ATLANTA DEVELOPMENT AUTHORITY

(A Component Unit of the City of Atlanta, Georgia)

Financial Statements

June 30, 2011

(With Independent Auditors' Report Thereon)

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

June 30, 2011

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MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

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 fiscal year ended June 30, 2011, 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 40% and 23%, 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 2.5% and .8% 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2011 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (on pages 3 through 8) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 27, 2011

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, 2011. Please read it in conjunction with the financial statements and accompanying notes.

Fiscal Year 2011 Selected Financial Highlights (Proprietary Funds)

- ADA's current assets increased approximately $23.2 million or 90%. Restricted cash increased $22.6 million primarily associated with the approximately $22.8 million issuance of economic recovery zone bonds by the Atlanta Urban Redevelopment Agency (AURA). The AURA was created during fiscal year 2011 and is a blended component unit of the Downtown Development Authority (DDA).

- Total non-current assets decreased approximately $9.8 million or 4.9%. This is due predominantly to a $6.8 million decrease in DDA's investment in a direct financing lease with the City of Atlanta related to the 2009 refunding revenue bonds (Underground Atlanta Project).

- Total current liabilities increased approximately $4.7 million or 23.9%. This was largely due the Urban Residential Finance Authority's (URFA) approximately $3.2 million increase in its line of credit related to the 2009 New Issue Bond Program.

- Bonds and notes payable increased approximately $11.3 million or 8.6%, primarily due to the AURA's issuance of economic recovery zone bonds noted above offset by the principal payments on outstanding bonds and notes payables during fiscal year 2011.

- The Authority's assets related to business-type activities exceeded its liabilities at the close of the fiscal year ended June 30, 2011 by approximately $79 million (*net assets).* Of this amount, approximately $18.6 million represents a deficit balance in unrestricted net assets which cannot be used to meet the Authority's ongoing obligations to citizens and creditors. The Authority's net assets also has approximately $58.3 million invested in capital assets, net of related debt, approximately $8 million restricted for debt services, and approximately $31.2 million restricted for grant programs.

- The Administrative Fund is used primarily to account for the operating activities of ADA. This fund shows an operating loss for the fiscal year of approximately $1.8 million compared to an $8,452 operating gain for the fiscal year ended June 30, 2010. The variance between fiscal years is primarily related to the Authority's decrease in revenues associated with tax allocation district and real estate administration fees, tax allocation district cost recoveries, and prior fiscal year revenues associated with the purchase of the Lakewood Partners' note payable with SunTrust bank.

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.

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; 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 17-40 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 $79 million at the close of fiscal year 2011.

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 ADA and URFA's participation in various loan programs as well as DDA's net assets related to its debt service for the 2006 Revenue Bonds (Parking Deck) and 2009 Refunding Revenue Bonds (Underground Atlanta Project).

Summary of the Atlanta Development Authority's Net Assets
June 30, 2011 and June 30, 2010
Proprietary Funds

	2011	2010 (Restated)
Assets:		
Current assets	$ 49,065,908	$ 25,886,686
Capital assets	70,944,369	72,456,537
Other non-current assets	120,212,479	128,480,931
Total assets	240,222,756	226,824,154
Liabilities:		
Current liabilities	24,224,862	19,558,861
Long-term liabilities	137,012,310	127,229,398
Total liabilities	161,237,172	146,788,259
Net assets:		
Invested in capital assets, net of related debt	58,301,683	59,296,751
Restricted	39,268,983	16,603,719
Unrestricted	(18,585,082)	4,135,425
Total net assets	$ 78,985,584	$ 80,035,895

- ADA's total assets increased approximately $13.4 million. The increase is primarily due to the issuance of approximately $22.8 million in economic recovery zone bonds by the AURA (a component unit of DDA), with unspent proceeds at fiscal year-end totaling approximately $22.8 million, offset by approximately $6.8 million decrease in DDA's investment in a direct financing lease with the City of Atlanta related to the 2009 refunding revenue bonds (Underground Atlanta Project).

- ADA total liabilities increased by approximately $14.5 million for the fiscal year ended June 30, 2011. The increase is primarily due to the AURA's issuance of approximately $22.8 million in economic recovery zone bonds combined with an increase of approximately $3.2 million related to URFA's line of credit on the 2009 New Issue Bond Program, and then offset by approximately $11.5 million in principal payments on bonds and notes payable balances during fiscal year 2011.

- ADA's total net assets related to business type activities decreased approximately $1.1 million during the fiscal year ended June 30, 2011. The combination of the two items noted above reflect the majority of the decrease 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.

Summary of Changes in the Atlanta Development Authority's Net Assets
Fiscal Years Ended June 30, 2011 and June 30, 2010
Proprietary Funds

	2011	2010 (Restated)
Revenues:		
Program revenues:		
Charges for services	$ 13,400,160	$ 13,596,961
Operating grants	5,525,934	3,896,640
General revenues:		
Interest income	22,928	432,749
Other	1,259,279	1,728,139
Total revenues	20,208,301	19,654,489
Expenses:		
Economic development	21,258,612	17,999,775
Total expenses	21,258,612	17,999,775
Operating income (loss) from business type activities:	(1,050,311)	1,654,714
Change in net assets	(1,050,311)	1,654,714
Net assets, beginning of fiscal year (restated)	80,035,895	78,381,181
Net assets, end of fiscal year	$ 78,985,584	$ 80,035,895

Charges for services and operating grants and contributions accounted for 93.7% of the total revenues of ADA as of June 30, 2011 as compared to 88% in the prior fiscal year. This revenue includes income from development properties held, service fees, loan fees related primarily to loan programs administered by URFA, fees received from the City of Atlanta and funding received from various sources to provide loans/grants for those programs the Authority administers (as reported in the Grants and Restricted Program Fund).

ADA also had approximately $23,000 in interest income during fiscal year 2011.

The amount received from the City of Atlanta is approximately $5.5 million and mainly relates to the City's support for the debt service related to the 2006 and 2009 revenue bonds issued by DDA, 2005 Series Opportunity Program issued by ADA, and the 2007A revenue bonds issued by URFA.

Other revenue is comprised primarily of program income related to URFA's various housing programs and real estate income from its component units.

ADA's total operating expenses are related to its mission of economic development for the City of Atlanta and primarily include: development costs of approximately $5.3 million, interest on long-term financing of approximately $6.1 million, general and administrative expenses of approximately $7.2 million and program expenses of approximately $1.6 million. Total expenses for the current fiscal year of approximately $21.3 million represent an 18.1% increase over the prior fiscal year.

