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

Basic Financial Statements

June 30, 2018

(With Independent Auditor's Report Thereon)

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

June 30, 2018

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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 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, 2018, 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.

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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 aggregate discretely presented component units, and the major fund of the **Atlanta BeltLine, Inc.** as of June 30, 2018, 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 19, 2018 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 19, 2018

ATLANTA BELTLINE, INC.
(A Component Unit of The Atlanta Development Authority, d/b/a Invest Atlanta)
Management's Discussion and Analysis (Unaudited)
June 30, 2018

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, 2018. Please read it in conjunction with the financial statements and accompanying notes.

Fiscal Year 2018 Selected Financial Highlights (Proprietary Funds)

- ABI's total assets increased approximately $35.5 million for the fiscal year ended June 30, 2018. 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 $6.5 million for the fiscal year ended June 30, 2018. This was largely due to the expiration of the line of credit in 2018.
- Total non-current liabilities decreased approximately $2.9 million for the fiscal year ended June 30, 2018. 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 $44.9 million for the fiscal year ended June 30, 2018, primarily due to the approximately $30.6 million in TSPLOST revenue, $27.7 million of which was received from the City of Atlanta, via Invest Atlanta, from the issuance of TSPLOST Bonds, and $2.9 million of which was received directly from the City of Atlanta, and $22.4 million in intergovernmental funding for expenses that are predominantly recorded as capital assets and approximately $2.7 million from private grants and contributions and offset by approximately $9.4 million in operating expenses.
- ABI's total revenues increased approximately $17.6 million for the fiscal year ended June 30, 2018. This is primarily a result of funding from the City of Atlanta, via Invest Atlanta, from the issuance of TSPLOST Bonds.

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 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 $126.7 million at June 30, 2018. A summary of the net position is presented below.

Atlanta BeltLine Inc.'s Net Position

	2018	2017
Assets:		
Current assets	$ 6,220,193	$ 13,415,371
Capital assets	165,009,681	122,328,275
Total assets	171,229,874	135,743,646
Liabilities:		
Current liabilities	7,315,863	13,774,816
Noncurrent liabilities	37,250,651	40,160,933
Total liabilities	44,566,514	53,935,749
Net position (deficit):		
Net investment in capital assets	127,076,827	78,313,788
Unrestricted	(413,467)	3,494,109
Total net position (deficit)	$ 126,663,360	$ 81,807,897

ABI's total assets equal approximately $171.2 million. Current assets primarily consist of cash and cash equivalents (32%) and due from other governments, while noncurrent assets only consist of capital assets. ABI's total liabilities equal approximately $44.6 million. Liabilities primarily consist of a long-term payable to the City of Atlanta (54%) and a loan payable to a consortium of financial institutions (33%).

For the fiscal year ended June 30, 2018, ABI's total net position increased approximately $44.9 million, primarily due to the approximately $53.0 million received in intergovernmental funding for expenses that are predominantly recorded as capital assets and approximately $2.7 million from private grants and contributions, offset primarily by general expenses of approximately $9.4 million. Approximately $1.6 million worth of assets were transferred to the City of Atlanta at June 30, 2018. 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

	2018	2017
Revenues:		
Intergovernmental funding	$ 52,988,621	$ 31,681,278
Private grants and contributions	2,740,909	5,823,440
Interest income (non-operating)	39	29
Gain on capital assets (non-operating)	-	116,201
Other income	598,326	1,128,457
Total revenues	56,327,895	38,749,405
Expenses:		
General and administrative	9,113,678	8,677,668
Interest expense (non-operating)	433,667	303,690
Depreciation expense	278,200	262,521
Loss on capital assets (non-operating)	11,655	-
Capital assets donated to the City of Atlanta	1,634,015	-
Other	1,217	2,487
Total expenses	11,472,432	9,246,366
Change in net position	44,855,463	29,503,039
Net position, beginning of fiscal year	81,807,897	52,304,858
Net position, end of fiscal year	$ 126,663,360	$ 81,807,897

For the year ended June 30, 2018, 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) (45%), funded with TSPLOST bonds (49%) and private grants and contributions (5%). The increase in intergovernmental funding is partially attributed to TSPLOST bonds issued by the City of Atlanta, via Invest Atlanta, of which all proceeds were allocated for projects of ABI. For the year ended June 30, 2018, expenses consist primarily of general and administrative costs (79%), transfers of capital assets to the City of Atlanta (14%), and interest expense of (4%).

