

**CITY OF ATLANTA, GEORGIA**  
**PERRY BOLTON TAX ALLOCATION DISTRICT FUND**

Financial Statements and Supplementary Information

June 30, 2016

(With Independent Auditor's Report Thereon)

**CITY OF ATLANTA, GEORGIA**  
**PERRY BOLTON TAX ALLOCATION DISTRICT FUND**  
**JUNE 30, 2016**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of the **City of Atlanta, Georgia Perry Bolton Tax Allocation District Fund** (the "Fund") as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Fund, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the Perry Bolton Tax Allocation District Fund and do not purport to, and do not, present fairly the financial position of the City of Atlanta, Georgia, as of June 30, 2016 and the changes in its financial position, or, where applicable, its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

***Other Matters******Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the budgetary comparison information on pages 4 through 11 and 24, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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*Other Information*

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

The Fund Balance Sheet Comparison – Cash Basis and Flow of Funds Comparison – Cash Basis are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Fund Balance Sheet Comparison – Cash Basis and Flow of Funds Comparison – Cash Basis are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2017 on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
January 19, 2017

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

June 30, 2016

This section of the annual financial report of the Perry Bolton Tax Allocation District Fund ("Fund" or "District") presents the analysis of the Fund's financial performance during the fiscal year ended on June 30, 2016. Please read it in conjunction with the financial statements and their accompanying notes, which follow this section. The financial statements include only the financial activities of the Perry Bolton Tax Allocation District. The Fund is an integral part of the City of Atlanta's ("City") government reporting entity and its results are included in the Comprehensive Annual Financial Report (CAFR) of the City as a Nonmajor Governmental Fund.

The Atlanta Development Authority, d/b/a Invest Atlanta ("ADA") is the redevelopment agent for the Perry Bolton TAD and is responsible for all the financial reporting and compliance required by the Series 2014 Bond documents.

As mentioned above, while the tax allocation districts are shown on the City's CAFR, both the City and ADA jointly decide which district should have separate financial statements. Separate financial statements provide the reader with more financial information pertaining to each individual tax allocation district.

**The Perry Bolton Tax Allocation District**

In order to encourage the development of a substantially underutilized and economically and socially depressed area in the City, the City Council by Ordinance 02-R-2094 adopted on December 2, 2002 and signed by the Mayor on December 10, 2002 adopted the Perry Bolton Redevelopment Plan; created Tax Allocation District Number Three - Perry Bolton; and authorized the pledge of positive ad valorem tax allocation increments derived from the Perry Bolton TAD for the payment of or as security for the payment of tax allocation bonds.

On February 3, 2014, the City of Atlanta Council adopted and approved by the Mayor the issuance of Series 2014 Bonds by Ordinance 11-O-0152.

On February 18, 2014, the City of Atlanta, Georgia issued \$21,000,000 Series 2014 Tax Allocation Bonds pursuant to the Constitution and laws of the State of Georgia, in particular Chapter 44 of Title 36 of the Official Code of Georgia Annotated, as amended, known as the Redevelopment Powers Law (the "Act").

The Series 2014 Bonds are not deemed to constitute a debt of the City nor a pledge of the faith and credit of the City and shall not otherwise constitute an indebtedness or charge against the general taxing power of the City or Fulton County, Georgia.

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

June 30, 2016

**Overview of Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Fund's financial statements. The Funds' financial statements consist of five (5) components: 1) governmental fund financial statements, 2) government-wide financial statements, 3) notes to the financial statements, 4) required supplemental schedule, and 5) other supplemental schedules. Because the Fund's activities are single purpose in nature, the governmental fund and government-wide financial statements are presented together in the statements with an adjustment column reconciling the differences.

**Governmental Fund Financial Statements**

The governmental fund financial statements focus only on the Fund's balances of spendable resources available at the end of the fiscal year and are presented on a modified accrual basis. Only current assets, current liabilities, and deferred inflows of resources for unavailable property taxes are presented in the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance focus only on the Fund's near-term inflows and outflows of spendable resources for the fiscal year. Revenues are considered available when they are collectible within the current fiscal year or soon enough thereafter to pay liabilities of the current fiscal year. For this purpose, the Fund considers revenues to be available if they are collected within 60 days after the end of the fiscal year.

**Government-wide Financial Statements**

The government-wide financial statements are reported using the full accrual basis of accounting, similar to that used by private sector companies. The Statement of Net Position column reports information about all assets and liabilities of the Fund – both current and long-term. The Statement of Activities measures the success of the Fund's operations over the past fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

**Notes to the Financial Statements**

The notes provide additional information that is essential to gain a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 14 to 23 of this report.

**Required Supplemental Schedule**

Included in these financial statements is the schedule of revenues, expenditures, and changes in fund balances – budget to actual for the Perry Bolton Tax Allocation District governmental fund. This schedule can be found on page 24.

**Supplemental Schedules**

ADA, as redevelopment agent, is responsible for the compliance reporting to the Atlanta City Council, City of Atlanta, ADA Board of Directors, the Atlanta Independent School System, and the Board of Commissioners of Fulton County. Quarterly reporting consists of cash basis financials for the Tax Allocation District and meets the compliance requirement. The cash basis financials consist of two statements: the Fund Balance Sheet Comparison and the Flow of Funds Comparison. These schedules are presented as Schedules 1 and 2 in the supplementary information section of this report.