Capital Asset and Debt Administration (Primary Government)

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

Capital asset balances of ADA at June 30, 2011 and June 30, 2010 are as follows:

	June 30, 2010	June 30, 2011
Land	$ 68,500,000	$ 67,375,000
Construction in progress	17,450	-
Building and improvements	745,971	745,971
Leasehold improvements	3,514,613	3,514,613
Furniture and equipment	1,538,924	1,589,414
Gross capital assets	74,316,958	73,224,998
Less: accumulated depreciation	(1,860,421)	(2,280,629)
Net capital assets	$ 72,456,537	$ 70,944,369

For more information on capital assets, see Note 5 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, 2011, activity is summarized as follows:

Primary government:	June 30, 2010	Additions	Reductions	June 30, 2011
Notes payable to the City of Atlanta funded by CDBG	$ 345,998	$ -	$ (6,653)	$ 339,345
Bonds payable, 2005 Opportunity Bonds	19,285,000	-	(765,000)	18,520,000
Bonds payable, 2007A HOP	32,345,000	-	(1,095,000)	31,250,000
Discount, 2007A HOP	(151,440)	-	13,943	(137,497)
Bonds payable, 1999 DDA Revenue Bonds	764,350	-	(74,732)	689,618
Bonds payable, 2006 DDA Revenue Bonds	22,305,000	-	(620,000)	21,685,000
Bonds payable, 2009 DDA Revenue Bonds	48,065,000	-	(5,975,000)	42,090,000
Bonds payable, 2010 DDA Revenue Bonds	-	22,775,000	(5,000)	22,770,000
Discount, 2006 DDA Revenue Bonds	(169,916)	-	7,723	(162,193)
Discount, 2009 DDDA Revenue Bonds	(139,502)	-	37,461	(102,041)
Premium, 2009 DDA Revenue Bonds	2,212,718	-	(594,190)	1,618,528
Construction Loan Payable	2,347,597	-	-	2,347,597
Loan Payable to the City of Atlanta	200,000	-	-	200,000
Capital Lease Payable	217,182	-	(85,460)	131,722
Commercial Loan Payable	1,250,000	-	(750,000)	500,000
Pollution Remediation Obligation	2,500,000	-	(1,596,665)	903,335
Total primary government	$ 131,376,987	$ 22,775,000	$ (11,508,573)	$ 142,643,414

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 8 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 7 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, 2011

	Business-type Activities	Component Units
Assets		
Current assets:		
Cash and cash equivalents	$ 7,978,545	$ 3,311,962
Restricted cash and cash equivalents	32,295,934	7,900,473
Investment in direct financing lease with the City of Atlanta, current portion	615,973	-
Other receivables	262,198	937,476
Prepaid items	412,909	72,572
Due from the BeltLine Tax Allocation District	4,133	2,253,681
Due from the Atlanta BeltLine Partnership	-	1,162,379
Due from the City of Atlanta	-	259,603
Due from the City of Atlanta, current portion of long term debt	790,000	-
Due from component units	71,253	-
Due from Atlanta Housing Opportunity, Inc. - current portion of long term debt	1,295,490	-
Due from the U.S. Department of the Treasury	5,339,473	-
Total current assets	49,065,908	15,898,146
Noncurrent assets:		
Investment in direct financing leases with the City of Atlanta	55,988,135	-
Due from the City of Atlanta	17,730,000	-
Due from Atlanta Housing Opportunity, Inc.	29,520,042	-
Due from others	-	1,232,047
Loans receivable	4,246,569	-
Other receivable	4,435,726	-
Investment in CV Underground	2,100,343	-
Investment in real estate	-	3,861,842
Investment in development projects	795,540	(434,475)
Capital assets, nondepreciable	67,375,000	60,905,198
Capital assets, net of depreciation	3,569,369	29,151,059
Prepaid rent	2,067,687	-
Bond issuance costs, net of amortization	1,742,855	5,651,933
Advances for development costs	1,319,136	-
Advances to component units	264,921	-
Other assets	1,525	55,952
Total noncurrent assets	191,156,848	100,423,556
Total assets	240,222,756	116,321,702
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	1,219,977	4,221,554
Bonds, notes, and loans payable, current portion	12,645,954	2,110,704
Capital leases payable, current portion	89,922	-
Accrued interest payable	2,153,413	3,033,250
Pollution remediation liability	903,335	-
Line of credit payable	6,173,640	-
Unearned revenue	830,634	2,682,641
Funds held in escrow	7,987	108,985
Other payables	-	-
Due to MARTA	-	315,142
Due to Atlanta BeltLine Partnership	-	27,324
Due to City of Atlanta	200,000	-
Due to the primary government	-	71,253
Due to the BeltLine Tax Allocation District	-	796,097
Due to others	-	274,137
Total current liabilities	24,224,862	13,641,087
Noncurrent liabilities:		
Advances from primary government	-	264,921
Due to the City of Atlanta	-	25,000,000
Other payables	1,421,692	60,000
Due to others	4,569,289	-
Unearned revenue	2,017,126	129,878
Capital leases payable	41,800	-
Bonds, notes and loans payable	128,962,403	83,748,707
Total noncurrent liabilities	137,012,310	109,203,506
Total liabilities	161,237,172	122,844,593
Net Assets (Deficit)		
Invested in capital assets, net of related debt	58,301,683	(10,965,776)
Restricted for debt services	8,099,795	-
Restricted for grant programs	31,169,188	-
Unrestricted	(18,585,082)	4,442,885
Total net assets (deficit)	$ 78,985,584	$ (6,522,891)

See the accompanying notes to the financial statements.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Statement of Activities
Fiscal Year ended June 30, 2011

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	**Charges for Services**	**Capital Grants and Contributions**	**Operating Grants and Contributions**	**Business-type Activities**	**Component Units**
Functions/ Programs:						
Primary government:						
Business-type activities:						
Economic development	$ 21,258,612	$ 13,400,160	$ -	$ 5,525,934	$ (2,332,518)	
Total primary government activities	$ 21,258,612	$ 13,400,160	$ -	$ 5,525,934	(2,332,518)	
Component units:						
Inner City Development Corporation	$ 1,529,010	$ -	$ 200,869	$ -		$ (1,328,141)
Atlanta BeltLine, Inc.	5,303,449	-	20,220,151	431,049		15,347,751
ADA/CAU Partners, Inc.	7,902,609	5,451,662	-	-		(2,450,947)
Atlanta Economic Renaissance Corporation	24,037	20,031	-	-		(4,006)
Pryor Road/Lakewood, LLC	635,927	967,508	-	-		331,581
Lakewood Senior	65,278	29,992	-	-		(35,286)
Imagine Downtown Managing Member 2007 QEI, LLC	203,370	139,181	-	-		(64,189)
Imagine Downtown, Inc.	425,678	370,674	-	-		(55,004)
Total component unit activities	$ 16,089,358	$ 6,979,048	$ 20,421,020	$ 431,049		11,741,759
General revenues:						
Interest income					22,928	159,136
Miscellaneous revenue					1,259,279	-
Total general revenues					1,282,207	159,136
Change in net assets					(1,050,311)	11,900,895
Net assets (deficit) – beginning of fiscal year (restated)					80,035,895	(18,423,786)
Net assets (deficit) – ending of fiscal year					$ 78,985,584	$ (6,522,891)

