ATLANTA BELTLINE, INC.

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

Basic Financial Statements

June 30, 2017

(With Independent Auditor's Report Thereon)

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

June 30, 2017

Table of Contents

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 aggregate discretely presented component units, 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, 2017, and the related notes to the financial statements, which collectively comprise ABI's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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 aggregate discretely presented component units, and the major fund of the **Atlanta BeltLine, Inc.** as of June 30, 2017, 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 November 28, 2017 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 solely 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 the effectiveness of ABI's 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
November 28, 2017

ATLANTA BELTLINE, INC.
(A Component Unit of The Atlanta Development Authority, d/b/a Invest Atlanta)
Management's Discussion and Analysis (Unaudited)
June 30, 2017

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, 2017. Please read it in conjunction with the financial statements and accompanying notes.

Fiscal Year 2017 Selected Financial Highlights (Proprietary Funds)

- ABI's total assets increased approximately $27.1 million for the fiscal year ended June 30, 2017. Investment, improvement, and development of various segments along the Atlanta BeltLine continued during the year and additions were made on numerous projects, using primarily intergovernmental funding.
- Total current liabilities decreased by approximately $33 thousand for the fiscal year ended June 30, 2017. There was an increase in accounts payable related to redevelopment activity and an increase in the line of credit payable offset by a decrease in notes payable with scheduled payments.
- Total non-current liabilities decreased approximately $2.3 million for the fiscal year ended June 30, 2017. 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 $29.5 million for the fiscal year ended June 30, 2017, primarily due to the approximately $36.4 million received in intergovernmental funding for expenses that are predominantly recorded as capital assets and approximately $1.1 million from private grants and contributions and offset by approximately $8.7 million in operating expenses.
- ABI's total revenues increased approximately $10.2 million for the fiscal year ended June 30, 2017. This is primarily a result of funding from State transportation grants increasing by $5.1 million and increased funding from the BeltLine Tax Allocation District of $5 million.

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 units.

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 legally separate entities for which ABI is financially accountable, Chester Avenue Lofts, LLC and Green Miles Investments, LLC (known as *component units*). Financial information for the component units 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 units. 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 23 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 $81.8 million at June 30, 2017. A summary of the net position is presented below.

Atlanta BeltLine Inc.'s Net Position

	2017	2016
Assets:		
Current assets	$ 13,415,371	$ 10,835,576
Capital assets	122,328,275	97,766,384
Total assets	135,743,646	108,601,960
Liabilities:		
Current liabilities	13,774,816	13,808,120
Noncurrent liabilities	40,160,933	42,488,982
Total liabilities	53,935,749	56,297,102
Net position:		
Net investment in capital assets	78,313,788	50,434,298
Unrestricted	3,494,109	1,870,560
Total net position	$ 81,807,897	$ 52,304,858

ABI's total assets equal approximately $135.7 million. Current assets primarily consist of cash and cash equivalents (9%) and due from other governments – primarily related to reimbursement requests from a transportation grant from the State (38%), while noncurrent assets only consist of capital assets. ABI's total liabilities equal approximately $53.9 million. Liabilities primarily consist of a long-term payable to the City of Atlanta (44%) and a loan payable to a consortium of financial institutions (32%).

For the fiscal year ended June 30, 2017, ABI's total net position increased approximately $29.5 million, primarily due to the approximately $31.7 million received in intergovernmental funding for expenses that are predominantly recorded as capital assets and approximately $5.8 million from private grants and contributions, offset primarily by general expenses of approximately $8.7 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

	2017	2016
Revenues:		
Intergovernmental funding	$ 31,681,278	$ 21,248,318
Private grants and contributions	5,823,440	4,704,431
Interest income (non-operating)	29	13
Gain on capital assets (non-operating)	116,201	-
Other income	1,128,457	2,594,801
Total revenues	38,749,405	28,547,563
Expenses:		
General and administrative	8,677,668	7,810,994
Interest expense (non-operating)	303,690	315,362
Depreciation expense	262,521	263,901
Loss on capital assets (non-operating)	-	28,919
Other	2,487	6,755
Total expenses	9,246,366	8,425,931
Change in net position	29,503,039	20,121,632
Net position, beginning of fiscal year	52,304,858	32,183,226
Net position, end of fiscal year	$ 81,807,897	$ 52,304,858

For the year ended June 30, 2017, revenues consist primarily of intergovernmental funding from the BeltLine Tax Allocation District, State transportation grants, the City of Atlanta (including some pass through state and federal grants) (82%), and private grants and contributions (15%). The increase in intergovernmental funding is partially attributed to a transportation grant received in 2017 and additional funding provided by the BeltLine TAD. For the year ended June 30, 2017, expenses consist primarily of general and administrative costs (94%) and interest expense of (3%).