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

June 30, 2016

A summary comparison of the Governmental Fund Financial Statements for June 30, 2015 and June 30, 2016 is presented below:

Perry Bolton Tax Allocation District Fund  
Summary Comparison of Governmental Fund Balance Sheets  
As of June 30, 2015 and June 30, 2016

	2015	2016
<b>Assets:</b>		
Cash and cash equivalents	\$ 1,562,376	\$ 2,706,080
Investments	4,134,823	4,146,058
Restricted investments	3,781,330	3,792,153
Property taxes receivable, net of allowance	1,346,707	1,160,944
Prepaid items	2,000	2,000
Due from other governments	13,263	6,802
Total Assets	\$ 10,840,499	\$ 11,814,037
<b>Liabilities and deferred inflows of resources:</b>		
Accounts payable	\$ 20,788	\$ 9,074
Due to City of Atlanta	15,282	8,847
Due to other governments	2,000	2,000
Due to Atlanta Public School	25,807	3,620
Due to the Fulton County Tax Commissioner	-	-
Deferred inflow - unavailable revenue	1,317,477	1,128,065
Total Liabilities and Deferred Inflows of Resources	1,381,354	1,151,606
<b>Fund Balance:</b>		
Nonspendable	2,000	2,000
Restricted	9,457,145	10,660,431
Total Fund Balance	9,459,145	10,662,431
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 10,840,499	\$ 11,814,037



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

June 30, 2016

Perry Bolton Tax Allocation District Fund  
Summary Comparison of Revenues, Expenditures, and Changes in Fund Balance  
For the Fiscal Years ended June 30, 2015 and June 30, 2016

	2015	2016
Expenses:		
Community development	\$ 500,000	\$ -
General government	125,251	79,006
Debt service - principal	1,415,000	905,000
Debt service - interest	665,527	744,388
Total Expenses	2,705,778	1,728,394
General Revenues:		
Tax increment revenue	2,575,588	2,917,677
Investment earnings	7,560	14,003
Total General Revenues	2,583,148	2,931,680
Change in fund balance	(122,630)	1,203,286
Fund Balance:		
Beginning of the fiscal year	9,581,775	9,459,145
End of the fiscal year	\$ 9,459,145	\$ 10,662,431

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

June 30, 2016

Assets include predominately cash and cash equivalents and restricted investments. These assets are held for future payments on the Series 2014 Bonds or redevelopment within the TAD. As of the current fiscal year end, the balance for the cash and cash equivalents was \$2,706,080, an increase of \$1,143,704 from the prior year. The restricted investment balance consists of amounts restricted for debt service. As compared to the prior fiscal year, restricted investments increased \$10,823.

The comparison of Revenues, Expenditures, and Changes in Fund Balance statements shows an increase of tax increment revenue of \$342,089. This increase is mainly the result of favorable tax adjustments on parcels under appeal within the District.

Expenditures for community development for fiscal year 2016 decreased by \$500,000 from fiscal year 2015. This decrease is due to no expenditures occurring during the year on development projects.

Principal payments for the Series 2014 Bonds are made on July 1<sup>st</sup> of each fiscal year with semi-annual payments of interest on January 1<sup>st</sup> and July 1<sup>st</sup>. Total debt service paid for the fiscal year was \$1,649,388.

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

June 30, 2016

The Government-wide financial statements for June 30, 2015 and June 30, 2016 are presented below:

Perry Bolton Tax Allocation District Fund  
Summary Comparison of Government-wide Statement of Net Position  
As of June 30, 2015 and June 30, 2016

	2015	2016
<b>Assets:</b>		
Cash and cash equivalents	\$ 1,562,376	\$ 2,706,080
Investments	4,134,823	4,146,058
Restricted investments	3,781,330	3,792,153
Property taxes receivable, net of allowance	1,346,707	1,160,944
Prepaid items	2,000	2,000
Due from other governments	13,263	6,802
Capital assets, net of accumulated depreciation	4,112,464	3,979,460
Total Assets	\$ 14,952,963	\$ 15,793,497
<b>Liabilities:</b>		
Accounts payable	\$ 20,788	\$ 9,074
Due to City of Atlanta	15,282	8,847
Due to other governments	2,000	2,000
Due to Atlanta Public School	25,807	3,620
Accrued interest payable	376,719	367,669
Current debt	905,000	925,000
Long-term debt	18,937,315	17,990,088
Total Liabilities	20,282,911	19,306,298
Total Net Position (Deficit)	\$ (5,329,948)	\$ (3,512,801)

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

June 30, 2016

Perry Bolton Tax Allocation District Fund  
Summary Comparison of Government-wide Statement of Activities  
For the Fiscal Years ended June 30, 2015 and June 30, 2016

	2015	2016
Expenses:		
Community development	\$ 633,004	\$ 133,004
General government	125,251	79,006
Interest expense	753,438	735,338
Amortization expense	(19,873)	(22,227)
Total Expenses	1,491,820	925,121
General Revenues:		
Tax increment revenue	2,413,408	2,728,265
Investment earnings	7,560	14,003
Total General Revenues	2,420,968	2,742,268
Change in net position	929,148	1,817,147
Net Position (Deficit):		
Beginning of the fiscal year	(6,259,096)	(5,329,948)
End of the fiscal year	\$ (5,329,948)	\$ (3,512,801)

As noted in the discussion above, the difference between governmental fund and government-wide financial statements is that the government wide financial statements present the information on an accrual basis.

Revenues for tax increments on the government-wide financials include the total amounts billed compared to governmental fund which adjusts the property tax receivable to those amounts collected within a 60 day period following the fiscal year end.

Government-wide statements also reflect debt service as a liability compared to the governmental fund which carries debt service as an expenditure.