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, 2011

	Business-type Activities - Enterprise Funds				
	Administrative Fund	Grants and Restricted Program Fund	Urban Residential Finance Authority	Downtown Development Authority	Total
Assets					
Current assets:					
Cash and cash equivalents	$ 245,390	$ 2,443,500	$ 5,287,086	$ 2,569	$ 7,978,545
Restricted cash and cash equivalents	1,696,423	-	165,909	30,433,602	32,295,934
Investment in direct financing leases with the City of Atlanta , current portion	-	-	-	615,973	615,973
Other receivables	202,213	-	59,985	-	262,198
Prepaid items	272,737	-	7,450	132,722	412,909
Due from the BeltLine Tax Allocation District	4,133	-	-	-	4,133
Due from other funds	100,231	471,665	-	400	572,296
Due from the City of Atlanta, current portion of long term debt	790,000	-	-	-	790,000
Due from component units	71,253	-	-	-	71,253
Due from Atlanta Housing Opportunity, Inc. -current portion of long term debt	-	-	1,295,490	-	1,295,490
Due from the U.S. Department of the Treasury	-	-	5,339,473	-	5,339,473
Total current assets	3,382,380	2,915,165	12,155,393	31,185,266	49,638,204
Noncurrent assets:					
Investment in direct financing leases with the City of Atlanta	-	-	-	55,988,135	55,988,135
Due from the City of Atlanta	17,730,000	-	-	-	17,730,000
Due from Atlanta Housing Opportunity, Inc.	-	-	29,520,042	-	29,520,042
Loans receivable, net of allowance	-	2,627,061	1,619,508	-	4,246,569
Other receivables, net of allowance	-	-	4,435,726	-	4,435,726
Investment in CV Underground	-	-	-	2,100,343	2,100,343
Investment in development projects	219,933	-	575,607	-	795,540
Capital assets, nondepreciable	67,375,000	-	-	-	67,375,000
Capital assets, net of depreciation	554,962	-	723,520	2,290,887	3,569,369
Prepaid rent	-	-	-	2,067,687	2,067,687
Bond issuance costs, net of amortization	-	-	353,726	1,389,129	1,742,855
Advances for development costs	1,319,136	-	-	-	1,319,136
Advances to other funds	1,955,570	-	1,121,560	-	3,077,130
Advances to component units	264,921	-	-	-	264,921
Other assets	1,525	-	-	-	1,525
Total noncurrent assets	89,421,047	2,627,061	38,349,689	63,836,181	194,233,978
Total assets	92,803,427	5,542,226	50,505,082	95,021,447	243,872,182
Liabilities					
Current liabilities:					
Accounts payable	684,727	46,379	130,022	4,983	866,111
Bonds, notes, and loans payable, current portion	1,290,000	-	3,511,713	7,844,241	12,645,954
Capital leases payable, current	89,922	-	-	-	89,922
Accrued interest payable	73,123	-	149,515	1,930,775	2,153,413
Accrued liabilities	353,866	-	-	-	353,866
Line of credit payable	834,167	-	5,339,473	-	6,173,640
Unearned revenue	-	50,468	780,166	-	830,634
Pollution remediation liability	903,335	-	-	-	903,335
Funds held in escrow	-	-	7,987	-	7,987
Due to the City of Atlanta	200,000	-	-	-	200,000
Due to other funds	472,065	100,231	-	-	572,296
Total current liabilities	4,901,205	197,078	9,918,876	9,779,999	24,797,158
Noncurrent liabilities:					
Capital leases payable	41,800	-	-	-	41,800
Unearned revenue	2,017,126	-	-	-	2,017,126
Other payables	1,421,692	-	-	-	1,421,692
Due to others	-	-	4,569,289	-	4,569,289
Advances from other funds	1,121,560	-	948,563	1,007,007	3,077,130
Bonds, notes, and loans payable	17,930,000	-	30,287,732	80,744,671	128,962,403
Total noncurrent liabilities	22,532,178	-	35,805,584	81,751,678	140,089,440
Total liabilities	27,433,383	197,078	45,724,460	91,531,677	164,886,598
Net Assets (Deficit)					
Invested in capital assets, net of related debt	67,798,240	-	(2,572,640)	(6,923,917)	58,301,683
Restricted for debt services	-	-	-	8,099,795	8,099,795
Restricted for grant programs	-	5,345,148	3,490,233	22,333,807	31,169,188
Unrestricted	(2,428,196)	-	3,863,029	(20,019,915)	(18,585,082)
Total net assets	$ 65,370,044	$ 5,345,148	$ 4,780,622	$ 3,489,770	$ 78,985,584

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
Fiscal Year ended June 30, 2011

	Business-type Activities - Enterprise Funds				
	Administrative Fund	Grants and Restricted Program Fund	Urban Residential Finance Authority	Downtown Development Authority	Total
Operating revenues:					
Service, administration, and loan fees	$ 2,499,837	$ 555,271	$ 8,328,311	$ -	$ 11,383,419
Developer fees	-	-	981,793	-	981,793
Rental income	-	-	-	1,034,948	1,034,948
Income received from others for debt service payment	889,030	-	1,768,997	2,867,907	5,525,934
Other revenue	134,891	125	1,075,794	48,469	1,259,279
Total operating revenues	3,523,758	555,396	12,154,895	3,951,324	20,185,373
Operating expenses:					
Development costs	22,163	-	5,268,634	-	5,290,797
Interest on bonds, notes, and loans	908,042	-	1,782,579	3,454,995	6,145,616
Program expenses	-	823,110	740,000	-	1,563,110
Economic development	-	-	109,710	-	109,710
Depreciation and amortization	174,066	-	112,654	224,155	510,875
General and administrative	4,232,750	46,014	2,725,515	165,248	7,169,527
Total operating expenses	5,337,021	869,124	10,739,092	3,844,398	20,789,635
Operating income (loss)	(1,813,263)	(313,728)	1,415,803	106,926	(604,262)
Interest income on bank accounts	2,378	2,460	16,398	1,692	22,928
Loss on disposal of capital assets	(451,527)	-	(17,450)	-	(468,977)
Transfers in	-	50,001	-	110,199	160,200
Transfers out	(160,200)	-	-	-	(160,200)
Change in net assets	(2,422,612)	(261,267)	1,414,751	218,817	(1,050,311)
Net assets at beginning of fiscal year (restated)	67,792,656	5,606,415	3,365,871	3,270,953	80,035,895
Net assets at end of fiscal year	$ 65,370,044	$ 5,345,148	$ 4,780,622	$ 3,489,770	$ 78,985,584

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
Fiscal Year ended June 30, 2011

