

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

Financial Statements and Supplementary Information

June 30, 2011

(With Independent Auditor's Report Thereon)

**CITY OF ATLANTA, GEORGIA
EASTSIDE TAX ALLOCATION DISTRICT FUND
JUNE 30, 2011**

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INDEPENDENT AUDITOR'S REPORT

**The Board of Directors
Atlanta Development Authority**

We have audited the accompanying financial statements of the governmental activities and the major fund of the City of Atlanta, Georgia Eastside Tax Allocation District Fund (the "Fund") as of and for the fiscal year ended June 30, 2011, which collectively comprise the Fund's basic financial statements. These financial statements are the responsibility of the Fund's management. 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 of material misstatement. 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements present only the Eastside Tax Allocation District Fund and do not purport to, and do not, present fairly the financial position of the City of Atlanta, Georgia, as of June 30, 2011, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the Fund implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

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 City of Atlanta, Georgia Eastside Tax Allocation District Fund as of June 30, 2011, and the respective changes in financial position 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 a report dated January 24, 2012 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* 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 9) and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual (on page 21) 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fund's basic financial statements. The supplementary information, as listed in the accompanying table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 24, 2012

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

June 30, 2011

This section of the annual financial report of the Eastside Tax Allocation District Fund ("Fund") presents the analysis of the Fund's financial performance during the fiscal year ended on June 30, 2011. Please read it in conjunction with the financial statements and their accompanying notes, which follow this section. The financial statements include only the financial activities of the Eastside Tax Allocation District. The Fund is an integral part of the City of Atlanta's ("City") government reporting entity and its results are included in the Comprehensive Annual Financial Report (CAFR) of the City as a Nonmajor Governmental Fund.

The Atlanta Development Authority ("ADA") is the redevelopment agent for the Eastside Tax Allocation District and is responsible for all the financial reporting and compliance required by the 2005 Bond documents.

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

The Eastside Tax Allocation District

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

ADA was designated as the redevelopment agent to implement the Eastside Redevelopment Plan. The City financed a portion of the Redevelopment Costs related to the Series 2005 Bonds through the issuance of its tax allocation bonds according to Ordinance 05-O-0263 adopted March 7, 2005 and signed by the Mayor on March 8, 2005.

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

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

Overview of Financial Statements

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

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

June 30, 2011

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 and liabilities 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 Assets 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 assets 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 a gain a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 12 to 21 of this report.

Required Supplemental Schedule

Included in these financial statements is the schedule of revenues, expenditures, and changes in fund balances – budget to actual for the Eastside Tax Allocation District governmental fund. This schedule can be found on page 22.

Supplemental Schedules

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

Schedule 3 consists of balances on deposit in each of the funds held by the Trustee. As of June 30, 2011, the Eastside Tax Allocation District has also funded a Supplemental Debt Service Reserve Fund of \$3,745,885. This fund is in addition to the Debt Service Reserve Fund. The schedule also includes a statement as to whether there were withdrawals from the Debt Service Reserve Funds. Schedule 4 presents the Fund's debt service coverage ratio.

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

June 30, 2011

A summary comparison of the governmental fund statements for June 30, 2010 and June 30, 2011 are presented on the following page:

Eastside Tax Allocation District Fund
 Summary Comparison of Governmental Fund Balance Sheets
 As of June 30, 2010 and June 30, 2011

	2010	2011
Assets:		
Cash and cash equivalents	\$ 24,773,116	\$ 38,435,314
Property taxes receivable	783,144	954,103
Restricted investments	12,755,019	12,284,796
Total Assets	\$ 38,311,279	\$ 51,674,213
Liabilities:		
Accounts payable	\$ 21,105	\$ 23,432
Deferred revenue	633,325	908,289
Due to the City of Atlanta	-	10,637
Due to other governments	3,501,596	4,189,005
Total Liabilities	4,156,026	5,131,363
Fund Balance:		
Restricted	34,155,253	46,542,850
Total Fund Balance	34,155,253	46,542,850
Total Liabilities and Fund Balance	\$ 38,311,279	\$ 51,674,213

CITY OF ATLANTA, GEORGIA
EASTSIDE TAX ALLOCATION DISTRICT FUND

Management's Discussion and Analysis

June 30, 2011

Eastside Tax Allocation District Fund
Summary Comparison of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Years Ended June 30, 2010 and June 30, 2011

