File #22.09

Performance Audit:
BeltLine Special Service District
Financial Review 2022

October 2022

City Auditor's Office

City of Atlanta

CITY OF ATLANTA
City Auditor's Office
Amanda Noble, City Auditor
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Performance Audit:

BeltLine Special Service District:

Financial Review 2022

Why We Did This Audit

In March 2021, the Atlanta City Council approved Ordinance No. 21-O-0049, which created the BeltLine Special Service District and required the city auditor to provide a financial review of the district every two years. This is the first review undertaken.

What We Recommended

To guarantee that the entities meet bond requirements, the city's Chief Financial Officer and Chief Operating Officer should ensure that:

- AURA (Atlanta Urban Redevelopment Agency), ABI (Atlanta BeltLine, Inc.), and relevant city staff work with legal staff to create a memorandum of understanding that documents and clarifies roles, responsibilities, and processes.
- ABI and AURA update their written policies and procedures to include special service district language detailing how they will comply with bond requirements.
- ABI updates its chart of accounts to account for special service district financial information separately.

To ensure that City Council has the information needed to decide on the special service district tax rate, the city's Chief Financial Officer and Chief Operating Officer should:

- Lay out a reporting framework for ABI and AURA in the memorandum of understanding that includes periodic reports to council.

For more information regarding this report, please use the "contact" link on our website at www.atlaudit.org

What We Found

The Atlanta City Council created the BeltLine Special Service District in March 2021 to help fund the BeltLine trail project. The special service district is a targeted tax district in which commercial, industrial, and multi-family property owners pay additional property taxes to fund completion of the Atlanta BeltLine trail. Three main entities are responsible for administering the special service district: AURA (Atlanta Urban Redevelopment Agency), ABI (Atlanta BeltLine, Inc.), and the City of Atlanta. AURA issued a $95.1 million bond in December 2021 that was backed by special service district tax collections.

These entities lacked a shared understanding of bond requirements. We identified some inconsistencies and lack of clarity for bond requirements and for roles and responsibilities, which could pose a risk of noncompliance. For example, some responsibilities are listed for more than one entity, and entity staff's interpretations sometimes conflicted with bond documents. There is also a potential risk of excess tax collections. To mitigate this risk, city council can change the special service district tax rate. However, AURA's and ABI's current reports to council do not include enough detail for city council to make this decision.

AURA's and ABI's policies and procedures contained some gaps on how each would meet the bond requirements. ABI spent $14.2 million as of June 2022 and had not yet completed written policies and procedures for its activities within the special service district. AURA developed district-specific policies and procedures that contained most control activities mandated by the bond requirements but were missing procedures for key activities. Both entities could also strengthen internal controls within the policies and procedures.

Management Responses to Audit Recommendations

Summary of Management Responses

Recommendation #1: We recommend that the city's Chief Financial Officer and Chief Operations Officer ensure that AURA, ABI, and relevant city staff work with legal staff to create a memorandum of understanding. This memorandum should document and clarify roles and responsibilities of the parties, and processes for handling financial transactions, including reimbursement of project related costs, issuance and administrative fees, and bond repayment.

Response:	Status:	Estimated Completion Date (M/Y):
Agree	Not Started	12/31/2022

Recommendation #2: We recommend that the city's Chief Financial Officer and Chief Operations Officer ensure that ABI and AURA update written policies and procedures to include specific special service district language detailing how they will comply with bond requirements.

Response:	Status:	Estimated Completion Date (M/Y):
Agree	Not Started	10/31/2022

Recommendation #3: We recommend that the city's Chief Financial Officer and Chief Operations Officer should also ensure that ABI updates its chart of accounts to account for special service district financial information separately.

Response:	Status:	Estimated Completion Date (M/Y):
Agree	Started	10/31/2022

Recommendation #4: We recommend that the city's Chief Financial Officer and Chief Operating Officer lay out a reporting framework for ABI and AURA in the memorandum of understanding that includes providing periodic reports to City Council. These should be considered over the life of the bond to ensure that AURA can continue to meet bond payments. This framework should include tax collections compared to projections over the life of the bond, total bond funds spent to date, percentage completion for projects funded by special service district, and total amount in the discretionary fund for prepayment and for project costs, along with the amount and type of expenses.

Response:	Status:	Estimated Completion Date (M/Y):
Agree	Not Started	12/31/2022

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October 6, 2022

Honorable Mayor and Members of the City Council:

We conducted this audit in accordance with Ordinance No. 21-O-0049, which created the BeltLine Special Service District and required the city auditor to provide a financial review of the district every two years. This is our first review and covers the district's implementation from March 2021 to June 2022. The district's administration involves the city, AURA (Atlanta Urban Redevelopment Agency), and ABI (Atlanta BeltLine, Inc.). AURA issued a $95.1 million bond in December 2021 backed by special service district tax collections.

We found that the entities involved lacked a shared understanding of bond requirements and that AURA's and ABI's policies and procedures contained some gaps on how each would meet these requirements. We also found that the legal documents for the bond and special service district established some financial and programmatic controls. Our recommendations focus primarily on clarifying and documenting how each of the entities will meet the bond requirements through a memorandum of understanding, policies and procedures, chart of accounts, and a reporting framework.

The Audit Committee has reviewed this report and is releasing it in accordance with Article 2, Chapter 6 of the City Charter. We sent a draft report to management on August 2, 2022, and received their response on September 16, 2022. We appreciate the courtesy and cooperation of city staff throughout the audit. The team for this project was Lindsay Kuhn, Brian Hardman, and Myra Hagley. We also thank Dr. Bart Hildreth, Professor Emeritus at Georgia State University, for his assistance.

Amanda Noble
City Auditor

Danielle Hampton
Chair, Audit Committee

BeltLine Special Service District: Financial Review 2022

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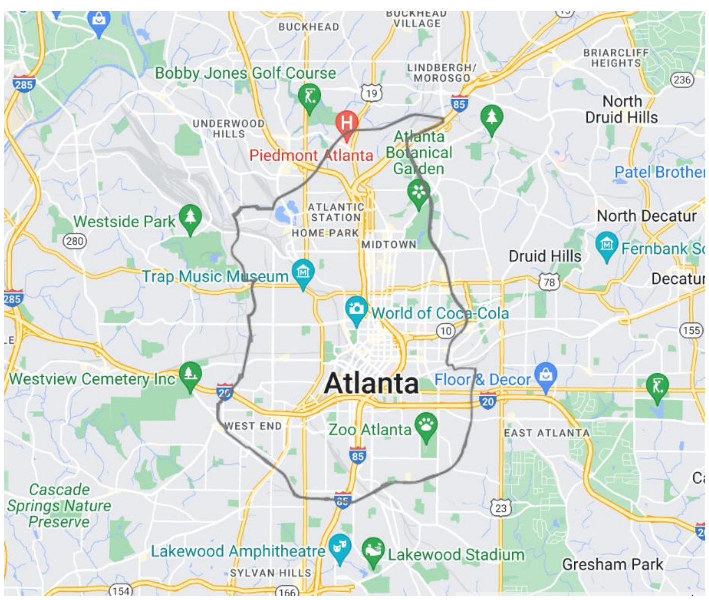
Introduction

In March 2021, the Atlanta City Council approved Ordinance No. 21-O-0049, which created the BeltLine Special Service District and required the city auditor to provide a financial review of the district every two years. The BeltLine Special Service District is a targeted tax district in which commercial, industrial, and multi-family property owners pay additional property taxes to fund completion of the Atlanta BeltLine trail. The special service district is projected to collect $100 million in property taxes to supplement the BeltLine project's current funding from the tax allocation district, philanthropic contributions, and grants. This is the first review undertaken in compliance with the ordinance.

Background

The BeltLine is an urban redevelopment project that includes multi-use trails. The city of Atlanta created the BeltLine in 2005 to develop underused industrial property and connect 45 neighborhoods along 22 miles of existing rail lines, as shown in Exhibit 1. The long-term project includes the development of multi-use trails, public parks, transit, and affordable housing. Construction on the Eastside trail is complete, and construction on the remaining trails in the western, northern and southern parts of the city is still underway.

