

**TOWN CENTER AREA COMMUNITY
IMPROVEMENT DISTRICT**

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED MAY 31, 2009



366 Powder Springs Street
Marietta, GA 30064
(770) 422-0500 : (770) 421-6440 fax

Town Center Area Community Improvement District
Audited Financial Statements
Contents
For the Fiscal Year Ended May 31, 2009

	<u>Page(s)</u>
<u>Financial Section</u>	
Auditor's Opinion	1
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	2
Statement of Activities	3
Fund Financial Statements:	
Balance Sheet – Governmental Fund	4
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance-General Fund to the Statement of Activities.....	6
Notes to Financial Statements	7-10
<u>Supplemental Information</u>	
Comparative Balance Sheet	11
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance	12
Schedule of Cumulative Project Commitments and Expenditures.....	13



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Town Center Area Community Improvement District

We have audited the accompanying financial statements of the governmental activities and the major fund of the Town Center Area Community Improvement District, as of and for the fiscal year ended May 31, 2009, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Town Center Area Community Improvement District's management. Our responsibility is to express an opinion 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. 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 opinion.

The Town Center Area Community Improvement District has not presented the Management Discussion and Analysis Letter, which the Governmental Accounting Standards Board has determined is necessary to supplement, although is not required to be a part of the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and major fund of the Town Center Area Community Improvement District as of May 31, 2009, and the respective changes in its financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Town Center Area Community Improvement District. The comparative fund financial statements on pages 11 and 12 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The comparative fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying schedule of Cumulative Project Commitments and Expenditures on page 13 listed as supplemental information in the table of contents is presented for purpose of additional analysis and is not a required part of the basic financial statements. The supplementary schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Moore & Cubbedge, LLP

Moore & Cubbedge, LLP

November 4, 2009

Town Center Area Community Improvement District
Statement of Net Assets
May 31, 2009

	<u>Governmental Activities</u>
Assets:	
Cash	\$ 84,911
Investments	8,447,194
Receivables, net:	
Taxes	52,764
Due from other governments	<u>97,291</u>
Total assets	<u>8,682,160</u>
Liabilities:	
Accounts payable	<u>417,097</u>
Total liabilities	<u>417,097</u>
Net Assets:	
Unrestricted	<u><u>\$ 8,265,063</u></u>

Town Center Area Community Improvement District
Statement of Activities
For the Fiscal Year Ended May 31, 2009

Functions/Programs	Expenses	Program Revenue	Grants and Contributions	Net (Expense) Revenue and Change in Net Assets
Governmental activities:				
Administration	\$ 197,076		\$ 903	\$ (196,173)
Community improvements	<u>3,088,769</u>		<u>339,865</u>	<u>(2,748,904)</u>
Total governmental activities	<u>\$ 3,285,845</u>		<u>\$ 340,768</u>	<u>(2,945,077)</u>
General revenues:				
Property taxes				2,978,822
Unrestricted investment earnings				<u>125,380</u>
Total general revenues				3,104,202
Change in net assets				159,125
Net assets - beginning				<u>8,105,938</u>
Net assets - ending				<u>\$ 8,265,063</u>

Town Center Area Community Improvement District
Balance Sheet
Governmental Fund
May 31, 2009

Assets

Cash	\$ 84,911
Investments	8,447,194
Receivables:	
Taxes	52,764
Due from other governments	<u>97,291</u>
 Total assets	 <u><u>\$ 8,682,160</u></u>

Liabilities and fund balances

Liabilities:	
Accounts payable	\$ 417,097
Deferred revenue	<u>47,627</u>
 Total liabilities	 <u>464,724</u>
 Fund balances:	
Unreserved	
Designated for projects and studies	7,930,246
Undesignated	<u>287,190</u>
 Total fund balances	 <u>8,217,436</u>
 Total liabilities and fund balances	 <u><u>\$ 8,682,160</u></u>

Amounts reported for governmental activities in the statement of net assets are different because:

Property tax revenue earned but unavailable is not reported in the general fund	\$ 47,627
 Total Fund Balance	 <u>8,217,436</u>
 Net assets of governmental activities	 <u><u>\$ 8,265,063</u></u>

Town Center Area Community Improvement District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Fiscal Year Ended May 31, 2009

Revenues:	
Property taxes	\$ 2,931,195
Grant and contract revenue	339,865
Investment income	125,380
Miscellaneous	<u>903</u>
Total revenues	<u><u>3,397,343</u></u>
 Expenditures:	
Current:	
CID expenditures:	
Projects and studies	2,388,051
Administrative fees	117,234
Project consultant	60,000
Cobb County tax collection fees	25,000
Postage	127
Professional fees	35,879
Rent	8,400
Telephone	<u>1,450</u>
Total CID expenditures	<u><u>2,636,141</u></u>
 TMA expenditures:	
Projects and studies	640,718
Postage	449
Telephone	<u>8,537</u>
Total TMA expenditures	<u><u>649,704</u></u>
Total expenditures	<u><u>3,285,845</u></u>
Net change in fund balance	111,498
Fund balance at beginning of year	<u><u>8,105,938</u></u>
Fund balance at end of year	<u><u>\$ 8,217,436</u></u>