Capital Assets

The capital assets of ABI total approximately $122.3 million at the end of fiscal year ended June 30, 2017, an increase of approximately $24.6 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 five projects: Clear Creek ($23.9 million), Trails, including Eastside Trail and Westside Trail ($68.6 million), Rails - transit ($12.1 million), and Atlanta BeltLine Corridor ($5.7 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, 2017, the outstanding balance on the note is $17,237,340.

Additionally, in October 2015, ABI entered into a promissory note payable in the amount of $2,450,000 in order to finance the purchase of property. This note was paid in full during the year ended June 30, 2017. In 2017, ABI entered into another note payable in the amount of $224,000 in order to finance the purchase of property. 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, 100 Peachtree Street NW, Suite 2300, 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, 2017

	Business-type Activities	Component Units: Chester Ave. Lofts, LLC	Component Units: Green Miles Investments, LLC
Assets			
Current assets:			
Cash and cash equivalents	$ 320,293	$ 136,778	$ 68,731
Restricted cash and cash equivalents	864,225	-	-
Accounts receivable	112,204	-	-
Due from other governments	5,109,355	-	-
Due from Invest Atlanta	14,377	-	-
Due from the Atlanta BeltLine Partnership	3,385,660	-	130
Due from the City of Atlanta	454,775	-	-
Due from the BeltLine Tax Allocation District	2,621,772	194,598	2,227
Due from the Eastside Tax Allocation District	30,532	-	-
Due from the Westside Tax Allocation District	298,180	-	-
Due from component unit	62,224	-	-
Prepaid items	141,774	-	-
Total current assets	13,415,371	331,376	71,088
Noncurrent assets:			
Capital assets, nondepreciable	120,762,847	727,570	90,201
Capital assets, net of depreciation	1,565,428	-	-
Total noncurrent assets	122,328,275	727,570	90,201
Total assets	135,743,646	1,058,946	161,289
Liabilities			
Current liabilities:			
Accounts payable	6,827,406	142	3,687
Accrued expenses	554,055	-	-
Line of credit payable	3,383,178	-	-
Notes payable, current portion	2,440,261	-	-
Capital lease obligation, current portion	34,194	-	-
Unearned revenue	383,222	-	-
Due to primary government	-	1,186	61,038
Due to the BeltLine Tax Allocation District	150,000	858,825	-
Other liabilities	2,500	-	-
Total current liabilities	13,774,816	860,153	64,725
Noncurrent liabilities:			
Due to the City of Atlanta	24,000,000	-	-
Capital lease obligation	-	-	-
Accrued rent	1,139,854	-	-
Notes payable	15,021,079	-	-
Total noncurrent liabilities	40,160,933	-	-
Total liabilities	53,935,749	860,153	64,725
Net Position (Deficit)			
Net investment in capital assets	78,313,788	727,570	90,201
Unrestricted	3,494,109	(528,777)	6,363
Total net position (deficit)	$ 81,807,897	$ 198,793	$ 96,564

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, 2017

		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**	**Chester Ave. Lofts, LLC**	**Green Miles Investments, LLC**
Functions/ Programs:							
Primary government							
Business-type activities:							
Economic development	$ 9,246,366	$ 1,128,457	$ 8,974,917	$ 28,529,801	$ 29,386,809		
Total primary government activities	$ 9,246,366	$ 1,128,457	$ 8,974,917	$ 28,529,801	29,386,809		
Component unit:							
Chester Avenue Lofts, LLC	$ 6,447	19,628	$ -	$ -		$ 13,181	$ -
Green Miles Investments, LLC	2,227	2,228		-		-	$ 1
Total component units	$ 8,674	$ 21,856	$ -	$ -		13,181	1
General revenues:							
Interest income					29	-	-
Gain on sale of capital assets					116,201	-	-
Total general revenues					116,230	-	-
Changes in net position					29,503,039	13,181	1
Net position, beginning of fiscal year					52,304,858	185,612	96,563
Net position, ending of fiscal year					$ 81,807,897	$ 198,793	$ 96,564