Exhibit 1: BeltLine Loop and Trails Connect Several Neighborhoods



Source: Atlanta BeltLine, Inc. - https://beltline.org/map/

Initial Funding to Complete the BeltLine Fell Short

The city created a tax allocation district in 2005 as the primary means to fund the BeltLine, supplemented by grants and philanthropic contributions. Under the BeltLine tax allocation district, bonds were issued primarily to create public amenities that will attract development. Repayment of the bonds was secured using the increment from increased tax revenues within the district. The bond proceeds were primarily used to finance the acquisition and construction of the BeltLine trail. Property owners were not required to pay additional taxes. According to Atlanta BeltLine, Inc., the district did not collect as much revenue as projected due to the 2009 recession, legal disputes, tax abatements, and other factors. According to a 2021 consultant projection, the tax allocation district is estimated to generate an additional $100 million in revenue through 2030— $250 million less than is currently needed to finish the trail (estimated at a cost of $350 million).

City Created Special Service District to Provide Additional BeltLine Funding

In 2021, the Atlanta City Council created a special service district to help cover the budget deficit and complete the BeltLine trail. The city adopted three ordinances[1] which created the BeltLine special service district, identified the included parcels, established the millage rate for the tax, and authorized the issuance of bonds.

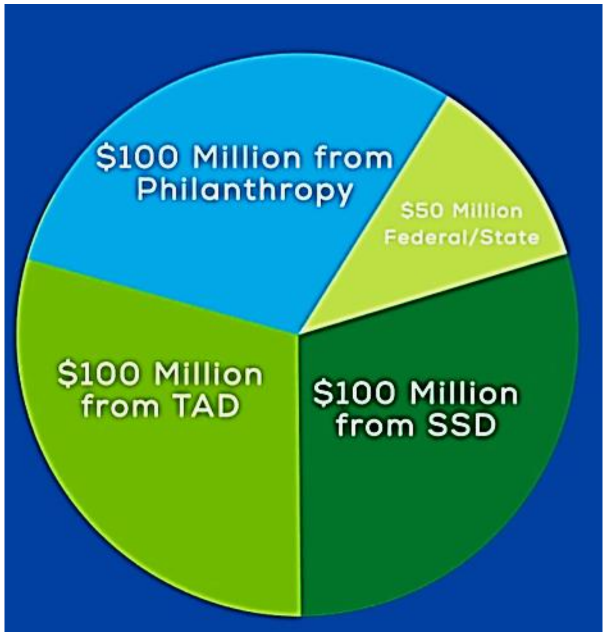
Under the special service district funding mechanism, commercial, industrial, and multi-family property owners pay additional property taxes to fund the trail. The tax is set at two “mills.” Each mill provides $1 in tax revenue for every $1,000 in taxable property.[2] A one mill tax levied against property valued at $100,000 would generate $100 in property tax revenue. The two mill tax, applicable to about 5,000 parcels of property within the district, is anticipated to generate at least $100 million in revenue. The tax revenue can be used to fund project-related costs within the district’s boundaries.

The $100 million in anticipated revenue from the special service district is in addition to an expected $100 million from philanthropic contributions. Combined with the anticipated $100 million from tax allocation district funding, BeltLine administrators plan to leverage this $300 million amount to apply for federal and state funding to

[1] Ordinance No. 21-O-0048, Ordinance No. 21-O-0049, and Ordinance No. 21-O-0052
[2] Each mill represents a 1/1,000 (.001) tax on property

finance the remaining $50 million of the $350 million total cost to construct the trail (see Exhibit 2).

Exhibit 2: Special Service District Funding Will Help Complete BeltLine Trail



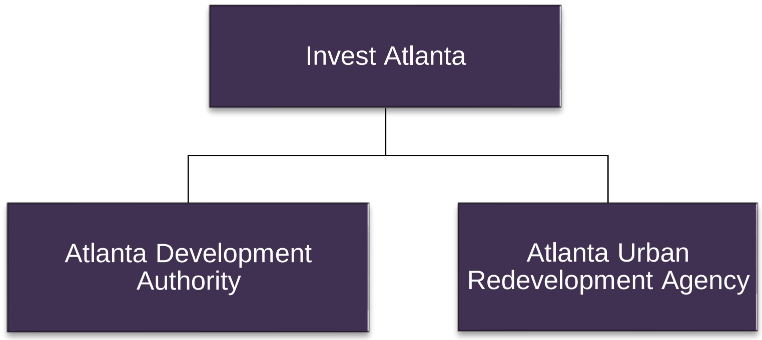
*Note: The projected SSD amount is based on December 2021 estimates prepared by a consultant.

Source: Atlanta BeltLine, Inc., https://beltline.org/the-project/special-service-district/, "The Benefits: How will SSD drive community benefits and achieve equitable implementation of the BeltLine?" video, 00:18, accessed 6/23/2022

Multiple Entities Involved in District Governance and Administration

Activities within the special service district are managed by several entities which are affiliated with Invest Atlanta, a public corporation that functions as the city's economic development agency. Invest Atlanta is responsible for managing several economic development programs on behalf of the city, including bond financing, loan programs to stimulate job creation, tax allocation district financing, new market tax credits, and affordable workforce housing. Invest Atlanta comprises ADA (Atlanta Development Authority), AURA (Atlanta Urban Redevelopment Agency), and two other entities that are not involved in the BeltLine Special Service District. Exhibit 3 shows the relationship of the BeltLine entities under Invest Atlanta. These four entities do business under the Invest Atlanta trade name but are separate legal entities with different development, redevelopment, and other project powers. They share the same staff, who are employed by ADA.

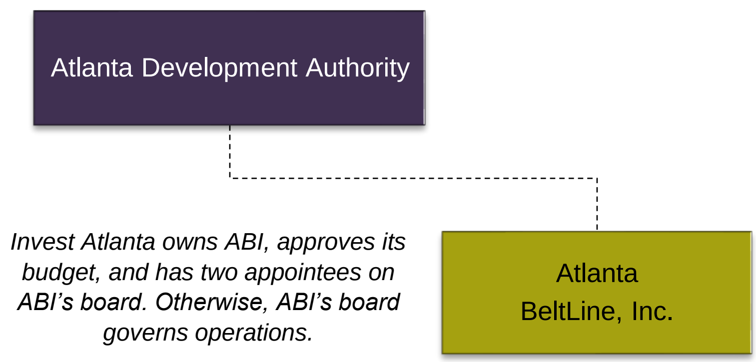
Exhibit 3: Two Invest Atlanta Entities are Involved with the BeltLine Special Service District



Source: Interviews with Invest Atlanta legal counsel and other staff and financial statements

ABI (Atlanta BeltLine, Inc.) is a subsidiary of ADA (see Exhibit 4) and employs its own staff. It was created as a legally separate entity by Invest Atlanta in 2006 to manage the BeltLine tax allocation district. Atlanta BeltLine, Inc. is responsible for managing trail construction, acquiring property, and other BeltLine redevelopment costs.

Exhibit 4: ABI is a Subsidiary of ADA



Source: Interviews with Invest Atlanta legal counsel and other staff and financial statements

$95 Million Special Service District Bond Issued by the Atlanta Urban Redevelopment Authority

Development projects in the special service district are financed in part by a bond, which will be repaid using revenue from the additional tax levied in the district. In 2021, AURA issued a $95 million bond.