	Business-type Activities - Enterprise Funds				
	Administrative Fund	**Grants and Restricted Program Fund**	**Urban Residential Finance Authority**	**Downtown Development Authority**	**Total**
Cash flows from operating activities:					
Receipts from customers and grantors	$ 3,448,788	$ 703,815	$ 3,780,876	$ -	$ 7,933,479
Receipts from third parties (rental income)	-	-	-	1,034,948	1,034,948
Receipts of funds from the City of Atlanta for debt service payment	889,030	-	-	2,867,907	3,756,937
Receipts of interest on loans	-	-	16,388	-	16,388
Payments to/from component units	44,051	-	-	-	44,051
Miscellaneous receipts	134,891	-	-	-	134,891
Receipts of developer fees	-	-	933,355	-	933,355
Advances paid/received from Atlanta Development Authority	666,059	-	(714,721)	48,662	-
Advances to affiliates for development costs	(451,680)	-	-	-	(451,680)
Payments from Atlanta Housing Opportunity Inc.	-	-	1,074,971	-	1,074,971
Payments to/from Atlanta Development Authority	371,434	(371,434)	-	-	-
Payments to suppliers	(72,884)	(80,639)	(2,279,223)	(138,296)	(2,571,042)
Payments to employees	(3,772,856)	-	(1,246,418)	-	(5,019,274)
Payments for interest	-	-	-	(3,167,320)	(3,167,320)
Payments for programs	-	(823,110)	(849,710)	-	(1,672,820)
Other	920,445	125	23,125	82,328	1,026,023
Net cash provided by (used in) operating activities	2,177,278	(571,243)	738,643	728,229	3,072,907
Cash flows from noncapital financing activities:					
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.	-	-	1,768,997	-	1,768,997
Repayment of bonds, notes, and loan principal	-	-	(1,101,653)	-	(1,101,653)
Payments for interest	(910,353)	-	(1,787,203)	-	(2,697,556)
Repayment on bond principal on debt issued on behalf of of the Downtown Development Authority	-	-	-	(74,732)	(74,732)
Repayment on bond principal related to revenue bonds issued on behalf of the City of Atlanta	(1,515,000)	-	-	(6,595,000)	(8,110,000)
Funds received on direct financing lease with the City of Atlanta	-	-	-	6,787,088	6,787,088
Payment of bond issuance cost on Recovery Zone bonds	-	-	-	(437,864)	(437,864)
Proceeds from issuance of Recovery Zone bonds	-	-	-	22,775,000	22,775,000
Principal reduction of Recovery Zone bonds	-	-	-	(5,000)	(5,000)
Transfers in	-	50,001	-	110,199	160,200
Transfers out	(160,200)	-	-	-	(160,200)
Repayment on Line of credit	(115,833)	-	-	-	(115,833)
Net cash provided by (used in) noncapital financing activities	(2,701,386)	50,001	(1,119,859)	22,559,691	18,788,447
Cash flows from capital financing activities:					
Principal payment for capital lease	(85,460)	-	-	-	(85,460)
Net cash used in capital in financing activities	(85,460)	-	-	-	(85,460)
Cash flows from investing activities:					
Receipts of interest on bank accounts	2,378	2,460	10	1,692	6,540
Net cash provided by investing activities	2,378	2,460	10	1,692	6,540
Net increase (decrease) in cash and cash equivalents	(607,190)	(518,782)	(381,206)	23,289,612	21,782,434
Cash and cash equivalents at beginning of fiscal year	2,549,003	2,962,282	5,834,201	7,146,559	18,492,045
Cash and cash equivalents at end of fiscal year	$ 1,941,813	$ 2,443,500	$ 5,452,995	$ 30,436,171	$ 40,274,479
Reconciliation to Statement of Net Assets:					
Cash and cash equivalents	$ 245,390	$ 2,443,500	$ 5,287,086	$ 2,569	$ 7,978,545
Restricted cash and cash equivalents	1,696,423	-	165,909	30,433,602	32,295,934
	$ 1,941,813	$ 2,443,500	$ 5,452,995	$ 30,436,171	$ 40,274,479

(continued)

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Statement of Cash Flows
Proprietary Funds
Fiscal Year ended June 30, 2011

	Business-type Activities - Enterprise Funds				
	Administrative Fund	Grants and Restricted Program Fund	Urban Residential Finance Authority	Downtown Development Authority	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ (1,813,263)	$ (313,728)	$ 1,415,803	$ 106,926	$ (604,262)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization expenses, net	174,066	-	131,303	(219,088)	86,281
Interest payments reported in operating income (loss)	908,042	-	13,574	-	921,616
(Increase) decrease in:					
Other receivables	338,622	-	104,683	-	443,305
Developer fees receivable	-	-	(2,370,261)	-	(2,370,261)
Advances for development costs	(451,680)	-	-	-	(451,680)
Advances to/from other funds	1,072,908	-	(714,721)	48,662	406,849
Loans receivable	-	644,464	(614,196)	-	30,268
Investment in real estate	530,036	-	-	-	530,036
Investment in development projects	-	-	93,270	-	93,270
Prepaid items	(3,622)	-	-	58,328	54,706
Due from Atlanta Housing Opportunity, Inc.	-	-	1,074,971	-	1,074,971
Due from BeltLine Tax Allocation District	(4,133)	-	-	-	(4,133)
Due from the City of Atlanta	840,434	-	190,000	-	1,030,434
Due from (to) component units	44,051	-	-	-	44,051
Due from (to) other funds	35,005	(371,434)	130,455	(400)	(206,374)
Due from U.S. Department of Treasury	-	-	(3,150,251)	-	(3,150,251)
Increase (decrease) in:					
Accounts payable and accrued expenses	8,328	(34,625)	(1,735,083)	733,801	(1,027,579)
Funds held in escrow	-	-	3,098	-	3,098
Due to the City of Atlanta	200,000	-	-	-	200,000
Due to primary government	-	-	(130,455)	-	(130,455)
Line of credit (U.S. Department of Treasury)	-	-	3,150,251	-	3,150,251
Other payables	404,467	-	3,287,769	-	3,692,236
Unearned revenue	(105,983)	(495,920)	(141,567)	-	(743,470)
Net cash provided by (used in) operating activities	$ 2,177,278	$ (571,243)	$ 738,643	$ 728,229	$ 3,072,907
Non-cash operating activities					
Allowance adjustment for doubtful receivables	$ 449,904	$ 673,110	$ 973,039	$ -	$ 2,096,053

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, 2011

	Inner City Development Corporation	Atlanta BeltLine, Inc.	ADA/CAU Partners, Inc.	Atlanta Economic Renaissance Corporation	Pryor Road/ Lakewood, LLC	Lakewood Senior	Imagine Downtown Managing Member 2007 QEI, LLC	Imagine Downtown, Inc.	Total Component Units
Assets									
Current assets:									
Cash and cash equivalents	$ 182,753	$ 220,599	$ 241,551	$ 18,448	$ 4,227	$ 86	$ 2,163,552	$ 480,746	$ 3,311,962
Restricted cash and cash equivalents	-	3,529,431	4,371,042	-	-	-	-	-	7,900,473
Prepaid items	-	68,951	3,621	-	-	-	-	-	72,572
Accounts receivables	-	804,075	82,693	-	5,000	-	43,158	2,550	937,476
Due from the Atlanta BeltLine Partnership	-	1,162,379	-	-	-	-	-	-	1,162,379
Due from the City of Atlanta	-	259,603	-	-	-	-	-	-	259,603
Due from the BeltLine Tax Allocation Distric	-	2,253,681	-	-	-	-	-	-	2,253,681
Total current assets	182,753	8,298,719	4,698,907	18,448	9,227	86	2,206,710	483,296	15,898,146
Noncurrent assets:									
Capital assets, nondepreciable	-	60,905,198	-	-	-	-	-	-	60,905,198
Capital assets, net of depreciation		25,096	28,898,665		-	-	227,298	-	29,151,059
Investment in real estate	2,568,601	-	-	1,293,241	-	-	-	-	3,861,842
Investment in development projects	-	-	-	-	-	(445,056)	6,836	3,745	(434,475)
Bond issuance costs, net of amortization	-	-	5,651,933	-	-	-	-	-	5,651,933
Due from others	-	-	-	-	-	-	1,232,047		1,232,047
Other assets	4,500	-	17,440	-	-	-	-	34,012	55,952
Total noncurrent assets	2,573,101	60,930,294	34,568,038	1,293,241	-	(445,056)	1,466,181	37,757	100,423,556
Total assets	2,755,854	69,229,013	39,266,945	1,311,689	9,227	(444,970)	3,672,891	521,053	116,321,702
Liabilities									
Current liabilities:									
Accounts payable and accrued liabilities	48,523	2,503,683	618,483	3,514	-	-	42,000	1,005,351	4,221,554
Bonds, notes, and loans payable, current portion	-	1,440,704	670,000	-	-	-	-	-	2,110,704
Accrued interest payable	-	-	1,541,875	1,491,375	-	-	-	-	3,033,250
Funds held in escrow	-	-	57,385	51,600	-	-	-	-	108,985
Unearned revenue	-	356,791	-	-	-	-	1,987,279	338,571	2,682,641
Due to MARTA	-	315,142	-	-	-	-	-	-	315,142
Due to the Atlanta BeltLine Partnership	-	27,324	-	-	-	-	-	-	27,324
Due to the primary government	-	71,253	-	-	-	-	-	-	71,253
Due to others	-	-	-	-	-	-	274,137	-	274,137
Due to the BeltLine Tax Allocation Distric	-	796,097							796,097
Total current liabilities	48,523	5,510,994	2,887,743	1,546,489	-	-	2,303,416	1,343,922	13,641,087
Noncurrent liabilities:									
Advances from primary government	-	-	-	264,921	-	-	-	-	264,921
Due to the City of Atlanta	-	25,000,000	-	-	-	-	-	-	25,000,000
Bonds, notes and loans payable	2,868,993	27,263,063	49,950,399	3,666,252	-	-	-	-	83,748,707
Unearned revenue, long term	-	-	-	129,878	-	-	-	-	129,878
Other liabilities	-	-	60,000	-	-	-	-	-	60,000
Total noncurrent liabilities	2,868,993	52,263,063	50,010,399	4,061,051	-	-	-	-	109,203,506
Total liabilities	2,917,516	57,774,057	52,898,142	5,607,540	-	-	2,303,416	1,343,922	122,844,593
Net Assets (Deficit)									
Invested in capital assets, net of related debt	-	10,755,958	(21,721,734)	-	-	-	-	-	(10,965,776)
Unrestricted	(161,662)	698,998	8,090,537	(4,295,851)	9,227	(444,970)	1,369,475	(822,869)	4,442,885
Total net assets (deficit)	$ (161,662)	$ 11,454,956	$ (13,631,197)	$ (4,295,851)	$ 9,227	$ (444,970)	$ 1,369,475	$ (822,869)	$ (6,522,891)