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, 2017

		Business-type Activities Enterprise Fund
		Administrative Fund
Assets		
Current assets:		
Cash and cash equivalents	$	320,293
Restricted cash and cash equivalents		864,225
Accounts receivable		112,204
Due from other governments		5,109,355
Due from Invest Atlanta		14,377
Due from the Atlanta BeltLine Partnership		3,385,660
Due from the City of Atlanta		454,775
Due from the BeltLine Tax Allocation District		2,621,772
Due from the Eastside Tax Allocation District		30,532
Due from the Westside Tax Allocation District		298,180
Due from component unit		62,224
Prepaid items		141,774
Total current assets		13,415,371
Noncurrent assets:		
Capital assets, nondepreciable		120,762,847
Capital assets, net of depreciation		1,565,428
Total noncurrent assets		122,328,275
Total assets		135,743,646
Liabilities		
Current liabilities:		
Accounts payable		6,827,406
Accrued expenses		554,055
Line of credit payable		3,383,178
Notes payable, current portion		2,440,261
Capital lease obligation, current portion		34,194
Unearned revenue		383,222
Due to the BeltLine Tax Allocation District		150,000
Other liabilities		2,500
Total current liabilities		13,774,816
Noncurrent liabilities:		
Due to the City of Atlanta		24,000,000
Accrued rent		1,139,854
Notes payable		15,021,079
Total noncurrent liabilities		40,160,933
Total liabilities		53,935,749
Net Position		
Net investment in capital assets		78,313,788
Unrestricted		3,494,109
Total net position	$	81,807,897

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, 2017

		Administrative Fund
Operating revenues:		
Intergovernmental funding	$	31,681,278
Private grants and contributions		5,823,440
Other income		1,128,457
Total operating revenues		38,633,175
Operating expenses:		
General and administrative		8,677,668
Depreciation expense		262,521
Other expenses		2,487
Total operating expenses		8,942,676
Operating income		29,690,499
Non-operating revenue (expense):		
Interest expense		(303,690)
Interest income		29
Gain on sale of capital assets		116,201
Total non-operating revenue (expense)		(187,460)
Change in net position		29,503,039
Net position at beginning of year		52,304,858
Net position at end of year	$	81,807,897

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, 2017

		Business-type Activities Enterprise Fund
		Administrative Fund
Cash flows from operating activities:		
Receipts from grantors and others	$	34,638,321
Payments to suppliers, vendors, and other governments		(2,349,888)
Payments to employees for salaries and related benefits		(5,464,726)
Net cash provided by operating activities		26,823,707
Cash flows from capital financing activities:		
Acquisition and construction of capital assets		(31,461,427)
Proceeds from the sale of capital assets		6,753,216
Proceeds from notes payable		224,000
Principal payments on notes payable		(4,741,325)
Draws from line of credit		15,942,053
Repayments of line of credit		(14,475,873)
Repayments of capital lease obligation		(266,454)
Payments for interest		(303,690)
Net cash used by capital financing activities		(28,329,500)
Cash flows from investing activities:		
Interest on investments		29
Net cash provided by investing activities		29
Net decrease in cash and cash equivalents		(1,505,764)
Cash and cash equivalents at beginning of fiscal year		2,690,282
Cash and cash equivalents at end of fiscal year	$	1,184,518
Reconciliation of Cash and Cash Equivalents To Statement of Net Position:		
Cash and equivalents	$	320,293
Restricted cash and equivalents		864,225
	$	1,184,518
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	29,690,499
Adjustment to reconcile operating income to net cash provided by operating activities:		
Depreciation expense		262,521
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable		(108,942)
Due from the Atlanta BeltLine Partnership		(2,154,337)
Due from the City of Atlanta		3,869,302
Due from the Tax Allocation Districts		(2,049,852)
Due from primary government		(14,377)
Due from other governments		(3,677,099)
Prepaid items and other assets		49,746
Increase (decrease) in:		
Accounts payable and accrued expenses		1,253,155
Accrued rent		(77,593)
Unearned revenue		126,074
Due to the BeltLine Tax Allocation District		(344,890)
Other liabilities		(500)
Net cash provided by operating activities	$	26,823,707