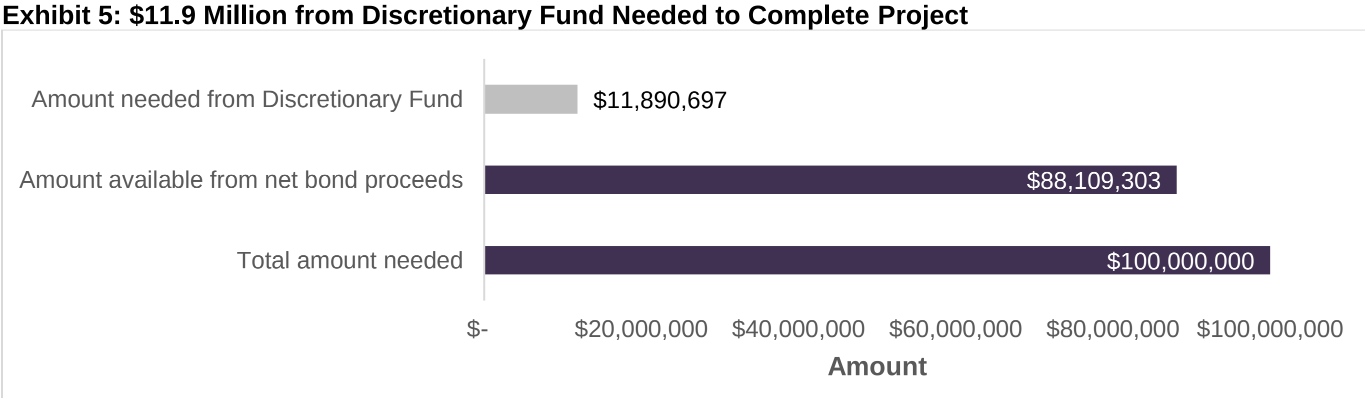
Several different documents contain guidance on bond roles. The documents include an intergovernmental implementation agreement among ADA, AURA, and ABI and an intergovernmental contract among the city, ADA, and AURA, which outline the entities' roles. The documents contain conflicting guidance, but generally provide that AURA issued the bonds and Atlanta BeltLine, Inc. spends the bond proceeds. Fulton County and DeKalb County are responsible for collecting the tax and city of Atlanta staff deposit tax revenue into a bank account held by the trustee, who maintains the account for the benefit of bondholders. ADA provides oversight and support to AURA.

The bond's final payment is in 2051, but AURA can repay the bond as soon as 2027. Based on projections by a private consultant, the district should collect enough money to pay back the bond by the due date even if there is no inflation. The bond was issued pursuant to a private placement memorandum—presented to potential investors in a private offering—rather than placed on the public bond market.

If the tax generates more revenue than needed for a given year's bond repayment, AURA can move the excess collections to a discretionary fund. From the discretionary fund, AURA can use the excess collections to pay for project costs or, after 2027, repay the bonds early. AURA can move excess collections to the discretionary fund annually as long as it meets the coverage ratio, which is 110% of the next year's debt service.

According to bond counsel, AURA issued the bond for less than the amount needed to complete the project as a result of market conditions and underwriting considerations. The discretionary fund allows AURA to raise the full $100 million needed (see Exhibit 5). Money in the discretionary fund can be used for any project-related costs, unlike money from the initial bond proceeds, which are limited to certain allowable expenses.

Exhibit 5: $11.9 Million from Discretionary Fund Needed to Complete Project

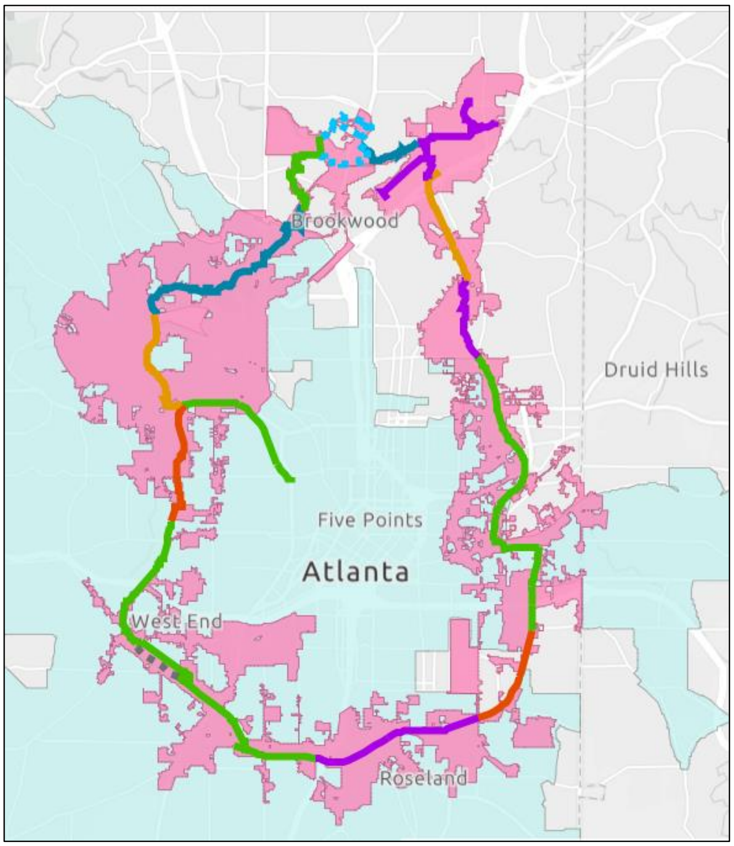


Source: Bond's private placement memorandum

Bond Funds Have Geographic Restrictions

The bond provisions restrict the use of bond funds to the special service district. AURA is restricted to working within the Urban Redevelopment Area Number 1 according to state law and the city's Urban Redevelopment Plan. Because AURA issued the bond, Atlanta BeltLine, Inc. can only spend bond proceeds in the area where the special service district and Urban Redevelopment Area overlap (see Exhibit 6).

Exhibit 6: Bond Proceeds Can Only be Spent in Special Service District and Urban Redevelopment Area Overlap



BeltLine Trail (multi-color) with special service district (pink) and Urban Redevelopment Area (light blue)

Source: ArcGIS map provided by Atlanta BeltLine, Inc.

Approximately 25% of special service district parcels are outside the Urban Redevelopment Area (see Exhibit 6). Parcels outside the overlap are mainly in the northeast, with a few in the northwest and southeast. Property owners in these areas are paying taxes for the special service district although Atlanta BeltLine, Inc. is unable to use bond proceeds directly for trail construction in these areas. Atlanta BeltLine, Inc. staff have stated that a completed BeltLine trail benefits all of these property owners, and the special service district frees up other sources of funding to contribute to areas outside the overlap. Some property owners along the Eastside trail and parts of the Westside trail are also paying into the district despite those sections being complete.

Other sources of funding, including the discretionary fund, tax allocation district funds, and funds from philanthropic contributions and grants are not subject to the same restriction. These funds can be spent outside the Urban Redevelopment Area. Atlanta BeltLine, Inc. reimbursed the tax allocation district $10.7 million from the special service district, which frees up tax allocation district funds that can be spent outside the overlap.

78% of Bond Proceeds Remain as of June 2022

Of the $95.1 million bond issued by AURA, the entities have spent $15.9 million and set aside $5.3 million as of June 2022. Bond issuance costs totaled $1.7 million, paid to bond counsel, legal counsel, financial advisors, and other specialists. The bond was issued with a debt service reserve requirement, which provides additional security for bondholders.

After these initial costs were paid, $88.1 million remained in bond proceeds. Atlanta BeltLine, Inc. spent $10.7 million of these proceeds to reimburse design, construction, and other allowable expenses and another $3.5 million on new project expenses. $73.9 million in bond proceeds remained as of June 2022, as shown in Exhibit 7, which is 77.7% of the initial $95.1 million issuance. Most of these expenses were for design and consultation expenses for parts of the Southside and Westside trails. The bond provisions allow for proceeds to be used to reimburse expenses incurred prior to bond issuance.

Exhibit 7: $73.9 Million in Bond Proceeds Remain as of June 2022

Purpose	Cost (In Millions)
Initial Bond Funds	$95.1
Bond Issuance Costs	($1.7)
Reimbursement of Prior TAD Expenses	($10.7)
Other Expenses	($3.5)
Total available after expenses	**$79.2**
Debt Service Reserve Set-Aside	$5.3
Total available after set aside	**$73.9**

Source: Bond’s private placement memorandum, IRS form, and requisitions provided by Invest Atlanta and Atlanta BeltLine, Inc.

Audit Objectives

This report addresses the following objectives:

- Do the governing entities have controls in place to ensure spending complies with program mandates and is accurately reported?
- Do the governing entities have controls in place to ensure progress in meeting the BeltLine's Special Service District program objectives?
- Do the entities have controls to ensure adequate debt service coverage and timely repayment?

Scope and Methodology

We conducted this audit in accordance with generally accepted government auditing standards. The scope of our audit focuses on special service district implementation from March 2021 to June 2022. For example, we did not review the methodology for determining which parcels would be included in the special service district. Future audits will be in two-year increments.