	2010	2011
Expenditures:		
Community development	\$ 2,080,151	\$ 259,864
General government	163,869	128,982
Debt service-principal	1,200,000	1,265,000
Debt service- interest	2,578,736	2,511,236
Total Expenditures	6,022,756	4,165,082
General Revenues:		
Tax increment revenue	10,669,885	16,316,117
Investment earnings	272,870	236,562
Total General Revenues	10,942,755	16,552,679
Net change in Fund Balance	4,919,999	12,387,597
Fund Balance:		
Beginning of the fiscal year	29,235,254	34,155,253
End of the fiscal year	\$ 34,155,253	\$ 46,542,850

Assets include predominately cash and cash equivalents plus restricted investments. These assets are held for future payments on the bonds of the Fund and for future investment in the District. Cash and cash equivalents have increased \$13,662,198 over last fiscal year. Restricted investments decreased \$470,223 from the prior fiscal year as a result of developer requisitions of bond proceeds that were set aside in the Project Fund held by the Trustee.

The current liability due other governmental entities is the result of the agreed upon procedures reconciliation of the TAD tax increment collections based on a disputed 2005 growth rate percentage and the amount due the Fulton County Tax Commissioner for the overpayment of 2010 property taxes. The amount due for the disputed 2005 growth rate is \$3,501,596 and the overpayment of 2010 property tax, which is due to the Fulton County Tax Commissioner, is \$687,409 as of June 30, 2011.

The Summary Comparison of Revenues, Expenditures, and Changes in Fund Balance show an increase of tax increment revenue of \$5,646,232. The net increase is mainly due to the State certification of property tax digests for calendar years 2008, 2009, and 2010. The adjustments between the temporary collection orders and certifications amounted \$4,718,349. The 2010 Certified Tax Digest reflects taxable assessed value in the District as \$629,417,220 which is an increase of \$329,689,980 over the 2003 base fiscal year. The 2010 certified growth rate over the base value for 2003 is 52.380%.

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

June 30, 2011

Expenditures for community development were \$259,864 for the fiscal year ended June 30, 2011. The expenditures are for qualified costs per the Redevelopment Act. Debt service expenditures are due semi-annually on July 1st and January 1st. Total debt service paid for the fiscal year was \$3,776,236.

The Eastside Tax Allocation District continues to report a net increase in net assets each fiscal year. The excess revenues over expenditures were \$12,387,597.

The government wide financial statements for June 30, 2010 and June 30, 2011 are presented below:

Eastside Tax Allocation District Fund
 Summary Comparison of Government wide Statement of Net Assets
 As of June 30, 2010 and June 30, 2011

	2010	2011
Assets:		
Cash and cash equivalents	\$ 24,773,116	\$ 38,435,314
Property taxes receivable	783,144	954,103
Deferred charges	699,443	641,164
Capital assets (net of depreciation)	4,336,662	4,212,462
Restricted investments	12,755,019	12,284,796
Total Assets	43,347,384	56,527,839
Liabilities:		
Accounts payable	21,105	23,432
Accrued interest	1,255,618	1,220,040
Due to the City of Atlanta	-	10,637
Due to other governments	3,501,596	4,189,005
Current debt	1,265,000	1,340,000
Long- term debt	43,643,536	42,323,239
Total Liabilities	49,686,855	49,106,353
Total Net Assets (Deficit)	\$ (6,339,471)	\$ 7,421,486

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

June 30, 2011

Eastside Tax Allocation District Fund
Summary Comparison of Government wide Statement of Activities
For the Fiscal Years ended June 30, 2010 and June 30, 2011

	2010	2011
Expenses:		
Community development	\$ 2,090,501	\$ 384,064
Amortization expense	80,165	77,982
General government	163,869	128,982
Interest expense	2,544,985	2,475,658
Total Expenses	4,879,520	3,066,686
Capital grants and contributions from developers	4,347,012	-
Total capital contributions from developers	4,347,012	-
General Revenues:		
Tax increment revenue	10,557,055	16,591,081
Investment earnings	272,870	236,562
Total General Revenues	10,829,925	16,827,643
Change in net assets	10,297,417	13,760,957
Net Assets (Deficit)		
Beginning of the fiscal year	(16,636,888)	(6,339,471)
End of the fiscal year	\$ (6,339,471)	\$ 7,421,486

As noted above in the discussion, the difference between governmental fund and government wide financials is that the government wide financial statements present the information on an accrual basis. As mentioned above, tax increment revenue continues to increase. Capital contributions for fiscal year end June 30, 2010 was the transfer of title for the Capitol Gateway project to the TAD. The TAD provided the funding for public improvements and infrastructure for the Capitol Gateway project which included sidewalks, curbs, streetscapes, lighting, and overhead utility relocation.

