ATLANTA BELTLINE, INC.
(A Component Unit of
The Atlanta Development Authority, d/b/a Invest Atlanta)

Basic Financial Statements

June 30, 2014

(With Independent Auditor's Report Thereon)

ATLANTA BELTLINE, INC.
(A Component Unit of The Atlanta Development Authority, d/b/a Invest Atlanta)

June 30, 2014

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MAULDIN
& JENKINS

INDEPENDENT AUDITOR'S REPORT

The Board of Directors of the
Atlanta BeltLine, Inc.
Atlanta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit, and the major fund of the **Atlanta BeltLine, Inc.** ("ABI"), a component unit of The Atlanta Development Authority, d/b/a Invest Atlanta, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise ABI's basic financial statements.

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 business-type activities, the discretely presented component unit, and the major fund of the **Atlanta BeltLine, Inc.** as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2014 on our consideration of ABI'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 ABI's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 10, 2014

ATLANTA BELTLINE, INC.
(A Component Unit of The Atlanta Development Authority, d/b/a Invest Atlanta)
Management's Discussion and Analysis (Unaudited)
June 30, 2014

This section of the Atlanta BeltLine, Inc. ("ABI") annual financial report presents our discussion and analysis of ABI's financial performance during the fiscal year ended June 30, 2014. Please read it in conjunction with the financial statements and accompanying notes.

Fiscal Year 2014 Selected Financial Highlights (Proprietary Funds)

- ABI's total assets increased approximately $12.9 million for the fiscal year ended June 30, 2014. Investment, improvement, and development of various segments along the Atlanta BeltLine continued during the year and additions were made on numerous projects.

- Total current liabilities increased by approximately $3.1 million for the fiscal year ended June 30, 2014. This is mainly the result of an increase in accounts payable and payable to the TAD related to redevelopment activity.

- Total non-current liabilities decreased approximately $2.0 million for the fiscal year ended June 30, 2014. This is mainly attributable to the principal payment on the note payable as discussed further in Note 7.

- ABI's total net position increased approximately $11.8 million for the fiscal year ended June 30, 2014, primarily due to the approximately $15.1 million received in intergovernmental funding for expenses that are predominantly recorded as capital assets and approximately $2.4 million from private grants and contributions and offset by approximately $5.8 million in general expenses.

- ABI's total revenues increased approximately $4.3 million for the fiscal year ended June 30, 2014. This is a result of funding from the BeltLine Tax Allocation District and the City of Atlanta increasing by $4.6 million and private grants and contributions decreasing by approximately $0.4 million due to completed projects and projects which will continue into the next fiscal year.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of ABI's assets and liabilities, with the difference between the two reported as net position. In many government organizations, increases and decreases in net position may serve as a useful indicator of whether the financial position of the organization is improving or deteriorating. However, ABI serves as an implementer of projects on behalf of the City of Atlanta and in such capacity, funding for projects performed is recorded as revenue in the year that it is earned. When projects are completed, the asset is transferred from ABI to the City of Atlanta. These transfers may result in large decreases to ABI's net position. In these cases, such a decrease would not indicate a deterioration of ABI's financial position. Rather, this type of decrease would simply represent an asset being completed and transferred off of ABI's financial statements. Transfers to the City of Atlanta should be expected from year to year as other capital assets reach completion and are accepted by the City of Atlanta.

The *statement of activities* presents information showing how ABI's net position changed during the most recent 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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include not only ABI (known as the *primary government*), but also a legally separate entity for which ABI is financially accountable, Chester Avenue Lofts, LLC (known as a *component unit*). Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 8 and 9 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The accompanying statements include only one fund, accounting for all the activity of ABI outside of its component unit. This fund is used to report the same functions presented as business-type activities in the government-wide financial statements, but shows the activity in greater detail, including presenting cash flow information. The basic proprietary fund financial statements can be found on pages 10 through 12 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 13 through 21 of this report.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. Again, ABI's function as implementer of projects on behalf of the City of Atlanta causes periodic and expected significant decreases to its net position, which does not necessarily indicate a deterioration of ABI's financial position. In the case of ABI, assets exceeded liabilities by approximately $13.8 million at June 30, 2014. A summary of the net position is presented below.