See the accompanying notes to the financial statements.

ATLANTA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Atlanta, Georgia)
Combining Statement of Activities
Fiscal Year ended June 30, 2011

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets								
	Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Inner City Development Corporation	Atlanta BeltLine, Inc.	ADA/CAU Partners, Inc.	Atlanta Economic Renaissance Corporation	Pryor Road/ Lakewood, LLC	Lakewood Senior	Imagine Downtown Managing Member 2007 QEI, LLC	Imagine Downtown, Inc.	Total Component Units
Functions/ Programs:													
Component units:													
Inner City Development Corporation	$ 1,529,010	$ -	$ 200,869	$ -	$ (1,328,141)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (1,328,141)
Atlanta BeltLine, Inc.	5,303,449	-	20,220,151	431,049	-	15,347,751	-	-	-	-	-	-	15,347,751
ADA/CAU Partners, Inc.	7,902,609	5,451,662	-	-	-	-	(2,450,947)	-	-	-	-	-	(2,450,947)
Atlanta Economic Renaissance Corporation	24,037	20,031	-	-	-	-	-	(4,006)	-	-	-	-	(4,006)
Pryor Road/Lakewood, LLC	635,927	967,508	-	-	-	-	-	-	331,581	-	-	-	331,581
Lakewood Senior	65,278	29,992	-	-	-	-	-	-	-	(35,286)	-	-	(35,286)
Imagine Downtown Managing Membe 2007 QEI, LLC	203,370	139,181	-	-	-	-	-	-	-	-	(64,189)	-	(64,189)
Imagine Downtown, Inc	425,678	370,674	-	-	-	-	-	-	-	-	-	(55,004)	(55,004)
Total component unit activities	$ 16,089,358	$ 6,979,048	$ 20,421,020	$ 431,049	(1,328,141)	15,347,751	(2,450,947)	(4,006)	331,581	(35,286)	(64,189)	(55,004)	11,741,759
General revenues:													
Interest income					-	7,308	151,589	-	-	-	232	7	159,136
Total general revenues					-	7,308	151,589	-	-	-	232	7	159,136
Changes in net assets					(1,328,141)	15,355,059	(2,299,358)	(4,006)	331,581	(35,286)	(63,957)	(54,997)	11,900,895
Net assets (deficit) – beginning of fiscal 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)
Net assets (deficit) – ending of fiscal year					$ (161,662)	$ 11,454,956	$ (13,631,197)	$ (4,295,851)	$ 9,227	$ (444,970)	$ 1,369,475	$ (822,869)	$ (6,522,891)

See the accompanying notes to the financial statements.

(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 year ending December 31. Balances for each of the discretely presented component units of URFA are shown in this report as of their 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. DDA financial statements also include the Atlanta Urban Redevelopment Agency ("AURA") which was created to issue Recovery Zone Economic Development Bonds and with those bond proceeds, provide financing for certain economic development projects within the Atlanta Urban Redevelopment Area as determined by the City of Atlanta. AURA is considered to be a blended component unit of DDA as the governing body for both DDA and the Agency are identical.

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; 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.

(1) Summary of Significant Accounting Policies (Continued)

(a) The Financial Reporting Entity (Continued)

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

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

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

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

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.

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 ("IDMM"), is a Georgia limited liability company that was formed to serve directly, or indirectly, as a manager and member of IDI assemblage of entities which include IDI 1-2007, 2-2007, and 3-2007 Managing Member, LLC. IDMM was formed to serve directly, or indirectly, as a manager and member of each of the IDI entities, which are subsidiary qualified Community Development Entities ("subsidiary CDE"). ADA owns 100% of Imagine Downtown Managing Member 2007 QEI, LLC, and Imagine Downtown Managing Member 2007 QEI, LLC owns 100% of each IDI entity. As the sole member of the limited liability corporation, ADA controls the activity IDMM, which has a December 31 year-end.

(1) Summary of Significant Accounting Policies (Continued)

(a) The Financial Reporting Entity (Continued)

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.

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.

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.

(1) Summary of Significant Accounting Policies (Continued)

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

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.

(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").

(1) Summary of Significant Accounting Policies (Continued)

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

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 2011. Valuation allowances are provided to adjust the carrying value of land held for resale to net realizable values (see Note 6).

(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

(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, 2011, 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, 2011, 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 7 for revenue bonds payable disclosure). As of June 30, 2011, the investment in direct financing lease is $20,709,108.

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, 2011, a net receivable of $35,895,000 is recorded by the Downtown Development Authority as an investment in direct financing lease with the City of Atlanta with the difference ($6,195,000) 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) Investment in CV Underground

During 1999, the Authority entered into an agreement with other parties to contribute capital to the CV Underground, LLC. CV Underground, LLC (the "Company") was formed in 1999 to manage and operate the Underground Atlanta Festival Marketplace. In exchange for its capital contribution, the Authority is entitled to the first one percent of distributable cash from the Company's operations, with the remaining ninety-nine percent going to the majority owner. As of June 30, 2011, the Authority's interest in CV Underground is approximately $2,100,343.