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

June 30, 2016

**Long-Term Debt**

In February 2014, the City issued \$21,000,000 in limited obligation bonds for the Perry Bolton TAD. The issuance is a limited obligation of the City, not secured by the full faith and credit of the City, but rather is secured and payable solely from the pledged revenues. Pledged revenues are defined as the positive ad valorem tax allocation increments collected above the base at the time of the creation of the tax allocation district. Legislation for the pledged revenues was adopted by the Atlanta City Council, the Board of Commissioners of Fulton County, and the Board of Education of the Atlanta Independent School System.

**Economic Factors and Outlook**

The Redevelopment Plan specifies that the Perry Bolton TAD will continue in existence until the latter to occur of December 31, 2041 or when all Redevelopment costs are paid in full or such repayment is otherwise provided for by the City.

The Redevelopment Plan was adopted by the City to redevelop and revitalize portions of urban, residential and commercial property located within the Perry Bolton TAD through redevelopment or construction of new retail, office and residential properties, schools, community services, parks, open spaces, parking, transportation linkages and other land uses to be constructed on a project by project basis by The Housing Authority of the City of Atlanta, Georgia, Perry Homes Redevelopment, LLC, EDENS (formerly Edens & Avant), and other independent developers.

The Perry Bolton TAD was created by the City pursuant to the Act and the Initial Ordinance, effective December 31, 2002. The Series 2014 Bonds provided a portion of the funding for the West Highlands and Moores Mill Village developments. The West Highlands development is a master-planned, mixed-use, mixed-income community that includes 700 multi-family rental units, 786 planned for sale homes, commercial/retail development, new parks and green space opportunities for recreational enjoyments. A 3.88 acre central park, along with a public plaza, is also located within the development. The overall public green space that extends throughout the community includes approximately 55.5 acres of green space that offers community residents parklands, nature trails, and recreational fields. The Moores Mill Village development is anticipated to be a mixed use development consisting of an approximately 45,600 square foot grocery store, an 11,800 square foot CVS Pharmacy, and 27,760 square feet of in-line retail, which will include both limited and full-service restaurants. Future phases of the Moores Mill Village development may include a multi-family residential component of up to 345 rental apartments.

**Requests for Information**

This financial report is designed to provide a general overview of the Fund's finances for all those with an interest in them. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Chief Financial Officer, Atlanta Development Authority, 133 Peachtree Street NE, Suite 2900, Atlanta, GA 30303.

**CITY OF ATLANTA, GEORGIA**  
**PERRY BOLTON TAX ALLOCATION DISTRICT FUND**  
Statement of Net Position and Governmental Fund Balance Sheet  
June 30, 2016

	<b>Perry Bolton Tax Allocation District Fund</b>	<b>Adjustments (Note 3)</b>	<b>Statement of Net Position</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 2,706,080	\$ -	\$ 2,706,080
Investments	4,146,058	-	4,146,058
Property taxes receivable, net of allowance	1,160,944	-	1,160,944
Prepaid items	2,000	-	2,000
Due from other governments	6,802	-	6,802
Restricted assets:			
Investments	3,792,153	-	3,792,153
Capital assets, net of accumulated depreciation	-	3,979,460	3,979,460
Total assets	<u>\$ 11,814,037</u>	<u>3,979,460</u>	<u>15,793,497</u>
<b>Liabilities</b>			
Accounts payable	9,074	-	9,074
Due to other governments	2,000	-	2,000
Due to the City of Atlanta	8,847	-	8,847
Due to Atlanta Public Schools	3,620	-	3,620
Liabilities payable from restricted assets:			
Accrued interest payable	-	367,669	367,669
Long-term debt:			
Due within one year	-	925,000	925,000
Due after one year	-	17,990,088	17,990,088
Total liabilities	<u>23,541</u>	<u>19,282,757</u>	<u>19,306,298</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property taxes	1,128,065	(1,128,065)	-
Total deferred inflows of resources	<u>1,128,065</u>	<u>(1,128,065)</u>	<u>-</u>
<b>Fund Balance/Net Position (Deficit)</b>			
Fund balance:			
Nonspendable	2,000	(2,000)	-
Restricted for debt service	2,665,146	(2,665,146)	-
Restricted for redevelopment	7,995,285	(7,995,285)	-
Total fund balance	<u>10,662,431</u>	<u>(10,662,431)</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 11,814,037</u>		
Net position (deficit):			
Investment in capital assets		3,979,460	3,979,460
Restricted for debt service		2,665,146	2,665,146
Restricted for redevelopment		7,995,285	7,995,285
Unrestricted		(18,152,692)	(18,152,692)
Total net position (deficit)		<u>\$ (3,512,801)</u>	<u>\$ (3,512,801)</u>

See accompanying notes to basic financial statements.

**CITY OF ATLANTA, GEORGIA**  
**PERRY BOLTON TAX ALLOCATION DISTRICT FUND**  
Statement of Activities and Governmental Fund  
Revenues, Expenditures, and Changes in Fund Balance  
For the Fiscal Year Ended June 30, 2016

	<b>Perry Bolton Tax Allocation District Fund</b>	<b>Adjustments (Note 3)</b>	<b>Statement of Activities</b>
<b>Expenditures/expenses</b>			
General government	\$ 79,006	-	\$ 79,006
Community development	-	133,004	133,004
Amortization	-	(22,227)	(22,227)
Debt service:			
Principal	905,000	(905,000)	-
Interest	744,388	(9,050)	735,338
Total expenditures/expenses	<u>1,728,394</u>	<u>(803,273)</u>	<u>925,121</u>
Net program expense			<u>925,121</u>
<b>General revenues</b>			
Tax increments	2,917,677	(189,412)	2,728,265
Investment earnings	14,003	-	14,003
Total general revenues	<u>2,931,680</u>	<u>(189,412)</u>	<u>2,742,268</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,203,286</u>	<u>(1,203,286)</u>	<u>-</u>
Net change in fund balance	1,203,286	(1,203,286)	-
Change in net position	-	(1,817,147)	1,817,147
<b>Fund balance/net position (deficit):</b>			
Beginning of the fiscal year	9,459,145	(14,789,093)	(5,329,948)
End of the fiscal year	<u>\$ 10,662,431</u>	<u>\$ (14,175,232)</u>	<u>\$ (3,512,801)</u>

See accompanying notes to basic financial statements.

