

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

Financial Statements and Supplementary Information

June 30, 2017

(With Independent Auditor's Report Thereon)

CITY OF ATLANTA, GEORGIA
PRINCETON LAKES TAX ALLOCATION DISTRICT FUND
June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors

The Atlanta Development Authority, d/b/a Invest Atlanta

Report on the Financial Statements

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 fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Fund'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 governmental activities and the major fund of the Fund, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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, 2017 and the changes in its financial position, or, where applicable, its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the budgetary comparison information on pages 4 through 10 and 20, respectively, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fund's basic financial statements. The Fund Balance Sheet Comparison – Cash Basis, Flow of Funds Comparison – Cash Basis, and Debt Service Coverage Ratio – Cash Basis are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Fund Balance Sheet Comparison – Cash Basis, Flow of Funds Comparison – Cash Basis, and Debt Service Coverage Ratio – Cash Basis are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Fund Balance Sheet Comparison – Cash Basis, Flow of Funds Comparison – Cash Basis, and Debt Service Coverage Ratio – Cash Basis are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2018 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 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 the Princeton Lakes Tax Allocation District Fund'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 the Fund's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 26, 2018

CITY OF ATLANTA, GEORGIA
PRINCETON LAKES TAX ALLOCATION DISTRICT FUND

Management's Discussion and Analysis

June 30, 2017

This section of the annual financial report of the Princeton Lakes Tax Allocation District Fund ("Fund" or "District") presents the analysis of the Fund's financial performance during the fiscal year ended on June 30, 2017. 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, d/b/a Invest Atlanta ("ADA") is the redevelopment agent for the Princeton Lakes Tax Allocation District and is responsible for all the financial reporting and compliance with loan requirements.

As mentioned above, while the tax allocation districts are shown on the City's CAFR, both the City and ADA jointly decide which district should have 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 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 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 public improvements serving the properties located within 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; the 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 TAD, includes retail, hotel, 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 844 single family homes and townhomes on a 238-acre parcel in the northwest portion of the TAD.

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

On July 1, 2010, the City of Atlanta and U.S. Bank National Association (Trustee) entered into the First Supplemental Indenture of Trust. With the majority consent of the bondholders with the aggregate principal amount of the Bonds then outstanding, it was agreed that the City had the option to purchase bonds for cancellation from excess tax increment and from funds on deposit in the Redemption Account of the Bond Fund.

During fiscal year 2016, the City of Atlanta used existing resources of the Fund along with proceeds from a new loan to redeem all of the outstanding 2006 Bonds.

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

June 30, 2017

Overview of Financial Statements

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

Governmental Fund Financial Statements

The Governmental Fund Financial Statements focus only on the Fund's balances of spendable resources available at the end of the fiscal year and are presented on a modified accrual basis. Only current assets, current liabilities, and deferred inflows of resources for unavailable property taxes are presented in the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance focus only on the Fund's near-term inflows and outflows of spendable resources for the fiscal year. Revenues are considered available when they are collectible within the current fiscal year or soon enough thereafter to pay liabilities of the current fiscal year. For this purpose, the Fund considers revenues to be available if they are collected within 60 days after the end of the fiscal year.

Government-wide Financial Statements

The Government-wide Financial Statements are reported using the full accrual basis of accounting, similar to that used by private sector companies. The Statement of Net Position column reports information about all assets, deferred outflows of resources, and liabilities of the Fund – both current and long-term. The Statement of Activities measures the success of the Fund's operations over the past fiscal year. All changes in net position 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 gain a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 13 to 19 of this report.

Required Supplemental Schedule

Included in these financial statements is the schedule of revenues, expenditures, and changes in fund balances – budget to actual for the Princeton Lakes Tax Allocation District governmental fund. This schedule can be found on page 20.

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. Quarterly 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. Schedule 3 presents the Fund's debt service coverage ratio.