(5) Capital Assets

Capital assets activity for the fiscal year ended June 30, 2011 consists of the following:

Atlanta Development Authority Administrative Fund	**June 30, 2010**	**Additions**	**Deletions**	**June 30, 2011**
Capital assets not being depreciated:				
Land	$ 68,500,000	$ -	$ (1,125,000)	$ 67,375,000
Total capital assets, not being depreciated	68,500,000	-	(1,125,000)	67,375,000
Capital assets being depreciated:				
Furniture and equipment	778,874	50,490	-	829,364
	778,874	50,490	-	829,364
Less accumulated depreciation	(100,336)	(174,066)	-	(274,402)
Capital assets net of depreciation	678,538	(123,576)	-	554,962
Net capital assets	$ 69,178,538	$ (123,576)	$ (1,125,000)	$ 67,929,962

(5) Capital Assets (Continued)

	June 30, 2010	Additions	Deletions	June 30, 2011
Downtown Development Authority:				
Capital assets subject to depreciation:				
Furniture and equipment	$ 760,050	$ -	$ -	$ 760,050
Leasehold improvements	3,491,247	-	-	3,491,247
	4,251,297	-	-	4,251,297
Capital assets being depreciated:				
Furniture and equipment	(643,992)	(103,767)	-	(747,759)
Leasehold improvements	(1,092,263)	(120,388)	-	(1,212,651)
Total capital assets being depreciated	$ 2,515,042	$ (224,155)	$ -	$ 2,290,887
Urban Residential Finance Authority:				
Capital assets not being depreciated:				
Construction in progress	$ 17,450	$ -	$ (17,450)	$ -
Total capital assets not being depreciated	17,450	-	(17,450)	-
Capital assets subject to depreciation:				
Building and improvements	745,971	-	-	745,971
Leaehold improvements	23,366	-	-	23,366
	769,337	-	-	769,337
Capital assets being depreciated:				
Building and improvements	(23,311)	(18,649)	-	(41,960)
Leasehold improvements	(519)	(3,338)	-	(3,857)
Total capital assets being depreciated	745,507	(21,987)	-	723,520
Net capital assets	$ 762,957	$ (21,987)	$ (17,450)	$ 723,520
Total primary government:				
Capital assets not being depreciated:				
Land	$ 68,500,000	$ -	$ (1,125,000)	$ 67,375,000
Construction in process	17,450	-	(17,450)	-
Total capital assets not being depreciated	68,517,450	-	(1,142,450)	67,375,000
Capital assets subject to depreciation:				
Furniture and equipment	1,538,924	50,490	-	1,589,414
Building and improvements	745,971	-	-	745,971
Leasehold improvements	3,514,613	-	-	3,514,613
	5,799,508	50,490	-	5,849,998
Capital assets being depreciated:				
Furniture and equipment	(744,328)	(277,833)	-	(1,022,161)
Building and improvements	(23,311)	(18,649)	-	(41,960)
Leasehold improvements	(1,092,782)	(123,726)	-	(1,216,508)
Total capital assets being depreciated	3,939,087	(369,718)	-	3,569,369
Net capital assets	$ 72,456,537	$ (369,718)	$ (1,142,450)	$ 70,944,369

(5) Capital Assets (Continued)

Capital assets activity for the discretely presented component units for the fiscal year ended June 30, 2011 consists of the following:

	June 30, 2010	Additions	Deletions	June 30, 2011
Capital assets not being depreciated:				
Land	$ 17,420,614	$ 1,302,211	$ (176,872)	$ 18,545,953
Construction in progress	23,117,216	19,310,672	(68,643)	42,359,245
Total capital assets not being depreciated	40,537,830	20,612,883	(245,515)	60,905,198
Capital assets being depreciated:				
Furniture and equipment	1,729,912	15,713	-	1,745,625
Buildings and improvements	35,530,803	235,750	-	35,766,553
Land improvements	3,270,833	-	-	3,270,833
Total capital assets being depreciated	40,531,548	251,463	-	40,783,011
Less accumulated depreciation	(10,255,696)	(1,376,256)	-	(11,631,952)
Total capital assets being depreciated, net of accumulated depreciation	30,275,852	(1,124,793)	-	29,151,059
Net capital assets	$ 70,813,682	$ 19,488,090	$ (245,515)	$ 90,056,257

(6) Investment in Real Estate

Investment in real estate consisted of the following at June 30, 2011:

Component units:	
Inner City Development Corporation:	
Historic Westside Village	$ 2,568,601
Atlanta Economic Renaissance Corporation:	
Flood Plain Land	81,995
Southside Industrial Park (SIP)	3,412,561
Less accumulated write-down to net realizable value	(2,201,315)
Total	$ 3,861,842

(6) Investment in Real Estate (Continued)

Historic Westside Village

The parcels of vacant land in the Historic Westside Village project 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 2011.

The total valuation allowance was $2,201,315 at June 30, 2011. 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.

(7) Long-term Liabilities

Activity for the bonds, notes, loans payable, and other long-term liabilities for the fiscal year ended June 30, 2011 consists of the following:

(7) Long-term Liabilities (Continued)

	June 30, 2010	Additions	Reductions	June 30, 2011	Due Within One Fiscal 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	-	(6,653)	339,345	14,116
Bonds payable, 2005 Series Opportunity Program	19,285,000	-	(765,000)	18,520,000	790,000
Bonds payable, 2007A Series Housing Opportunity Program	32,345,000	-	(1,095,000)	31,250,000	1,150,000
Discount on 2007A Series Housing Opportunity Program Bonds Payable	(151,440)		13,943	(137,497)	-
Loan payable to the City of Atlanta	200,000	-	-	200,000	-
Bonds payable, 1999 Downtown Development Authority Revenue Bonds	764,350	-	(74,732)	689,618	64,241
Bonds payable, 2006 Downtown Development Authority Revenue Bonds	22,305,000	-	(620,000)	21,685,000	645,000
Discount on 2006 Downtown Development Authority Revenue Bonds	(169,916)	-	7,723	(162,193)	-
Bonds payable, 2009 Downtown Development Authority Revenue Bonds	48,065,000	-	(5,975,000)	42,090,000	6,195,000
Discount on 2009 Downtown Development Authority Revenue Bonds	(139,502)	-	37,461	(102,041)	-
Unamortized premium on 2009 Downtown Development Authority Revenue Bonds	2,212,718	-	(594,190)	1,618,528	-
Bonds payable, 2010 Downtown Recovery Bonds	-	22,775,000	(5,000)	22,770,000	940,000
Capital leases payable	217,182	-	(85,460)	131,722	89,922
Commercial loan payable	1,250,000	-	(750,000)	500,000	500,000
Pollution Remediation Obligation	2,500,000	-	(1,596,665)	903,335	903,335
Total primary government	$ 131,376,987	$ 22,775,000	$ (11,508,573)	$ 142,643,414	$ 13,639,211
Component units:					
Bonds payable, 2004 Clark Atlanta University project	$ 51,204,551	$ -	$ (584,152)	$ 50,620,399	$ 670,000
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,	25,000,000	-	-	25,000,000	-
Loan payable to the City of Atlanta, from Section 108 federal funds	2,868,993	-	-	2,868,993	-
Note payable	29,429,900	-	(726,133)	28,703,767	1,440,704
Unearned revenue	128,310	1,568	-	129,878	-
Total component units	$ 112,298,006	$ 1,568	$ (1,310,285)	$ 110,989,289	$ 2,110,704

(7) 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 $2,347,597 as of June 30, 2011.

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 August 17, 2011. 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, 2011.

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 fiscal 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 fiscal 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 and is included as advances to other funds in the statement of net assets.