Long-Term Debt

In August 2005, the City issued \$47,480,000 in limited obligation bonds for the Eastside Tax Allocation District. The issuance is a limited obligation of the City, not secured by the full faith and credit of the City, but rather is secured and payable solely from the pledged revenues. Pledged revenues are defined as the positive ad valorem tax allocation increments collected above the base at the time of the creation of the Tax Allocation District. Legislation for the pledged revenues was adopted by the City of Atlanta, the Board of Commissioners of Fulton County, and the Board of Education of the Atlanta Independent School System.

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

CITY OF ATLANTA, GEORGIA
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Management's Discussion and Analysis

June 30, 2011

Economic Factors and Outlook

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

Projects funded with the Eastside Tax Allocation District bond proceeds include 1,019 condominiums, 269 apartments, 102 hotel rooms, 86,000 square feet of retail space and 265,000 square feet of office space. To date, all projects have been completed and are performing well with the exception of Renaissance Walk, which Bank of America foreclosed on in late 2009. Twenty-one of the 160 condominium units were sold prior to foreclosure. The balance of units have been converted to apartments and are now being leased by Gables Residential.

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

Requests for Information

This financial report is designed to provide a general overview of the Fund's finances for all those with an interest in them. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Chief Financial Officer, Atlanta Development Authority, 86 Pryor Street, SW, Suite 300, Atlanta, GA 30303.

CITY OF ATLANTA, GEORGIA
EASTSIDE TAX ALLOCATION DISTRICT FUND
Statement of Net Assets and Governmental Fund Balance Sheet
June 30, 2011

	Eastside Tax Allocation District Fund	Adjustments (Note 3)	Statement of Net Assets
Assets			
Cash and cash equivalents	\$ 38,435,314	\$ -	\$ 38,435,314
Property taxes receivable	954,103	-	954,103
Restricted assets:			
Investments	12,284,796	-	12,284,796
Deferred charges, unamortized balance	-	641,164	641,164
Capital assets, net of accumulated depreciation	-	4,212,462	4,212,462
Total assets	<u>\$ 51,674,213</u>	<u>4,853,626</u>	<u>56,527,839</u>
Liabilities			
Accounts payable	23,432	-	23,432
Due to other governments	4,189,005	-	4,189,005
Due to the City of Atlanta	10,637	-	10,637
Deferred revenue	908,289	(908,289)	-
Liabilities payable from restricted assets:			
Accrued interest payable	-	1,220,040	1,220,040
Long-term debt:			
Due within one year	-	1,340,000	1,340,000
Due after one year	-	42,323,239	42,323,239
Total liabilities	<u>5,131,363</u>	<u>43,974,990</u>	<u>49,106,353</u>
Fund Balance/Net Assets (Deficit)			
Fund balance:			
Restricted for debt service	43,151,976	(43,151,976)	-
Restricted for redevelopment	3,390,874	(3,390,874)	-
Total fund balance	<u>46,542,850</u>	<u>(46,542,850)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 51,674,213</u>		
Net assets (deficit):			
Invested in capital assets		4,212,462	4,212,462
Restricted for debt service		43,151,976	43,151,976
Restricted for redevelopment		3,390,874	3,390,874
Unrestricted		(43,333,826)	(43,333,826)
Total net assets (deficit)		<u>\$ 7,421,486</u>	<u>\$ 7,421,486</u>

See accompanying notes to basic financial statements.

CITY OF ATLANTA, GEORGIA
EASTSIDE TAX ALLOCATION DISTRICT FUND
Statement of Activities and Governmental Fund
Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2011

	Eastside Tax Allocation District Fund	Adjustments (Note 3)	Statement of Activities
Expenditures/expenses:			
General government	\$ 128,982	\$ -	\$ 128,982
Community development	259,864	124,200	384,064
Amortization expense	-	77,982	77,982
Debt service:			
Principal	1,265,000	(1,265,000)	-
Interest	2,511,236	(35,578)	2,475,658
Total expenditures/expenses	<u>4,165,082</u>	<u>(1,098,396)</u>	<u>3,066,686</u>
General revenues:			
Tax increment revenue	16,316,117	274,964	16,591,081
Investment earnings	236,562	-	236,562
Total general revenues	<u>16,552,679</u>	<u>274,964</u>	<u>16,827,643</u>
Excess (deficiency) of revenues over (under) expenditures	12,387,597	(12,387,597)	-
Net change in fund balance	12,387,597	(12,387,597)	-
Change in net assets	-	1,373,360	13,760,957
Fund balance/net assets (deficit)			
Beginning of the fiscal year	<u>34,155,253</u>	<u>(40,494,724)</u>	<u>(6,339,471)</u>
End of the fiscal year	<u>\$ 46,542,850</u>	<u>\$ (39,121,364)</u>	<u>\$ 7,421,486</u>

See accompanying notes to basic financial statements.