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

June 30, 2017

A summary comparison of the governmental fund statements for June 30, 2016 and June 30, 2017 are presented below:

Princeton Lakes Tax Allocation District Fund
Summary Comparison of Governmental Fund Balance Sheets
As of June 30, 2016 and June 30, 2017

	<u>2016</u>	<u>2017</u>
Assets:		
Cash and cash equivalents	\$ 5,180,671	\$ 5,490,959
Property taxes receivable, net of allowance	41,890	46,325
Total Assets	<u><u>\$ 5,222,561</u></u>	<u><u>\$ 5,537,284</u></u>
Liabilities and Deferred Inflows of Resources:		
Accounts payable	\$ 20,148	\$ 6,982
Due to the City of Atlanta	2,696	14,341
Deferred inflow - unavailable revenue	41,890	46,325
Due to the Fulton County Tax Commissioner	6,232	1,688
Total Liabilities and Deferred Inflows of Resources	<u>70,966</u>	<u>69,336</u>
Fund Balance:		
Restricted	<u>5,151,595</u>	<u>5,467,948</u>
Total Fund Balance	<u><u>5,151,595</u></u>	<u><u>5,467,948</u></u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u><u>\$ 5,222,561</u></u>	<u><u>\$ 5,537,284</u></u>

CITY OF ATLANTA, GEORGIA
PRINCETON LAKES TAX ALLOCATION DISTRICT FUND

Management's Discussion and Analysis

June 30, 2017

Princeton Lakes Tax Allocation District Fund
Summary Comparison of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Years Ended June 30, 2016 and June 30, 2017

	<u>2016</u>	<u>2017</u>
Expenditures:		
General government	\$ 520,646	\$ 70,663
Debt service - principal	7,360,000	1,405,000
Debt service - interest	942,479	150,725
Total Expenditures	<u>8,823,125</u>	<u>1,626,388</u>
General Revenues:		
Tax increment revenue	1,900,965	1,940,731
Investment earnings	963	2,010
Total General Revenues	<u>1,901,928</u>	<u>1,942,741</u>
Excess (deficiency) of revenues over (under) expenditures	(6,921,197)	316,353
Other Financial Sources:		
Proceeds from loan	10,775,000	-
Payments to refund bonds	(5,820,000)	-
Total Other Financial Sources	<u>4,955,000</u>	<u>-</u>
Change in fund balance	(1,966,197)	316,353
Fund Balance:		
Beginning of the fiscal year	7,117,792	5,151,595
End of the fiscal year	<u>\$ 5,151,595</u>	<u>\$ 5,467,948</u>

Assets include predominately cash and cash equivalents plus restricted investments. These assets are held for redevelopment within the District. Cash and cash equivalents are the Special Fund bank account held by the City of Atlanta. The Special Fund bank account balance at fiscal year-end is \$5,490,959 and represents an increase of \$310,288 from the previous fiscal year.

The Summary Comparison of Revenues, Expenditures, and Changes in Fund Balance statements show an increase in tax increment revenue of \$39,766 which is mainly from the increase in assessed value of taxable property in the District. The certified growth rate for property tax year 2016 is 99.288% compared to property tax year 2015 of 99.277%. The 2016 Certified Tax Digest reflects taxable assessed valued in the District as \$116,050,490 which is an increase of \$115,223,730 over the 2002 base year.

CITY OF ATLANTA, GEORGIA
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Management's Discussion and Analysis
June 30, 2017

The government wide financial statements for June 30, 2016 and June 30, 2017 are presented below:

Princeton Lakes Tax Allocation District Fund
Summary Comparison of Government wide Statement of Net Position
As of June 30, 2016 and June 30, 2017

	<u>2016</u>	<u>2017</u>
Assets:		
Cash and cash equivalents	\$ 5,180,671	\$ 5,490,959
Property taxes receivable, net of allowance	41,890	46,325
Total Assets	<u>5,222,561</u>	<u>5,537,284</u>
Deferred outflows of resources	<u>52,493</u>	<u>39,370</u>
Liabilities:		
Accounts payable	20,148	6,982
Due to the City of Atlanta	2,696	14,341
Due to Fulton County Tax Commissioner	6,232	1,688
Accrued interest payable	-	130,921
Long- term debt	10,775,000	9,370,000
Total Liabilities	<u>10,804,076</u>	<u>9,523,932</u>
Total Net Position (deficit)	<u>\$ (5,529,022)</u>	<u>\$ (3,947,278)</u>