Atlanta BeltLine Inc.'s Net Position

	2014	2013
Assets:		
Current assets	$ 7,191,597	$ 4,374,483
Capital assets	59,690,929	49,581,977
Total assets	66,882,526	53,956,460
Liabilities:		
Current liabilities	7,432,083	4,294,444
Noncurrent liabilities	45,680,144	47,700,311
Total liabilities	53,112,227	51,994,755
Net position:		
Net investment in capital assets	12,854,846	1,217,987
Unrestricted	915,453	743,718
Total net position	$ 13,770,299	$ 1,961,705

ABI's total assets equal approximately $66.9 million. Current assets primarily consist of cash and cash equivalents (25%) and due from other governments – primarily related to reimbursement requests from a state grant (37%), while noncurrent assets only consist of capital assets. ABI's total liabilities equal approximately $53.1 million. Liabilities primarily consist of a long-term payable to the City of Atlanta (45%) and a loan payable to a consortium of financial institutions (45%).

For the fiscal year ended June 30, 2014, ABI's total net position increased approximately $11.8 million, primarily due to the approximately $15.1 million received in intergovernmental funding for expenses that are predominantly recorded as capital assets and approximately $2.4 million from private grants and contributions, offset primarily by general expenses of $5.7 million. There were no transfers of completed capital assets to the City of Atlanta however there are significant amounts of capital assets that are expected to be transferred in future fiscal years.

Atlanta BeltLine, Inc.'s Changes in Net Position

	2014	2013
Revenues:		
Intergovernmental funding	$ 15,136,129	$ 10,526,793
Private grants and contributions	2,374,595	2,777,508
Interest income (non-operating)	45	565
Other income	393,093	265,988
Total revenues	17,903,862	13,570,854
Expenses:		
General and administrative	5,718,563	5,005,033
Interest expense (non-operating)	245,608	275,815
Depreciation expense	121,863	83,462
Capital assets donated to City of Atlanta (non-operating)	-	28,555,736
Other	9,234	2,892
Total expenses	6,095,268	33,922,938
Increase (decrease) in net position	11,808,594	(20,352,084)
Net position, beginning of fiscal year	1,961,705	22,313,789
Net position, end of fiscal year	$ 13,770,299	$ 1,961,705

For the year ended June 30, 2014, revenues consist primarily of intergovernmental funding from the BeltLine Tax Allocation District and the City of Atlanta (including some pass through state and federal grants) (85%) and private grants and contributions (13%). The increase in intergovernmental funding is partially attributed to a transportation grant received as a pass through from the State for the Westside Trail. For the year ended June 30, 2014, expenses consist primarily of general and administrative costs (94%) and interest expense of (4%).

Capital Assets

The capital assets of ABI total approximately $59.7 million at the end of fiscal year ended June 30, 2014, an increase of approximately $10.1 million from the prior year. Capital assets are comprised of land, land improvements, equipment, and construction in process related to the Atlanta BeltLine project. The majority of this balance is comprised of four projects: Clear Creek ($23.9 million), Trails, including Eastside Trail and Westside Trail, ($15.9 million), Rails - transit ($6.9 million), and Atlanta BeltLine Corridor ($5.6 million). See Note 6 for more detail of ABI's capital assets.

Debt

ABI entered into an agreement with a consortium of financial institutions to receive $29,429,900 of interim funding for the implementation of the 2007 Atlanta BeltLine projects. Interest is payable semi-annually. For a period of 24 months commencing April 17, 2008, the loan was to accrue interest at a daily rate of LIBOR + .55%. Effective, March 17, 2009, in accordance with the original loan agreement, a downgrade of the City of Atlanta's debt rating caused the interest rate to adjust to a daily rate of LIBOR + .65%. Commencing on April 17, 2010 the interest rate changed to a daily rate of LIBOR +.75%, which was to be in effect until the notes mature on September 17, 2022 and October 17, 2022. Later, during fiscal year 2010, the City's debt rating was downgraded again and thus triggered a clause which increased the daily rate to LIBOR +.85%. Commencing on September 17, 2010, principal will be due in annual installments until the notes mature. As of June 30, 2014, the outstanding balance on the note is $23,700,312. See Note 7 for more detail of ABI's long-term debt.