Our audit methods included:

- Reviewing bond documents, city ordinances, Georgia's code, and other documents to identify requirements
- Interviewing staff from each of the governing entities to clarify roles, processes, and understanding
- Evaluating ABI's and AURA's financial policies and procedures as compared to bond requirements and industry standards to identify any weaknesses or gaps
- Attending ABI's public meetings with the special service district advisory board on February 15 and April 26, 2022, and the northwest trail feasibility study on May 12, 2022, to gauge stakeholders' concerns and to better understand current project status
- Consulting with entities' legal counsel to clarify geographic restrictions, fees, and legal structure of Invest Atlanta
- Documenting BeltLine special service district and Urban Redevelopment Area No. 1 boundaries and parcels to identify the number of parcels outside of the overlap

- Interviewing external bond experts to assess risks and clarify bond requirements
- Assessing Atlanta BeltLine, Inc.'s internal controls for spending related to geographic requirements to identify any weaknesses or gaps
- Reviewing consultant's projections for special service district tax collections to assess how much funding may be moved to the discretionary fund
- Documenting the results of previous internal and external audits to help identify risks, industry standards, and common themes
- Evaluating supporting documentation for three requisitions as of March 2022 to examine whether expenses met bond requirements
- Reviewing Atlanta BeltLine, Inc.'s detailed budget for fiscal year 2023 to assess whether budgeted expenses met bond requirements and identify the amount of funds spent and budgeted to date
- Assessed Atlanta BeltLine, Inc. and AURA's annual reports and presentations to city council to examine whether they provide the needed detail for City Council to make decisions related to the special service district levy

Generally accepted government auditing standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Findings and Analysis

Governing Entities Lacked Shared Understanding of Bond Requirements

Our review of bond documents and interviews with ABI (Atlanta BeltLine, Inc.), AURA (Atlanta Urban Redevelopment Agency) and city staff identified some inconsistencies and lack of clarity in roles and responsibilities, which could pose risk of noncompliance. Documenting a clear, shared understanding of bond requirements would help to ensure that the entities meet requirements, spend designated bond funds on allowable expenses, streamline work, and repay the bonds on time.

The special service district is projected to collect more than the $100 million needed by the time AURA repays the bonds. To mitigate the risk of excess collections, the City Council can adjust the millage rate if the change does not impair AURA's ability to pay debt service on the bond. To determine this, council needs accurate, timely information to support decision-making. Although AURA and ABI provide several reports to City Council, none currently provide all of the information needed to consider changes to the millage rate. We recommend that the city create a reporting framework for ABI and AURA in a memorandum of understanding.

Differing Interpretations of Bond Requirements Pose Compliance Risk

The bond issuance package for the special service district contained over 60 documents, and no single document had all the bond criteria. The governing entities' descriptions of some criteria contradicted the bond documents, and the bond documents included some contradictory descriptions processes, tasks, and roles. The roles of various entities also conflicted within the documents. A document containing a clear, shared understanding of bond requirements would help to ensure that bonds meet all criteria.

Bond requirements were spread among many documents. The bond issuance package for the special service district comprised over 60 documents; no single document summarized all bond requirements. Instead, different documents had portions of requirements, which is common for bond issuances. In some cases, however, these disparate documents contained differing requirements. Also, the bond documents did not describe the roles for all entities involved or all bond administration processes.

Requirements for bond administration and governance were primarily covered in the following key documents:

- the private placement memorandum, which notified investors of the bond offering
- the master indenture and supplemental indenture, both of which laid out terms and conditions under which the bond was issued
- the voluntary continuing disclosure agreement, which contained the reporting specifications for AURA
- the intergovernmental agreements between entities, which detailed some roles—included 1) the intergovernmental contract among the City of Atlanta, ADA, and AURA; and 2) the intergovernmental implementation agreement among ADA, AURA, and ABI
- the tax certificate, which defined how funds would be used and invested

The bond documents also included certificates, directives, IRS forms, and requisition forms.

Attorneys hired by the governing entities prepared the bond documents. City staff told us that during preparation, the attorneys focused on ensuring compliance with applicable laws and regulations. After preparation, the entities responsible for administering the bonds must translate these requirements into processes.

Bond documents did not clearly define the roles of the governing entities. The difference in responsibilities between AURA and ADA was unclear. The intergovernmental agreement mentioned several duties for ADA, but it did not define AURA's role. Some of the duties assigned to ADA appeared to overlap with AURA's duties in other bond documents. For example, both entities were described as being responsible for approving ABI's (Atlanta Beltline, Inc.) policies and internal control procedures, as well as changes to its governance structure. In other documents, AURA's role was primarily related to tasks such as issuing and repaying the bonds. These tasks, which are undertaken in AURA's fiduciary role as an issuer, included approving ABI's budget, maintaining bond records, providing a certificate of "event of no default," moving funds into the discretionary fund, approving ABI's requisitions, and preparing annual disclosure reports.

The relationship between AURA and ADA is complex. Each is a legally separate entity with different powers and duties under state statute but share staff, which ADA employs (see Exhibit 3). Without clearly defined roles and responsibilities of the parties, tasks may be overlooked and not be completed, possibly risking noncompliance with bond requirements.

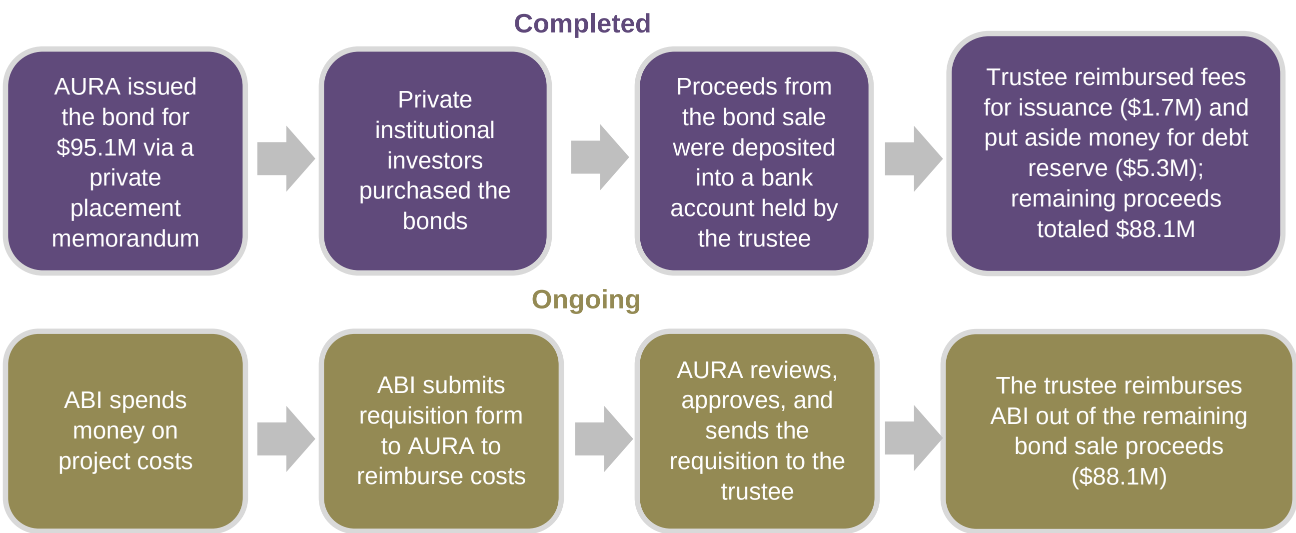
Governing entities had varying levels of familiarity with bond requirements. Four months after AURA issued the bond, the finance staff of one of the governing entities told us they were unfamiliar with the discretionary fund and several other essential bond requirements. At that time, ABI had already submitted three requisitions for reimbursement of project related expenses. In another example, we discussed administrative fees from the intergovernmental agreement with staff from one of the entities, who said they were unfamiliar with the final agreement, which was signed six months earlier. Although some staff were unfamiliar with these provisions and documents, other staff were aware of them. Additionally, many key positions in ABI changed during the bond document preparation.

Entities' understanding of requirements contradicted bond documents and each other in some cases. A document containing a clear, shared understanding of bond requirements would help to ensure that bonds meet all criteria. This includes spending bond funds on allowable expenses, avoiding default, and repaying the bonds on time.

