

CITY OF ATLANTA, GEORGIA
PRINCETON LAKES TAX ALLOCATION DISTRICT FUND

Financial Statements and Supplementary Information

June 30, 2007

(With Independent Auditor's Report Thereon)

**CITY OF ATLANTA, GEORGIA
PRINCETON LAKES TAX ALLOCATION DISTRICT FUND**

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INDEPENDENT AUDITOR'S REPORT

**The Board of Directors
Atlanta Development Authority**

We have audited the accompanying financial statements of the governmental activities and the major fund of the City of Atlanta, Georgia Princeton Lakes Tax Allocation District Fund (the Fund) as of and for the year ended June 30, 2007, which collectively comprise the Fund's basic financial statements. These financial statements are the responsibility of the Fund's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements present only the Princeton Lakes Tax Allocation District Fund and do not purport to, and do not, present fairly the financial position of the City of Atlanta, Georgia, as of June 30, 2007, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the City of Atlanta, Georgia Princeton Lakes Tax Allocation District Fund as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 10, 2008 on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fund's basic financial statements. The supplementary information included in schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 10, 2008

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

June 30, 2007

This section of the annual financial report of the Princeton Lakes Tax Allocation District Fund ("Fund") presents the analysis of the Fund's financial performance during the fiscal year that ended on June 30, 2007. Please read it in conjunction with the financial statements and their accompanying notes, which follow this section. The financial statements include only the financial activities of the Princeton Lakes Tax Allocation District. The Fund is an integral part of the City of Atlanta's ("City") government reporting entity and its results are included in the Comprehensive Annual Financial Report (CAFR) of the City as a Nonmajor Governmental Fund.

The Atlanta Development Authority ("ADA") is the Redevelopment Agent for the Princeton Lakes Tax Allocation District and is responsible for all the financial reporting and compliance required by the 2006 Bond documents.

As mentioned above, while the tax allocation districts are shown on the City's CAFR, both the City and ADA jointly decided that each district should have a separate audit. A separate audit provides the reader of the financial statements with more financial information pertaining to each individual tax allocation district.

The Princeton Lakes Tax Allocation District

On March 15, 2006, the City of Atlanta, Georgia issued \$21,000,000 Series 2006A Tax Allocation Bonds pursuant to the Constitution and laws of the State of Georgia, in particular Chapter 44 of Title 36 of the Official Code of Georgia Annotated, as amended, known as the Redevelopment Powers Law (the "Act"). The Initial Resolution No. 02-R-1775 was adopted by the City Council on November 18, 2002, and signed by the Mayor on November 26, 2002. On February 8, 2006, Ordinance No. 06-O-0263 was adopted by the City Council and signed by the Mayor on February 9, 2006.

ADA was designated as the redevelopment agent to implement the Princeton Lakes Redevelopment Plan. Pursuant to the Act, the Tax Allocation bonds were issued to finance the public improvements serving the properties located with the tax allocation district.

The properties in the tax allocation district are located in the City of Atlanta, Georgia with boundaries consisting of Hogan Road SW to the north; City of East Point to the east; Camp Creek Parkway SW to the south; and Fairburn Road SW to the west.

The Mixed Use Development in the Princeton Lakes tax allocation district, includes retail, office and residential components to be located on a 188-acre parcel in the TAD between Redwine Road and Camp Creek Parkway. The residential development, which is a master planned residential community that will include approximately 849 single family and townhomes on a 238- acre parcel in the north west quadrant of the TAD.

The Board of Commissioners of Fulton County, Georgia adopted by Resolution 02-1414 on December 18, 2002, consented to the inclusion of their respective shares of positive ad valorem tax increments derived for the Princeton Lakes Tax Allocation District as security for the Series 2006 bonds.

Overview of Financial Statements

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

Governmental Fund Financial Statements

The governmental fund financial statements focus only on the Fund's balances of spendable resources available at the end of the year and are presented on a modified accrual basis. Only current assets and liabilities are presented in the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance focus only on the Fund's near-term inflows and outflows of spendable resources for the year.

Government-wide Financial Statements

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

Notes to the Financial Statements

The notes provide additional information that is essential to a gain a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 11 to 16 of this report.