CITY OF ATLANTA, GEORGIA
EASTSIDE TAX ALLOCATION DISTRICT FUND

Notes to Basic Financial Statements

June 30, 2011

(1) Reporting Entity

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

The City has designated the Atlanta Development Authority as the redevelopment agent for the Eastside Tax Allocation District. The accompanying financial statements include only the financial activities of the Fund. The Fund is an integral part of the City’s government reporting entity and its results are included in the Comprehensive Annual Financial Report (CAFR) of the City as a governmental fund. The latest available CAFR is as of and for the fiscal year ended June 30, 2011; 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 assets 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 assets includes noncurrent assets and liabilities and the government-wide statement of activities reflects changes in long-term assets and liabilities. Net assets in the statement of net assets are distinguished between amounts that are invested in capital assets, restricted for use by third parties or outside requirements, and amounts that are unrestricted.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a

CITY OF ATLANTA, GEORGIA
EASTSIDE TAX ALLOCATION DISTRICT FUND

Notes to Basic Financial Statements

June 30, 2011

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

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

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

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

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

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

(d) *Cash and Cash Equivalents*

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

(e) *Investments*

Investments are recorded on the statement of net assets 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.

CITY OF ATLANTA, GEORGIA
EASTSIDE TAX ALLOCATION DISTRICT FUND

Notes to Basic Financial Statements

June 30, 2011

(g) Taxes Receivable

Although the Eastside Tax Allocation District (“TAD”) is not a taxing authority, it is the recipient of positive ad valorem tax allocation increments derived from the Eastside Tax Allocation District each fiscal year. The TAD’s revenue stream from the incremental ad valorem taxes is based upon the annual assessed value of property and the property tax billings in excess of the District’s 2003 base year.

(h) Capital Assets

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

Infrastructure	35 years
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(i) Fund Equity and Net Assets

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

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

Fund balances are classified as follows:

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

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

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

CITY OF ATLANTA, GEORGIA
EASTSIDE TAX ALLOCATION DISTRICT FUND

Notes to Basic Financial Statements

June 30, 2011

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. As of June 30, 2011, the City Council has not expressly delegated authority to anyone to be able to assign fund balances for specific purposes.

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 Assets – Net assets represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net assets invested in capital assets, net of related debt, consists of capital assets, 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 assets are reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net assets are reported as unrestricted. The TAD applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Restrictions on the government-wide statement of net assets represent amounts segregated to meet debt covenants and Bond Indenture.

(j) *Deferred Charges*

In the government-wide financial statements, bond issuance costs are reported as deferred charges and amortized over the term of the related debt using the effective interest method. In the governmental fund financial statements, these costs are expended.

(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 and liabilities 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
EASTSIDE TAX ALLOCATION DISTRICT FUND

Notes to Basic Financial Statements

June 30, 2011

(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 assets*

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	\$ 4,212,462
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Amounts of property taxes receivable not available as of fiscal year end are deferred in governmental funds, but are recognized as revenue when earned.	908,289
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Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(1,220,040)
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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 – both current and long-term – are reported in the statement of net assets.	(43,663,239)
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Issuance costs related to long-term debt are expended in governmental funds, but are recognized as assets in the government-wide statements and amortized over the life of the debt.	641,164
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(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 assets. Also, governmental funds report the effect of issuance costs, 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 on bonds	1,265,000
Amortization of discount	(19,703)

CITY OF ATLANTA, GEORGIA
EASTSIDE TAX ALLOCATION DISTRICT FUND

Notes to Basic Financial Statements

June 30, 2011

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. 35,578

Tax revenue in the statement of activities differs from the amount reported in the governmental funds due to the change in deferred revenue between fiscal year ends. 274,964

Issuance costs are expended in the governmental fund statements, however they are accrued in the government-wide statement. Amortization of the deferred bond issuance costs is recorded in the statement of activities, but not reported in the statement of revenues, expenditures, and fund balance. (58,279)

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

Depreciation expense (124,200)

(4) Legal Compliance – Budgets

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

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

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

CITY OF ATLANTA, GEORGIA
EASTSIDE TAX ALLOCATION DISTRICT FUND

Notes to Basic Financial Statements

June 30, 2011

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.

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, 2011.