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

June 30, 2017

Princeton Lakes Tax Allocation District Fund
Summary Comparison of Government wide Statement of Activities
For the Fiscal Years Ended June 30, 2016 and June 30, 2017

	<u>2016</u>	<u>2017</u>
Expenses:		
Amortization expense	\$ 81,160	\$ 13,123
General government	520,646	70,663
Interest expense	580,029	281,646
Total Expenses	<u>1,181,835</u>	<u>365,432</u>
General Revenues:		
Tax increment revenue	1,900,464	1,945,166
Investment earnings	963	2,010
Total General Revenues	<u>1,901,427</u>	<u>1,947,176</u>
Change in net position	719,592	1,581,744
Net Position (Deficit)		
Beginning of the fiscal year	(6,248,614)	(5,529,022)
End of the fiscal year	<u>\$ (5,529,022)</u>	<u>\$ (3,947,278)</u>

As noted above in the discussion, the difference between governmental fund and government wide financial statements is that the government wide financial statements present the information on an accrual basis. Under the accrual basis of accounting, the tax increment revenue includes the accounts receivable from the taxpayers in the District. As of June 30, 2017, the amount of Property Tax Receivable is \$46,325. The government wide financial statements show the amount of loans payable outstanding on the Statement of Net Position.

Long-Term Debt

In March 2006, the City issued \$21,000,000 in limited obligation bonds for the Princeton Lakes TAD. 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 Atlanta City Council and the Board of Commissioners of Fulton County.

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

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On December 2, 2008, the bondholders declined to consent to the proposed amendment to extend the extraordinary mandatory redemption from unexpended proceeds. On January 1, 2009, in addition to the normal interest and principal due, a payment of \$2,825,000 of remaining bond proceeds were used to redeem bonds in accordance with the Indenture of Trust and DTC procedures. The early redemption was applied to future principal payments on the bonds. On January 29, 2010, a majority of bondholders provided their consent to amend the Indenture and approve the First Supplemental Indenture of Trust. This document, executed on July 1, 2010, allows for the use of excess tax increment and excess investment earnings to purchase outstanding 2006 Bonds tendered for purchase prior to the optional and special mandatory redemption dates otherwise provided for in the Indenture.

On March 21, 2016, the Princeton Lakes Tax Allocation District borrowed \$5,820,000 for the purpose of refunding the Series 2006 Bonds. The Tax Allocation District paid off the remaining \$13,180,000 of principal and \$362,450 of interest with proceeds from the new loan plus existing resources. At the same time, a new loan of \$4,955,000 was executed for a redevelopment project within the District. Scheduled payments of \$1,405,000 on the new loan were made during the year. See note 6 for more information.

Economic Factors and Outlook

The 2006 Bonds provided funding for the Mixed Use Development which consists of approximately 430,000 square feet of retail development including major national and regional retailers. The Publix-anchored retail center, Camp Creek Marketplace Phase II and all of the Redwine Road commercial properties are complete. The Mixed Use Development also includes three medical office buildings, all of which are complete and 86% leased. In addition, the Mixed Use Development includes 776 residential units consisting of 656 market rate garden apartments, which are complete and approximately 99% leased, and 120 townhomes, of which 106 are complete. Proceeds of the bonds were used to reimburse the developer for a portion of the costs associated with the public improvements required to support the Mixed Use Development, which included: 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 includes 844 single family homes and townhomes on a 238-acre parcel. The development consists primarily of single-family detached homes, with one planned neighborhood of approximately 150 townhomes. All of the single-family homes and townhomes are complete and sold. The Residential Development has 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 sidewalks.

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, 133 Peachtree Street, NE, Suite 2900, Atlanta, GA 30303.