Supplemental Schedules

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

A summary comparison of the government fund statements for June 30, 2006 and June 30, 2007 are presented below:

Summary Comparison of Governmental Fund Balance Sheets
As of June 30, 2006 and June 30, 2007

	<u>2006</u>	<u>2007</u>
Assets		
Cash and Investments	\$ 43,704	\$ 589,061
Property Tax Receivable	261	34,626
Restricted Investments	19,521,672	15,015,237
Total Assets	<u>\$ 19,565,637</u>	<u>\$ 15,638,924</u>
Liabilities		
Accrued Tax Increment due to		
Other Governmental Entities	2,636	40,826
Deferred Revenue- Amount received after the 60 day	261	34,026
Total Liabilities	<u>2,897</u>	<u>74,852</u>
Fund Balance	<u>19,562,740</u>	<u>15,564,072</u>
Total Liabilities and Fund Balance	<u>\$ 19,565,637</u>	<u>\$ 15,638,924</u>

Assets include predominately cash and investments and Restricted Investments. These assets are held for future payments on the bonds of the Fund and for future investment in the District. Total assets decreased due to development in the district and payments of interest from the Capitalized Interest Fund.

Governmental Fund
 Summary Comparison of Revenues, Expenditures and Changes in Fund Balance
 For the Six Months ended June 30, 2006 and the Year Ended June 30, 2007

	2006	2007
General Revenues:		
Tax Increment Revenue	\$ 55,288	\$ 509,078
Investment Earnings	262,199	754,608
Total General Revenues	317,487	1,263,686
Expenditures/Expenses:		
General Government	1,199,602	4,344,771
Debt Service	327,136	917,583
Total Expenditures/Expenses	1,526,738	5,262,354
Excess (Deficiency) of Revenues over (Under) Expenditures	(1,209,251)	(3,998,668)
Other Financing Sources (Bond Proceeds)	20,711,000	-
Net Change	19,501,749	(3,998,668)
Fund Balance		
Beginning of Year	60,991	19,562,740
End of Year	\$ 19,562,740	\$ 15,564,072

The Comparison of Revenues, Expenditures and changes in Fund Balance statements show an increase in Tax Increment Revenue. The total 2006 taxable assessed value of the property in the district was \$33,834,360 which is an increase over the 2002 base year of \$33,007,600. The property taxes continue to increase as reflected by the increased development in the district. Investment earnings for 2007 reflect the interest earnings on the reserves held by the Trustee and interest on the special fund.

The expenditures have increased due to the community development in the district. Debt service on the 2006 bonds is made semi-annually with total interest paid in 2007 of \$917,583.

The government wide financial statements for June 30, 2006 and June 30, 2007 are presented below:

Summary Comparison of Government wide Statement of Net Assets
As of June 30, 2006 and June 30, 2007

	<u>2006</u>	<u>2007</u>
Assets		
Cash and Investments	\$ 43,704	\$ 589,061
Property Tax Receivable	261	34,626
Deferred Issuance Costs	321,224	301,143
Restricted Investments	19,521,672	15,015,237
Total Assets	<u>19,886,861</u>	<u>15,940,067</u>
Liabilities		
Accrued Tax Increment due to Other Governmental Entities	2,636	40,826
Payable to COA		
Accrued Interest Payable	340,083	577,500
Long-term Debt	20,716,223	20,733,962
Total Liabilities	<u>21,058,942</u>	<u>21,352,288</u>
Total Net Assets (Deficit)	<u>\$ (1,172,081)</u>	<u>\$ (5,412,221)</u>

Government wide Financials
Summary Comparison of the Statement of Activities
For the Six Months ended June 30, 2006 and the Year Ended June 30, 2007

	<u>2006</u>	<u>2007</u>
General Revenues:		
Tax Increment Revenue	\$ 47,227	\$ 542,843
Investment Earnings	262,199	754,608
Total General Revenues	<u>309,426</u>	<u>1,297,451</u>
Expenses:		
General Government	1,199,602	4,344,771
Debt Service	351,218	1,192,820
Total Expenditures/Expenses	<u>1,550,820</u>	<u>5,537,591</u>
Net Change	(1,241,394)	(4,240,140)
Net Assets/(Deficit)		
Beginning of Year	69,313	(1,172,081)
End of Year	<u>\$ (1,172,081)</u>	<u>\$ (5,412,221)</u>

As noted above in the discussion between governmental fund and government wide financial statements is that the government wide financial statements present the information on an accrual basis. The main difference between the years on the government wide financial statements is the expenditures to the developers of \$3,145,169. These expenditures reflect an increase of \$3,122,886 for increased development in the tax allocation district and \$22,283 of related compliance reporting costs. The difference in revenue is due to the short period ending June 30, 2006.