The City of Atlanta contributed $30,000,000 to ABI for the estimated cost to complete the Clear Creek project which will result in the construction of a storm water retention pond and infrastructure improvements for sewer basin relief. The costs to complete the project are now estimated to be lower than the $30 million funded. Due to the excess funds projected, ABI returned approximately $5 million during fiscal year 2010 and another $1 million in fiscal year 2013. The liability of $24 million will be satisfied upon transfer of the completed project and any residual cash to the City of Atlanta. See Note 8 for more detail on the Clear Creek Project.

Requests for Information

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

ATLANTA BELTLINE, INC.
(A Component Unit of The Atlanta Development Authority, d/b/a Invest Atlanta)
Statement of Net Position
June 30, 2014

			Component Unit	
		Business-type Activities		Chester Ave. Lofts, LLC
Assets				
Current assets:				
Cash and cash equivalents	$	930,129	$	-
Restricted cash and cash equivalents		864,229		117,368
Accounts receivable		55,488		191,495
Due from other governments		2,651,131		-
Due from the Atlanta BeltLine Partnership		593,317		-
Due from the City of Atlanta		445,693		-
Due from the BeltLine Tax Allocation District		819,786		-
Due from the Eastside Tax Allocation District		158,999		-
Due from the Westside Tax Allocation District		422,732		-
Due from component unit		90		-
Prepaid items		250,003		-
Total current assets		7,191,597		308,863
Noncurrent assets:				
Capital assets, nondepreciable		59,486,547		715,000
Capital assets, net of depreciation		204,382		-
Total noncurrent assets		59,690,929		715,000
Total assets		66,882,526		1,023,863
Liabilities				
Current liabilities:				
Accounts payable		3,475,960		2,566
Accrued expenses		504,629		-
Notes payable, current portion		2,020,168		-
Unearned revenue		142,049		-
Due to primary government		-		90
Due to the City of Atlanta		103,500		-
Due to Invest Atlanta		16,039		-
Due to the BeltLine Tax Allocation District		1,169,738		858,825
Total current liabilities		7,432,083		861,481
Noncurrent liabilities:				
Due to the City of Atlanta		24,000,000		-
Notes payable		21,680,144		-
Total noncurrent liabilities		45,680,144		-
Total liabilities		53,112,227		861,481
Net Position (Deficit)				
Net investment in capital assets		12,854,846		715,000
Unrestricted		915,453		(552,618)
Total net position (deficit)	$	13,770,299	$	162,382

See the accompanying notes to the financial statements.

ATLANTA BELTLINE, INC.
(A Component Unit of The Atlanta Development Authority, d/b/a Invest Atlanta)
Statement of Activities
Fiscal Year Ended June 30, 2014

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Business-type Activities	Component Unit
Functions/ Programs:						
Primary government						
Business-type activities:						
Economic development	$ 6,095,268	$ 393,093	$ 7,740,278	$ 9,770,446	$ 11,808,549	
Total primary government activities	$ 6,095,268	$ 393,093	$ 7,740,278	$ 9,770,446	11,808,549	
Component unit:						
Chester Avenue Lofts, LLC	$ 14,763	$ 16,662	$ -	$ -		$ 1,899
	$ 14,763	$ 16,662	$ -	$ -		1,899
General revenues:						
Interest income					45	-
Total general revenues					45	-
Changes in net position					11,808,594	1,899
Net position, beginning of fiscal year					1,961,705	160,483
Net position, ending of fiscal year					$ 13,770,299	$ 162,382

See the accompanying notes to the financial statements.