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 columns in the government-wide financial statements include two component units of ABI. The first is Chester Avenue Lofts, LLC which is a discretely presented component unit of 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. Green Miles Investments, LLC (GMI) is also a discretely presented component unit. GMI is wholly owned by ABI and was organized to own, operate, develop, manage, lease, and sell property within the Atlanta BeltLine corridor. As the sole member of the limited liability company, ABI controls the activity of GMI. These two component units are reported in separate columns to emphasize that they are legally separate from ABI. Separate financial information for CAL and GMI 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 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 is 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 units.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. 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. Donated capital assets are reported at their acquisition value on the date of donation. Depreciation on capital assets is calculated on the straight-line method over the estimated useful lives as follows:

Furniture and Equipment	3-5 years
Leasehold Improvements	10 years

(f) 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, 2017, 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, 2017, 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, 2017, ABI was owed $454,775 from the City of Atlanta, of which $28,032 is related to a federal grant that is passed through the City of Atlanta.

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

A portion of redevelopment costs and general costs incurred by ABI to manage the Atlanta BeltLine Project are reimbursed monthly to ABI by the BeltLine Tax Allocation District. As of June 30, 2017, ABI was owed $2,621,772 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, 2017, ABI was owed $30,532 and $298,180 from the Eastside Tax Allocation District and Westside Tax Allocation District respectively.

At June 30, 2017, ABI owes $150,000 to the BeltLine Tax Allocation District for an advance received on a capital project while ABI awaited reimbursement from a State transportation grant. Upon receipt of the reimbursement, ABI will repay the BeltLine Tax Allocation District.

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, 2017, Chester Avenue Lofts, LLC owed the BeltLine Tax Allocation District $858,825 related to the advancement of these funds to Chester Avenue Lofts, LLC and the BeltLine Tax Allocation District owed Chester Avenue Lofts, LLC $194,598.

(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, 2017, ABI was owed $3,385,660 from ABLP.

(6) Capital Assets

Capital assets activity for the fiscal year ended June 30, 2017 consists of the following:

	June 30, 2016	Additions	Deletions	June 30, 2017
Total primary government:				
Capital assets not being depreciated:				
Land	$ 2,965,042	$ 3,089,469	$ (5,930,084)	$ 124,427
Construction in Progress:				
Murphy Crossing	2,508,615	18,223	-	2,526,838
Corridor Design	5,651,961	-	-	5,651,961
Clear Creek	23,890,087	-	-	23,890,087
Historic Fourth Ward Park	42,717	-	-	42,717
Boulevard Crossing Park	1,060,993	-	(75)	1,060,918
DH Stanton Park	27,522	7,370	-	34,892
Parks	723,516	50,000	-	773,516
Rails	10,831,610	1,362,056	(120,140)	12,073,526
Trails	42,848,034	26,358,649	(572,328)	68,634,355
Edgewood Bridge	2,154	-	-	2,154
Willoughby Way	112,702	-	-	112,702
Lang Carson	20,820	-	-	20,820
Enota Park	251,557	-	-	251,557
Gateway	1,846,357	-	-	1,846,357
Brownfield	28,321	-	-	28,321
Ponce Plaza	920,067	12,506	-	932,573
Ponce Streetscape	378,501	248,581	(17,910)	609,172
Arthur Langford Park	910,683	18,498	(10,998)	918,183
NE Corridor Remediation	547,764	23,942	(979)	570,727
Urban Farm	364,528	6,864	-	371,392
Reynoldstown Stage - Other	61,001	119,233	(16,862)	163,372
Art	21,759	55,658	-	77,417
Ralph David Abernathy Complete Street	-	44,863	-	44,863
Total capital assets not being depreciated	96,016,311	31,415,912	(6,669,376)	120,762,847
Capital assets subject to depreciation:				
Leasehold improvements	1,392,596	-	-	1,392,596
BeltLine Benches	13,309	15,958	-	29,267
Furniture and equipment	962,274	62,666	(2,769)	1,022,171
	2,368,179	78,624	(2,769)	2,444,034
Capital assets being depreciated:				
Accumulated depreciation	(618,106)	(262,521)	2,021	(878,606)
Total capital assets net of depreciation	1,750,073	(183,897)	(748)	1,565,428
Net property and equipment	$ 97,766,384	$ 31,232,015	$ (6,670,124)	$ 122,328,275
Component Unit				
Capital assets not being depreciated:				
Chester Avenue Lofts - construction in progress	$ 719,400	$ 20,070	$ (11,900)	$ 727,570
Green Miles - construction in progress	$ 86,514	$ 7,374	$ (3,687)	$ 90,201