Capital Assets

The capital assets of ABI total approximately $165.0 million at the end of fiscal year ended June 30, 2018, an increase of approximately $42.7 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 ($109.9 million), Rails - transit ($12.9 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, 2018, the outstanding balance on the note is $14,797,079.

Additionally, in 2017, ABI entered into another note payable in the amount of $224,000 in order to finance the purchase of property. This note was paid in full during the year ended June 30, 2018. 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 Vice President and 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, 2018

	Business-type Activities	Component Units: Chester Ave. Lofts, LLC	Component Units: Green Miles Investments, LLC
Assets			
Current assets:			
Cash and cash equivalents	$ 1,151,568	$ 328,594	$ 79,443
Restricted cash and cash equivalents	864,225	-	-
Accounts receivable	33,425	-	-
Due from other governments	1,728,619	-	-
Due from the Atlanta BeltLine Partnership	198,735	-	-
Due from the City of Atlanta	638,636	-	-
Due from the BeltLine Tax Allocation District	1,401,667	2,517	-
Due from component unit	62,224	-	-
Prepaid items	141,094	-	-
Total current assets	6,220,193	331,111	79,443
Noncurrent assets:			
Capital assets, nondepreciable	163,644,975	727,598	1,350
Capital assets, net of depreciation	1,364,706	-	-
Total noncurrent assets	165,009,681	727,598	1,350
Total assets	171,229,874	1,058,709	80,793
Liabilities			
Current liabilities:			
Accounts payable	4,073,100	28	-
Accrued expenses	455,928	-	-
Notes payable, current portion	2,598,878	-	-
Unearned revenue	30,458	-	-
Due to primary government	-	1,186	61,038
Due to the BeltLine Tax Allocation District	150,000	858,825	-
Other liabilities	7,499	-	-
Total current liabilities	7,315,863	860,039	61,038
Noncurrent liabilities:			
Due to the City of Atlanta	24,000,000	-	-
Accrued rent	1,052,450	-	-
Notes payable	12,198,201	-	-
Total noncurrent liabilities	37,250,651	-	-
Total liabilities	44,566,514	860,039	61,038
Net Position (Deficit)			
Net investment in capital assets	127,076,827	727,598	1,350
Unrestricted	(413,467)	(528,928)	18,405
Total net position (deficit)	$ 126,663,360	$ 198,670	$ 19,755

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, 2018

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
Functions/ Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Business-type Activities	Chester Ave. Lofts, LLC	Green Miles Investments, LLC
Primary government							
Business-type activities:							
Economic development	$ 11,472,432	$ 598,326	$ 9,792,648	$ 45,936,882	$ 44,855,424		
Total primary government activities	$ 11,472,432	$ 598,326	$ 9,792,648	$ 45,936,882	44,855,424		
Component unit:							
Chester Avenue Lofts, LLC	$ 2,617	2,494	$ -	$ -		$ (123)	$ -
Green Miles Investments, LLC	85,444	8,635		-		-	$ (76,809)
Total component units	$ 88,061	$ 11,129	$ -	$ -		(123)	(76,809)
General revenues:							
Interest income					39	-	-
Total general revenues					39	-	-
Changes in net position					44,855,463	(123)	(76,809)
Net position, beginning of fiscal year					81,807,897	198,793	96,564
Net position, ending of fiscal year					$ 126,663,360	$ 198,670	$ 19,755

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, 2018

		Administrative Fund
Assets		
Current assets:		
Cash and cash equivalents	$	1,151,568
Restricted cash and cash equivalents		864,225
Accounts receivable		33,425
Due from other governments		1,728,619
Due from the Atlanta BeltLine Partnership		198,735
Due from the City of Atlanta		638,636
Due from the BeltLine Tax Allocation District		1,401,667
Due from component unit		62,224
Prepaid items		141,094
Total current assets		6,220,193
Noncurrent assets:		
Capital assets, nondepreciable		163,644,975
Capital assets, net of depreciation		1,364,706
Total noncurrent assets		165,009,681
Total assets		171,229,874
Liabilities		
Current liabilities:		
Accounts payable		4,073,100
Accrued expenses		455,928
Notes payable, current portion		2,598,878
Unearned revenue		30,458
Due to primary government		-
Due to the BeltLine Tax Allocation District		150,000
Other liabilities		7,499
Total current liabilities		7,315,863
Noncurrent liabilities:		
Due to the City of Atlanta		24,000,000
Accrued rent		1,052,450
Notes payable		12,198,201
Total noncurrent liabilities		37,250,651
Total liabilities		44,566,514
Net Position (Deficit)		
Net investment in capital assets		127,076,827
Unrestricted		(413,467)
Total net position (deficit)	$	126,663,360