ATLANTA BELTLINE, INC.
(A Component Unit of The Atlanta Development Authority, d/b/a Invest Atlanta)
Statement of Net Position
Proprietary Fund
June 30, 2014

		Business-type Activities Enterprise Fund
		Administrative Fund
Assets		
Current assets:		
Cash and cash equivalents	$	930,129
Restricted cash and cash equivalents		864,229
Accounts receivable		55,488
Due from other governments		2,651,131
Due from the Atlanta BeltLine Partnership		593,317
Due from the City of Atlanta		445,693
Due from the BeltLine Tax Allocation District		819,786
Due from the Eastside Tax Allocation District		158,999
Due from the Westside Tax Allocation District		422,732
Due from component unit		90
Prepaid items		250,003
Total current assets		7,191,597
Noncurrent assets:		
Capital assets, nondepreciable		59,486,547
Capital assets, net of depreciation		204,382
Total noncurrent assets		59,690,929
Total assets		66,882,526
Liabilities		
Current liabilities:		
Accounts payable		3,475,960
Accrued expenses		504,629
Notes payable, current portion		2,020,168
Unearned revenue		142,049
Due to the City of Atlanta		103,500
Due to the BeltLine Tax Allocation District		1,169,738
Due to Invest Atlanta		16,039
Total current liabilities		7,432,083
Noncurrent liabilities:		
Due to the City of Atlanta		24,000,000
Notes payable		21,680,144
Total noncurrent liabilities		45,680,144
Total liabilities		53,112,227
Net Position		
Net investment in capital assets		12,854,846
Unrestricted		915,453
Total net position	$	13,770,299

See the accompanying notes to the financial statements.

ATLANTA BELTLINE, INC.
(A Component Unit of The Atlanta Development Authority, d/b/a Invest Atlanta)
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Fiscal Year Ended June 30, 2014

		Business-type Activities Enterprise Fund
		Administrative Fund
Operating revenues:		
Intergovernmental funding	$	15,136,129
Private grants and contributions		2,374,595
Other income		393,093
Total operating revenues		17,903,817
Operating expenses:		
General and administrative		5,718,563
Depreciation expense		121,863
Other expenses		9,234
Total operating expenses		5,849,660
Operating income		12,054,157
Non-operating revenue (expense):		
Interest expense		(245,608)
Interest income		45
Change in net position		11,808,594
Net position at beginning of year		1,961,705
Net position at end of year	$	13,770,299

See the accompanying notes to the financial statements.

ATLANTA BELTLINE, INC.
(A Component Unit of The Atlanta Development Authority, d/b/a Invest Atlanta)
Statement of Cash Flows
Proprietary Fund
Fiscal Year Ended June 30, 2014

	Business-type Activities Enterprise Fund
	Administrative Fund
Cash flows from operating activities:	
Receipts from grantors and others	$ 15,546,881
Payments to suppliers, vendors, and other governments	(2,441,534)
Payments to employees for salaries and related benefits	(3,594,713)
Net cash provided by operating activities	9,510,634
Cash flows from capital financing activities:	
Acquisition and construction of capital assets	(7,713,688)
Principal payments on notes payable	(1,856,162)
Payments for interest	(245,608)
Net cash used by capital financing activities	(9,815,458)
Cash flows from investing activities:	
Interest on investments	45
Net cash provided by investing activities	45
Net decrease in cash and cash equivalents	(304,779)
Cash and cash equivalents at beginning of fiscal year	2,099,137
Cash and cash equivalents at end of fiscal year	$ 1,794,358
Reconciliation of Cash and Cash Equivalents To Statement of Net Position:	
Cash and equivalents	$ 930,129
Restricted cash and equivalents	864,229
	$ 1,794,358
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 12,054,157
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	121,863
Change in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	333,758
Due from the Atlanta BeltLine Partnership	(298,555)
Due from the City of Atlanta	(181,463)
Due from the Tax Allocation Districts	(290,814)
Due from other governments	(2,651,131)
Prepaid items and other assets	(33,688)
Increase (decrease) in:	
Accounts payable and accrued expenses	(274,762)
Unearned revenue	(428,796)
Due to the BeltLine Tax Allocation District	1,169,738
Due to Invest Atlanta	(9,673)
Net cash provided by operating activities	$ 9,510,634

See the accompanying notes to the financial statements.

