

**URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA**
(A Component Unit of the Atlanta Development Authority)

Basic Financial Statements

June 30, 2007

(With Independent Auditors' Report Thereon)

**URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA**
(A Component Unit of the Atlanta Development Authority)

June 30, 2007

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Urban Residential Finance Authority
Atlanta, Georgia

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component units, and each major fund of the **Urban Residential Finance Authority** (the "Authority"), a component unit of the Atlanta Development Authority, as of and for the year ended June 30, 2007, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Lakewood Hills, Inc. which represents 99% of the assets and 94% of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Lakewood Hills, Inc. is based solely on the report of the other auditors.

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 and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, and each major fund of the Urban Residential Finance Authority as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2007 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis (on pages 3 through 7) is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 17, 2007

**URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA
(A Component Unit of the Atlanta Development Authority)
Management's Discussion and Analysis (Unaudited)
June 30, 2007**

As management of the Urban Residential Finance Authority (the "Authority" or "URFA"), we offer readers of URFA's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended June 30, 2007. Beginning January 1, 2006 URFA adopted a new fiscal year end of June 30. This change was made in unison with the City of Atlanta. The change in fiscal year end results in 2007 representing twelve (12) months of activity compared to 2006 which included six (6) months of activity. The financial analysis represented in management's discussion and analysis represents the fiscal year from July 1, 2006 to June 30, 2007, a twelve month period.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the fiscal year ended June 30, 2007 by \$10,759,532 (*net assets*). Of this amount, \$4,273,071 (*unrestricted net assets*) may be used to meet the Authority's ongoing obligations to citizens and creditors.
- The Authority's total net assets decreased by \$4,706,680 during the fiscal year ended June 30, 2007. This change in net assets is primarily due to an increase in the Restricted Program Fund's allowance for doubtful receivables of \$2,997,391 and an increase in the Administrative Fund's allowance for doubtful receivables of \$1,597,313. It is important to look at the change in net assets with a business perspective as well as from a governmental focus. The chart below lists the change in net assets from a business perspective.

	<u>Change in Net Assets</u>
Administrative Fund:	
Income prior to items described below	(\$152,444)
2007 Additions to the Bad Debt Reserve	<u>(1,597,313)</u>
Change in Net Assets on Administrative Fund	(\$1,749,757)
Restricted Program Fund	<u>(2,956,923)</u>
Total Net Change in Assets from Both Funds	<u>(\$4,706,680)</u>

The operating loss for URFA before additions to the bad debt reserve was (\$152,444). In 2007, URFA, as part of its normal review of receivables, increased its bad debt reserve by \$1,597,313. After the bad debt reserve adjustment described above, the change in net assets on the Administrative Fund was a decrease of \$1,749,757.

The Restricted Program Fund was created for a purpose other than revenue generating. The two funds in the restricted program funds are the Vine City Housing Trust Fund and the Mortgage Assistance Program. The Vine City Housing Trust Fund was established in 1989 to provide affordable single and multi-family low interest loans. The Trust Fund was established primarily as a result of commercial development with the Vine City corridor and financed using the 1% hotel sales tax dollars. In 2007, the change in net assets includes a \$2,997,391 increase in the bad debt reserve. This increase was based on two items. First, our normal review of the receivables identifying specific doubtful accounts together with establishing a general reserve (\$239,261). The second item represents an analysis of two loans which during their repayment period are interest free. Allowances were recorded to reflect the estimated present value of these loans (\$2,758,130).

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The Mortgage Assistance Program (MAP) assists first (1st) time home buyers, providing them a deferred second mortgage that will be forgiven at the end of a five (5) year period if they remain in their home. The net amount of assistance provided in 2007 was \$775,000. The primary function of the Restricted Program Funds is to provide assistance to the community.

The Administrative Fund and the Restricted Program Fund combined for a decrease in total net assets for 2007 in the amount of (\$4,706,680). The Statement of Activities presents the same net change in assets but combines the functions on both funds from a governmental perspective.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise three (3) components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Authority's finances, including information related to its component units.

The *statement of net assets* presents information on all of the Authority's assets and liabilities, with the difference between the two (2) reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of activities* presents information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include not only the Authority itself (known as the *primary government*), but also legally separate entities for which the Authority is financially accountable - Lakewood Hills, Inc.; Crogman School Development, LLC; Crogman School, Inc., and GP URFA Sexton, Inc. (collectively known as *component units*). Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 8-9 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The accompanying statements include two (2) funds – one (1) for the administrative fund and the second (2nd) for all other accounts of the Authority. These funds are used to report the same functions presented as business-type activities in the government-wide financial statements, but show the activity in greater detail, presenting the activity of each of the funds and also presenting cash flow information. The basic proprietary fund financial statements can be found on pages 10-12 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15-24 of this report.