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, 2018

	Administrative Fund
Operating revenues:	
Intergovernmental funding	$ 52,988,621
Private grants and contributions	2,740,909
Other income	598,326
Total operating revenues	56,327,856
Operating expenses:	
General and administrative	9,113,678
Depreciation expense	278,200
Other expenses	1,217
Total operating expenses	9,393,095
Operating income	46,934,761
Non-operating revenue (expense):	
Capital assets donated to the City of Atlanta	(1,634,015)
Interest expense	(433,667)
Interest income	39
Loss on sale of capital assets	(11,655)
Total non-operating revenue (expense)	(2,079,298)
Change in net position	44,855,463
Net position at beginning of year	81,807,897
Net position at end of year	$ 126,663,360

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, 2018

		Administrative Fund
Cash flows from operating activities:		
Receipts from grantors and others	$	63,986,488
Payments to suppliers, vendors, and other governments		(5,949,488)
Payments to employees for salaries and related benefits		(6,085,188)
Net cash provided by operating activities		51,951,812
Cash flows from capital financing activities:		
Acquisition and construction of capital assets		(46,262,296)
Proceeds from the sale of capital assets		1,657,020
Principal payments on notes payable		(2,664,261)
Draws from line of credit		523,054
Repayments of line of credit		(3,906,232)
Repayments of capital lease obligation		(34,194)
Payments for interest		(433,667)
Net cash used by capital financing activities		(51,120,576)
Cash flows from investing activities:		
Interest on investments		39
Net cash provided by investing activities		39
Net increase in cash and cash equivalents		831,275
Cash and cash equivalents at beginning of fiscal year		1,184,518
Cash and cash equivalents at end of fiscal year	$	2,015,793
Reconciliation of Cash and Cash Equivalents To Statement of Net Position:		
Cash and equivalents	$	1,151,568
Restricted cash and equivalents		864,225
	$	2,015,793
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	46,934,761
Adjustment to reconcile operating income to net cash provided by operating activities:		
Depreciation expense		278,200
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable		85,317
Due from the Atlanta BeltLine Partnership		3,186,925
Due from the City of Atlanta		(190,399)
Due from the Tax Allocation Districts		1,548,817
Due from primary government		14,377
Due from other governments		3,380,736
Prepaid items and other assets		680
Increase (decrease) in:		
Accounts payable and accrued expenses		(2,852,433)
Accrued rent		(87,404)
Unearned revenue		(352,764)
Other liabilities		4,999
Net cash provided by operating activities	$	51,951,812
Non-cash capital financing activities:		
Capital assets donated to the City of Atlanta	$	1,634,015

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, leasehold improvements, 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, 2018, 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, 2018, 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, 2018, ABI was owed $638,636 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 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, 2018, ABI was owed $1,401,667 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. However, as of June 30, 2018, ABI was owed no amounts from the other Tax Allocation Districts.

At June 30, 2018, 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, 2018, 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 $2,517.

(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, 2018, ABI was owed $198,735 from ABLP.

(6) Capital Assets

Capital assets activity for the fiscal year ended June 30, 2018 consists of the following:

