,359,915</u>

An adjustment to capital assets of \$66,000,000 was necessary to properly record capital assets which were reported as an investment in real estate in the prior period as a result of management's initial intentions with the property. This entry has no effect on beginning net assets as this is considered a reclassification between asset categories.

ADA Administration Fund:

Capital assets, June 30, 2009, as previously reported	\$ 212,663
Adjustment for reclassification of capital assets	66,000,000
Capital assets, June 30, 2009, as restated	<u>\$ 66,212,663</u>

As previously noted, none of the adjustments as noted above had any effect on beginning net assets of ADA.

Component Unit - Atlanta BeltLine, Inc.

ABI has determined that several restatements of prior period balances are necessary to properly report amounts due from the BeltLine TAD, amounts due to MARTA, and capital assets. The cumulative effect of these restatements on the beginning net assets and capital assets of ABI is described below.

ABI acquired several capital assets related to the Atlanta BeltLine Project in prior periods. However, ABI had not properly recorded the acquisition of these assets in prior periods for various reasons. An adjustment to capital assets of \$261,749 was necessary to properly record capital assets which were expensed in the prior year.

An adjustment to capital assets of \$2,430,664 was necessary to properly record land related to the Historic Fourth Ward Park which was classified as an investment in development project in prior periods. This reclassification to a capital asset was necessary to a change in the intended purpose of this land from an investment to an asset planned to be utilized for the reporting entity's overall purpose. This entry has no effect on beginning net assets as this is considered a reclassification between asset categories.

An adjustment to capital assets of \$2,283,053 was necessary to properly record capital assets which were excluded from capital assets in prior periods. This entry also has no effect on beginning net assets as it related to the same amount due to MARTA as a liability which was not recorded in prior periods.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2010

(11) Prior Period Adjustments (Continued)

Component Unit - Atlanta BeltLine, Inc.(Continued)

Capital assets, June 30, 2009, as previously reported	\$ 14,809,877
Adjustment for capital assets expensed in prior periods	261,749
Adjustment for reclassification of capital assets	2,430,664
Adjustment for omitted capital assets related to the MARTA intergovernmental agreement	2,283,053
Capital assets, June 30, 2009, as restated	<u>\$ 19,785,343</u>

At June 30, 2009, ABI did not properly record receivables related to amounts due from the BeltLine TAD that were related to redevelopment costs incurred by ABI for various Atlanta BeltLine Projects. As a result, beginning net assets has been adjusted by \$2,533,171.

Beginning net assets of ABI have been adjusted as follows for those amounts noted above with an effect on beginning net assets as noted below.

Net assets (Deficits) , June 30, 2009, as previously reported	\$ (17,695,117)
Adjustment for capital assets	261,749
Adjustment for receivable	2,533,171
Net assets (Deficits), June 30, 2009, as restated	<u>\$ (14,900,197)</u>

(12) Going Concern Consideration

The ADA/CAU Partners, Inc. (the “Company”), which is a component unit of the Atlanta Development Authority, has experienced significant operating deficits as a result of difficult market conditions. Due to the nature of the project, if a unit is not leased at the beginning of the school year, it stays vacant the entire year which has a considerable effect on operations. The Company has made all of the required debt payments through June 30, 2010; however, subsequent to year-end, the Company used money from the trust reserves to pay the July 2010 mortgage payment. Management has recently increased marketing efforts to improve occupancy which will affect the overall results of operations. The Company has also hired a new management company in efforts to turn around the Company’s operating results. Should the Company’s operations not improve, the Company might not be able to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

(13) Contractual Commitments

For the year ended June 30, 2010, ABI had several active construction projects related to various Atlanta BeltLine construction projects. At year end, ABI’s commitments with contractors were \$23,538,201.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Notes to the Financial Statements
June 30, 2010

(14) Subsequent Event

On October 20, 2010, URFA sold \$10 million in mortgage certificates related to the 2009 New Issue Bond Program for \$10.5 million, resulting in a gain of \$500,000 for the Authority. Additional mortgage certificates related to this program will likely be sold within one year of the Authority's year end. Net proceeds from the sale of these mortgage certificates will be dependent upon the prevailing market conditions at the time of the settlement.