First, the city and ABI had differing interpretations of the project timeline requirements. ABI staff told us that the IRS requires AURA to spend all bond proceeds ($88 million) within three years; however, city staff said that ABI is only required to show a reasonable expectation that it will spend the funds in this timeframe. If the city and ABI work together to come to a clear understanding of project timeline requirements, it may help to mitigate the risks of either not complying with regulations or spending funds inappropriately.

Second, city staff told us that the city's Chief Financial Officer was responsible for approving bond requisitions. The requisition form only showed approval from ABI and AURA, not the city. This is shown in Exhibit 8, which lays out the general requisition approval process. See Appendix B on page 15 for the full requisition form. The purpose of the requisition is to request reimbursement from the trustee for bond-related expenses. It is important for city staff to understand the level of oversight they have over the project.

Exhibit 8: AURA Approves Special Service District Requisitions



Source: Private placement memorandum and attachments; intergovernmental agreement between AURA, ABI, and ADA; and interviews with ABI and AURA staff

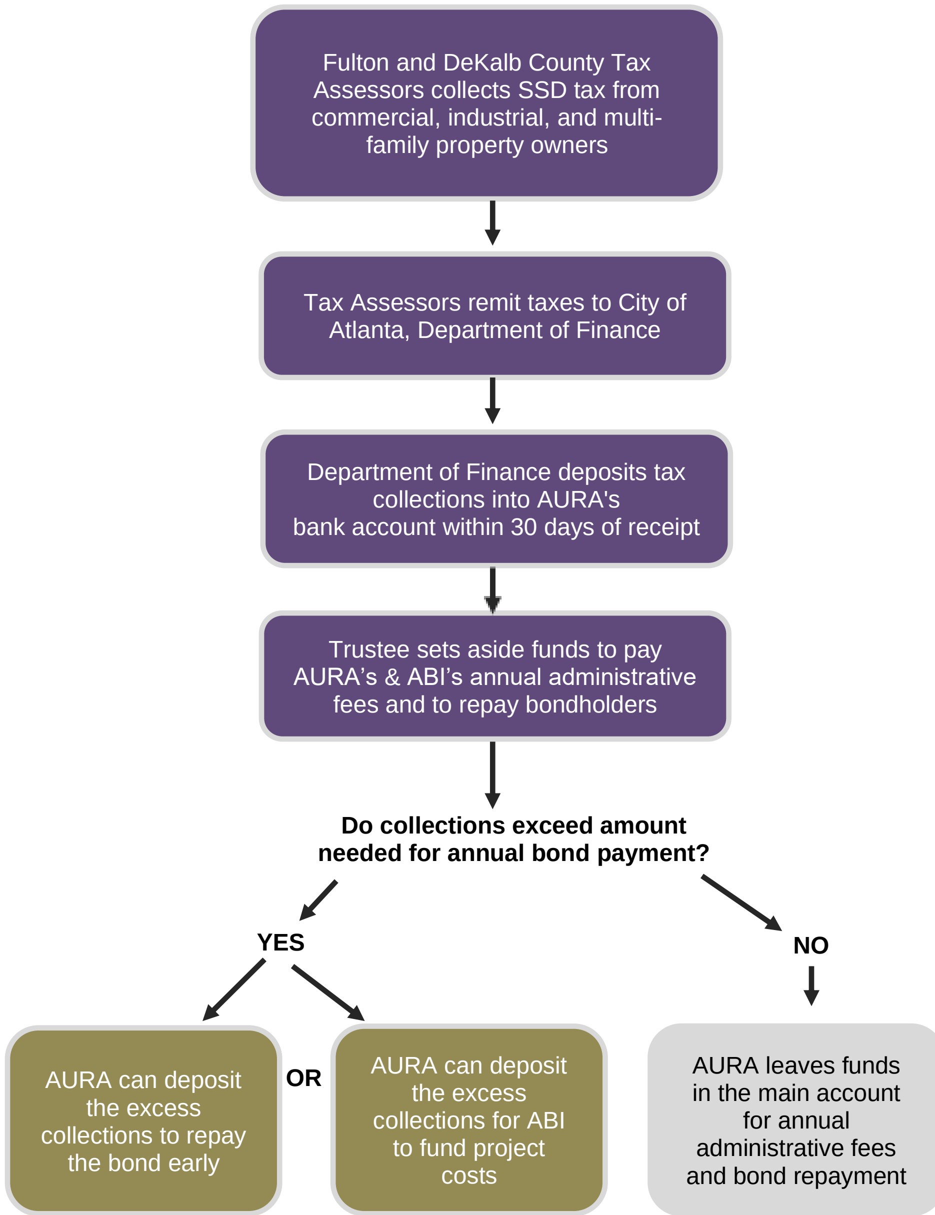
Third, AURA received $125,000 in issuance fees but was entitled to receive $142,635[3] per the intergovernmental agreement. AURA staff told us that they believed they had negotiated an issuance fee of $125,000 in another document. A single document summarizing requirements and fees could help clarify terms.

Fourth, city staff provided conflicting guidance from the bond documents on the length of time to transfer tax collections. If the city and counties can hold the collections for more than a day, they could invest the funds, and there is no guidance for how to handle profits or losses from these investments. City staff told us the documents required tax collections to be immediately transferred from one entity to the next (see Exhibit 9 for this process), but the bond documents stated the city has up to one month to send the funds to AURA's account after receiving the collections from Fulton and DeKalb counties. As Exhibit 9 shows, Fulton and DeKalb counties send the tax funds to the city, but bond documents do not specify a time requirement for the counties to remit that revenue to

[3] The intergovernmental agreement states that AURA's issuance fee is 15 basis points, or 0.15%, of the bond's total par amount. The total par for the bond was $95,090,000; $95,090,000 x 0.0015 = $142,635.

the city. Finance staff told us that the city does not invest these tax collections. The counties may, however, invest the collections.

Exhibit 9: Bond Documents Describe Tax Collection and Remittance



Source: Ordinance 21-O-0049, private placement memorandum, and interviews with AURA and ABI staff

Bond documents did not clearly outline all processes and responsibilities. AURA reviewed and approved ABI's requisitions and sent them to the trustee to reimburse ABI, which is consistent with the process outlined by the bond documents. AURA also requested reimbursement of its annual administrative fee for the bond from the trustee, but the bond documents did not include the process for handling AURA's reimbursement requests. ABI reviewed and approved the one invoice AURA has submitted, and then submitted the requisition back to AURA for review. While this keeps some incompatible duties separate, ABI also reports to Invest Atlanta, of which AURA is a part. This could pose a conflict of interest.

The bond documents also listed recordkeeping as a responsibility of both AURA and ABI, though some of ABI's monitoring and record-keeping duties were more clearly outlined in the tax certificate. According to discussions, the entities had a clear understanding of their individual recordkeeping duties; however, they were not documented. Documenting these responsibilities would help to ensure that the entities keep all required records.

To ensure that all entities are clear regarding their roles and responsibilities and comply with bond requirements, we recommend that the city's Chief Financial Officer and Chief Operations Officer ensure that AURA, ABI, and relevant city staff work with legal staff to create a memorandum of understanding. This memorandum should document and clarify roles and responsibilities of the parties, and processes for handling financial transactions, including reimbursement of project related costs, issuance and administrative fees, and bond repayment.

City Should Establish Reporting Guidelines to Ensure Transparency

Projections indicate that the special service district will likely collect more than the $100 million needed to repay the bond. AURA can use these excess tax collections to allow ABI to pay for extra project costs, or AURA can use the excess collections to pay off the bond early and end the tax. For example, excess collections can pay for the difference between bond proceeds and budgeted expenses, project expenses outside of the BeltLine Special Service District and Urban Redevelopment Area Number 1 overlap, or higher than anticipated project costs.

City council can also change the tax rate, although the rate cannot be less than needed to repay the bond. In order to make decisions regarding any changes to the existing tax rate, City Council needs timely and accurate information on project status, revenue projections, tax collections, and excess collections. ABI and AURA provide several reports to council, but none currently that provide the level of detail that is needed to track project revenue compared to expenses.

Tracking and reporting bond revenue should help to assess when enough tax is collected to complete the projects within the BeltLine and repay the bonds. AURA hired a consultant to project the special service district tax collections. The consultant projected three different scenarios based on different inflation rates, and the most likely outcome is that the district will collect more revenue than needed. It is also possible that there could be another recession or reduction in property values. City oversight could help ensure the tax rate matches need over the life of the bond.