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Management's Discussion and Analysis (Unaudited)
June 30, 2007**

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. In the case of the Authority, assets exceeded liabilities by \$10,759,532 at the end of fiscal year 2007. A summary of the net assets is presented below.

**Summary of the Authority's Net Assets
June 30, 2007 and June 30, 2006**

	<u>2007</u>	<u>2006</u>
Assets:		
Current assets	\$ 9,176,577	\$ 7,871,208
Other non-current assets	42,255,842	12,241,909
Total assets	<u>51,432,419</u>	<u>20,113,117</u>
Liabilities:		
Long-term liabilities	37,309,042	4,032,573
Other liabilities	3,363,845	614,332
Total liabilities	<u>40,672,887</u>	<u>4,646,905</u>
Net assets:		
Restricted	6,486,461	9,443,384
Unrestricted	4,273,071	6,022,828
Total net assets	<u>\$ 10,759,532</u>	<u>\$ 15,466,212</u>

The Authority's total assets equal \$51,432,419 for the fiscal year ended 2007. Total assets increased by \$31,319,302. This increase is due primarily to a \$34,787,996 loan to Atlanta Housing Opportunity, Inc. partially offset by an increase in the allowance for doubtful receivables of \$4,594,704. As discussed in the Long Term Debt section, the increase in Long Term Liabilities is mainly due to a \$35,000,000 bond issuance to fund the Atlanta Housing Opportunity initiative. Other liabilities increased \$2,749,513 in 2007. The major components of this increase are the accrued interest on the \$35,000,000 bond issuance (\$442,235) and an increase in deferred revenue (\$1,422,181).

The largest portion of the Authority's net assets (assets less liabilities), \$6,486,461, represents restricted resources that are subject to external restrictions on how they may be used.

At the end of current fiscal year, the Authority is able to report positive balances in both restricted and unrestricted net assets.

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Management's Discussion and Analysis (Unaudited)
June 30, 2007**

The Authority's net assets decreased by \$4,706,680 during the fiscal year ended June 30, 2007. This decrease is primarily due to an additional allowance setup this year for the Housing Trust Fund's receivables (\$2,997,391) and on URFA's receivables (\$1,597,313). A summary of that change is presented below, in comparison to the change in the prior year.

**Summary of Changes in the Authority's Net Assets
Twelve Months ended June 30, 2007 and Six months ended June 30, 2006**

	<u>2007</u>	<u>2006</u>
Revenues:		
Program revenues:		
Charges for services	\$ 2,473,458	\$ 658,407
General revenues:		
From the use of money and property	815,058	97,184
From other governmental agencies	-	10,645
Other	712,365	1,510,118
Total revenues	<u>4,000,881</u>	<u>2,276,354</u>
Expenses:		
Economic Development	<u>8,707,561</u>	<u>2,231,927</u>
Total expenses	<u>8,707,561</u>	<u>2,231,927</u>
Increase (decrease) in net assets	<u>(4,706,680)</u>	<u>44,427</u>
Net assets, beginning of year	<u>15,466,212</u>	<u>15,421,785</u>
Net assets, end of year	<u>\$ 10,759,532</u>	<u>\$ 15,466,212</u>

Charges for services accounted for 62% of the revenues of the Authority. This percentage is greater than the 29% in 2006 due to timing differences related to the short six (6) month period ended June 30, 2006. This revenue includes service, administration, and loan fees related primarily to loan programs administered by the Authority. The Authority also had \$815,058 in revenue from the use of money and property which resulted primarily from interest earnings on loan receivables outstanding of which the loan to the Atlanta Housing Opportunity Inc. represents \$442,235. Included in the \$712,365 of other revenues is \$181,065 in Program Fees and \$405,000 in Program Income representing reimbursement for program expenses relating to the Mortgage Assistance Program. The decrease in other revenues between 2006 and 2007 is a result of decreased revenues from Lakewood Hills Inc. and Cascade at Kings Ridge.

The Authority's total operating expenses of \$8,707,561 related to its overall purpose of economic development. Total operating expenses increased by \$6,475,634. This change is primarily due to 2006 being a six month reporting period compared to 2007 representing twelve months and an increase in the allowance for doubtful receivables of \$4,017,356 over the 2006 level.