(1) Summary of Significant Accounting Policies

(a) The Financial Reporting Entity

Atlanta BeltLine, Inc. ("ABI") was incorporated in 2006 to act as implementation agent on behalf of The Atlanta Development Authority, d/b/a Invest Atlanta ("Invest Atlanta") with respect to the Atlanta BeltLine project (the "Atlanta BeltLine"). Atlanta BeltLine development activities will enrich Atlanta's quality of life with parks, trails, transit, and economic development and set a national standard for transformative investment, sustainable growth, and equitable development.

As a public corporation, ABI meets the definition of a governmental entity and follows accounting principles generally accepted in the United States of America ("GAAP") for government entities. The Governmental Accounting Standards Board ("GASB") is the standard setting body for governmental GAAP.

Management has considered the criteria set forth in GASB Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, *Defining the Financial Reporting Entity*. Based upon the application of the above criteria, Invest Atlanta has determined ABI to be a component unit of Invest Atlanta.

The component unit column in the government-wide financial statements includes Chester Avenue Lofts, LLC which is a discretely presented component unit of ABI. It is reported in a separate column to emphasize that it is legally separate from ABI. Chester Avenue Lofts, LLC (CAL) is wholly owned by ABI and was organized to improve and develop property within the Atlanta Beltline corridor. As the sole member of the limited liability company, ABI controls the activity of CAL. Separate financial information of CAL is available from ABI management.

(b) Government-wide and Fund Financial Statements

ABI 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. 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.

(1) Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

ABI reports the only major enterprise fund, its Administrative Fund, which is used to account for all activity of ABI other than that of its component unit.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. ABI's principal operating revenue is derived from contributions from the BeltLine TAD, contributions to support the development of the Atlanta BeltLine, and other grants. Operating expenses for the fund include development, program, and direct general and administrative expenses of ABI. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is ABI's policy to use restricted resources first, then unrestricted resources as they are needed.

(1) Summary of Significant Accounting Policies (Continued)

(d) Cash and Cash Equivalents

For the purposes of the statement of cash flows, ABI considers all short-term investment securities with original maturities of three months or less, local government investment pools, repurchase agreements, money market accounts, and investment agreements under which funds can be withdrawn at any time without penalty to be cash equivalents. Certain resources set aside for Atlanta BeltLine projects are classified as restricted assets on the statement of net position because their use is limited by the purpose of certain agreements with the City of Atlanta or other donors.

(e) Capital Assets

Capital assets are stated at cost. The Atlanta BeltLine capital assets consist of non-depreciable land, construction in progress related to both the Clear Creek and Atlanta BeltLine Projects, and furniture and equipment. Depreciation on capital assets is calculated on the straight-line method over the estimated useful lives as follows:

Furniture and Equipment	3-5 years

(f) Due to the Primary Government

Amounts are reported in the statement of net position for amounts due to Invest Atlanta which are the result of shared costs and shared services initially paid by Invest Atlanta to cover certain operating costs. These amounts will be reimbursed within one year of the fiscal year end.

(1) Summary of Significant Accounting Policies (Continued)

(g) Use of Estimates

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

(2) Deposits and Investments

(a) Credit Risk

ABI is authorized to invest in obligations or investments as determined by its Board of Directors, subject to any agreement with bondholders and with applicable law. As of June 30, 2014, ABI did not have any investments other than deposits with financial institutions.

(b) Custodial Credit Risk-Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than Federal or State government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2014, ABI had no bank balances that were exposed to custodial credit risk.

(3) Due from the City of Atlanta

ABI continued construction on projects during the current fiscal year, each of which are related to the overall Atlanta BeltLine Project. Certain costs incurred by ABI on these projects will be reimbursed by the City of Atlanta. As of June 30, 2014, ABI was owed $445,693 from the City of Atlanta.

(4) Due from and Due to the City of Atlanta Tax Allocation Districts

A portion of redevelopment costs and general cost incurred by ABI to manage the Atlanta BeltLine Project are reimbursed monthly to ABI by the BeltLine Tax Allocation District. As of June 30, 2014, ABI was owed $819,786 from the BeltLine Tax Allocation District.