(7) Long-term Liabilities

Activity for long-term liabilities for the fiscal year ended June 30, 2017 consists of the following:

	June 30, 2016	Additions	Reductions	June 30, 2017	Due Within One Fiscal Year
Notes payable - banks	$ 19,528,665	$ -	$ (2,291,325)	$ 17,237,340	$ 2,440,261
Notes payable	2,450,000	224,000	(2,450,000)	224,000	-
Capital lease obligation	300,648	-	(266,454)	34,194	34,194
Total Long-term debt	$ 22,279,313	$ 224,000	$ (5,007,779)	$ 17,495,534	$ 2,474,455

Note Payable – Banks

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, 2017, the outstanding balance on the note is $17,237,340.

Debt Service Requirements

Annual principal and interest requirements (using the interest rate of 2.0704% 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:			
2018	$ 2,440	$ 306	$ 2,746
2019	2,599	253	2,852
2020	2,768	195	2,963
2021	2,948	134	3,082
2022	3,139	69	3,208
2023	3,343	-	3,343
Totals	$ 17,237	$ 957	$ 18,194

(7) Long-term Liabilities (continued)

Note Payable

In October 2015, ABI entered into a promissory note payable in the amount of $2,450,000 in order to finance the purchase of property. The note accrued interest at a rate of 3% and was paid in full as of June 30, 2017.

In June 2017, ABI entered into a promissory note payable in the amount of $224,000 in order to finance the purchase of property. The note accrues interest at a rate of 3.4% and is due and payable in December 2018. As of June 30, 2017, the outstanding balance of the note payable is $224,000.

Capital Lease Obligation

During the fiscal year ended June 30, 2017, ABI, as lessee, entered into two separate lease agreements for financing the acquisition of furniture. The lease agreements qualify as capital leases for accounting purposes (titles transfers at the end of the lease term) and have been recorded at the present value of the future minimum lease payments as of the date of inception.

The following is an analysis of furniture leased under capital leases as of June 30, 2017:

Equipment	$	532,668
Less accumulated depreciation		(210,167)
Carrying value	$	322,501

Annual depreciation of these assets under capital lease is included in depreciation expense.

The following is a schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30, 2017:

Fiscal Year Ending		
2018	$	34,233
Total minimum lease payments		34,233
Less amount representing interest		(39)
Present value of future minimum lease payments		34,194
Less current maturities		(34,194)
Long-term balance	$	-

(7) Long-term Liabilities (continued)

Line of Credit Payable

In July 2016, ABI entered into a line of credit agreement with SunTrust Bank. The line of credit has a limit of $7,000,000 and matures on December 31, 2017. As of June 30, 2017, there was a balance of $3,383,178 outstanding on the line of credit. Interest is accrued and due for payment monthly at a variable rate of LIBOR plus 2.35%. The rate in effect at June 30, 2017 was 3.4005%. The line of credit is being used to fund capital projects that are funded on a cost reimbursement basis from the federal capital grants and contributions. Activity for short-term line of credit payable for the fiscal year ended June 30, 2017 consists of the following:

	June 30, 2016	Additions	Reductions	June 30, 2017
Line of credit payable	$ 1,916,998	$ 15,942,053	$ (14,475,873)	$ 3,383,178

(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. 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 an additional $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, 2017, total project costs to date totaled $23,890,087.

(9) Operating Lease

ABI has entered into an operating lease for the rental of office space for its operations. The lease contains a provision for free rent for the first year of the eleven year lease and also contains rent escalations in future years. The lease began July 1, 2015.

Future minimum rental payments on this lease as of June 30, 2017 are as follows:

Fiscal Year Ending June 30,	Rental Amount
2018	$ 382,649
2019	392,460
2020	402,272
2021	412,083
2022	421,895
2023-2026	1,785,693

During the fiscal year ended June 30, 2017, ABI paid $372,837 under this lease, however, $385,324 of rent was expensed in order to evenly charge rent over the full term of the lease.

(10) 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, 2017, ABI contributions to the 401(a) defined contribution plan totaled $626,057. Employees cannot contribute directly to the 401(a) defined contribution plan.

(11) Contractual Commitments

For the fiscal year ended June 30, 2017, ABI had several active construction projects related to various Atlanta BeltLine construction projects. At fiscal year-end, ABI's contractual commitments with contractors were $14,737,084.

(12) 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 $120,762,847. 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, 2017, ABI did not transfer ownership in any capital assets to the City of Atlanta.