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June 30, 2007**

Analysis of the Authority's Funds

As previously discussed, the Authority's funds report the activities of the administrative fund and restricted program funds with an overall decrease in net assets of \$4,706,680. As previously described both under the business presentation and the governmental focus, the restricted program funds are meant to assist the community. These funds are not meant to be primarily revenue generating funds.

Debt Administration

At the end of the fiscal year, the Authority had total bonded debt outstanding of \$37,946,109. The Authority's debt increased by \$33,907,621 during the current fiscal year. This increase was due primarily to a \$35,000,000 Georgia Taxable Revenue Bond issuance by the Authority. The purposes for the sale of these bonds were to finance the Atlanta Housing Opportunity initiative. The debt service on these bonds will be paid by the Atlanta Housing Opportunity, Inc. with funding from the City of Atlanta.

Activity for long term obligations of the Authority for the fiscal year ended June 30, 2007, which are reported in the Statement of Net Assets, is summarized as follows:

	<u>June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2007</u>
Primary government:				
Notes and loans payable to the City of Atlanta funded by Community Development Block Grant	\$ 864,463	\$ -	\$ (500,000)	\$ 364,463
Bonds payable, 2007A Series Housing Opportunity Program	-	35,000,000	-	35,000,000
Loan Payable to the City of Atlanta	1,500,000	-	-	1,500,000
FNMA loan pools payable	<u>1,674,025</u>	<u>-</u>	<u>(592,379)</u>	<u>1,081,646</u>
Total primary government	<u>\$ 4,038,488</u>	<u>\$ 35,000,000</u>	<u>\$ (1,092,379)</u>	<u>\$ 37,946,109</u>

More detail regarding the long-term liabilities of the Authority are presented in Note 5 to the financial statements.

Requests for Information

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

**URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA
(A Component Unit of the Atlanta Development Authority)
Statement of Net Assets
June 30, 2007**

	Business-type Activities	Component Units
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,780,060	\$ 173,445
Restricted cash	154,778	450,000
Investment in real estate	-	7,526,368
Prepaid expenses	-	7,450
Other receivables	1,241,739	-
Total current assets	9,176,577	8,157,263
Noncurrent assets:		
Advances for development costs	200,000	-
Loans receivable	4,191,325	90,648
Investment in joint venture	10,121	-
Investment in development projects	2,358,253	(540,211)
Due from Atlanta Housing Opportunity, Inc.	34,787,996	-
Bond issuance costs, net of amortization	708,147	23,010
Total noncurrent assets	42,255,842	(426,553)
Total assets	51,432,419	7,730,710
Liabilities		
Current liabilities:		
Accounts payable	111,418	804,574
Bonds, notes and loans payable, current portion	637,067	7,340,175
Other payables	-	220,558
Accrued interest payable	442,235	-
Deferred revenue	1,927,642	-
Funds held in escrow	22,694	-
Due to Atlanta Beltline, Inc	8,976	-
Due to the primary government	213,813	-
Total current liabilities	3,363,845	8,365,307
Noncurrent liabilities:		
Bonds, notes and loans payable	37,309,042	-
Total noncurrent liabilities	37,309,042	-
Total liabilities	40,672,887	8,365,307
Net Assets		
Restricted for grant programs	6,486,461	-
Unrestricted	4,273,071	(634,597)
Total net assets	\$ 10,759,532	\$ (634,597)

See accompanying notes to financial statements.

**URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA
(A Component Unit of the Atlanta Development Authority)
Statement of Activities
Year ended June 30, 2007**

		<u>Program revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Business-type Activities</u>	<u>Component Units</u>
Functions/ Programs:				
Primary government:				
Business-type activities:				
Economic development	\$ 8,707,561	\$ 2,473,458	\$ (6,234,103)	
Total primary government activities	<u>\$ 8,707,561</u>	<u>\$ 2,473,458</u>	<u>(6,234,103)</u>	
Component units:				
Lakewood Hills, Inc.	\$ 3,089,596	\$ 1,612,865		\$ (1,476,731)
Crogman School Development, LLC	99,564	99,372		(192)
Crogman School, Inc.	-	673		673
GP URFA Sexton, Inc.	539,637	-		(539,637)
Total component units activities	<u>\$ 3,728,797</u>	<u>\$ 1,712,910</u>		<u>(2,015,887)</u>
General revenues:				
Revenues from the use of money or property			815,058	3,619
Miscellaneous			712,365	-
Total general revenues			<u>1,527,423</u>	<u>3,619</u>
Changes in net assets			(4,706,680)	(2,012,268)
Net assets – beginning of year			<u>15,466,212</u>	<u>1,377,671</u>
Net assets – ending of year			<u>\$ 10,759,532</u>	<u>\$ (634,597)</u>

See accompanying notes to financial statements.

**URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA
(A Component Unit of the Atlanta Development Authority)
Statement of Net Assets
Proprietary Funds
June 30, 2007**

	Business-type Activities - Enterprise Funds		
	Administrative Fund	Grants and Restricted Program Fund	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 4,668,180	\$ 3,111,880	\$ 7,780,060
Restricted cash	154,778	-	154,778
Other receivables	1,134,605	107,134	1,241,739
Due from other funds	250,000	20,494	270,494
Total current assets	<u>6,207,563</u>	<u>3,239,508</u>	<u>9,447,071</u>
Noncurrent assets:			
Bond issuance costs	708,147	-	708,147
Due from Atlanta Housing Opportunity, Inc.	34,787,996	-	34,787,996
Advances for development costs	200,000	-	200,000
Loans receivable	286,614	3,904,711	4,191,325
Investment in joint venture	10,121	-	10,121
Investment in development projects	2,358,253	-	2,358,253
Total noncurrent assets	<u>38,351,131</u>	<u>3,904,711</u>	<u>42,255,842</u>
Total assets	<u>44,558,694</u>	<u>7,144,219</u>	<u>51,702,913</u>
Liabilities			
Current liabilities:			
Accounts payable	90,818	20,600	111,418
Accrued interest payable	442,235	-	442,235
Bonds, notes and loans payable, current portion	625,000	12,067	637,067
Deferred revenue	1,927,642	-	1,927,642
Due to other funds	20,494	250,000	270,494
Due to Atlanta Beltline, Inc	8,976	-	8,976
Due to primary government	213,813	-	213,813
Funds held in escrow	-	22,694	22,694
Total current liabilities	<u>3,328,978</u>	<u>305,361</u>	<u>3,634,339</u>
Noncurrent liabilities:			
Bonds, notes and loans payable	36,956,645	352,397	37,309,042
Total noncurrent liabilities	<u>36,956,645</u>	<u>352,397</u>	<u>37,309,042</u>
Total liabilities	<u>40,285,623</u>	<u>657,758</u>	<u>40,943,381</u>
Net Assets			
Restricted for grant programs	-	6,486,461	6,486,461
Unrestricted	4,273,071	-	4,273,071
Total net assets	<u>\$ 4,273,071</u>	<u>\$ 6,486,461</u>	<u>\$ 10,759,532</u>

See accompanying notes to financial statements.

**URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA
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Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year ended June 30, 2007**

	Business-type Activities - Enterprise Funds		
	Administrative Fund	Grants and Restricted Program Fund	Total
Operating revenues:			
Investment income	\$ 634,819	\$ 180,239	\$ 815,058
Service, administration, and loan fees	2,473,458	-	2,473,458
Other	181,065	531,300	712,365
Total operating revenues	<u>3,289,342</u>	<u>711,539</u>	<u>4,000,881</u>
Operating expenses:			
Development costs	630,236	111,371	741,607
Interest on notes	494,255	-	494,255
Downpayment assistance program	-	415,000	415,000
Allowance adjustment for doubtful receivables	1,597,313	2,997,391	4,594,704
General and administrative	2,317,295	144,700	2,461,995
Total operating expenses	<u>5,039,099</u>	<u>3,668,462</u>	<u>8,707,561</u>
Operating loss	(1,749,757)	(2,956,923)	(4,706,680)
Change in net assets	(1,749,757)	(2,956,923)	(4,706,680)
Net assets at beginning of year	<u>6,022,828</u>	<u>9,443,384</u>	<u>15,466,212</u>
Net assets at end of year	<u>\$ 4,273,071</u>	<u>\$ 6,486,461</u>	<u>\$ 10,759,532</u>

See accompanying notes to financial statements.

**URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA
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Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2007**

	Business-type Activities - Enterprise Fund		
	Administrative Fund	Grants and Restricted Program Fund	Total
Cash flows from operating activities:			
Receipts from customers	\$ 3,695,393	\$ 3,607,274	\$ 7,302,667
Receipts of interest on loans	634,819	180,239	815,058
Payments from other funds	(79,506)	79,506	-
Payments to Atlanta Beltline, Inc.	8,976	-	8,976
Payments to primary government	193,810	-	193,810
Payments from Atlanta Housing Opportunity, Inc	(34,345,761)	-	(34,345,761)
Payments to suppliers	(1,511,366)	(124,100)	(1,635,466)
Payments to employees	(805,929)	-	(805,929)
Payments for programs	(1,143,265)	(3,523,762)	(4,667,027)
Other	1,270,104	675,124	1,945,228
Net cash provided by (used in) operating activities	<u>(32,082,725)</u>	<u>894,281</u>	<u>(31,188,444)</u>
Cash flows from capital financing activities:			
Proceeds from issuance of bonds	35,000,000	-	35,000,000
Payment of bond closing costs	(708,147)	-	(708,147)
Repayment of bond principal	(592,380)	(500,000)	(1,092,380)
Payments for interest	(52,019)	-	(52,019)
Net cash provided by (used in) capital financing activities	<u>33,647,454</u>	<u>(500,000)</u>	<u>33,147,454</u>
Net increase in cash and cash equivalents	1,564,729	394,281	1,959,010
Cash and cash equivalents at beginning of year	<u>3,258,229</u>	<u>2,717,599</u>	<u>5,975,828</u>
Cash and cash equivalents at end of year	<u>\$ 4,822,958</u>	<u>\$ 3,111,880</u>	<u>\$ 7,934,838</u>
Reconciliation to Statement of Net Assets:			
Cash and cash equivalents	\$ 4,668,180	\$ 3,111,880	\$ 7,780,060
Restricted cash	154,778	-	154,778
	<u>\$ 4,822,958</u>	<u>\$ 3,111,880</u>	<u>\$ 7,934,838</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	\$ (1,749,757)	\$ (2,956,923)	\$ (4,706,680)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:			
Interest payments reported in operating income	494,255	-	494,255
(Increase) decrease in:			
Other receivables	514,272	139,369	653,641
Investment in development properties	1,017,002	-	1,017,002
Loans receivable	(200,246)	3,607,274	3,407,028
Advances for development costs	1,068,180	-	1,068,180
Investment in joint venture	(10,000)	-	(10,000)
Due from Atlanta Housing Opportunity, Inc.	(34,787,996)	-	(34,787,996)
Due from (to) other funds	(79,506)	79,506	-
Increase (decrease) in:			
Accounts payable and accrued expenses	26,104	20,600	46,704
Funds held in escrow	-	4,455	4,455
Due to primary government	193,810	-	193,810
Due to Atlanta Beltline, Inc.	8,976	-	8,976
Deferred revenue	1,422,181	-	1,422,181
Net cash provided by (used in) operating activities	<u>\$ (32,082,725)</u>	<u>\$ 894,281</u>	<u>\$ (31,188,444)</u>
Non-cash operating activities			
Allowance adjustment for doubtful receivables	<u>\$ 1,597,313</u>	<u>\$ 2,997,391</u>	<u>\$ 4,594,704</u>

See accompanying notes to financial statements.

**URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA**
(A Component Unit of the Atlanta Development Authority)

Combining Statement of Net Assets

Component Units

June 30, 2007

	Lakewood Hills, Inc.	Crogman School Development, LLC	Crogman School, Inc.	GP UREA Sexton, Inc	Total Component Units
Assets					
Current assets:					
Cash and cash equivalents	\$ 173,076	\$ 369	\$ -	\$ -	\$ 173,445
Restricted cash	450,000	-	-	-	450,000
Investment in real estate	7,526,368	-	-	-	7,526,368
Prepaid expenses	7,450	-	-	-	7,450
Total current assets	8,156,894	369	-	-	8,157,263
Noncurrent assets:					
Loans receivable	90,648	-	-	-	90,648
Investment in development projects	-	-	(226)	(539,985)	(540,211)
Bond issuance costs, net of amortization	23,010	-	-	-	23,010
Total noncurrent assets	113,658	-	(226)	(539,985)	(426,553)
Total assets	8,270,552	369	(226)	(539,985)	7,730,710
Liabilities					
Current liabilities:					
Accounts payable	803,474	1,000	100	-	804,574
Bonds, notes and loans payable, current portion	7,340,175	-	-	-	7,340,175
Other payables	220,558	-	-	-	220,558
Total current liabilities	8,364,207	1,000	100	-	8,365,307
Total liabilities	8,364,207	1,000	100	-	8,365,307
Net Assets (Deficit)					
Unrestricted	(93,655)	(631)	(326)	(539,985)	(634,597)
Total net assets (deficit)	\$ (93,655)	\$ (631)	\$ (326)	\$ (539,985)	\$ (634,597)

See accompanying notes to financial statements.

**URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA**
(A Component Unit of the Atlanta Development Authority)

**Combining Statement of Activities
Component Units
Year ended June 30, 2007**

	Program revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Lakewood Hills, Inc.	Crogman School Development, LLC	Crogman School, Inc.	GP URFA Sexton, Inc	Total Component Units
Component units:							
Lakewood Hills, Inc.	\$ 3,089,596	\$ 1,612,865	\$ (1,476,731)	-	-	-	\$ (1,476,731)
Crogman School Development, LLC	99,564	99,372	-	(192)	-	-	(192)
Crogman School, Inc.	-	673	-	-	673	-	673
GP URFA Sexton, Inc.	539,637	-	-	-	-	(539,637)	(539,637)
Total component unit activities	<u>\$ 3,728,797</u>	<u>\$ 1,712,910</u>	<u>\$ (1,476,731)</u>	<u>\$ (192)</u>	<u>\$ 673</u>	<u>\$ (539,637)</u>	<u>\$ (2,015,887)</u>
General revenues:							
Revenues from the use of money or property			\$ 3,619	-	-	-	\$ 3,619
Total general revenues			<u>3,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,619</u>
Changes in net assets			(1,473,112)	(192)	673	(539,637)	(2,012,268)
Net assets (deficit) – beginning of year			1,379,457	(439)	(999)	(348)	1,377,671
Net assets (deficit) – ending of year			<u>\$ (93,655)</u>	<u>\$ (631)</u>	<u>\$ (326)</u>	<u>\$ (539,985)</u>	<u>\$ (634,597)</u>

See accompanying notes to financial statements.

**URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA
(A Component Unit of the Atlanta Development Authority)
Notes to Financial Statements
June 30, 2007**

(1) Summary of Significant Accounting Policies

(a) *The Financial Reporting Entity*

The Urban Residential Finance Authority of the City of Atlanta, Georgia (the “Authority” or URFA) commenced activities on October 3, 1979, as a public body corporation and an instrumentality of the State of Georgia formed for and by the City of Atlanta, Georgia (the “City”) pursuant to the Urban Residential Finance Authorities Act for Large Municipalities (the “Act”).

The Authority is authorized to issue bonds to assist in providing financing for the construction or rehabilitation of multifamily residential housing and to provide funds to purchase mortgage loans to finance owner-occupied residences for families within certain maximum income limitations, both within the City of Atlanta, Georgia. The bonds are to be paid from collections on mortgage loans and certain other pledged revenues of the Authority. The bonds are limited obligations of the Authority, which has no taxing power, and are not a debt of the State of Georgia or any political subdivision thereof.

In 1997, the City created a new umbrella economic development agency, the Atlanta Development Authority (ADA), which combined several previously existing economic development entities, including the Authority. The Authority is considered to be a blended component unit of the ADA, and its financial statements are included in the ADA’s financial statements.

The component unit column in the government-wide financial statements also includes Lakewood Hills, Inc.; Crogman School Development, LLC; Crogman School, Inc.; Auburn Group, Inc.; and GP URFA Sexton, Inc. which are discretely presented component units of URFA. They are reported in a separate column to emphasize that they are legally separate from the Authority. There was no activity for the current fiscal year for Auburn Group Inc.; therefore, Auburn Group, Inc is not shown in the financial statements. Each of these component units is accounted for as proprietary fund types.

Lakewood Hills, Inc. (LHI) is wholly owned by URFA and was developed to construct single-family homes and multi-family homes in the southeast section of the City of Atlanta. The Board of Directors of LHI is appointed by the Board of Directors of ADA, who can also impose their will on LHI by removal of board members at any time. Lakewood Hills, Inc. has a December 31 fiscal year-end.

Crogman School Development, LLC (CSD) is wholly owned by URFA and was organized to improve and develop property for use as affordable multi-family residential housing. As the sole member of the limited liability company, URFA controls the activity of CSD. Crogman School Development, LLC has a December 31 year-end.

Crogman School, Inc. (CSI) is wholly owned by URFA and is the general partner in Crogman, LP, which is an affordable multi-family residential housing project. The Board of Directors of CSI is appointed by the Board of Directors of ADA, who can also impose their will on CSI by removal of board members at any time. Crogman School, Inc. has a December 31 fiscal year-end.