Long-Term Debt

In March 2006, the City issued \$21,000,000 in limited obligation bonds for the Princeton Lakes Tax Allocation District. The issuance is a limited obligation of the City, not secured by the full faith and credit of the City, but rather is secured and payable solely from the pledged revenues. Pledged revenues are defined as the positive ad valorem tax allocation increments collected above the base at the time of the creation of the tax allocation district. Legislation for the pledged revenues was adopted by the City of Atlanta, and the Board of Commissioners of Fulton County.

At the time of the bond issuance, \$1,843,977 was set aside for capitalized interest to help pay the interest on the bonds through January 1, 2008. The amortization schedule for the bonds is listed in note 5 to the financial statements.

Economic Factors and Outlook

The Princeton Lakes Tax Allocation District bonds were issued on March 15, 2006. The Tax Allocation District provides funding for Mixed Use Development which consists of approximately 460,000 square feet of retail development including major national and regional retailers. The Publix anchored retail center, the Camp Creek Marketplace Phase II and several of the Redwine Road commercial properties, including the movie theater, are complete.

The Mixed Use Development will also consist of two medical office buildings, both of which are complete. In addition, the Mixed Use Development includes 654 residential units consisting of 350 market rate garden apartments, which are complete and approximately 95% leased, and 304 townhomes, of which 20 are complete and sold.. Proceeds of the bonds are used to reimburse the developer for a portion of the costs associated with the public improvements required to support the Mixed Use Development, which include: water detention facility improvements, installation of sewer and water improvements, installation of intersections and traffic signals on major connecting parkways, and road improvements.

The Residential Development is a master planned residential community which will include approximately 849 single family homes and townhomes on a 238 acre parcel. The development will consist primarily of single family detached homes, with one planned neighborhood of approximately 150 townhomes. To date, approximately 630 of these units have been sold. The Residential Development will have greenways and pedestrian pathways connecting the homes to adjacent commercial developments and existing public transportation routes. The proceeds from the bonds have been used to reimburse the developer for site preparation, clearance, grading, installation of detention ponds, installation of sewer and water infrastructure and sidewalk and street light installation.

Requests for Information

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

CITY OF ATLANTA, GEORGIA
PRINCETON LAKES TAX ALLOCATION DISTRICT FUND
Statement of Net Assets and Governmental Fund Balance Sheet
June 30, 2007

	Princeton Lakes Tax Allocation District Fund	Adjustments (Note 3)	Statement of Net Assets
Assets			
Cash	587,357	\$ -	\$ 587,357
Investments	1,704	-	1,704
Property taxes receivable, net of allowance	34,626	-	34,626
Restricted assets:			
Investments	15,015,237	-	15,015,237
Other assets	-	301,143	301,143
Total assets	<u>\$ 15,638,924</u>	<u>301,143</u>	<u>15,940,067</u>
Liabilities			
Due to other taxing entities	40,826	-	40,826
Deferred revenue	34,026	(34,026)	-
Liabilities payable from restricted assets:			
Accrued interest payable	-	577,500	577,500
Long-term debt:			
Due within one year	-	105,000	105,000
Due after one year	-	20,628,962	20,628,962
Total liabilities	<u>74,852</u>	<u>21,277,436</u>	<u>21,352,288</u>
Fund Balance/Net Assets (Deficit)			
Fund balance:			
Reserved for debt service	1,752,028	(1,752,028)	-
Reserved for development	11,419,973	(11,419,973)	-
Unreserved	2,392,071	(2,392,071)	-
Total fund balance	<u>15,564,072</u>	<u>(15,564,072)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 15,638,924</u>		
Net assets (deficit):			
Restricted		(6,035,908)	(6,035,908)
Unrestricted		623,687	623,687
Total net assets (deficit)		<u>\$ (5,412,221)</u>	<u>\$ (5,412,221)</u>

See accompanying notes to basic financial statements.