(5) Deposits and Investments

Investments, with a carrying value of \$30,108, consist of investment in the Georgia Fund 1, a local government investment pool administered by the State of Georgia Office of the State Treasurer. As the investments represent ownership of a portion of a large pool of investments these amounts are not categorizable for custodial risk disclosure. The pooled investments are not registered with the Securities and Exchange Commission (SEC) but are managed in a manner consistent with SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the Fund's investments in the Georgia Fund 1 have been determined based on the pool's share price as adjusted to market.

Credit risk. State statutes authorize the Fund to invest in obligations of the State of Georgia or other States; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local government investment pool established by State law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of June 30, 2011, the Fund's investment in Georgia Fund 1 and the Guaranteed Investment Contract were rated AAAM and BBB+, respectively, by Standard & Poor's.

At June 30, 2011, the Fund had the following investments:

<u>Investment</u>	<u>Maturities / Duration</u>	<u>Fair Value</u>
First American U.S. Treasuries - Mutual Funds	35 days	\$ 8,432,836
Georgia Fund 1	59 days	30,108
Guaranteed Investment Contract	January 1, 2030	3,821,852
Total		<u>\$ 12,284,796</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

CITY OF ATLANTA, GEORGIA
EASTSIDE TAX ALLOCATION DISTRICT FUND

Notes to Basic Financial Statements

June 30, 2011

June 30, 2011, interest rate risk is reported in the above table as “Maturities/Duration” for each of the applicable investment classifications.

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

(6) Capital Assets

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

	June 30, 2010	Additions	Deletions	June 30, 2011
Capital assets:				
Infrastructure	\$ 4,347,012	\$ -	\$ -	\$ 4,347,012
Total capital assets	4,347,012	-	-	4,347,012
Less accumulated depreciation				
Infrastructure	(10,350)	(124,200)	-	(134,550)
Total accumulated depreciation	(10,350)	(124,200)	-	(134,550)
Net capital assets	\$ 4,336,662	\$ (124,200)	\$ -	\$ 4,212,462

(7) Bonds Payable

During 2005, the City issued \$47,480,000 in limited obligation bonds for the Eastside Tax Allocation District. The issuance is a limited obligation of the City, not secured by the full faith and credit of the City, but rather is secured solely by, and payable solely from, the pledged revenues. The pledged revenues are defined as the tax allocation increments, the amount of property taxes generated within the district area which exceed the amount collected from the same area prior to development, from the City, Fulton County, and the Atlanta Independent School System. The property tax increments are pledged until the payment in full of the bonds.

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

CITY OF ATLANTA, GEORGIA
EASTSIDE TAX ALLOCATION DISTRICT FUND

Notes to Basic Financial Statements

June 30, 2011

	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>
Fiscal year ending June 30:			
2012	\$ 1,340,000	\$ 2,440,080	\$ 3,780,080
2013	1,420,000	2,364,706	3,784,706
2014	1,500,000	2,284,830	3,784,830
2015	1,585,000	2,200,456	3,785,456
2016	35,000	2,111,298	2,146,298
2017-2021	9,335,000	9,092,970	18,427,970
2022-2026	12,335,000	6,030,920	18,365,920
2027-2031	16,330,000	1,931,160	18,261,160
	<u>\$ 43,880,000</u>	<u>\$ 28,456,420</u>	<u>\$ 72,336,420</u>

The Fund's long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

<u>Bonds</u>	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2011</u>	<u>Amount Due Within One Year</u>
Series 2005 Bonds	\$ 45,145,000	\$ -	\$ 1,265,000	\$ 43,880,000	\$ 1,340,000
Less: Discount	(236,464)	-	(19,703)	(216,761)	-
Total	<u>\$ 44,908,536</u>	<u>\$ -</u>	<u>\$ 1,245,297</u>	<u>\$ 43,663,239</u>	<u>\$ 1,340,000</u>

(8) Transfer of Assets to the City of Atlanta

The Atlanta Development Authority is the Redevelopment Agent for the City of Atlanta. As certain developer capital improvements are completed, the ownership of those assets are transferred to the City of Atlanta to be included as capital assets and depreciated according to the City of Atlanta's policy and procedures. At fiscal year-end, the balance of those assets which are currently completed and reported by the Fund approximate to \$4,347,012. Improvements which are currently unfinished and in process, and not reported by the Fund, approximate \$4,808,545 at fiscal year end. Ownership of these assets will be transferred to the City of Atlanta once all projects have been completed.