**CITY OF ATLANTA, GEORGIA**  
**PERRY BOLTON TAX ALLOCATION DISTRICT FUND**

Notes to Basic Financial Statements

June 30, 2016

**(1) Reporting Entity**

The Perry Bolton Tax Allocation District (the “Fund”) of the City of Atlanta, Georgia (the “City”) was created in 2002 in order to finance permitted redevelopment costs within the Perry Bolton Tax Allocation District. These redevelopment costs, primarily infrastructure related, were provided to the area incorporated within the Perry Bolton Tax Allocation District in order to facilitate overall development of the area by a private developer. The financing of these redevelopment costs is able to be provided by bonds, notes or other obligations of the City which are payable from ad valorem property taxes levied on assessed value of the property within the Perry Bolton Tax Allocation District after development, less the amount of ad valorem property taxes assessed before redevelopment. These ad valorem property taxes assessed include those assessed on behalf of the City, Fulton County, and the Atlanta Independent School System.

The City has designated the Atlanta Development Authority, d/b/a Invest Atlanta as the redevelopment agent for the Perry Bolton Tax Allocation District. The accompanying financial statements include only the financial activities of the Fund. The Fund is an integral part of the City’s government reporting entity and its results are included in the Comprehensive Annual Financial Report (CAFR) of the City as a governmental fund. The latest available CAFR is as of and for the fiscal year ended June 30, 2016; that CAFR should be read in conjunction with these financial statements.

**(2) Summary of Significant Accounting Policies**

**(a) General**

In its accounting and financial reporting in conformity with accounting principles generally accepted in the United States of America, the Fund follows the pronouncements of the Governmental Accounting Standards Board (GASB).

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

The Fund presents government-wide financial statements which are prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements (i.e. the statement of net position and the statement of activities) do not provide information by fund, but present the governmental activities using a different basis of accounting. Significantly, the statement of net position includes noncurrent assets and liabilities and the government-wide statement of activities reflects changes in long-term assets and liabilities. Net position in the statement of net position is distinguished between amounts that are invested in capital assets, restricted for use by third parties or outside requirements, and amounts that are unrestricted.

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



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

June 30, 2016

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

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

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

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

The Fund has only one governmental fund – the Perry Bolton Tax Allocation District Fund – which records all of its activity and is used to account for all financial resources of the Fund.

**(d) *Cash and Cash Equivalents***

Cash includes cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date acquired by the Fund.

**(e) *Investments***

Investments are recorded on the statement of net position and the balance sheet at fair value. All investment income, including changes in the fair value of investments, is reported as revenue in the statement of activities and the statement of revenues, expenditures, and changes in fund balance.

**(f) *Restricted Assets***

The bond indenture states that the trustee shall establish and maintain segregated trust accounts in the issuer's name for debt service, capitalized interest, and other related reserves.

**(g) *Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and recorded as an expense or expenditure in the benefiting period.

**CITY OF ATLANTA, GEORGIA**  
**PERRY BOLTON TAX ALLOCATION DISTRICT FUND**

Notes to Basic Financial Statements

June 30, 2016

**(h) Taxes Receivable**

Although the Perry Bolton Tax Allocation District (“TAD”) is not a taxing authority, it is the recipient of positive ad valorem tax allocation increments derived from the Perry Bolton Tax Allocation District each fiscal year. The TAD’s revenue stream from the incremental ad valorem taxes is based upon the annual assessed value of property and the property tax billings in excess of the District’s 2002 base year.

**(i) Capital Assets**

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

Vehicles	15 years
Buildings and improvements	50 years

**(j) Fund Equity and Net Position**

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

**Fund Balance** – Generally, fund balance represents the difference between the assets and liabilities and deferred inflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the TAD is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

*Nonspendable* – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash), or (b) legally or contractually required to be maintained intact.

*Restricted* – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

*Committed* – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by a formal vote of the City Council. Only the City Council may modify or rescind the commitment by passage of a subsequent ordinance.

**CITY OF ATLANTA, GEORGIA**  
**PERRY BOLTON TAX ALLOCATION DISTRICT FUND**

Notes to Basic Financial Statements

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*Assigned* – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The Chief Financial Officer of the City may recommend assignment of fund balances subject to approval of the City Council.

*Unassigned* – Fund balances are reported as unassigned for the residual amount when the balances do not meet any of the above criterion.

**Flow Assumptions** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Fund’s policy to use restricted amounts first and then unrestricted amounts, as they are needed. For unrestricted amounts of fund balance, it is the Fund’s policy, by default, to use fund balance in the following order: (1) Committed, (2) Assigned, and (3) Unassigned.

**Net Position** – Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Amounts shown as net investment in capital assets are made up of capital asset costs, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the TAD has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted. The TAD applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Restrictions on the government-wide statement of net position represent amounts segregated to meet debt covenants and the Bond Indenture.

**(k) Budget**

The Fund legally adopts an annual operating budget. A schedule of revenues, expenditures, and changes in fund balances – budget to actual is presented in the required supplementary information section of this financial report.