CITY OF ATLANTA, GEORGIA
PRINCETON LAKES TAX ALLOCATION DISTRICT FUND
Statement of Activities and Governmental Fund
Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2007

	Princeton Lakes		
	Tax Allocation District Fund	Adjustments (Note 3)	Statement of Activities
Expenditures/expenses:			
General government	4,344,771	\$ -	\$ 4,344,771
Debt service:			
Interest	917,583	275,237	1,192,820
Total expenditures/expenses	<u>5,262,354</u>	<u>275,237</u>	<u>5,537,591</u>
Net program expense			<u>5,537,591</u>
General revenues:			
Tax increment revenue	509,078	33,765	542,843
Investment earnings	754,608	-	754,608
Total general revenues	<u>1,263,686</u>	<u>33,765</u>	<u>1,297,451</u>
Excess (deficiency) of revenues over (under) expenditures	(3,998,668)	3,998,668	-
Net change in fund balance	(3,998,668)	3,998,668	-
Change in net assets	-	4,240,140	(4,240,140)
Fund balance/net assets (deficit)			
Beginning of the year	<u>19,562,740</u>	<u>(20,734,821)</u>	<u>(1,172,081)</u>
End of the year	<u>\$ 15,564,072</u>	<u>\$ (20,976,293)</u>	<u>\$ (5,412,221)</u>

See accompanying notes to basic financial statements.

CITY OF ATLANTA, GEORGIA
PRINCETON LAKES TAX ALLOCATION DISTRICT FUND

Notes to Basic Financial Statements

June 30, 2007

(1) Reporting Entity

The Princeton Lakes Tax Allocation District (the Fund) of the City of Atlanta, Georgia (the City) was created in 2002 in order to finance permitted redevelopment costs within the Princeton Lakes Tax Allocation District. These redevelopment costs, primarily infrastructure related, were provided to the area incorporated within the Princeton Lakes Tax Allocation District in order to facilitate overall development of the area by a private developer. The financing of these redevelopment costs is able to be provided by bonds, notes or other obligations of the City which are payable from ad valorem property taxes levied on assessed value of the property within the Princeton Lakes Tax Allocation District after development, less the amount of ad valorem property taxes assessed before redevelopment. These ad valorem property taxes assessed include those assessed on behalf of the City and Fulton County. The City has designated the Atlanta Development Authority as the redevelopment agent for the Princeton Lakes Tax Allocation District. The accompanying financial statements include only the financial activities of the Fund. The Fund is an integral part of the City's government reporting entity, and its results are included in the Comprehensive Annual Financial Report (CAFR) of the City as a governmental fund. The latest available CAFR is as of and for the year ended June 30, 2007; that CAFR should be read in conjunction with these financial statements.

(2) Summary of Significant Accounting Policies

(a) General

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

(b) Government-wide and Fund Financial Statements

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

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

CITY OF ATLANTA, GEORGIA
PRINCETON LAKES TAX ALLOCATION DISTRICT FUND

Notes to Basic Financial Statements

June 30, 2007

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

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

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

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

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

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

(d) *Cash and Cash Equivalents*

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

(e) *Investments*

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

(f) *Restricted Assets*

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

(g) *Fund Balance*

In the governmental fund financial statements, reservations of fund balance are reported for amounts that are legally restricted by the bond indenture for debt service.

CITY OF ATLANTA, GEORGIA
PRINCETON LAKES TAX ALLOCATION DISTRICT FUND

Notes to Basic Financial Statements

June 30, 2007

(h) Budget

The Fund does not have a legally adopted annual operating budget. Accordingly, no statement of revenues, expenditures, and changes in fund balance – budget to actual is presented.

(i) Use of Estimates

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

(3) Reconciliation of government-wide and fund financial statements

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

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

Amounts paid for the costs to issue long-term debt are expended in governmental funds, but are deferred in the government-wide statements and recognized over the life of the debt.	\$ 301,143
Amounts of property taxes receivable not available as of year end are deferred in governmental funds, but are recognized as revenue when earned.	34,026
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(577,500)
Long-term liabilities applicable to the Fund's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities – both current and long-term – are reported in the statement of net assets.	(20,733,962)

CITY OF ATLANTA, GEORGIA
PRINCETON LAKES TAX ALLOCATION DISTRICT FUND

Notes to Basic Financial Statements

June 30, 2007

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

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

Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this difference are as follows:

Amortization of discount	\$ (17,739)
Amortization of issuance costs	(20,081)

Payments for interest on the bonds are accrued in the statement of activities, but only reported when due in the statement of revenues, expenditures, and changes in fund balance. This is the amount of the change in the accrued interest payable.	(237,417)
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Tax revenue in the statement of activities differs from the amount reported in the governmental funds due to the change in deferred revenue between year ends.	33,765
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(4) Deposits and investments

Investments, with a carrying value of \$1,704, consist of investment in the Georgia Fund 1, a local government investment pool administered by the State of Georgia Office of Treasury and Fiscal Services (OTFS). As the investments represent ownership of a portion of a large pool of investments these amounts are not categorizable for custodial risk disclosure. The pooled investments are not registered with the Securities and Exchange Commission (SEC) but are managed in a manner consistent with SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the Fund's investments in the Georgia Fund 1 have been determined based on the pool's share price as adjusted to market.