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

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Tax increment revenue	\$ 7,743,320	\$ 7,743,320	\$ 16,316,117	\$ 8,572,797
Investment earnings	-	-	236,562	236,562
Other revenues	31,996,320	31,996,320	-	(31,996,320)
Total revenues	<u>39,739,640</u>	<u>39,739,640</u>	<u>16,552,679</u>	<u>(23,186,961)</u>
Expenditures				
Current:				
General government:				
Nondepartmental	14,428,940	14,428,940	128,982	14,299,958
Community development	21,526,460	21,526,460	259,864	21,266,596
Total general government	<u>35,955,400</u>	<u>35,955,400</u>	<u>388,846</u>	<u>35,566,554</u>
Debt service:				
Principal	1,265,000	1,265,000	1,265,000	-
Interest	2,511,240	2,511,240	2,511,236	4
Cost of issuance	8,000	8,000	-	8,000
Total debt service	<u>3,784,240</u>	<u>3,784,240</u>	<u>3,776,236</u>	<u>8,004</u>
Total expenditures	<u>39,739,640</u>	<u>39,739,640</u>	<u>4,165,082</u>	<u>35,574,558</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>12,387,597</u>	<u>12,387,597</u>
Net change in fund balances	-	-	12,387,597	12,387,597
Fund balance, beginning of fiscal year	<u>34,155,253</u>	<u>34,155,253</u>	<u>34,155,253</u>	<u>-</u>
Fund balance, end of fiscal year	<u>\$ 34,155,253</u>	<u>\$ 34,155,253</u>	<u>\$ 46,542,850</u>	<u>\$ 12,387,597</u>

SCHEDULE 1

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

SUPPLEMENTARY INFORMATION

	<i>December 31, 2004</i>	<i>December 31, 2005</i>	<i>June 30, 2006</i>	<i>June 30, 2007</i>	<i>June 30, 2008</i>	<i>June 30,2009</i>	<i>June 30, 2010</i>	<i>June 30, 2011</i>
ASSETS:								
Restricted Cash: Tax Increment								
Restricted Cash Tax Increment Fund	\$ 1,336,045.12	\$ 251.02	\$ -	\$ 1,758,732.40	\$ 11,567,574.98	\$ 18,142,059.12	\$ 24,773,116.36	\$ 38,435,313.91
Restricted Cash Tax Increment Investment Fund	-	8,781,199.87	8,972,525.00	4,239,645.95	29,567.40	29,974.72	30,054.21	30,107.88
Total Restricted Cash Tax Increment Fund	1,336,045.12	8,781,450.89	8,972,525.00	5,998,378.35	11,597,142.38	18,172,033.84	24,803,170.57	38,465,421.79
Restricted Cash: Other Funds								
Restricted Cash- Capitalized Interest Fund-GIC	-	4,895,232.78	4,013,607.32	1,604,638.47	0.96	-	-	-
Restricted Cash- Debt Service Reserve Fund-GIC	-	3,745,885.00	3,821,851.55	3,821,851.94	3,821,851.54	3,821,851.52	3,821,851.52	3,821,851.52
Restricted Cash- Project A Fund - GIC	-	6,630,053.45	5,068,307.71	1,739,273.53	733,509.61	718,821.62	718,821.62	718,828.83
Restricted Cash- Project B Fund - GIC	-	21,560,606.15	19,992,835.88	10,021,968.30	6,722,777.56	3,067,583.00	2,734,688.57	2,672,045.31
Restricted Cash- Project B Fund- APS	-	1,944,498.00	1,944,498.00	1,944,498.00	1,944,498.00	1,944,498.00	197,191.80	-
Restricted Cash- Interest Fund	-	-	7,292.71	7,650.11	0.09	1,289,663.40	1,331,584.66	1,296,044.12
Restricted Cash- Supplemental DSR Fund	-	-	-	3,816,145.30	3,788,682.07	3,748,450.34	3,745,885.00	3,745,885.00
Restricted Cash - Tax Increment Fund	-	2,002,765.00	2,036,537.55	24,628.72	1,357,436.61	21,209.10	174,941.92	33.81
Total Restricted Cash: Other Funds	-	40,779,040.38	36,884,930.72	22,980,654.37	18,368,756.44	14,612,076.98	12,724,965.09	12,254,688.59
TOTAL ASSETS	\$ 1,336,045.12	\$ 49,560,491.27	\$ 45,857,455.72	\$ 28,979,032.72	\$ 29,965,898.82	\$ 32,784,110.82	\$ 37,528,135.66	\$ 50,720,110.38
LIABILITIES/FUND BALANCE:								
Other Payable- Governmental Entities	\$ -	\$ 8,944,293.00	\$ 8,854,898.28	\$ 3,498,289.00	\$ 3,502,735.00	\$ 3,501,568.00	\$ 3,501,596.00	\$ 3,501,596.00
Other Payable- City- Pension Fund- Erroneous Deposit	-	-	-	11,382.05	-	-	-	-
Payables other	-	-	-	-	-	-	-	5,811.25
Other Payable- FCTC	-	-	-	-	-	-	-	687,409.25
Other Payable-Due to City Cash Pool	-	-	-	2,946.50	-	-	-	12,637.00
Total Liabilities	-	8,944,293.00	8,854,898.28	3,512,617.55	3,502,735.00	3,501,568.00	3,501,596.00	4,207,453.50
Fund Balance	1,301,136.88	1,336,045.12	40,616,198.27	37,002,557.44	25,466,415.17	26,463,163.82	29,282,542.82	34,026,539.66
Sources (Uses) Balance	34,908.24	39,280,153.15	(3,613,640.83)	(11,536,142.27)	996,748.65	2,819,379.00	4,743,996.84	12,486,117.22
Total Fund Balance	1,336,045.12	40,616,198.27	37,002,557.44	25,466,415.17	26,463,163.82	29,282,542.82	34,026,539.66	46,512,656.88
TOTAL LIABILITIES/FUND BALANCE	\$ 1,336,045.12	\$ 49,560,491.27	\$ 45,857,455.72	\$ 28,979,032.72	\$ 29,965,898.82	\$ 32,784,110.82	\$ 37,528,135.66	\$ 50,720,110.38