AURA can pay the bond off any time after July 2027 if enough revenue is collected. Paying off the bond would end the special service district tax; however, AURA may also choose to not repay the bonds early and use the excess collections to pay for additional project-related costs or to save for future payments.

Because City Council can change the special service district tax rate, it has some control over the amount of excess or deficit collections but needs timely and accurate information to support decision-making. Exhibit 10 shows the existing reports as of July 2022 with each type of information provided, whether it had enough information for decision-making, and what the information provided or lacked. For example, Invest Atlanta provided several presentations to City Council throughout the year on the BeltLine Tax Allocation District, but these did not include the BeltLine Special Service District.

The bond documents required ABI to submit a public budget with useful details, such as estimated revenues, but the information is not sufficient to track excess tax collections. The voluntary continuing disclosures provide most of the details needed but are not mandatory. Because AURA issued the bond privately, the entities are not required to make the annual disclosure; instead, AURA agreed to provide continuing disclosures through a voluntary agreement. The city cannot enforce these disclosures, however, and AURA is not liable if it does not produce them.

Exhibit 10: Existing Reports May Not Provide Details Needed for City Council to Consider Changes to Tax Rate

Information Provided to City Council	Information Needed to Assess Tax Rate Modifications			
	Total SSD Bond Funds Spent to Date	% Completion for SSD-Funded Projects	Tax Collections Compared to Projections	Status & Uses of Discretionary Fund
City Council Reports	No Tax allocation district only. Does not apply to ABI	Partially Map of project statuses	No Tax allocation district only	No
Entities' Annual Reports	Partially ABI includes estimated uses of funds by source	Partially Map of project statuses	No	No
ABI's Annual Budget	Yes Estimated current expenses	No	Partially Projections only	No
Voluntary Continuing Disclosures	Partially Account balances for each fund, annual budget, and financial statements	No	Yes Total collections and updated projections	Yes Account balance for discretionary fund and transfers to the fund

Source: Invest Atlanta's and ABI's March 2022 quarterly presentations to City Council's Community Development/Human Services Committee, Invest Atlanta's May 2022 presentation to City Council's Finance and Executive Committee, Ordinance 20-R-4267, Invest Atlanta's and ABI's 2021 annual reports, and bond documents related to budget requirements and Voluntary Continuing Disclosure Agreement

We recommend that the city's Chief Financial Officer and Chief Operating Officer lay out a reporting framework for ABI and AURA in the memorandum of understanding that includes providing periodic reports to City Council. These should be considered over the life of the bond to ensure that AURA can continue to meet bond payments. This framework should include:

- updated projections
- tax collections compared to projections over the life of the bond
- total bond funds spent to date
- percentage completion for projects funded by special service district
- total amount in the discretionary fund for prepayment and for project costs, along with the amount and type of expenses

Legal Documents Established Some Financial and Programmatic Controls

The bond and other governing documents contain requirements that address bond administration, mitigate the risk of unallowable expenses, limit the possibility of missed bond payments, and reduce the risk of insufficient funds to repay the bonds. These requirements also help to reduce direct liability to the city as well as AURA and ensure proper financial reporting.

The requirements include a review process to reimburse ABI’s project expenses that limits the likelihood of unallowable expenses. A schedule of dates for the city to remit tax collections mitigates the risk of missed bond payments. The bond documents also place some limitations on the discretionary fund. The entities have some protections against liability to AURA and the city if special service district tax collections are too low to repay the bond. The trustee also cannot require AURA to pay the bond funds off immediately if AURA defaults, such as missing a bond payment.

The following sections outline the positive impacts of these requirements, along with a description of the control.

- Manages project costs — To be reimbursed for expenses, an authorized representative of ABI prepares a requisition and submits it to AURA for review and approval (see Exhibit 8). The bond documents stated that ABI must also submit an annual budget to AURA for review. These processes help both ABI and AURA to ensure that costs meet allowable expenses as defined in the bond documents.

- Ensures timely payments — The city deposits funds into the bank account held by the trustee on scheduled dates. The bond documents included a schedule of payments that showed the transfer date, payment date, and total amount for principal and interest. This schedule helps ensure that bondholders are paid on time.

- Reserves a portion for bond repayment — The bond documents required that AURA set aside and maintain $5.3 million in a debt reserve fund at all times to ensure repayment.

- Establishes controls for the discretionary fund — To control some of the risk associated with the discretionary fund, AURA can only transfer excess tax collections into the discretionary fund once per year. AURA must also maintain enough funds to cover 110% of the debt service for the next year. AURA can choose to use excess collections to repay the bond as early as July 2027. The discretionary fund is also restricted to BeltLine trail-related costs within the special service district.

- Protects city against nonperformance — The city can initiate action against AURA to compel performance or recover damages if AURA fails to meet any of the intergovernmental contract requirements. This helps to protect the city if AURA does not use the funds to repay the bonds.

- Provides city with control over tax rate — Only City Council can alter the tax rate. This control helps ensure that there is enough money to repay the bonds and cover budgeted project costs without the district amassing too much in excess collections. The bond documents also protected bondholders by restricting council from setting the tax rate lower than what is needed to repay the bond.

- Safeguards city's and AURA's assets — Typically, the trustee can declare the bond immediately payable in full if an event of default occurs. The BeltLine Special Service District bond documents, however, specifically protected AURA and the city from this situation even if either one defaults. An event of default could occur if insufficient revenues are collected, payments are late, or there is noncompliance with other bond requirements. The bond documents also clarified that only the special service district tax is paying the bonds; if the tax revenues are too low, there is no liability for AURA or for the city's general fund to cover the difference.

- Separates financials for transparency — The bond documents required the entities involved to maintain separate project funds and accounts. This helps to ensure accurate and transparent financial reporting.

Governing Entities Should Update Written Policies and Procedures

ABI spent $14.2 million as of June 2022 and had not yet completed written policies and procedures for its activities within the special service district. Spending bond funds without having clear, written policies and procedures poses a risk of noncompliance with bond requirements. AURA developed district-specific policies and procedures that contained most control activities mandated by the bond requirements but were missing procedures for key activities. Both entities could also strengthen internal controls within the policies and procedures. We recommend that the city ensure ABI and AURA update their written policies and procedures to include specific special service district information detailing how they will comply with bond requirements. We also recommend the city ensure ABI updates its chart of accounts to account for special service district financial information separately.

ABI Lacked Written Processes for Special Service District

ABI had no written policies and procedures to govern its responsibilities for the special service district, and instead, used its general financial policies and procedures to guide its operations within the district. As of June 2022, ABI had spent $14.2 million in the special service district. This includes $10.7 million that ABI used to reimburse the tax allocation district, freeing up those funds to be spent elsewhere; the remaining $3.5 million was spent on design, construction, and landscaping services. Lack of specific special service district processes prior to spending bond funds poses compliance risks. A table showing the aspects needed for ABI's policies and procedures are shown in Appendix C on page 32.

We compared ABI's overall financial policies and procedures with the bond documents to assess whether they contained provisions to meet all necessary bond requirements. We also assessed its policies and procedures based on the control activity categories from the GAO's (Government Accountability Office) *Standards for Internal Control in the Federal Government*, a standard for designing and evaluating internal controls.

ABI's policies included several internal controls outlined by the *Standards*, such as separation of incompatible duties and reviews of data; however, the document did not include information on how ABI would comply with bond requirements, such as identifying allowable expenses. ABI could also strengthen controls around requisition review. We found that ABI requested $18,937.62 more than the invoiced amount in one of the requisitions. Additionally, while the submitted invoices matched bond guidelines, ABI could strengthen internal controls by requesting additional backup from contractors or adding a space for project staff to certify that costs are reasonable.

The bond documents require ABI to separately report special service district financial information. We evaluated ABI's chart of accounts to see whether ABI's current accounting structure could meet this requirement. It was not clear how ABI would meet this requirement with the current chart of accounts. ABI staff told us they are updating the chart of accounts.

We reviewed ABI's procurement policies and procedures as well. They contained most of the suggested topics from an audit industry best practice for procurement policies and procedures, the Institute of Internal Auditor's *Auditing Procurement in the Public Sector*. ABI could further strengthen its procurement policies and procedures by describing how to: monitor contractor performance; audit for ethical contractor behavior; identify and remediate conflicts of interest; protect whistleblowers; and handle incidents of suspected fraud or other anticompetitive practices.