**(l) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF ATLANTA, GEORGIA**  
**PERRY BOLTON TAX ALLOCATION DISTRICT FUND**

Notes to Basic Financial Statements

June 30, 2016

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

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

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

**(a) *Explanation of adjustments between the governmental fund balance sheet and the government-wide statement of net position***

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	\$ 3,979,460
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(376,669)
Long-term liabilities applicable to the Fund's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities for bonds – both current and long-term – are reported in the statement of net position.	(18,915,088)
Amounts of property taxes receivable not available as of fiscal year end are deferred inflows in governmental funds, but are recognized as revenue when earned in the government-wide statements.	1,128,065

**(b) *Explanation of adjustments between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities***

The Governmental fund statement of revenues, expenditures, and changes in fund balance is adjusted for the following items to report the statement of activities.

Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction; however, has any effect on net position. Also, governmental funds report the effect of

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

June 30, 2016

premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this difference are as follows:

Payments for principal on bonds	\$ 905,000
Amortization of premium	22,227

Payments for interest on the bonds are accrued in the statement of activities, but only reported when due in the statement of revenues, expenditures, and changes in fund balance. This is the amount of the change in the accrued interest payable.

9,050

Tax revenue in the statement of activities differs from the amount reported in the governmental funds due to the change in deferred inflows for unavailable revenue between fiscal year ends.

(189,412)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense in the current period:

Depreciation expense	(133,004)
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**(4) Legal Compliance – Budgets**

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

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

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

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

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

June 30, 2016

**(4) Legal Compliance – Budgets (Continued)**

Total appropriations for any fund may be increased if, during the fiscal year, sources of revenue become available to the City in excess of original anticipations, and these amounts are anticipated by the Budget Commission and subsequently appropriated by City Council. No such additional appropriations were required during the fiscal year ended June 30, 2016.

**(5) Deposits and Investments**

Investments, with a carrying value of \$4,146,058, consist of investment in the Georgia Fund 1, a local government investment pool administered by the State of Georgia Office of the State Treasurer. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the Fund's investment in the Georgia Fund 1 is reported at fair value. As the investments represent ownership of a portion of a large pool of investments, these amounts are not categorizable for custodial risk disclosure.

**Credit risk.** State statutes authorize the Fund to invest in obligations of the state of Georgia or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime banker's acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the state of Georgia. As of June 30, 2016, the Fund's investment in the Georgia Fund 1 was rated AA Af by Standard & Poor's and the US Bank Money Market was A1+.

At June 30, 2016, the Fund had the following investments:

<b>Investment</b>	<b>Maturities / Duration</b>	<b>Fair Value</b>
Georgia Fund 1	42 days	\$ 4,146,058
US Bank Money Market Mutual Fund	20 days	3,792,153
Total		<u>\$ 7,938,211</u>

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates may adversely affect an investment's fair value. Since the price of a bond fluctuates with market interest rates, the risk that an investor faces is that the price of the bonds in a portfolio will decline if market interest rates rise. At June 30, 2016, interest rate risk is reported in the above table as "Maturities/Duration" for each of the applicable investment classifications.

**CITY OF ATLANTA, GEORGIA**  
**PERRY BOLTON TAX ALLOCATION DISTRICT FUND**

Notes to Basic Financial Statements

June 30, 2016

**Fair Value Measurements.** The Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Fund has the following recurring fair value measurements as of June 30, 2016:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
US Bank Money Market Mutual Fund	\$ 3,792,153	\$ -	\$ -	\$ 3,792,153
Total investments measured at fair value	<u>\$ 3,792,153</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,792,153</u>
Investments not subject to level disclosure:				
Georgia Fund 1				4,146,058
Total investments				<u>\$ 7,938,211</u>

The U.S. Bank Money Market Mutual Fund classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments. The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the Fund does not disclose the investment in the Georgia Fund 1 within the fair value hierarchy.

**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, 2016, the Fund had no bank balances that were exposed to custodial credit risk.

**CITY OF ATLANTA, GEORGIA**  
**PERRY BOLTON TAX ALLOCATION DISTRICT FUND**

Notes to Basic Financial Statements

June 30, 2016

**(6) Capital Assets**

Capital assets activity for the fiscal year ended June 30, 2016 consists of the following:

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2016</u>
Capital assets, being depreciated:					
Vehicles	\$ 1,025,848	\$ -	\$ -	\$ -	\$ 1,025,848
Buildings and improvements	3,230,704	-	-	-	3,230,704
Total capital assets, being depreciated	<u>4,256,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,256,552</u>
Less accumulated depreciation					
Vehicles	(74,089)	(68,390)	-	-	(142,479)
Buildings and improvements	(69,999)	(64,614)	-	-	(134,613)
Total accumulated depreciation	<u>(144,088)</u>	<u>(133,004)</u>	<u>-</u>	<u>-</u>	<u>(277,092)</u>
Total capital assets, being depreciated, net	<u>4,112,464</u>	<u>(133,004)</u>	<u>-</u>	<u>-</u>	<u>3,979,460</u>
Net capital assets	<u>\$ 4,112,464</u>	<u>\$ (133,004)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,979,460</u>

Depreciation expense is entirely charged to community development.



**CITY OF ATLANTA, GEORGIA**  
**PERRY BOLTON TAX ALLOCATION DISTRICT FUND**

Notes to Basic Financial Statements

June 30, 2016

**(7) Bonds Payable**

During 2014, the City issued \$21,000,000 in limited obligation bonds for the Perry Bolton Tax Allocation District. The issuance is a limited obligation of the City, not secured by the full faith and credit of the City, but rather is secured solely by, and payable solely from, the Pledged Revenues. The pledged revenues are defined as the tax allocation increments, the amount of property taxes generated within the district area which exceed the amount collected from the same area prior to development, from the City, Fulton County, and the Atlanta Independent School System. The property tax increments are pledged until the payment in full of the bonds.