GP URFA Sexton, Inc. (GP URFA Sexton) is wholly owned by URFA and is the owner of 10% of URFA Sexton, Inc., which is the general partner in URFA-Sexton, LP, which is an affordable multi-family residential housing project. The Board of Directors of GP URFA

**URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA
(A Component Unit of the Atlanta Development Authority)
Notes to Financial Statements
June 30, 2007**

(1) Summary of Significant Accounting Policies (Continued)

(a) *The Financial Reporting Entity (Continued)*

Sexton is appointed by the Board of Directors of ADA, who can also impose their will on GP URFA Sexton by removal of board members at any time. GP URFA Sexton, Inc. has a December 31 fiscal year-end.

Separate financial statements or financial information on these component units may be obtained from the Chief Financial Officer, Atlanta Development Authority at 86 Pryor Street, SW, Suite 300, Atlanta, GA 30303.

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

The Authority presents government-wide financial statements which are prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements (i.e. the statement of net assets and the statement of activities) do not provide information by fund. Net assets in the statement of net assets are distinguished between amounts that are restricted for use by third parties or outside requirements and amounts that are unrestricted.

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

In addition to the government-wide financial statements, the Authority has prepared separate financial statements for proprietary funds. These fund financial statements use the accrual basis of accounting and the economic resources measurement focus.

(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, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Interest income and service, administration, and loan fees are recognized as revenue when earned regardless of when the cash is received. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenses are recorded when a liability is incurred.

The Authority reports the following major enterprise funds:

Administrative Fund – The Administrative Fund is used to record the receipt of income not directly pledged to the repayment of specific notes, bonds, or grant programs and the payment of expenses related to the Authority's administrative functions.

**URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA
(A Component Unit of the Atlanta Development Authority)
Notes to Financial Statements
June 30, 2007**

(1) Summary of Significant Accounting Policies (Continued)

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

Grants and Restricted Program Fund – This fund is used to account for all activity of the Authority that is restricted for grants or bond activities.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Authority has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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. The principal operating revenue of each of the Authority's enterprise funds is interest income on loans outstanding; service, administration, and loan fees; and other activity surrounding the development of property. Operating expenses for the enterprise funds include direct general and administrative expenses of administering the economic development programs. 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 Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

(d) Cash, Cash Equivalents, and Investments

For the purposes of the statement of cash flows, the Authority 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.

Investments are carried at fair value based on quoted market prices.

(e) Advances for Development Costs

Advances for development costs consist of amounts paid to developers for initial costs of development of a desired area. Once permanent financing is obtained or sales or leasing of developed properties begin, these advances are repaid to the Authority.

(f) Loans Receivable

Loans receivable are stated at their unpaid principal balance less loan discounts. The discounts are amortized using a method approximating a level yield over the estimated average life of the loans.

**URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA
(A Component Unit of the Atlanta Development Authority)
Notes to Financial Statements
June 30, 2007**

(1) Summary of Significant Accounting Policies (Continued)

(g) *Investment in Joint Venture*

Investments in joint venture consist of the Authority's investment in the Auburn Group, Inc.'s investment in Auburn Glenn Partners, LLC. Auburn Group, Inc. owns a 10% interest in the joint venture with two other unrelated entities. The Authority's investments in joint ventures are accounted for using the equity method of accounting.

(h) *Investment in Real Estate*

Investments in real estate consist of property stated at the lower of aggregate cost or net realizable value. Cost includes the purchase price of the land and development costs, as well as capitalized interest. There was no interest capitalized during 2007.

(i) *Investment in Development Projects*

Investments in development projects represent the Authority's acquisition and improvement of properties in anticipation of either private or public development of the property. Investments and improvements are recorded at cost.

(j) *Use of Estimates*

Management of the Authority has made a number of estimates and assumptions relating to the reporting of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses to prepare the financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from these estimates.

(2) Deposits and Investments

(a) *Credit Risk*

The Authority is authorized to invest in obligations or investments as determined by the Authority, subject to any agreement with bondholders and with applicable law. As of June 30, 2007, the Authority did not have any investments other than deposits with financial institutions.

**URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA
(A Component Unit of the Atlanta Development Authority)
Notes to Financial Statements
June 30, 2007**

(2) Deposits and Investments (Continued)

(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 June 30, 2007, the Authority had no bank balances that were exposed to custodial credit risk.