CITY OF ATLANTA, GEORGIA
PRINCETON LAKES TAX ALLOCATION DISTRICT FUND

Notes to Basic Financial Statements

June 30, 2007

(4) Deposits and investments (continued)

Credit risk. State statutes authorize the Fund to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local government investment spool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of June 30, 2007, the Fund's investment in Georgia Fund 1 was rated AAAM by Standard & Poor's.

At June 30, 2007, the Fund had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Guaranteed Investment Contract	July 1, 2009	\$ 13,263,209
Guaranteed Investment Contract	November 1, 2008	1,013,083
Mutual Fund	-----	738,944
Georgia Fund 1	15 day weighted average	1,704
Total		<u>\$ 15,016,940</u>

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates may adversely affect an investment's fair value. Since the price of a bond fluctuates with market interest rates, the risk that an investor faces is that the price of the bonds in a portfolio will decline if market interest rates rise. At June 30, 2007, interest rate risk is reported in the above table as "Maturities" for each investment classification.

(5) Bonds Payable

During 2006, the City issued \$21,000,000 in limited obligation bonds for the Princeton Lakes Tax Allocation District. The issuances are limited obligations of the City, not secured by the full faith and credit of the City, but rather are secured solely by, and payable solely from, the Pledged Revenues. The Pledged Revenues are defined as the tax allocation increments, the amount of property taxes generated within the district area which exceed the amount collected from the same area prior to development, from the City and Fulton County. The property tax increments are pledged until the payment in full of the bonds.

CITY OF ATLANTA, GEORGIA
PRINCETON LAKES TAX ALLOCATION DISTRICT FUND

Notes to Basic Financial Statements

June 30, 2007

(5) Bonds Payable (continued)

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

		<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>
Twelve months ended June 30:				
2008	\$	105,000	1,155,000	1,260,000
2009		210,000	1,149,225	1,359,225
2010		395,000	1,137,675	1,532,675
2011		485,000	1,115,950	1,600,950
2012		570,000	1,089,275	1,659,275
2013-2017		3,340,000	4,941,750	8,281,750
2018-2022		4,370,000	3,916,000	8,286,000
2023-2027		5,715,000	2,574,275	8,289,275
2028-2031		5,810,000	820,050	6,630,050
	\$	<u>21,000,000</u>	<u>17,899,200</u>	<u>38,899,200</u>

The Fund's long-term liability activity for the year ended June 30, 2007, was as follows:

<u>Bonds</u>		<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2007</u>	<u>Amount Due In One Year</u>
Series 2006 Bonds	\$	21,000,000	-	-	21,000,000	105,000
Less: Discount		<u>(283,777)</u>	<u>-</u>	<u>(17,739)</u>	<u>(266,038)</u>	<u>-</u>
Total	\$	<u>20,716,223</u>	<u>-</u>	<u>(17,739)</u>	<u>20,733,962</u>	<u>105,000</u>