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

SCHEDULE 2

**CITY OF ATLANTA, GEORGIA
EASTSIDE TAX ALLOCATION DISTRICT FUND
FLOW OF FUNDS COMPARISON - CASH BASIS
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	Total
SOURCES OF FUNDS:									
Tax Increments	\$ 1,336,062.12	\$ 1,841,880.94	\$ 89,394.72	\$ 3,770,968.02	\$ 7,342,112.48	\$ 9,992,106.04	\$ 10,550,203.90	\$ 16,420,123.13	\$ 51,342,851.35
Bond Proceeds-Series A	-	9,480,000.00	-	-	-	-	-	-	9,480,000.00
Bond Proceeds-Series B	-	38,000,000.00	-	-	-	-	-	-	38,000,000.00
Developer Reimbursement for Interest - Bondholders	-	-	7,130.39	-	-	-	-	-	7,130.39
Developer Reimbursement for Cost of Issuance	-	135,982.05	(135,982.05)	-	-	-	-	-	-
Interest Income	-	14,061.59	1,613,148.08	1,448,125.10	1,000,837.50	370,737.22	272,870.12	236,562.13	4,956,341.74
TOTAL SOURCES OF FUNDS	1,336,062.12	49,471,924.58	1,573,691.14	5,219,093.12	8,342,949.98	10,362,843.26	10,823,074.02	16,656,685.26	103,786,323.48
USES OF FUNDS:									
Developers									
30 Allen Plaza	-	2,310,000.00	-	-	-	-	-	-	2,310,000.00
The Reynolds	-	2,785,970.00	1,253,880.00	260,150.00	-	-	-	-	4,300,000.00
Oakland Park	-	-	318,462.00	1,159,696.99	321,841.00	-	-	-	1,799,999.99
12 Centennial	-	1,633,707.76	1,439,451.41	6,403,532.71	1,523,308.12	-	-	-	11,000,000.00
Tribute Lofts	-	-	505,779.20	2,109,448.17	584,772.63	-	-	-	3,200,000.00
Sweet Auburn	-	581,721.79	427,944.24	2,024,226.94	920,080.67	46,026.36	-	-	4,000,000.00
Capitol Gateway	-	1,539,365.34	127,752.46	7,233.64	(7,233.64)	2,359,993.58	319,900.84	51,027.68	4,398,039.90
APS	-	-	-	-	-	-	1,747,306.20	197,191.80	1,944,498.00
Total Developers	-	8,850,764.89	4,073,269.31	11,964,288.45	3,342,768.78	2,406,019.94	2,067,207.04	248,219.48	32,952,537.89
Parks and Greenspace	-	-	5,075.00	2,088,011.39	1,330,814.89	1,310,026.95	12,943.59	11,645.00	4,758,516.82
Trustee Fees	-	-	-	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00	40,000.00
Economic Study (Garner and Buxton)	-	-	-	-	-	-	-	7,705.33	7,705.33
Cost of Issuance Fees	-	1,340,854.50	-	-	-	-	-	-	1,340,854.50
Accounting and Auditing Fees	-	-	4,000.00	40,200.00	15,200.00	19,200.00	20,000.00	20,899.55	119,499.55
Continuing Disclosure- Municap and Public Resource	-	-	10,953.37	4,632.50	6,071.25	8,521.25	10,043.33	20,353.75	60,575.45
Credit Rating - Municap	-	-	-	-	-	-	-	22,125.00	22,125.00
Credit Rating - Standard & Poor's	-	-	-	-	-	-	-	23,000.00	23,000.00
Legal	-	-	-	5,578.35	-	6,280.70	17,587.50	-	29,446.55
Arbitrage Report	-	-	-	-	-	7,000.00	3,500.00	-	10,500.00
ADA Program Cost Recovery	-	-	-	-	-	-	114,961.00	74,523.00	189,484.00
First Southwest Financial- FC-COA	-	-	-	1,704.00	-	-	-	1,200.00	2,904.00
Bank & Service Charges/Trust Investment Sweep	17.00	152.04	299.79	240.70	766.41	835.42	973.46	1,785.68	5,070.50
Bond Principal	-	-	-	-	-	1,135,000.00	1,200,000.00	1,265,000.00	3,600,000.00
Bond Interest	-	-	1,093,734.50	2,642,580.00	2,642,580.00	2,642,580.00	2,578,736.26	2,511,236.25	14,111,447.01
TOTAL USES OF FUNDS	17.00	10,191,771.43	5,187,331.97	16,755,235.39	7,346,201.33	7,543,464.26	6,079,077.18	4,170,568.04	57,273,666.60
SOURCES (USES) BALANCE	\$ 1,336,045.12	\$ 39,280,153.15	\$ (3,613,640.83)	\$ (11,536,142.27)	\$ 996,748.65	\$ 2,819,379.00	\$ 4,743,996.84	\$ 12,486,117.22	46,512,656.88