Effective internal controls, such as written policies and procedures, help organizations to comply with applicable laws and regulations and be effective and efficient. The bond documents and ordinances included requirements related to the following operational areas for ABI:

- allowable expenses, including geographic restrictions
- financial statements
- annual budget
- reporting
- requisition process and form
- record retention
- special service district advisory committee

Staff told us they were working on special service district-specific policies and procedures during the audit and provided a draft in July 2022.

AURA Could Strengthen Controls by Incorporating Additional Bond Requirements in Procedures

AURA's staff created separate special service district policies and procedures that contained internal controls and information on how it would comply with several bond requirements. We compared

AURA's policies and procedures against GAO's standards and the bond document requirements as referenced in the previous section. We found that AURA's policies and procedures contained most of the control activity categories, and its chart of accounts mostly allowed for detailed reporting. However, AURA lacked written controls and processes on certain bond requirements, such as reviewing projections against actuals, discretionary fund usage, and bond prepayment options. A table showing the aspects needed for AURA's policies and procedures are shown in Appendix C on page 32.

The bond documents and ordinances included requirements related to the following operational areas for AURA:

- interest and principal payment schedules and process
- restrictions on which funds can be used to pay off the bond
- debt reserve requirements
- discretionary fund process and allowable expenses
- annual budget requirements
- financial accounting and statements
- certificate of event of no default
- voluntary annual disclosure report requirements
- administrative fees
- prepayment process
- investing bond and tax funds

We recommend that the city's Chief Financial Officer and Chief Operations Officer ensure that ABI and AURA update written policies and procedures to include specific special service district language detailing how they will comply with bond requirements. The city's Chief Financial Officer and Chief Operations Officer should also ensure that ABI updates its chart of accounts to account for special service district financial information separately.

Recommendations

In order to ensure that all entities meet bond requirements, the city's Chief Financial Officer and Chief Operations Officer should:

1. Ensure that AURA, ABI, and relevant city staff work with legal staff to create a memorandum of understanding. This memorandum should document and clarify:
   - roles and responsibilities of the parties, and
   - processes for handling financial transactions, including
     a. reimbursement of project related costs,
     b. Issuance and administrative fees, and
     c. bond repayment
2. Ensure that ABI and AURA update their written policies and procedures to include specific special service district language detailing how they will comply with bond requirements.
3. Ensure that ABI updates its chart of accounts to account for special service district financial information separately.

In order to ensure that City Council has the information needed to decide on the tax rate, the city's Chief Financial Officer and Chief Operations Officer should:

4. Lay out a reporting framework for ABI and AURA in the memorandum of understanding. These reports should be considered over the life of the bond to ensure that AURA can continue to meet bond payments. This framework should include:
   - tax collections compared to projections over the life of the bond,
   - total bond funds spent to date,
   - percentage completion for projects funded by the special service district,
   - total amount in the discretionary fund for prepayment and for project costs, along with the amount and type of expenses.

Appendices

Appendix A: Management Review and Response to Audit Recommendations

Report # 22.09	Report Title: BeltLine Special Service District: Financial Review 2022	Date: September 2022

Recommendation 1:	**Risk Category:**	**Response:**
We recommend that the city's Chief Financial Officer and Chief Operations Officer ensure that AURA, ABI, and relevant city staff work with legal staff to create a memorandum of understanding. This memorandum should document and clarify roles and responsibilities of the parties, and processes for handling financial transactions, including reimbursement of project related costs, issuance and administrative fees, and bond repayment.	Legal/Regulatory Compliance	Agree

Related Findings:

1. Bond documents did not clearly define the roles of the governing entities (AURA, ABI, ADA, and the city). For example, both AURA and ADA are described as responsible for approving ABI's policies and internal controls.
2. Entities' understanding of requirements contradicted bond documents and each other in some cases. For example, city staff told us the city's Chief Financial Officer approved bond reimbursements, but the bond documents show that this position does not approve reimbursements.
3. Bond documents did not clearly outline all processes and responsibilities. For example, both AURA and ABI are listed as being responsible for record-keeping.

Proposed Action:	**Current Status:**
AURA, ABI and relevant City of Atlanta staff will work with the City of Atlanta's Legal department to create a memorandum of understanding, which will contain the various roles and responsibilities of each of AURA, ABI, ADA and the City of Atlanta within a single document, including, but not limited to, fees; criteria including allowable expenses, avoiding default and repaying bonds on time; project timelines; and the reporting framework during the required reporting period set forth in the applicable bond documents and the Intergovernmental Agreement dated October 21, 2020, all as required under the existing bond documents.	Not Started
Business Owner: AURA, ABI, City of Atlanta staff, City of Atlanta Legal department	**Estimated Implementation Date (M/Y):** 12/31/2022

Additional Comments: Not applicable

Recommendation 2:	**Risk Category:**	**Response:**
We recommend that the city's Chief Financial Officer and Chief Operations Officer ensure that ABI and AURA update written policies and procedures to include specific special service district language detailing how they will comply with bond requirements.	Legal/Regulatory Compliance	Agree

Related Findings:

1. ABI had no written policies and procedures specific to the special service district but had spent $14.2 million on project expenses. ABI staff are currently working on a draft of district-specific policies and procedures.
2. ABI's general financial policies and procedures included several internal controls from an audit industry standard.

3. AURA had separate special service district policies and procedures that contained internal controls and information on how it would comply with several bond requirements. This document contained most of the control activity categories, and its chart of accounts mostly allowed for detailed reporting. However, AURA lacked written controls and processes on certain bond requirements, such as reviewing projections against actuals, discretionary fund usage, and bond prepayment options.	
Proposed Action: AURA and ABI will update their written policies and procedures to include specific special service district language that details how they will comply with bond requirements, including but not limited to reviewing projections against actuals, discretionary fund usage, and bond prepayment options. AURA and ABI will conduct a review of their internal controls and make the necessary updates to strengthen such controls. ABI will also review their procurement policies and procedures and make updates to strengthen the policies and procedures.	**Current Status:** Not Started
Business Owner: AURA, ABI	**Estimated Implementation Date (M/Y):** 10/31/2022
Additional Comments: Not applicable	

Recommendation 3:	**Risk Category:**	**Response:**
We recommend that the city's Chief Financial Officer and Chief Operations Officer should also ensure that ABI updates its chart of accounts to account for special service district financial information separately.	Legal/Regulatory Compliance	Agree
Related Findings: 1. The bond documents require ABI to separately report special service district financial information. We evaluated ABI's chart of accounts to see whether ABI's current accounting structure could meet this requirement. It was not clear how ABI would meet this requirement with the current chart of accounts. ABI staff told us they are updating the chart of accounts.		
Proposed Action: ABI will update its chart of accounts to separately account for special service district financial information.		**Current Status:** Started
Business Owner: ABI		**Estimated Implementation Date (M/Y):** 10/31/2022
Additional Comments: Not applicable		

Recommendation 4:	**Risk Category:**	**Response:**
We recommend that the city's Chief Financial Officer and Chief Operating Officer lay out a reporting framework for ABI and AURA in the memorandum of understanding that includes providing periodic reports to City Council. These should be considered over the life of the bond to ensure that AURA can continue to meet bond payments. This framework should include tax collections compared to projections over the life of the bond, total bond funds	Monitoring and Reporting	Agree

spent to date, percentage completion for projects funded by special service district, and total amount in the discretionary fund for prepayment and for project costs, along with the amount and type of expenses.		

Related Findings:

1. Projections show the special service district will likely collect more than the $100 million needed to repay the bond. AURA can use these excess tax collections to pay off the bond early (and end the tax early) or for additional project costs. City Council can also change the tax rate for the special service district but needs certain information to make this decision. AURA and ABI currently provide several reports to City Council, but none of these provide the needed information.