CITY OF ATLANTA, GEORGIA
PRINCETON LAKES TAX ALLOCATION DISTRICT FUND
Statement of Net Position and Governmental Fund Balance Sheet
June 30, 2017

	Princeton Lakes Tax Allocation District	Adjustments (Note 3)	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 5,490,959	\$ -	\$ 5,490,959
Property taxes receivable, net of allowance	46,325	-	46,325
Total assets	5,537,284	-	5,537,284
Deferred Outflows of Resources			
Deferred loss on refunding of bonds	-	39,370	39,370
Total deferred outflows of resources	-	39,370	39,370
Total assets and deferred outflows of resources	\$ 5,537,284		
Liabilities			
Accounts payable	\$ 6,982	-	6,982
Due to the Fulton County Tax Commissioner	1,688	-	1,688
Due to the City of Atlanta	14,341	-	14,341
Liabilities payable from restricted assets:			
Accrued interest payable	-	130,921	130,921
Long-term debt:			
Due within one year	-	1,410,000	1,410,000
Due after one year	-	7,960,000	7,960,000
Total liabilities	23,011	9,500,921	9,523,932
Deferred Inflows of Resources			
Unavailable revenue - property taxes	46,325	(46,325)	-
Total deferred inflows of resources	46,325	(46,325)	-
Fund Balance/Net Position (Deficit)			
Fund balance:			
Restricted for redevelopment	5,467,948	(5,467,948)	-
Total fund balance	5,467,948	(5,467,948)	-
Total liabilities, deferred inflows of resources, and fund balance	\$ 5,537,284		
Net position (deficit):			
Restricted for redevelopment		5,467,948	5,467,948
Unrestricted		(9,415,226)	(9,415,226)
Total net position (deficit)		\$ (3,947,278)	\$ (3,947,278)

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 Fiscal Year Ended June 30, 2017

	Princeton Lakes Tax Allocation District	Adjustments (Note 3)	Statement of Activities
Expenditures/expenses			
General government	\$ 70,663	\$ -	\$ 70,663
Amortization expense	-	13,123	13,123
Debt service:			
Principal	1,405,000	(1,405,000)	-
Interest	150,725	130,921	281,646
Total expenditures/expenses	<u>1,626,388</u>	<u>(1,260,956)</u>	<u>365,432</u>
Net program expense			<u>365,432</u>
General revenues			
Tax increment revenue	1,940,731	4,435	1,945,166
Investment earnings	2,010	-	2,010
Total general revenues	<u>1,942,741</u>	<u>4,435</u>	<u>1,947,176</u>
Excess (deficiency) of revenues over (under) expenditures	316,353	(316,353)	-
Net change in fund balance	316,353	(316,353)	-
Change in net position	-	(1,581,744)	1,581,744
Fund balance/net position (deficit)			
Beginning of the fiscal year	5,151,595	(10,680,617)	(5,529,022)
End of the fiscal year	<u>\$ 5,467,948</u>	<u>\$ (9,415,226)</u>	<u>\$ (3,947,278)</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, 2017

(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, d/b/a Invest Atlanta 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 fiscal year ended June 30, 2017; 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 position 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 position includes noncurrent assets and liabilities and the government-wide statement of activities reflects changes in long-term assets and liabilities and deferred outflows of resources and the government-wide statement of activities reflects changes in long-term assets and liabilities. Net position in the statement of net position is 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, 2017

(2) Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

(d) Cash and Cash Equivalents

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

(e) Investments

Investments are recorded on the statement of net position 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) Taxes Receivable

Although the Princeton Lakes Tax Allocation District (“TAD”) is not a taxing authority, it is the direct recipient of positive ad valorem tax allocation increments derived from the Princeton Lakes Tax Allocation District each fiscal year. The TAD’s revenue stream from the incremental ad valorem taxes is based upon the annual assessed value of property and the property tax billings in excess of the District’s 2002 base fiscal year.

CITY OF ATLANTA, GEORGIA
PRINCETON LAKES TAX ALLOCATION DISTRICT FUND

Notes to Basic Financial Statements

June 30, 2017

(2) Summary of Significant Accounting Policies (Continued)

(g) Fund Equity and Net Position

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

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

Fund balances are classified as follows:

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

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

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

Assigned – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The Chief Financial Officer of the City may recommend assignment of fund balances subject to approval of the City Council.

Unassigned – Fund balances are reported as unassigned for the residual amount when the balances do not meet any of the above criterion.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Fund’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Fund’s policy, by default, to use fund balance in the following order: (1) Committed, (2) Assigned, and (3) Unassigned.