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, 2011, the balance of the remaining loans payable was $339,345.

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 fiscal year, with interest rates ranging from 3.50% to 5.00%. The bonds mature on December 1, 2026. At June 30, 2011, the outstanding principal balance was $18,520,000. Also at June 30, 2011, an amount of $18,520,000 is recorded as being due from the City of Atlanta.

(7) 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 fiscal year, with interest rates ranging from 5.068% to 5.802%. The bonds mature on December 1, 2027. At June 30, 2011, the outstanding principal balance was $31,250,000. Also at June 30, 2011, an amount of $30,815,532 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 fiscal years, the City of Atlanta transferred land (Summerhill Property) 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. As of June 30, 2011, the $200,000 is shown in the change in long-term liabilities schedule as payable to the City of Atlanta. On the statement of net assets, there is an additional amount of $200,000 due to the City of Atlanta that is not reflected in the change in long-term liabilities schedule as this amount consists of four (4) payments of $50,000 received from a third-party for maintenance on the City Hall East which should have been paid to the City of Atlanta; therefore, as of June 30, 2011, the Authority owes the City of Atlanta $200,000.

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, 2011 is $689,618.

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 building a five-story parking facility. Interest is due semiannually on June 1 and December 1 of each fiscal 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, 2011 is $21,685,000. 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 fiscal year with varying interest rates ranging from 2% to 5%. The 2009A bonds mature in 2016, whereas the 2009B bonds matured in 2010. The balance due on the series 2009A bond at June 30, 2011 is $42,090,000. The Authority has recorded a receivable from the City of Atlanta for all future debt service payments.

(7) Long-term Liabilities (Continued)

Primary Government (Continued)

On October 28, 2010, the Authority, through DDA, issued $22,775,000 of Taxable Recovery Zone Economic Development Bonds. The Series 2010 bonds were used to finance the costs of implementing the Urban Redevelopment Plan including certain costs in connection with (1) the acquisition, rehabilitation, and improvement of real property and buildings; (2) certain public transportation projects in the Urban Redevelopment Area; and (3) the acquisition and construction and installation of other related improvement of the Urban Redevelopment Plan. Commencing on January 1, 2011, interest is due semiannually on January 1 and July 1 of each fiscal year with a fixed interest rate of 5.37%. Under an intergovernmental agreement with the City of Atlanta, all principal and interest payments are payable solely and only from the City's pledge to make debt service payments. Additionally, approximately 45% of each interest payment is subsided by the Federal Government under the Build America Bonds and Recovery Zone Bonds. The 2010 bonds mature on January 1, 2028. The balance due on the 2010 Series bonds at June 30, 2011 is $22,770,000. Bond issuance costs of $437,864 are being amortized using the effective interest method.

In 2010, ADA entered into a $1,250,000 note payable with BB&T. The note bears an interest rate of 4% and the note matures on January 26, 2012. This note was used to pay off the guaranteed loan payable of $960,760. As of fiscal year-end, the remaining balance of the note payable is $500,000.

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, 2011, the previous expected liability to ADA has been reduced from $2,500,000 to a total expected cost of $1,375,000. At June 30, 2011, the remaining balance due on this liability is $903,335.

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

The following is an analysis of equipment leased under capital leases as of June 30, 2011:

	ADA Administration Fund
Equipment	$ 311,134
Less accumulated depreciation	(153,457)
Carrying value	$ 157,677

(7) Long-term Liabilities (Continued)

Primary Government (Continued)

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, 2011:

Fiscal year ending	ADA Administration Fund
2012	$ 94,524
2013	42,352
Total minimum lease payments	136,876
Less amount representing interest	(5,154)
Present value of future minimum lease payments	131,722
Less current maturities	(89,922)
	$ 41,800

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, 2011, the balance due on these bonds (net of bond premium of $480,399) is $50,620,399.

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 6). 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 2011, no payments were made on the notes. Management is currently marketing the properties for sale.

(7) Long-term Liabilities (Continued)

Component Units (Continued)

Inner City Development Corporation (ICDC)

ICDC has a loan payable to the City of Atlanta which was originally funded by a Section 108 loan from HUD. The loan provided financing for certain development in the Historic Westside Village area. The loan is to be repaid from property sales and cash flow from the projects. There was no cash flow, sales activity or repayments in 2011. At June 30, 2011, 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 in which this debt was guaranteed by the City of Atlanta. 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 notes mature on September 17, 2022 and October 17, 2022. Commencing on September 17, 2010, principal will be due in annual installments until the notes matures. As of June 30, 2011, the outstanding balance on the note payable is $28,706,767.

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 prior fiscal 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, 2011, total depreciable project cost to date was $23,738,066.

(7) Long-term Liabilities (Continued)

Component Units (Continued)

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 2011 and the unearned grant revenue relating to this project totaled $129,878 at June 30, 2011.

Debt Service Requirements

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

	Bonds of ADA		
	Principal	Interest	Total
Fiscal Year ending June 30:			
2012	$ 790	$ 857	$ 1,647
2013	830	817	1,647
2014	875	776	1,651
2015	915	734	1,649
2016	955	689	1,644
2017 - 2021	5,550	2,657	8,207
2022 - 2026	7,010	1,175	8,185
2027	1,595	36	1,631
Totals	$ 18,520	$ 7,741	$ 26,261

(7) Long-term Liabilities (Continued)

Debt Service Requirements (Continued)

	Bonds of DDA		
	Principal	**Interest**	**Total**
Fiscal Year ending June 30:			
2012	$ 7,844	$ 4,118	$ 11,962
2013	8,307	3,748	12,055
2014	9,193	3,319	12,512
2015	9,045	2,863	11,908
2016	9,480	2,402	11,882
2017 - 2021	18,730	7,751	26,481
2022- 2026	12,905	4,598	17,503
2027 - 2031	10,150	1,442	11,592
2032	1,580	39	1,619
Totals	87,234	$ 30,280	$ 117,514
Plus premium on Downtown Development Authority Bonds	1,619		
Less discount on Downtown Development Authority Bonds	(264)		
Total outstanding debt	$ 88,589		

	Bonds of URFA		
	Principal	**Interest**	**Total**
Fiscal Year ending June 30:			
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	1,415	1,452	2,867
2017 - 2021	8,355	5,982	14,337
2022 - 2026	11,085	3,246	14,331
2027 - 2028	5,415	319	5,734
Totals	31,250	$ 17,488	$ 48,738
Less discount	(137)		
Net bonds payable	$31,113		

(7) Long-term Liabilities (Continued)

Debt Service Requirements (Continued)

	Bonds of Component Units		
	Principal	Interest	Total
Fiscal Year ending June 30:			
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	970	2,881	3,851
2017 - 2021	5,830	13,417	19,247
2022 - 2026	7,895	11,352	19,247
2027 - 2031	10,640	8,604	19,244
2032 - 2036	14,310	4,938	19,248
2037	7,250	443	7,693
Totals	50,140	$ 53,690	$ 103,830
Plus Amortization of bond premium	480		
Totals	$ 50,620		

	Notes Payable of ABI		
	Principal	Interest	Total
Fiscal Year ending June 30:			
2012	$ 1,441	$ 288	$ 1,729
2013	1,707	270	1,977
2014	1,856	251	2,107
2015	2,020	229	2,249
2016	2,151	206	2,357
2017 - 2021	13,046	635	13,681
2022 - 2023	6,483	35	6,518
Totals	$ 28,704	$ 1,914	$ 30,618

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.