Proposed Action: Within the MOU described in Recommendation 1, AURA and ABI will include the existing reporting framework outlined among the various bond documents, which will include how much special service district-related bond funds have been spent to date, including whether from AURA bond proceeds or from excess SSD levy collections; percentage completion for special service district-funded projects; status, uses and amounts of the discretionary fund; periodic reports provided to City Council during the required reporting period set forth in the applicable bond documents and the Intergovernmental Agreement dated October 21, 2020; tax collections compared to projections over the life of the bond; total bond funds spent to date; and reporting timelines, all as required under the existing bond documents.	**Current Status:** Not Started
Business Owner: AURA, ABI, City of Atlanta staff, City of Atlanta Legal department	**Estimated Implementation Date (M/Y):** 12/31/2022

Additional Comments: Not applicable

Appendix B: Project Requisition Form

EXHIBIT B

FORM OF REQUISITION

Requisition No. ___

Regions Bank, as trustee
Atlanta, Georgia

Re: Atlanta Urban Redevelopment Agency Revenue Bonds (Atlanta BeltLine Trail Corridor Project), Series 2021

Pursuant to the provisions of the Bond Resolution of the Atlanta Urban Redevelopment Agency (the *"Agency"*), adopted on September 16, 2021, as supplemented and amended from time to time (the *"Bond Resolution"*), the Master Trust Indenture between the Agency and Regions Bank (as trustee and construction fund custodian) dated as of December 1, 2021, as supplemented and amended from time to time (the "Indenture"), and the Intergovernmental Agreement, dated as of December 1, 2021 (the *"Intergovernmental Contract"*), between and among the Agency, The Atlanta Development Authority (the *"Authority"*) and the City of Atlanta, you are hereby directed to disperse from the Construction Fund referred to in the Indenture (the *"Construction Fund"*) the amounts set forth below in connection with the above-referenced bond issue (the *"Bonds"*). All capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Indenture.

I, as an Authorized Representative of Atlanta BeltLine, Inc., as Project Manager ("ABI"), hereby submit for disbursement of funds for the payment of costs and expenses related to the Project and, in connection therewith, I HEREBY CERTIFY as follows:

(i) That an obligation in the amount of $________________________ has been incurred by the Agency, and that the same is a proper charge against the Construction Fund, such amounts were incurred for all or a portion of the costs and expenses related to the Project and has not been the basis of any previous requisition from the Construction Fund.

(ii) The amount requested to be disbursed by this Requisition: (a) is a portion of the Costs of the Project authorized for funding under the Bond Resolution and Intergovernmental Contract; and (b) includes only costs incurred for work, materials, equipment and other property that have been incorporated into the Project.

(iii) The total amount requested to be disbursed pursuant to this Requisition is $________________________. As set forth in Schedule I attached hereto, of the total amount of such disbursement:

(a) $_____________ is to be paid to the **[Agency][Authority][City][ABI]** as reimbursement to the **[Agency][Authority][City][ABI]** for an invoice or statement previously paid by the **[Agency][Authority][City][ABI]** to an entity that is not affiliated with the

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[Agency][Authority][City][ABI] or to an affiliate whose contract has been determined by the Agency to be an "arms-length" agreement; and

(b) $____________ is to be paid to the **[Agency][Authority][City][ABI]** (as described above) or a third party payee that is not affiliated with the **[Agency][Authority][City][ABI]** (including any mortgagee or trust deed beneficiary, contractor or supplier of materials) or on a joint basis to the **[Agency][Authority][City][ABI]** and such affiliate or third party payee with respect to an expense previously incurred but unpaid and owing.

(iv) Such obligations should be paid as costs and expenses of the Project from the net proceeds of the Bonds.

(v) All bills, statements of account, invoices or other evidence of the payment obligations to which such requisition relates are on file at the office of the Agency, and copies of the same may be requested by the Trustee.

(vi) All amounts previously requisitioned for payment to a third-party payee have been paid to such third party payees.

ATLANTA BELTLINE, INC.

Date: ________________ By: ______________________________
Authorized Representative

APPROVED

ATLANTA URBAN REDEVELOPMENT AGENCY

By: ______________________________
Authorized Representative

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SCHEDULE I

DISBURSEMENTS

(1) Total amount of disbursement pursuant to this Requisition: $________________

(2) Disbursement to the **[Agency][Authority][City][ABI]**:

Item	Vendor	Invoice #	Account Name/Description of Public Improvement	Amount	Payment Instructions*
1.	[See Attached Documents.]				
2.					
3.					
	Total			$	

(3) Payment to third-party payees:

Item	Vendor	Invoice #	Account Name/Description of Public Improvement	Amount	Payment Instructions*
1.					
	Total Vendor				
2.					
	Total Vendor				
3.					
	Total Vendor				
	Total			$	

The items listed for reimbursement to the **[Agency][Authority][City][ABI]** or payment to third-party payees are supported by attached copies of invoices, statements or other proof of expenditures.

* If a check is to be mailed, include payee address. In the case of a wire transfer, include bank name, address, contact name at bank, ABA number and account number.

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Appendix C: Policies and Procedures Contain Most Control Activities but Need More Detail to Describe Bond Requirements

Legend: Atlanta BeltLine, Inc. | AURA

Control Activity Category		Level of Control		
Name	Purpose	Written in Policies & Procedures	Unwritten Practices	No Written or Unwritten Controls
Segregation of duties	Ensures no one individual controls all key aspects of a process. This reduces the risk of error, misuse, and fraud	• Check, monthly reconciliation, and close-out processes	• Check deposits	N/A
		• Requisition process, including reviews • Bank reconciliations	N/A	N/A
Reviews by management at the functional or activity level	Assesses the difference between planned and actual performance to decide how to meet planned results	N/A	Tracking budget against actuals in accounting system and monthly reviews	N/A
		N/A	N/A	Reviewing levy projections against actuals
Controls over information processing	Checks information entered to reduce the risk of inaccurate data	• Regular reviews of repair/maintenance accounts and capital asset ledgers • See "access restrictions"	N/A	N/A
		• Requisition review • Bank reconciliation	• Monthly transaction review • Annual account reconciliations	N/A
Proper execution of transactions	Guarantees that transactions are authorized and executed by only those individuals who are empowered to do so. This reduces the risk of unauthorized changes and errors	• Restrictions for mail access, invoice approval, and check authorization • Capital and construction expenses must be approved before purchase	• Clarified accounts receivable process	N/A
		• Restrictions on requisition approval	• Tasks missing assigned personnel- focus on segregation of duties rather than titles	N/A
Accurate and timely recording of transactions	Confirms transactions are entered promptly so that financial records are accurate and up-to-date	• Weekly transaction review and check cutting, monthly bank reconciliations, monthly and annual financial close-outs, and annual capital assets reconciliation • Invoice entities every 1-3 months.	• Invoices submitted and reviewed weekly	N/A
		• Monthly bank reconciliation	N/A	• No time limits for departments to submit an invoice or for the Controller to review
Access restrictions to, and accountability for, resources and records	Restricts information and resource access and assigns individuals to maintain this. This reduces the risk of errors, unauthorized changes, fraud, and misuse	• Restricted access for electronic invoices, payroll and benefits account, and bank reconciliations • Unique account codes for assets and projects.	N/A	N/A
		N/A	• Finance's shared drives restricted	N/A
Appropriate documentation of transactions and internal control	Guarantees that processes and controls are documented, communicated, and up-to-date for clarity. This reduces the risk of not following procedures	• Written financial policies and procedures, accounting software, and electronic bank reconciliation files	• Task assignments for accounts receivable process	N/A
		• Written policies and procedures and electronic requisition and bank reconciliation files	• N/A	• N/A
Compliance with bond documents	Ensures policies and procedures describe how entities will meet and comply with bond requirements	N/A (currently drafting)	• Geographic allocations • Requisition process • Financial reporting and budgeting • Record retention • SSD Advisory Committee	• Allowable expenses for bond proceeds and discretionary fund
		Interest payment schedule • Funds to pay off bonds • Separate financial accounts • Requisition process	• AURA's reimbursement process • Investing bond and tax funds	• Reserve requirement • Discretionary fund process • Allowable expenses • Annual budget • Certificate of event of no default • Annual disclosure report • Prepayment process

Note: The following control activities were not applicable to the entities' financial policies and procedures and were excluded from this table: top-level reviews of actual performance, management of human capital, physical control over vulnerable assets, and establishment and review of performance measures and indicators.

Source: AURA's and Atlanta BeltLine, Inc.'s financial policies and procedures as compared to bond requirements and the GAO's *Standards for Internal Control in the Federal Government*