SCHEDULE 1

**CITY OF ATLANTA, GEORGIA
PRINCETON LAKES TAX ALLOCATION DISTRICT FUND**

Supplementary Information

**Princeton Lakes
Fund Balance Sheet Comparison
For the Period Ending**

	<i>December 31, 2004</i>	<i>December 31, 2005</i>	<i>June 30, 2006</i>	<i>June 30, 2007</i>
ASSETS:				
Restricted Cash: Tax Increment				
Restricted Cash Tax Increment Fund	\$ 18,877.46	\$ 48,312.40	\$ -	\$ 587,304.60
Restricted Cash Tax Increment Investment Fund-State Pool			43,703.59	1,703.87
Total Restricted Cash Tax Increment Fund	18,877.46	48,312.40	43,703.59	589,008.47
Restricted Cash: Other Funds				
Restricted Cash- Capitalized Interest Fund		-	1,869,826.20	1,013,083.39
Restricted Cash- Debt Service Reserve Fund		-	318,507.94	724,225.91
Restricted Cash-Cost of Issuance Fund			14,054.96	14,718.56
Restricted Cash- Project Fund		-	17,319,283.13	13,263,208.76
Restricted Cash-Tax Increment				52.29
Restricted Cash- Interest Fund		-	-	-
Total Restricted Cash: Other Funds	-	-	19,521,672.23	15,015,288.91
TOTAL ASSETS	\$ 18,877.46	\$ 48,312.40	\$ 19,565,375.82	\$ 15,604,297.38
LIABILITIES/FUND BALANCE:				
<i>Fulton County Tax Commissioner</i>				38,076.28
<i>City of Atlanta- Payable Cash Pool</i>				2,486.50
Total Liabilities	-	-	-	40,562.78
Fund Balance	\$	\$ 18,877.46	\$ 48,312.40	\$ 19,565,375.82
Sources (Uses) Balance	18,877.46	29,434.94	19,517,063.42	(4,001,641.22)
Total Fund Balance	18,877.46	48,312.40	19,565,375.82	15,563,734.60
TOTAL LIABILITIES/FUND BALANCE	\$ 18,877.46	\$ 48,312.40	\$ 19,565,375.82	\$ 15,604,297.38

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

SCHEDULE 2

**CITY OF ATLANTA, GEORGIA
PRINCETON LAKES TAX ALLOCATION DISTRICT FUND**

Supplementary Information

Princeton Lakes Flow of Funds Comparison For the Period Ending					
	<i>December 31, 2004</i>	<i>December 31, 2005</i>	<i>June 30, 2006</i>	<i>June 30, 2007</i>	<i>Total</i>
<u>SOURCES OF FUNDS:</u>					
Tax Increments from Fulton County	\$ 18,877.46	\$ 29,434.94	\$ 70,602.79	\$ 506,105.47	\$ 625,020.66
Bond Proceeds			21,000,000.00	-	21,000,000.00
Interest Income:					
Interest Income Tax Increment Investment-State Pool			378.36	5,414.74	5,793.10
Interest Income Tax Increment Wachovia				15,504.64	15,504.64
Interest Income COI Fund			190.76	663.60	854.36
Interest Income Project Fund			235,667.28	672,126.39	907,793.67
Interest Income Debt Service Reserve Fund			113.26	5.25	118.51
Interest Income Tax Increment- Trustee				52.29	52.29
Interest Income Capitalized Interest Fund			25,848.68	60,840.52	86,689.20
Total Interest Income	-	-	262,198.34	754,607.43	1,016,805.77
TOTAL SOURCES	18,877.46	29,434.94	21,332,801.13	1,260,712.90	22,641,826.43
<u>USES OF FUNDS:</u>					
Cost of Issuance Expenses			327,135.80		327,135.80
Underwriters Discount			289,000.00		289,000.00
Developer-Princeton Lakes LLC			1,199,601.91	1,897,717.62	3,097,319.53
Developer-Pulte Homes				2,424,770.42	2,424,770.42
Trustee Fees				4,000.00	4,000.00
Accounting and Auditing Fees				11,200.00	11,200.00
Municap- Compliance Investors				5,174.35	5,174.35
First SouthWest-FC for COA				1,704.00	1,704.00
Bank & Service Charges				204.40	204.40
Bond Principal					-
Bond Interest				917,583.33	917,583.33
TOTAL USES OF FUNDS	-	-	1,815,737.71	5,262,354.12	7,078,091.83
SOURCES (USES) BALANCE	\$ 18,877.46	\$ 29,434.94	\$ 19,517,063.42	\$ (4,001,641.22)	\$ 15,563,734.60

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

**CITY OF ATLANTA, GEORGIA
PRINCETON LAKES TAX ALLOCATION DISTRICT FUND**

Supplementary Information

Balances of Funds under the Indenture

June 30, 2007

Trust Funds - US Bank	
Capitalized Interest Fund	\$ 1,013,083
Tax Increment Fund	52
Project Fund	13,263,209
Cost of Issuance Fund	14,719
Debt Service Reserve Fund	<u>724,226</u>
Total Trust Funds	<u>\$ 15,015,289</u>

As of June 30, 2007 there have not been any withdrawals from the Debt Service Reserve Fund.

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

**The Board of Directors
Atlanta Development Authority**

We have audited the financial statements of the governmental activities and the major fund of the City of Atlanta, Georgia Princeton Lakes Tax Allocation District Fund (the Fund), as of and for the year ended June 30, 2007, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated January 10, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 10, 2008