Town Center Area Community Improvement District
Reconciliation of the Statement of Revenues, Expenditures
And Changes in Fund Balance of the General Fund
For the Fiscal Year Ended May 31, 2009

Amounts reported for governmental activities in the Statement of Activities (page 3) are different because:

Net change in fund balance (page 5)	\$ 111,498
The net effect of revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>47,627</u>
Change in net assets of governmental activities	<u><u>\$ 159,125</u></u>

Town Center Area Community Improvement District
Notes to Financial Statements
For the Fiscal Year Ended May 31, 2009

The accounting methods and procedures adopted by the Town Center Area Community Improvement District conform to generally accepted accounting principles as applied to governmental entities.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Georgia Constitution was amended by the voters on November 6, 1984 to authorize the General Assembly to allow for the creation of community improvement districts by local law. On April 23, 1997, the Cobb County Board of Commissioners established the Town Center Area Community Improvement District (the "District") after owners of at least one half of commercial real property and 75 percent of commercial real property value in the Town Center Area Community Improvement District submitted written consents to the Cobb County Tax Commissioner. The District is not presented as a reporting entity in any other governmental unit.

The property owners of the District agreed to tax themselves up to an additional five mills per year to provide for street and road construction and maintenance, including curbs, drainage, sidewalks, streetlights, and devices to control the flow of traffic on streets and roads; public transportation, including, but not limited to, services intended to reduce the volume of automobile traffic, to transport two or more persons, to improve air quality, and to provide bicycle and pedestrian facilities and the operation of a Traffic Management Association or similar entity; parks and recreational areas and facilities; and planning, development, and improvement consistent with Cobb County's coordinated and comprehensive planning.

The District's Board of Directors is composed of seven members. One member is appointed by the Cobb County Board of Commissioners and six members are elected by the property owners of the District. The District's Board has decision making authority over the District.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The District's net assets are reported in three parts -invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the 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 or applicants who purchase, use, or directly benefit from goods, services, or privileges 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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Town Center Area Community Improvement District
Notes to Financial Statements
For the Fiscal Year Ended May 31, 2009

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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 both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources.

Private-sector standards of accounting and financial reporting issued prior to December 31, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

D. Cash and Investments

Statutes authorize the District to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated "AA" or better by Moody's Investors Service, Inc., negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association, repurchase agreements when collateralized by U.S. Government or agency obligations, and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

Investments for the district are reported at fair value. For the current year, investments include Georgia Fund 1. Georgia Fund 1 is managed under the policies included in Georgia Law (O.C.G.A. 36-83-4). The entire portfolio, including the District's pro-rata portion, consists of collateralized certificates of deposit and government or governmental agency securities owned outright and under agreement to resell. The title to all investments, including collateral pledged to secure certificates of deposits, is held in the custody of the Director, Fiscal Division, Department of Administrative Services, State of Georgia, in accordance with Georgia law. Since these investments are not evidenced by securities that exist in physical or book entry form, they are not classified by category of audit risk. The reported value of Georgia Fund 1 is the same as the fair market value of the pool shares.

Town Center Area Community Improvement District
Notes to Financial Statements
For the Fiscal Year Ended May 31, 2009

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Fund Equity

Designated fund balances represent tentative plans for future use of financial resources.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) CASH AND INVESTMENTS

At May 31, 2009, the District's cash deposits were fully insured.

The following is a summary of the District's investments at May 31, 2009:

<u>Description</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Georgia Fund I	AAAm	\$8,447,194	41 days

(3) DUE FROM OTHER GOVERNMENTS

Due from other governments consists of the following:

CMAQ reimbursement due from the Atlanta Regional Commission	<u>\$ 97,291</u>
--	------------------

(4) PROPERTY TAXES

Property taxes are levied in August of each year on the assessed value of commercial property for all owners within the district as of the preceding January 1. The taxes are billed and collected by the Cobb County Tax Commissioner and remitted to the District. Property taxes are due within 60 days of the levy. On this date, the bill becomes delinquent and penalties and interest may be assessed by the governmental unit.

Property taxes as of May 31, 2009 were levied on an estimated value of \$1,522,690,605 at a 40% assessed value for a total assessment of \$609,076,242. Taxes were levied at a rate of 5 mills (\$5 per \$1,000 of assessed property value).