(8) 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, 2011, the aggregate principal amounts of bonds issued by URFA as conduit debt were $415,802,657.

At June 30, 2011, the aggregate principal amounts of bonds issued by DDA as conduit debt were $247,718,400.

At June 30, 2011, the aggregate principal amounts of bonds issued by ADA as conduit debt were $500,540,000.

(9) 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 fiscal year end. At June 30, 2011, ADA owed $471,665 to Grants and Restricted Program Fund in connection with the Brownfield Loan Program, which is expected to be repaid within one fiscal year, to URFA's Administrative Fund. ADA also owes DDA $400 which is also expected to be repaid within one fiscal year.

The Grants and Restricted Program fund owes ADA $100,231 which is expected to be repaid within one fiscal year.

As part of its normal course of business, the Authority provides operating funds to DDA and to its Grants and Restricted Program Fund. During the fiscal year ended June 30, 2011, transfers were $110,199 and $50,001, respectively to DDA and the Grants and Restricted Program Fund.

In previous fiscal 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, 2011, the Atlanta Economic Renaissance Corporation owes the Authority's Administrative Fund $264,921, which was not expected to be repaid within one fiscal year, but will be repaid in the near future.

At June 30, 2011, ADA owes URFA $1,121,560, which was not expected to be repaid within one fiscal year, but will be repaid at a rate not to fall below $50,000 annually, in accordance with an agreement between the two entities.

At June 30, 2011, DDA owes the Authority's Administrative Fund $1,007,007, which was not expected to be repaid within one fiscal year, but will be repaid at some point in the future.

At June 30, 2011, ABI owes the Authority's Administrative Fund $71,253, which is expected to be repaid within one fiscal year.

(9) Inter-fund Balances and Transfers (Continued)

As of fiscal year-end, the Atlanta Economic Renaissance Corporation, Lakewood Senior, Inner City Development Corporation, and Imagine Downtown, Inc., all of which are component units of ADA, have deficits of $4,295,851, $444,970, $161,662, and $822,869, respectively, in which ADA has agreed, if deemed necessary, to cover any major operating shortfalls these entities may have.

(10) Line of Credit

On December 1, 2009, URFA entered into an agreement with the U.S. Department of Treasury (the "Treasury") to participate in the New Issue Bond Program (the "Program"). The purpose of the Program is to assist persons of low and moderate income within the city of Atlanta, Georgia (the "Program Area") to afford the cost of acquiring and owning decent, safe, and sanitary housing. Pursuant to the agreement between URFA and the Treasury, the Treasury issued $25 million in taxable, variable rate, convertible option bonds with bond proceeds being placed in escrow pending the release of such proceeds and conversion of the bonds to tax-exempt obligations, which could occur up to three (3) times on or prior to December 31, 2010. During a conversion of the bonds by URFA, bond proceeds held in escrow would be released and wired to Regions Bank (as trustee) to acquire mortgage pass-through securities guaranteed by the Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (Freddie Mac).

With $25 million of funding available through the Program, URFA, Bank of America, N.A., as master servicer and various lending institutions (the "Lenders") doing business in the Program Area entered into a Mortgage Origination and Servicing Agreement under which mortgage loans are originated by the Lenders, and pooled and purchased by Bank of America. From time to time, Bank of America is expected to receive full reimbursement for loans previously purchased from the Lenders via a $25 million warehousing line provided by Bear Creek Products 2010-2, LLLP ("Bear Creek") (as Warehouse Provider). URFA satisfied the conditions of previous agreement that it had with the predecessor Warehouse Provider, Regions Bank, by selling $19.5 million in mortgage certificates held by Regions (former Warehouse Provider) during the current fiscal year, the result of this sale to URFA was a net gain of $895,854. Subsequent to this sale, URFA entered into an agreement with Bear Creek. The terms and conditions of the warehousing line are documented in the Warehousing Agreement dated December 9, 2010 between URFA and Bear Creek Products 2010-2, LLLP ("Warehouse Provider"). URFA would then facilitate access to the U.S. Treasury's bond proceeds to pay off Bear Creek.

As of June 30, 2011, URFA had not converted any portion of the Bonds issued under the Program and Bear Creek (Warehouse Provider) had funded approximately $5,339,473 of loans through the Program, which represents the outstanding balance on the warehousing line at fiscal year end. Conversely, URFA has recorded a receivable of the same amount as being due from the Treasury in connection with the $25 million in variable rate bonds issued, but not yet converted, for the Program. Under the terms of the agreement between URFA and the Treasury, URFA is a conduit Issuer and is not liable for any payments to the bondholders or the Treasury. These payments are guaranteed by GNMA, FNMA or Freddie Mac through the mortgage-back securities.

As of June 30, 2011, the Atlanta Development Authority has an unsecured line of credit balance of $834,167 which carries an interest rate of 5%.

(11) 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) defined contribution 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 fiscal year ended June 30, 2011, ADA contributions to the 401(a) plan totaled $427,528. Employees cannot contribute directly to the 401(a) defined contribution 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.

(12) Contingencies

The Authority participated in a number of Federal financial assistance programs in prior fiscal 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.

(13) Prior Period Adjustments

Primary Government

DDA has determined that a restatement of prior period balances is necessary to properly report its equity interest in CV Underground, LLC. The effect of this restatement on beginning net assets and investment in CV Underground, LLC is described below:

An adjustment to investment in CV Underground of $2,100,343 was necessary to report the DDA's interest in CV Underground as the result of a capital contribution made during 1999 which has not been reported by DDA.

	DDA Fund
Net assets, June 30, 2010, as previously reported	$ 1,170,610
Adjustment for investment in CV Underground	2,100,343
Net assets, June 30, 2010, as restated	$ 3,270,953

(14) 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. Although the Company has made all of the required debt payments, it has used funds from the debt service reserve account to pay a portion of the total required debt payments during fiscal year 2011 and subsequently during fiscal year 2012. 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.

(15) Contractual Commitments

For the fiscal year ended June 30, 2011, ABI had several active construction projects related to various Atlanta BeltLine construction projects. At fiscal year end, ABI's commitments with contractors were $10,784,276.

(16) Transfer of Assets to the City of Atlanta – Atlanta BeltLine, Inc.

Atlanta BeltLine, Inc. (discretely presented component unit of ADA) is the implementation agency of the Atlanta BeltLine, the ultimate objective is that all capital improvements to the BeltLine will be transferred to the City of Atlanta for complete ownership and passing along risk of ownership. At fiscal year-end, the balance of those assets, which are currently unfinished and in process, expected to be transferred to the City of Atlanta at a future date are approximately $60,905,198. The transfer of assets is expected to occur once projects have been completed and the City of Atlanta accepts the improvements. At June 30, 2011, ABI had transferred ownership of approximately $179,297 in capital assets to the City of Atlanta.

(17) Subsequent Event – Urban Residential Finance Authority

On August 17, 2011, Lakewood Hills, Inc. refinanced its construction loan with Wells Fargo Bank (previously Wachovia Bank, NA). The note, in the amount of $3,300,000, incurs interest at the 1-month LIBOR plus 4 percent rate. Payments of interest only are due until maturity, which is the earlier of the date of the sale of the last individual residential lot or August 31, 2012. 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 Wells Fargo Bank.