

**MCPHERSON PLANNING LOCAL
REDEVELOPMENT AUTHORITY**

Basic Financial Statements

December 31, 2006

(With Independent Auditor's Report Thereon)

**MCPHERSON PLANNING LOCAL
REDEVELOPMENT AUTHORITY**

December 31, 2006

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INDEPENDENT AUDITOR'S REPORT

**The Board of Directors of the
McPherson Planning Local
Redevelopment Authority
Atlanta, Georgia**

We have audited the accompanying basic financial statements of the **McPherson Planning Local Redevelopment Authority** (the "MPLRA"), as of December 31, 2006 and for the period since inception then ended. These financial statements are the responsibility of the MPLRA'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the McPherson Planning Local Redevelopment Authority as of December 31, 2006, and the changes in its financial position and its cash flows for the period since inception then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2008 on our consideration of the MPLRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The MPLRA has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

Mauldin & Jenkins, LLC

Atlanta, Georgia
October 15, 2008

MCPHERSON PLANNING LOCAL REDEVELOPMENT AUTHORITY
STATEMENT OF NET ASSETS
DECEMBER 31, 2006

Assets		
Cash		\$ 36,816
Due from other government:		115,772
Total assets		<u>152,588</u>
Liabilities		
Accounts payable		247,803
Due to other governments		27,619
Total liabilities		<u>275,422</u>
Net Assets (Deficit)		
Unrestricted		<u>(122,834)</u>
Total net assets (deficit)		<u>\$ (122,834)</u>

See accompanying notes to financial statements.

MCPHERSON PLANNING LOCAL REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2006

Operating revenues:		
Intergovernmental revenue		\$ 483,911
Total operating revenues		<u>483,911</u>
Operating expenses:		
General and administrative		<u>606,745</u>
Total operating expenses		<u>606,745</u>
Operating loss		(122,834)
Change in net assets		(122,834)
Net assets at inception		<u>-</u>
Net assets (deficit) at end of year		<u><u>\$ (122,834)</u></u>

See accompanying notes to financial statements.

MPHERSON PLANNING LOCAL REDEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2006

Cash flows from operating activities:	
Receipts from grantors	\$ 368,139
Payments to suppliers and vendors	(177,210)
Payments to employees	(154,113)
Net cash provided by operating activities	36,816
Net increase in cash	36,816
Cash at inception	-
Cash at end of year	\$ 36,816
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (122,834)
Adjustment to reconcile operating loss to net cash provided by operating activities:	
(Increase) decrease in:	
Due from other governments	(115,772)
Increase (decrease) in:	
Accounts payable	247,803
Due to other governments	27,619
Net cash provided by operating activities	\$ 36,816

See accompanying notes to financial statements.

**MCPHERSON PLANNING LOCAL
REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

(1) Summary of Significant Accounting Policies

(a) *The Financial Reporting Entity*

In December of 2005, the McPherson Planning Local Redevelopment Authority, Inc. (the "MPLRA") was incorporated as a public nonprofit corporation for purposes of planning the reuse and economic development of the real estate and other assets presently comprising Fort McPherson, Georgia, a military installation which has been selected for closure by the United States Department of Defense and the Independent Base Realignment and Closure Commission.

A Board of Directors consisting of eleven (11) members, of whom eight (8) are appointed by the Mayor of the City of Atlanta and of whom three (3) are elected officials serving *ex officio*, to manage the affairs of the corporation. Any vacancies on the Board of Directors, except those of the elected officials serving *ex officio* shall be filled by appointment by the Mayor of the City of Atlanta.

As a public corporation, the MPLRA meets the definition of a governmental entity and follows accounting principles generally accepted in the United States of America ("GAAP") for governmental entities. The Governmental Accounting Standards Board ("GASB") is the standard setting body for governmental GAAP.

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

The 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.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in the financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance subject to this same limitation. The MPLRA has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. However, the principal operating revenue of the MPLRA is intergovernmental revenue from the Office of Economic Adjustment for the base reuse planning process. Operating expenses for the fund include direct general and administrative expenses of the MPLRA. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the MPLRA's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTES TO THE FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies (Continued)

(c) *Management Estimates*

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

(d) *Cash and Cash Equivalents*

For the purposes of the statement of cash flows, the MPLRA considers all short-term investment securities with original maturities of three months or less, local government investment pools, repurchase agreements, money market accounts, and investment agreements under which funds can be withdrawn at any time without penalty to be cash equivalents.

(2) Deposits and Investments

(a) *Credit Risk* The MPLRA is authorized to invest in obligations or investments as determined by the Board of MPLRA, subject to any agreement with bondholders and with applicable law. As of December 31, 2006, the MPLRA did not have any investments other than deposits with financial institutions.

(b) *Custodial Credit Risk-Deposits* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2006, the MPLRA had no bank balances that were exposed to custodial credit risk.

(3) Due from Other Governments

Amounts due from other governments consist of reimbursement for grant expenditures incurred during the fiscal year. At December 31, 2006, the entire amount reported as due from other governments consisted of \$115,772, which is due from the Office of Economic Adjustment.

(4) Contingencies

Amounts received or receivable from grant agencies are subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time although the MPLRA expects such amounts, if any, to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS

(4) Contingencies (Continued)

The MPLRA is subject to various legal proceedings and claims which arise in the ordinary course of its business. In the opinion of management, based on the advice of legal counsel, the amount of ultimate liability, with respect to these actions, will not materially affect the financial position or results of operations of the MPLRA.