CITY OF ATLANTA, GEORGIA
PRINCETON LAKES TAX ALLOCATION DISTRICT FUND

Notes to Basic Financial Statements

June 30, 2017

(2) Summary of Significant Accounting Policies (Continued)

(g) *Fund Equity and Net Position (continued)*

Net Position – Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Amounts shown as net investment in capital assets are made up of capital asset costs, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the TAD has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted. The TAD applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Restrictions on the government-wide statement of net position represent amounts segregated to meet debt covenants and the Bond Indenture.

(h) *Budget*

The Fund legally adopts an annual operating budget. A schedule of revenues, expenditures, and changes in fund balance – budget to actual is presented in the required supplementary information section of this financial report.

(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, liabilities, deferred inflows and outflows of resources 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.

(j) *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Fund has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide financial statements on the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunding or refunded debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Fund has one type of deferred inflow, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental fund reports unavailable revenues from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

CITY OF ATLANTA, GEORGIA
PRINCETON LAKES TAX ALLOCATION DISTRICT FUND

Notes to Basic Financial Statements

June 30, 2017

(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 position*

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

Amounts of property taxes receivable not available as of fiscal year end are deferred inflows in governmental funds, but are recognized as revenue when earned in the government-wide statements.	\$ 46,325
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Long-term liabilities applicable to the Fund's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities for loans – both current and long-term – are reported in the statements of net position. This item includes the related deferred loss on refunding reported as a deferred outflow of resources.	(9,461,551)
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(b) *Explanation of adjustments between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities*

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

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

Payments on loan	\$ 1,405,000
Amortization of deferred loss on refunding	(13,123)

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.	(130,921)
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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 inflows for unavailable revenue between fiscal year ends.	4,435
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CITY OF ATLANTA, GEORGIA
PRINCETON LAKES TAX ALLOCATION DISTRICT FUND

Notes to Basic Financial Statements

June 30, 2017

(4) Legal Compliance – Budgets

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

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

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

After the initial annual budget is adopted, it may be amended for interdepartmental transfers of appropriations with the approval of City Council. Intradepartmental transfers of appropriations among individual budgetary accounts may be initiated by a department head with approval of the Chief Operating Officer, the Chair of the City Council Finance Committee, and the Chief Financial Officer.

Total appropriations for any fund may be increased if, during the fiscal year, sources of revenue become available to the City in excess of original anticipations, and these amounts are anticipated by the Budget Commission and subsequently appropriated by City Council. No such additional appropriations were required during the fiscal year ended June 30, 2017.

(5) Deposits

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

(6) Loans Payable

During 2006, the City issued \$21,000,000 in limited obligation bonds for the Princeton Lakes Tax Allocation District. During 2016, the City entered into a loan agreement for the Princeton Lakes Tax Allocation District. This loan agreement included \$4,955,000 for new redevelopment projects in the District and \$5,820,000 to, along with existing resources of the Fund, redeem all outstanding 2006 Bonds. The 2006 Bonds were redeemed by year-end. The result of the refunding transaction is a decrease in future debt service payments of \$1,407,738, resulting in a net present value savings to the Fund of \$826,835. 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, 2017

(6) Loans Payable (Continued)

The future debt service requirements for the loan are as follows:

		Principal	Interest	Total debt service
Fiscal year ending June 30:				
	2018	\$ 1,410,000	\$ 262,203	\$ 1,672,203
	2019	1,495,000	229,725	1,724,725
	2020	1,580,000	195,245	1,775,245
	2021	620,000	158,763	778,763
	2022	665,000	138,613	803,613
	2023-2027	3,600,000	338,000	3,938,000
		<u>\$ 9,370,000</u>	<u>\$ 1,322,549</u>	<u>\$ 10,692,549</u>