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

CITY OF ATLANTA, GEORGIA
 EASTSIDE TAX ALLOCATION DISTRICT FUND

SUPPLEMENTARY INFORMATION

BALANCES OF FUNDS UNDER THE INDENTURE - CASH BASIS

JUNE 30, 2011

Trust Funds - U.S. Bank:

Project Fund- Series A	\$ 718,829
Project Fund- Series B	2,672,045
Supplemental Reserve Fund	3,745,885
Tax Increment Fund	34
Interest Fund	1,296,044
Debt Service Reserve Fund	<u>3,821,852</u>
Total Trust Funds	<u><u>\$ 12,254,689</u></u>

As of June 30, 2011, there have not been any withdrawals from the Debt Service Reserve Fund.

**CITY OF ATLANTA, GEORGIA
EASTSIDE TAX ALLOCATION DISTRICT FUND
DEBT SERVICE COVERAGE RATIO - CASH BASIS
JUNE 30, 2011**

SUPPLEMENTARY INFORMATION

Calculation Based on Offering Memorandum

Revenue for debt service calculation:

Tax increment collections- 2010 Property Tax Year	\$	11,944,478
Tax increment collections- 2009 Property Tax Year		(143,422)
Tax increment collections- 2008 Property Tax Year		(129,674)
Tax increment collections- 2007 Property Tax Year		23,742
Tax increment collections- 2006 Property Tax Year		6,650
Total Tax Increment Collections		11,701,773

Tax Digest Certification 2008, 2009, and 2010:

2008 Certification Adjustment		2,571,791
2009 Certification Adjustment		2,612,871
2010 Certification Adjustment		(466,313)
Total Tax Digest Certification Adjustments		4,718,349

Total Tax Increment Collections		16,420,123
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Interest income DSR fund		152,031
Total revenue for debt service calculation	\$	16,572,154

Expenditures for debt service calculation:

Debt service paid:		
Interest paid July 1, 2010		1,255,618
Interest paid January 1, 2011		1,255,618
Principal Paid January 1, 2011		1,265,000
Total debt service paid		3,776,236

Total expenditures for debt service calculation		3,776,236
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Excess revenue over expenditures		\$ 12,795,917.50
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DSC Ratio for the Fiscal Year Ending June 30, 2011		4.39
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**The Board of Directors
Atlanta Development Authority**

We have audited the financial statements of the governmental activities and the major fund of the City of Atlanta, Georgia Eastside Tax Allocation District Fund (the "Fund"), as of and for the fiscal year ended June 30, 2011, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated January 24, 2012, which references that the Fund is not the entire reporting entity of the City of Atlanta and the implementation of a new accounting standard on fund balance classification. 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.

Internal Control over Financial Reporting

Management of the Fund is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Fund's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Directors, the City of Atlanta, and management and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 24, 2012