	June 30, 2017	Additions	Deletions	Transfers	June 30, 2018
Total primary government:					
Capital assets not being depreciated:					
Land	$ 124,427	$ -	$ -	$ -	$ 124,427
Construction in Progress:					
Murphy Crossing	2,526,838	508,258	-		3,035,096
Corridor Design	5,651,961	-	-		5,651,961
Clear Creek	23,890,087	-	-		23,890,087
Historic Fourth Ward Park	42,717	88,834	-		131,551
Boulevard Crossing Park	1,060,918	-	-		1,060,918
DH Stanton Park	34,892	655	-		35,547
Parks	773,516	-	-	(715,832)	57,684
Rails	12,073,526	865,482	(60,237)		12,878,771
Trails	68,634,355	42,755,407	(1,457,589)		109,932,173
Edgewood Bridge	2,154	-	(375)		1,779
Willoughby Way	112,702	-	-		112,702
Lang Carson	20,820	-	-		20,820
Enota Park	251,557	251,798	-		503,355
Gateway	1,846,357	-	-		1,846,357
Brownfield	28,321	-	-		28,321
Ponce Plaza	932,573	-	-		932,573
Ponce Streetscape	609,172	758,611	(30,000)		1,337,783
Arthur Langford Park	918,183	-	-	(918,183)	-
NE Corridor Remediation	570,727	-	-		570,727
Urban Farm	371,392	378,004	(725)		748,671
Reynoldstown Stage - Other	163,372	17,965	-		181,337
Art	77,417	-	(630)		76,787
Ralph David Abernathy Complete Street	44,863	158,575	(50,961)		152,477
University Avenue Project	-	127,247	-		127,247
Affordable Housing	-	256,890	(51,066)		205,824
Total capital assets not being depreciated	$ 120,762,847	$ 46,167,726	$ (1,651,583)	$ (1,634,015)	$ 163,644,975
Capital assets subject to depreciation:					
Leasehold improvements	1,392,596	15,567	-	-	1,408,163
BeltLine Benches	29,267	-	(15,819)	-	13,448
Furniture and equipment	1,022,171	79,003	(4,294)	-	1,096,880
	$ 2,444,034	$ 94,570	$ (20,113)	$ -	$ 2,518,491
Capital assets being depreciated:					
Accumulated depreciation	(878,606)	(278,200)	3,021	-	(1,153,785)
Total capital assets net of depreciation	$ 1,565,428	$ (183,630)	$ (17,092)	$ -	$ 1,364,706
Net property and equipment	$ 122,328,275	$ 45,984,096	$ (1,668,675)	$ (1,634,015)	$ 165,009,681
Component Unit					
Capital assets not being depreciated:					
Chester Avenue Lofts - Land	450,000	-	-	-	450,000
Chester Avenue Lofts - construction in progress	277,570	28	-	-	277,598
Total capital assets not being depreciated	$ 727,570	$ 28	$ -	$ -	$ 727,598
Green Miles - construction in progress	$ 90,201	$ 38	$ (3,687)	$ (85,202)	$ 1,350

(7) Long-term Liabilities

Activity for long-term liabilities for the fiscal year ended June 30, 2018 consists of the following:

	June 30, 2017	Additions	Reductions	June 30, 2018	Due Within One Fiscal Year
Notes payable - banks	$ 17,237,340	$ -	$ (2,440,261)	$ 14,797,079	$ 2,598,878
Notes payable	224,000	-	(224,000)	-	-
Capital lease obligation	34,194	-	(34,194)	-	-
Total Long-term debt	$ 17,495,534	$ -	$ (2,698,455)	$ 14,797,079	$ 2,598,878

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, 2018, the outstanding balance on the note is $14,797,079.

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:			
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	$ 14,797	$ 651	$ 15,448

(7) Long-term Liabilities (continued)

Note Payable

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 was paid in full in 2018.

Capital Lease Obligation

The balance of the capital lease obligations were paid during the year ended June 30, 2018.

Line of Credit Payable

In November 2014, ABI entered into a line of credit agreement with SunTrust Bank. The line of credit had a limit of $5,000,000 and matured on November 24, 2016. Prior to expiration, the line of credit was renewed in November 2016 for $7,000,000 with a maturity date of December 31, 2017. The line of credit was subsequently renewed for $2,500,000 with a maturity date of March 31, 2018. As of June 30, 2018, there was no balance outstanding on the line of credit and there was no agreement to extend this line of credit beyond March 31, 2018. Interest was accrued and due for payment monthly at a variable rate of LIBOR plus 2.35%. The line of credit was 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, 2018 consists of the following:

	June 30, 2017	Additions	Reductions	June 30, 2018
Line of credit payable	$ 3,383,178	$ 523,054	$ (3,906,232)	$ -

(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, 2018, 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, 2018 are as follows:

Fiscal Year Ending June 30,	Rental Amount
2019	$ 392,460
2020	402,272
2021	412,083
2022	421,895
2023	431,706
2024-2026	1,353,987

During the fiscal year ended June 30, 2018, ABI paid $382,649 under this lease in base rent, however, $379,081 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, 2018, ABI contributions to the 401(a) defined contribution plan totaled $651,753. Employees cannot contribute directly to the 401(a) defined contribution plan.

(11) Contractual Commitments

For the fiscal year ended June 30, 2018, ABI had several active construction projects related to various Atlanta BeltLine construction projects. At fiscal year-end, ABI's contractual commitments with contractors were $9,817,364.

(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 $163,644,975. 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, Draft 2018, ABI transferred ownership of capital assets worth $1,634,015 to the City of Atlanta.