The Fund's debt service requirements based upon required sinking fund and interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>
Fiscal year ending June 30:			
2017	\$ 925,000	\$ 721,463	\$ 1,646,463
2018	955,000	693,263	1,648,263
2019	980,000	664,238	1,644,238
2020	1,010,000	634,388	1,644,388
2021	1,040,000	598,438	1,638,438
2022-2026	5,840,000	2,344,588	8,184,588
2027-2031	4,520,000	1,195,556	5,715,556
2032-2036	1,325,000	693,375	2,018,375
2037-2041	1,695,000	318,125	2,013,125
2042	390,000	9,750	399,750
	<u>\$ 18,680,000</u>	<u>\$ 7,873,184</u>	<u>\$ 26,553,184</u>

The Fund's long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

<u>Bonds</u>	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2016</u>	<u>Amount Due Within One Year</u>
Series 2014 Bonds	\$ 19,585,000	\$ -	\$ 905,000	\$ 18,680,000	\$ 925,000
Plus: Premium	257,315	-	22,227	235,088	-
Total	<u>\$ 19,842,315</u>	<u>\$ -</u>	<u>\$ 927,227</u>	<u>\$ 18,915,088</u>	<u>\$ 925,000</u>

**CITY OF ATLANTA, GEORGIA  
PERRY BOLTON TAX ALLOCATION DISTRICT FUND**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Tax increment revenue	\$ 2,511,974	\$ 2,511,974	\$ 2,917,677	\$ 405,703
Investment earnings	18,000	18,000	14,003	(3,997)
Total revenues	<u>2,529,974</u>	<u>2,529,974</u>	<u>2,931,680</u>	<u>401,706</u>
<b>Expenditures</b>				
Current:				
General government:				
Nondepartmental	1,129,740	1,129,740	31,421	1,098,319
Finance	77,100	77,100	-	77,100
Payments to other governments	116,826	116,826	47,585	69,241
Total general government	<u>1,323,666</u>	<u>1,323,666</u>	<u>79,006</u>	<u>1,244,660</u>
Debt service:				
Principal	1,415,000	1,415,000	905,000	510,000
Interest	744,388	744,388	744,388	-
Total debt service	<u>2,159,388</u>	<u>2,159,388</u>	<u>1,649,388</u>	<u>510,000</u>
Total expenditures	<u>3,483,054</u>	<u>3,483,054</u>	<u>1,728,394</u>	<u>1,754,660</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(953,080)</u>	<u>(953,080)</u>	<u>1,203,286</u>	<u>2,156,366</u>
Net change in fund balances	(953,080)	(953,080)	1,203,286	2,156,366
<b>Fund balance, beginning of fiscal year</b>	<u>9,459,145</u>	<u>9,459,145</u>	<u>9,459,145</u>	<u>-</u>
<b>Fund balance, end of fiscal year</b>	<u>\$ 8,506,065</u>	<u>\$ 8,506,065</u>	<u>\$ 10,662,431</u>	<u>\$ 2,156,366</u>