The Fund's long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

Bonds	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Amount Due In One Year
2016 Loan	\$ 10,775,000	\$ -	\$ 1,405,000	\$ 9,370,000	\$ 1,410,000
Total	<u>\$ 10,775,000</u>	<u>\$ -</u>	<u>\$ 1,405,000</u>	<u>\$ 9,370,000</u>	<u>\$ 1,410,000</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Tax increment revenue	\$ 1,953,597	\$ 1,953,597	\$ 1,940,731	\$ (12,866)
Investment earnings	1,400	1,400	2,010	610
Total revenues	1,954,997	1,954,997	1,942,741	(12,256)
Expenditures				
Current:				
General government:				
Nondepartmental	189,000	189,000	70,663	118,337
Total general government	189,000	189,000	70,663	118,337
Debt service:				
Principal	1,405,000	1,405,000	1,405,000	-
Interest	256,558	256,558	150,725	105,833
Total debt service	1,661,558	1,661,558	1,555,725	105,833
Total expenditures	1,850,558	1,850,558	1,626,388	224,170
Excess (deficiency) of revenues over (under) expenditures	104,439	104,439	316,353	211,914
Net change in fund balances	104,439	104,439	316,353	211,914
Fund balance, beginning of fiscal year	5,151,595	5,151,595	5,151,595	-
Fund balance, end of fiscal year	\$ 5,256,034	\$ 5,256,034	\$ 5,467,948	\$ 211,914

CITY OF ATLANTA, GEORGIA
PRINCETON LAKES TAX ALLOCATION DISTRICT FUND
Fund Balance Sheet Comparison - Cash Basis
As of the Period Ended

SUPPLEMENTARY INFORMATION

	December 31, 2004	December 31, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
ASSETS:														
Restricted Cash- Tax Increment														
Restricted Cash Tax Increment Fund	\$ 18,877.46	\$ 48,312.40	\$ -	\$ 587,304.60	\$ 1,150,043.13	\$ 1,938,696.90	\$ 2,863,093.37	\$ 4,032,580.90	\$ 1,841,174.13	\$ 2,758,667.55	\$ 3,842,338.32	\$ 5,108,890.00	\$ 5,180,671.05	\$ 5,490,958.58
Restricted Cash Tax Increment Investment Fund-State Pool	-	-	43,703.59	1,703.87	3.94	4.00	4.00	4,032,580.90	1,841,174.13	2,758,667.55	3,842,338.32	5,108,890.00	5,180,671.05	5,490,958.58
Total Restricted Cash Tax Increment Fund	18,877.46	48,312.40	43,703.59	589,008.47	1,150,047.07	1,938,700.90	2,863,103.37	4,032,580.90	1,841,174.13	2,758,667.55	3,842,338.32	5,108,890.00	5,180,671.05	5,490,958.58
Restricted Cash- Other Funds														
Restricted Cash- Capitalized Interest Fund	-	-	1,869,826.20	1,013,083.39	145,754.89	0.01	0.01	1,659,550.00	1,659,550.00	1,659,554.00	1,659,555.32	1,659,555.32	-	-
Restricted Cash- Debt Service Reserve Fund	-	-	318,607.94	724,225.91	1,506,274.46	1,575,313.99	1,659,550.00	1,659,553.29	1,659,550.00	1,659,554.00	1,659,555.32	1,659,555.32	-	-
Restricted Cash- Cost of Insurance Fund	-	-	14,054.96	14,718.56	-	-	-	-	-	-	-	-	-	-
Restricted Cash- Project Fund	-	-	17,319,283.13	13,263,208.76	6,505,868.31	1,507,621.56	1,507,621.56	468,501.47	-	-	-	-	-	-
Restricted Cash- Tax Increment	-	-	-	32.29	730,131.59	20.09	9,793.09	90.00	-	-	-	-	-	-
Restricted Cash- Redemption Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted Cash- Interest Fund	-	-	-	-	15,172.49	568,894.07	579,119.07	460,628.46	362,468.75	362,468.75	362,467.04	362,467.04	-	-
Total Restricted Cash- Other Funds	-	-	19,521,672.23	15,015,288.91	8,963,201.74	3,651,643.72	3,756,085.73	2,568,763.22	2,022,016.75	2,022,020.75	2,022,022.36	2,022,022.36	-	-
Due from Invest Atlanta	-	-	-	-	-	-	-	-	-	-	250.00	-	-	-
Fulton County Tax Commissioner	-	-	-	-	-	-	-	-	-	3,089.90	-	-	-	-
TOTAL ASSETS	\$ 18,877.46	\$ 48,312.40	\$ 19,565,375.82	\$ 15,604,297.38	\$ 10,053,248.81	\$ 5,590,550.62	\$ 6,619,189.10	\$ 6,621,364.12	\$ 3,863,190.88	\$ 4,783,778.20	\$ 5,864,610.68	\$ 7,130,972.36	\$ 5,180,671.05	\$ 5,490,958.58