Town Center Area Community Improvement District
Notes to Financial Statements
For the Fiscal Year Ended May 31, 2009

(5) COMMITMENTS

The District's board makes various project commitments on an ongoing basis. The Supplemental Schedule accompanying these financial statements provides a detail of open project contracts and cumulative expenditures as of May 31, 2009. In addition, during fiscal year end 2007 the Board approved a revised master plan for projects through 2015 with an estimated cost of \$65,800,643. This estimated cost includes contracts already in process which are included in the Supplemental Schedule.

The District has an agreement for administrative services whereby a monthly retainer of \$8,034 was paid during fiscal year 2009. Additionally, the District paid a monthly fee of \$700 for the use of related office amenities. This agreement was in effect until May 31, 2009 and provided for a 3% annual cost of living increase.

The District also has an agreement for management of its Transportation Management Agency (CobbRides), whereby the District paid a monthly fee of \$11,545 during fiscal year 2009. This agreement is set and approved annually.

(6) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance.

SUPPLEMENTAL INFORMATION

Town Center Area Community Improvement District
Comparative Balance Sheet
May 31, 2009 and 2008

	2009	2008
<u>Assets</u>		
Cash	\$ 84,911	\$ 100,300
Investments	8,447,194	8,937,918
Receivables:		
Taxes	52,764	4,528
Due from other governments	97,291	90,320
 Total assets	 \$ 8,682,160	 \$ 9,133,066
<u>Liabilities and fund balances</u>		
Liabilities:		
Accounts payable	\$ 417,097	\$ 1,027,128
Deferred revenue	47,627	-
 Total liabilities	 464,724	 1,027,128
Fund balances:		
Unreserved		
Designated for projects and studies	7,930,246	2,391,030
Undesignated	287,190	5,714,908
 Total fund balances	 8,217,436	 8,105,938
 Total liabilities and fund balances	 \$ 8,682,160	 \$ 9,133,066

Town Center Area Community Improvement District
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Years Ended May 31, 2009 and 2008

	2009	2008
Revenues:		
Property taxes	\$ 2,931,195	\$ 2,708,973
Grant and contract revenue	339,865	313,576
Sponsor income	-	10,000
Investment income	125,380	356,896
Miscellaneous	903	5,440
Total revenues	<u>3,397,343</u>	<u>3,394,885</u>
Expenditures:		
Current:		
CID expenditures:		
Projects and studies	2,388,051	2,285,116
Administrative fees	117,234	116,219
Project consultant	60,000	60,000
Cobb County tax collection fees	25,000	25,000
Postage	127	-
Professional fees	35,879	33,243
Rent	8,400	8,400
Telephone	1,450	2,031
Total CID expenditures	<u>2,636,141</u>	<u>2,530,009</u>
TMA expenditures:		
Projects and studies	640,718	505,060
Administrative fees	-	49,422
Postage	449	479
Telephone	8,537	5,672
Total TMA expenditures	<u>649,704</u>	<u>560,633</u>
Total expenditures	<u>3,285,845</u>	<u>3,090,642</u>
Net change in fund balance	111,498	304,243
Fund balance at beginning of year	<u>8,105,938</u>	<u>7,801,695</u>
Fund balance at end of year	<u>\$ 8,217,436</u>	<u>\$ 8,105,938</u>

Town Center Area Community Improvement District
Schedule of Cumulative Project Commitments and Expenditures
(Unaudited)
As of May 31, 2009

	<u>Commitments</u>	<u>Expenditures</u>	<u>Unexpended Balance</u>
Big Shanty Connector	\$ 1,869,214	\$ 1,590,549	\$ 278,665
South Barrett Reliever/Greer's Chapel	5,899,155	970,566	4,928,589
Greers Chapel Design Alternative	147,000	89,677	57,323
Sidewalk Engineering and ROW	280,000	200,498	79,502
Noonday Project	2,060,828	1,105,490	955,338
Chastain Road/Bells Ferry	842,294	-	842,294
Chastain Road/Bells Ferry Study and Design	105,874	105,874	-
Barrett Congestion Mitigation	115,000	94,301	20,699
Mall to Big Shanty	165,248	146,159	19,089
LCI Advancement	48,000	36,332	11,668
Home Center/Barrett Parkway Concept	57,200	57,200	-
Barrett Parkway/Cobb Place	2,069,204	1,924,913	144,291
I-75/Chastain Interchange Study	547,500	291,934	255,566
Wayfinding	187,293	36,860	150,433
I-575/SB at Barrett	205,000	70,211	134,789
Beautification	46,500	45,500	1,000
Maintenance	122,000	71,000	51,000
	<u>\$ 14,767,310</u>	<u>\$ 6,837,064</u>	<u>\$ 7,930,246</u>