CITY OF ATLANTA, GEORGIA  
PERRY BOLTON TAX ALLOCATION DISTRICT FUND

Fund Balance Sheet Comparison - Cash Basis (1)  
As of the Period Ended

SUPPLEMENTARY INFORMATION

	December 31, 2004	December 31, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
<b>ASSETS:</b>													
<b>Restricted Cash: Tax Increment</b>													
Restricted Cash Tax Increment Fund	\$ 512,154	\$ 1,680,820	\$ 41,429	\$ 520,974	\$ 4,043,647	\$ 5,832,893	\$ 9,578,457	\$ 7,027,267	\$ 9,138,931	\$ 8,148,777	\$ 2,168,934	\$ 1,562,376	\$ 2,706,080
Restricted Cash Tax Increment Investment -State Pool	-	-	1,808,517	3,881,779	4,038,404	4,094,039	4,104,895	4,112,226	4,117,185	4,123,606	4,128,533	4,134,823	4,146,058
<b>Total Restricted Cash Tax Increment Fund</b>	<b>512,154</b>	<b>1,680,820</b>	<b>1,849,946</b>	<b>4,402,752</b>	<b>8,082,050</b>	<b>9,926,932</b>	<b>13,683,353</b>	<b>11,139,492</b>	<b>13,256,116</b>	<b>12,272,384</b>	<b>6,297,468</b>	<b>5,697,199</b>	<b>6,852,138</b>
<b>Restricted Cash: Other Funds</b>													
Restricted Cash- Series 2014 Bond Fund - Interest	-	-	-	-	-	-	-	-	-	-	288,809	376,878	368,259
Restricted Cash- Series 2014 Bond Fund - Principal	-	-	-	-	-	-	-	-	-	-	1,415,000	905,083	925,481
Restricted Cash- Series 2014 Debt Service Reserve	-	-	-	-	-	-	-	-	-	-	1,383,186	1,383,185	1,383,636
Restricted Cash- Series 2014 Project	-	-	-	-	-	-	-	-	-	-	1,113,680	1,114,184	1,114,777
Restricted Cash- Series 2014 Tax Increment	-	-	-	-	-	-	-	-	-	-	1,113,680	2,000	1
<b>Total Restricted Cash: Other Funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,200,675</b>	<b>3,781,330</b>	<b>3,792,153</b>
<b>Other Assets</b>													
Account Receivable-Fulton County Tax Commissioner	-	-	-	-	-	-	-	448	-	2,893	-	-	6,802
Due from Invest Atlanta	-	-	-	-	-	-	-	-	-	-	250	-	-
Prepaid Expenses	-	-	-	-	-	-	-	-	-	2,000	2,000	2,000	2,000
<b>Total Other Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>448</b>	<b>-</b>	<b>4,893</b>	<b>2,250</b>	<b>2,000</b>	<b>8,802</b>
<b>TOTAL ASSETS</b>	<b>\$ 512,154</b>	<b>\$ 1,680,820</b>	<b>\$ 1,849,946</b>	<b>\$ 4,402,752</b>	<b>\$ 8,082,050</b>	<b>\$ 9,926,932</b>	<b>\$ 13,683,353</b>	<b>\$ 11,139,940</b>	<b>\$ 13,256,116</b>	<b>\$ 12,277,277</b>	<b>\$ 10,500,392</b>	<b>\$ 9,480,529</b>	<b>\$ 10,653,093</b>
<b>LIABILITIES/FUND BALANCE:</b>													
City of Atlanta Cash Pool	-	-	-	-	-	-	-	\$ 7,900	\$ 325,318	\$ 200,706	\$ 189,741	\$ 15,282	\$ 8,847
Amount Attributable to APS -	-	-	-	-	4,078,323	4,078,323	6,248,881	22,692	42,053	5,152	5,622	25,807	3,620
Due to Invest Atlanta	-	-	-	-	-	-	-	-	-	64,273	66,598	2,000	2,000
Payable to Fulton County Tax Commissioner	-	-	-	-	-	-	-	102,760	2,525	-	332	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,078,323</b>	<b>4,078,323</b>	<b>6,248,881</b>	<b>133,352</b>	<b>369,896</b>	<b>270,131</b>	<b>262,292</b>	<b>43,089</b>	<b>14,467</b>
Fund Balance	-	512,154	1,680,820	1,849,946	4,402,752	4,003,728	5,848,609	7,434,472	11,006,588	12,886,220	12,007,146	10,238,100	9,437,440
Sources (Uses) Balance	512,154	1,168,666	169,127	2,552,806	(399,024)	1,844,882	1,585,863	3,572,116	1,879,632	(879,075)	(1,769,046)	(800,660)	1,201,186
<b>Total Fund Balance</b>	<b>512,154</b>	<b>1,680,820</b>	<b>1,849,946</b>	<b>4,402,752</b>	<b>4,003,728</b>	<b>5,848,609</b>	<b>7,434,472</b>	<b>11,006,588</b>	<b>12,886,220</b>	<b>12,007,146</b>	<b>10,238,100</b>	<b>9,437,440</b>	<b>10,638,627</b>
<b>TOTAL LIABILITIES/FUND BALANCE</b>	<b>\$ 512,154</b>	<b>\$ 1,680,820</b>	<b>\$ 1,849,946</b>	<b>\$ 4,402,752</b>	<b>\$ 8,082,050</b>	<b>\$ 9,926,932</b>	<b>\$ 13,683,353</b>	<b>\$ 11,139,940</b>	<b>\$ 13,256,116</b>	<b>\$ 12,277,277</b>	<b>\$ 10,500,392</b>	<b>\$ 9,480,529</b>	<b>\$ 10,653,093</b>