LIABILITIES/FUND BALANCE:

Fulton County Tax Commissioner	\$ -	\$ -	\$ -	\$ 38,076.28	\$ -	\$ -	\$ -	\$ 27,434.65	\$ -	\$ -	\$ -	\$ -	\$ 6,231.83	\$ 1,688.00
Payables- Other	-	-	-	-	-	-	-	3,580.00	-	-	-	-	2,696.00	7,042.71
City of Atlanta- Payable Cash Pool	-	-	-	2,486.50	-	-	-	4,306.25	4,872.90	160.01	2,380.01	7,593.75	2,696.00	-
Total Liabilities	-	-	-	40,562.78	-	-	-	35,320.90	4,872.90	160.01	2,380.01	2,380.01	8,927.83	8,730.71
Fund Balance	18,877.46	18,877.46	48,312.40	19,565,375.82	15,563,734.60	10,053,248.81	5,590,550.62	6,619,189.10	6,586,043.22	3,858,317.98	4,783,618.19	5,862,230.67	7,128,532.35	5,171,743.22
Sources (Uses) Balance	18,877.46	29,434.94	19,517,063.42	(4,001,641.22)	(5,510,485.79)	(4,462,698.19)	1,028,638.48	(33,145.88)	(2,727,725.24)	925,300.21	1,078,612.48	1,266,301.68	(1,956,789.13)	310,484.65
Total Fund Balance	18,877.46	48,312.40	19,565,375.82	15,563,734.60	10,053,248.81	5,590,550.62	6,619,189.10	6,586,043.22	3,858,317.98	4,783,618.19	5,862,230.67	7,128,532.35	5,171,743.22	5,482,227.87
TOTAL LIABILITIES/FUND BALANCE	\$ 18,877.46	\$ 48,312.40	\$ 19,565,375.82	\$ 15,604,297.38	\$ 10,053,248.81	\$ 5,590,550.62	\$ 6,619,189.10	\$ 6,621,364.12	\$ 3,863,190.88	\$ 4,783,778.20	\$ 5,864,610.68	\$ 7,130,972.36	\$ 5,180,671.05	\$ 5,490,958.58

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

CITY OF ATLANTA, GEORGIA
PRINCETON LAKES TAX ALLOCATION DISTRICT FUND
Debt Service Coverage Ratio - Cash Basis
June 30, 2017

SUPPLEMENTARY INFORMATION

Revenue for debt service calculation:

Tax increment collections- 2016 Property Tax Year	\$ 1,938,256
Tax increment collections- 2015 Property Tax Year	730
Tax increment collections- 2014 Property Tax Year	1,150
Tax increment collections- 2013 Property Tax Year	612
Total Tax Increment Collections	<u>1,940,748</u>

Interest income DSR fund	-
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Total revenue for debt service calculation	<u>1,940,748</u>
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Expenditures for debt service calculation:

Debt service paid	
Principal paid	1,405,000
Interest paid	150,725
Total debt service paid	<u>1,555,725</u>

Total expenditures for debt service calculation	<u>1,555,725</u>
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Excess revenue over expenditures	<u>\$ 385,023</u>
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DSC Ratio for the Fiscal Year Ended June 30, 2017	<u>\$ 1.25</u>
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**The Board of Directors
The Atlanta Development Authority, d/b/a Invest Atlanta**

We have audited, in accordance with the 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, 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 fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated January 26, 2018. Our report includes a reference that the Fund is not the entire reporting entity of the City of Atlanta, Georgia.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion of the effectiveness of the Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 26, 2018