Additionally certain projects of ABI fall into other City of Atlanta Tax Allocation Districts and those project costs are reimbursed by the respective Tax Allocation Districts. As of June 30, 2014, ABI was owed $158,999 from the Eastside Tax Allocation District and $422,732 from the Westside Tax Allocation District.

As of June 30, 2014, ABI owed the BeltLine Tax Allocation District $1,169,738. These amounts are for advances received for the development of the Westside Trail project. A portion of the funds advanced are reimbursable by the State of Georgia. ABI will pay funds to the BeltLine Tax Allocation District as funds are received from the State.

Amounts used by Chester Avenue Lofts, LLC to purchase and develop the Lofts at Reynoldstown Crossing loft units were advanced from the BeltLine Tax Allocation District and amounts from the sale of these properties were determined to be owed back to the BeltLine Tax Allocation District. At June 30, 2014, Chester Avenue Lofts, LLC owed the BeltLine Tax Allocation District $858,825 related to the advancement of these funds to Chester Avenue Lofts, LLC.

(5) Due from the Atlanta BeltLine Partnership

Certain project specific costs incurred by ABI are reimbursed by the non-profit entity, Atlanta BeltLine Partnership (“ABLP”). ABLP is an unrelated non-profit organization committed to raising funds from private and philanthropic sources to support the Atlanta BeltLine Project; working with neighborhoods, community organizations, faith organizations, businesses, and other groups to raise general awareness and broad-based support for the Atlanta BeltLine Project; and serving as a catalyst to mobilize resources to address the social concerns raised by new development around the Atlanta BeltLine Project. Through its initiative, ABLP has pledged to fund specific projects up to a certain amount. Costs incurred to date by ABI but not yet reimbursed on those projects are considered owed to ABI. As of June 30, 2014, ABI was owed $593,317 from ABLP.

(6) Capital Assets

Capital assets activity for the fiscal year ended June 30, 2014 consists of the following:

	June 30, 2013	Additions	Deletions	June 30, 2014
Total primary government:				
Capital assets not being depreciated:				
Construction in Progress:				
Murphy's Crossing	$ 1,175,973	$ 1,980	$ -	$ 1,177,953
Corridor Design	5,460,807	171,906	-	5,632,713
Clear Creek	23,833,863	56,224	-	23,890,087
Historic Fourth Ward Park	-	33,614	-	33,614
Boulevard Crossing Park	1,036,476	24,517	-	1,060,993
DH Stanton Park	-	15,329	-	15,329
Parks	719,575	3,941	-	723,516
Rails	5,427,156	1,512,835	-	6,939,991
Trails	9,429,213	6,509,090	-	15,938,303
Edgewood Bridge	2,112	42	-	2,154
Willoughby Way	112,702	-	-	112,702
Lang Carson	20,820	-	-	20,820
Enota Park	250,482	1,074	-	251,556
Gateway	1,648,458	1,174,577	-	2,823,035
Brownfield	28,321	-	-	28,321
Ponce Plaza	68,046	53,313	-	121,359
Green Miles	87,600	1,531	-	89,131
Ponce Streetscape	-	142,258	-	142,258
Arthur Langford Park	-	45,848	-	45,848
NE Corridor Remediation	-	119,016	-	119,016
Urban Farm	-	297,848	-	297,848
Art		20,000	-	20,000
Total capital assets not being depreciated	49,301,604	10,184,943	-	59,486,547
Capital assets subject to depreciation:				
Furniture and computer equipment	383,076	45,872	-	428,948
	383,076	45,872	-	428,948
Capital assets being depreciated:				
Furniture and computer equipment	(102,703)	(121,863)	-	(224,566)
Total capital assets net of depreciation	280,373	(75,991)	-	204,382
Net property and equipment	$ 49,581,977	$ 10,108,952	$ -	$ 59,690,929
Component Unit				
Capital assets not being depreciated:				
Chester Avenue lofts - construction in progress	$ 715,000	$ -	$ -	$ 715,000

(7) Long-term Liabilities

Activity for long-term liabilities for the fiscal year ended June 30, 2014 consists of the following:

	June 30, 2013	Additions	Reductions	June 30, 2014	Due Within One Fiscal Year
Notes payable	$ 25,556,474	$ -	$ (1,856,162)	$ 23,700,312	$ 2,020,168
Total Long-term debt	$ 25,556,474	$ -	$ (1,856,162)	$ 23,700,312	$ 2,020,168

In 2007, ABI entered into an agreement with a consortium of financial institutions to receive $29,429,900 of interim funding for the implementation of the 2007 Atlanta BeltLine Projects in which this debt was guaranteed by the City of Atlanta. Interest only is payable semi-annually. For a period of 24 months commencing April 17, 2010, the loan was to accrue interest at a daily rate of LIBOR + .75%. However, due to a downgrade of the City of Atlanta's debt rating, the interest rate changed in accordance with the original loan agreement to a daily rate of LIBOR + .85%. This rate is effective until the notes mature on September 17, 2022 and October 17, 2022. Commencing on September 17, 2010, principal will be due in annual installments until the note matures. As of June 30, 2014, the outstanding balance on the note is $23,700,312.

Debt Service Requirements

Annual principal and interest requirements (using the interest rate of 1.046% at the current fiscal year-end) for the notes payable to the banks are set forth below (dollar amounts in thousands):

	Principal	Interest	Total
Fiscal Year ending June 30:			
2015	$ 2,020	$ 227	$ 2,247
2016	2,152	204	2,356
2017	2,291	180	2,471
2018	2,440	155	2,595
2019	2,599	128	2,727
2020 - 2023	12,198	201	12,399
Totals	$ 23,700	$ 1,095	$ 24,795

(8) Due to City of Atlanta - Clear Creek Project

In 2007, ABI and the City of Atlanta entered into an intergovernmental agreement for the Clear Creek Project. The Clear Creek Project will result in the construction of a storm water retention pond and infrastructure improvements for sewer basin relief.

(8) Due to City of Atlanta - Clear Creek Project (Continued)

The City of Atlanta contributed $30 million to ABI for the estimated cost to complete the project. During fiscal year 2010, ABI returned $5 million of the unspent project dollars to the City and during fiscal year 2013, ABI returned $1 million of the unspent project dollars to the City. Thus, the City has only provided up to $24 million for the Clear Creek Project. Upon completion, both the project and any portion of the $24 million not expended by ABI will revert back to the City of Atlanta in order to satisfy this obligation, thus $24 million is accrued as a non-current liability. This amount has no maturity date, nor is interest charged. All costs associated with the Clear Creek Project are being accounted for as construction in process. At June 30, 2014, total project costs to date totaled $23,890,087.

(9) Pension Plan

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

Because ABI does not participate in the federal social security system, it is required by law to establish a "public employee retirement system" ("PERS") to take the place of its otherwise mandatory contributions to the federal social security system. Establishing a PERS requires, by law, that ABI contribute to a qualified retirement plan a minimum of 7.25% of base pay for all eligible employees. ABI has met this requirement by participating in a second retirement plan which operates under section 401(a) of the Internal Revenue Code and is wholly funded by employer contributions which are made based on a percentage of eligible compensation for all full time employees of ABI who are over 21 years of age. ABI has elected to contribute more to this defined contribution plan than the required legal minimum. For the fiscal year ended June 30, 2014, ABI contributions to the 401(a) defined contribution plan totaled $413,542. Employees cannot contribute directly to the 401(a) defined contribution plan.

(10) Contractual Commitments

For the fiscal year ended June 30, 2014, ABI had several active construction projects related to various Atlanta BeltLine construction projects. At fiscal year end, ABI's commitments with contractors were $8,174,094.

(11) Transfer of Assets to the City of Atlanta

As the implementation agent of the Atlanta BeltLine, the ultimate objective is that all capital improvements to the Atlanta BeltLine will be transferred to the City of Atlanta for complete ownership and passing along risk of ownership. At fiscal year-end, the balance of those assets, which are currently unfinished, in process, and expected to be transferred to the City of Atlanta at a future date is $59,486,547. The transfer of assets is expected to occur once projects have been completed and the City of Atlanta accepts the improvements. For the fiscal year ended, June 30, 2014, ABI did not transfer ownership in any capital assets to the City of Atlanta.