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

CITY OF ATLANTA, GEORGIA  
PERRY BOLTON TAX ALLOCATION DISTRICT FUND

SCHEDULE 2

Flow of Funds Comparison - Cash Basis (1)  
For the Period Ended

SUPPLEMENTARY INFORMATION

	December 31, 2004	December 31, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	Total
<b>SOURCES OF FUNDS:</b>														
Tax Increments Collected	\$ 512,171	\$ 1,168,666	\$ 130,869	\$ 2,369,594	\$ 3,441,930	\$ 1,746,768	\$ 4,036,659	\$ 4,053,145	\$ 2,785,277	\$ 2,548,312	\$ 2,534,599	\$ 2,561,013	\$ 2,914,028	\$ 30,803,029
<b>TOTAL TAX INCREMENT COLLECTIONS</b>	<b>512,171</b>	<b>1,168,666</b>	<b>130,869</b>	<b>2,369,594</b>	<b>3,441,930</b>	<b>1,746,768</b>	<b>4,036,659</b>	<b>4,053,145</b>	<b>2,785,277</b>	<b>2,548,312</b>	<b>2,534,599</b>	<b>2,561,013</b>	<b>2,914,028</b>	<b>30,803,029</b>
Bond Proceeds	-	-	-	-	-	-	-	-	-	-	21,000,000	-	-	21,000,000
Bond Premium	-	-	-	-	-	-	-	-	-	-	277,187	-	-	277,187
Interest Income:														
Interest Income Tax Increment Investment - State Pool	-	-	38,258	171,527	156,625	55,635	10,856	7,330	4,959	6,421	7,363	562	1,056	460,593
Interest Income Tax Increment - Wachovia	-	-	-	11,909	81,559	48,432	44,108	16,573	15,999	15,468	4,927	6,290	11,234	256,499
Interest Income - 2014 Debt Service Fund	-	-	-	-	-	-	-	-	-	-	116	346	451	913
Interest Income - 2014 Project Fund	-	-	-	-	-	-	-	-	-	-	95	362	1,261	1,718
Interest Income Capitalized Interest Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Interest Income	-	-	38,258	183,435	238,184	104,067	54,965	23,903	20,958	21,889	12,501	7,560	14,002	719,723
Gain (Loss) for Capitalized Interest Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL SOURCES</b>	<b>512,171</b>	<b>1,168,666</b>	<b>169,127</b>	<b>2,553,029</b>	<b>3,680,114</b>	<b>1,850,836</b>	<b>4,091,624</b>	<b>4,077,049</b>	<b>2,806,235</b>	<b>2,570,201</b>	<b>23,824,286</b>	<b>2,568,573</b>	<b>2,928,030</b>	<b>52,799,939</b>
<b>USES OF FUNDS:</b>														
Cost of Issuance Expenses	-	-	-	-	-	-	-	-	-	-	758,345	-	-	758,345
Underwriters Discount	-	-	-	-	-	-	-	-	-	-	192,352	-	-	192,352
Development Costs - West Highlands	-	-	-	-	-	-	-	-	-	-	24,008,764	-	-	24,008,764
Development Costs - Moores Mill Village	-	-	-	-	-	-	-	-	-	-	300,000	-	-	300,000
Development Costs - Bolton Village	-	-	-	-	-	-	-	-	-	-	-	500,000	-	500,000
Tax Increment attributable to APS - 2009 earlier	-	-	-	-	4,078,323	-	2,170,558	318,936	72,326	62,704	70,338	35,124	3,620	6,811,929
Trustee Fees	-	-	-	-	-	-	-	-	-	-	5,500	-	2,000	7,500
Accounting and Auditing Fees	-	-	-	-	-	-	-	-	-	-	-	18,000	18,000	36,000
Financial Advisor	-	-	-	-	-	-	-	21,514	-	-	-	-	-	21,514
MuniCap - Special Projects	-	-	-	-	-	-	-	43,919	-	63,799	2,671	1,453	255	112,097
MuniCap - Student Impact	-	-	-	-	-	-	-	-	27,281	-	-	-	-	27,281
The Riddle Company	-	-	-	-	-	-	-	-	-	-	2,000	-	-	2,000
Moody's	-	-	-	-	-	-	-	-	-	-	13,875	-	-	13,875
Holland & Knight	-	-	-	-	-	-	-	-	-	5,644	-	-	-	5,644
Firestation	-	-	-	-	-	-	-	-	628,873	3,061,821	42,720	610,288	-	4,343,703
Legal Fees	-	-	-	-	-	5,220	230,217	18,594	60,452	163,482	1,949	50,613	14,530	545,056
Arbitrage Report	-	-	-	-	-	-	-	-	-	-	-	-	909	909
Digital Assurance Certification	-	-	-	-	-	-	-	-	-	-	-	2,499.99	-	2,500
BCG-GP Upgrade	-	-	-	-	-	-	-	-	-	-	-	353.60	-	354
Trust Investment Sweep Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank & Service Charges	17	-	-	223	816	734	719	1,791	1,327	938	4,506	3,919	7,404	22,393
ADA Program Cost Recovery	-	-	-	-	-	-	104,267	81,642	64,181	53,399	130,219	59,190	22,637	515,535
ADA Program Cost Recovery - Indirect	-	-	-	-	-	-	-	-	35,655	17,377	29,060	7,265	8,102	97,459
Garner Economics Study	-	-	-	-	-	-	-	1,872	-	5,000	-	-	-	6,872
Buxton Consulting	-	-	-	-	-	-	-	5,833	2,000	-	-	-	-	7,833
Reznick Grp - Special Projects	-	-	-	-	-	-	-	32,321	-	-	31,033	-	-	63,354
La Madeleine	-	-	-	-	-	-	-	-	29	-	-	-	-	29
HR&A Consulting	-	-	-	-	-	-	-	-	2,000	12,580	-	-	-	14,580
Thomson & Reuters	-	-	-	-	-	-	-	-	-	253	-	-	-	253
Royster Consulting Services	-	-	-	-	-	-	-	10,000	-	2,278	-	-	-	12,278
CSC - Lien work	-	-	-	-	-	-	-	830	-	-	-	-	-	830
Maxberry Consulting	-	-	-	-	-	-	-	-	158	-	-	-	-	158
Bond Principal	-	-	-	-	-	-	-	-	-	-	-	1,415,000	905,000	2,320,000
Bond Interest	-	-	-	-	-	-	-	-	-	-	-	665,527	744,388	1,409,915
<b>TOTAL USES OF FUNDS</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>223</b>	<b>4,079,138</b>	<b>5,954</b>	<b>2,505,761</b>	<b>504,932</b>	<b>926,603</b>	<b>3,449,275</b>	<b>25,593,332</b>	<b>3,369,233</b>	<b>1,726,844</b>	<b>42,161,312</b>
<b>SOURCES (USES) BALANCE</b>	<b>\$ 512,154</b>	<b>\$ 1,168,666</b>	<b>\$ 169,127</b>	<b>\$ 2,552,806</b>	<b>\$ (399,024)</b>	<b>\$ 1,844,882</b>	<b>\$ 1,585,863</b>	<b>\$ 3,572,116</b>	<b>\$ 1,879,632</b>	<b>\$ (879,075)</b>	<b>\$ (1,769,046)</b>	<b>\$ (800,660)</b>	<b>\$ 1,201,186</b>	<b>\$ 10,638,627</b>

(1) The Flow of Funds Comparison is reported on the cash basis of accounting which reports only cash collected and disbursed during the period presented.



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the City of Atlanta, Georgia Perry Bolton Tax Allocation District Fund (the “Fund”), as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Fund’s basic financial statements, and have issued our report thereon dated January 19, 2017. Our report includes a reference that the Fund is not the entire reporting entity of the City of Atlanta, Georgia.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fund’s internal control over financial reporting (“internal control”) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control. Accordingly, we do not express an opinion of the effectiveness of the Fund’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

Mauldin & Jenkins, LLC

Atlanta, Georgia  
January 19, 2017