(3) Investment in Real Estate

Investment in real estate of the discretely presented component units consisted of the following at June 30, 2007:

	2007
Component units:	
Lakewood Hills	\$ 7,526,368
Total	\$ 7,526,368

The condominiums and town homes in the Lakewood Hills development are being held for resale and are expected to be sold within the next year and are thus classified as current assets.

(4) Receivables

As of June 30, 2007, the Administrative Fund had \$1,651,105 in gross other receivables less \$516,500 in allowances for uncollectible receivables which netted to an ending balance of \$1,134,605. In addition, the Administrative Fund reported \$286,614 in loans receivable with no associated allowances for uncollectible loans receivable.

As of June 30, 2007, the Grants and Restricted Program Fund had \$9,231,794 in gross loans outstanding less \$5,327,083 in allowances for uncollectible loans which netted to an ending balance of \$3,904,711.

**URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA
(A Component Unit of the Atlanta Development Authority)
Notes to Financial Statements
June 30, 2007**

(5) Long-term Liabilities

Activity for the bonds, notes, loans payable, and other long-term liabilities for the fiscal year ended June 30, 2007 consists of the following:

	<u>June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2007</u>	<u>Amount Due Within One Year</u>
Primary government:					
Notes and loans payable to the City of Atlanta funded by Community Development Block Grant	\$ 864,463	\$ -	\$ (500,000)	\$ 364,463	\$ 12,067
Bonds payable, 2007A Series Housing Opportunity Program	-	35,000,000	-	35,000,000	625,000
FNMA loan pools payable	1,674,025	-	(592,379)	1,081,646	-
Loan payable to the City of Atlanta	1,500,000	-	-	1,500,000	-
Total primary government	<u>\$ 4,038,488</u>	<u>\$ 35,000,000</u>	<u>\$ (1,092,379)</u>	<u>\$ 37,946,109</u>	<u>\$ 637,067</u>
Component units:					
Bonds payable, 1999 Park Place Apartments project	\$ 9,117,807	\$ -	\$ (9,117,807)	\$ -	\$ -
Construction loan payable	3,482,816	3,857,359	-	7,340,175	7,340,175
Total component units	<u>\$ 12,600,623</u>	<u>\$ 3,857,359</u>	<u>\$ (9,117,807)</u>	<u>\$ 7,340,175</u>	<u>\$ 7,340,175</u>

The Authority entered into loan agreements with the City of Atlanta wherein the City loaned the Authority \$900,000 of U.S. Department of Housing and Urban Development (HUD) funds under its Community Development Block Grant Program. The purpose of the loan is to establish loan funds for Evergreen Village Estates, L.P. and Fulton Cotton Mill Associates, L.P. in order to leverage the investment of tax-exempt housing revenue bonds in the acquisition and rehabilitation of the projects. Repayment terms are consistent with the terms of the promissory note executed with the developer. On December 29, 2006, the Evergreen Village Estates was sold for \$6,000,000. The proceeds were sufficient to repay only \$430,691 of the \$500,000 second mortgage. The Authority paid the City of Atlanta the \$430,691 and the remaining balance was written off. Therefore, total reductions of \$500,000 in the notes and loans payable to the City of Atlanta funded by the Community Development Block Grant were recognized during the fiscal year. At June 30, 2007, the balance of the remaining loans payable was \$364,463.

On April 11, 2007, the Authority issued \$35,000,000 of Georgia Taxable Revenue Bonds (Housing Opportunity Program), Series 2007A for the purpose of loaning the proceeds from the sale of the bonds to the Atlanta Housing Opportunity, Inc, in which loans will be made to finance, single family housing and multifamily housing in the City. The City of Atlanta has guaranteed that it will make payments sufficient in time and amount to enable the Atlanta Housing Opportunity, Inc to pay the principal of and interest on the bonds. Interest on the bonds is payable semiannually on June 1, and December 1, commencing December 1, 2007 with interest rates ranging from 5.068% to 5.802%. The bonds mature on December 1, 2027. At June 30, 2007, the balance of these bonds was \$35,000,000. Also at June 30, 2007 an amount of \$34,787,996 is recorded as being due from Atlanta Housing Opportunity, Inc., with the difference between the bonds and the receivable being differences in unamortized issuance costs.

**URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA
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Notes to Financial Statements
June 30, 2007**

(5) Long-term Liabilities (Continued)

On August 31, 2004 the Authority entered into a comprehensive amendment and reaffirmation of its 1999, as amended in 2000, financing agreement with FNMA for \$7,500,000 which was used by the Authority to lend or invest in development projects that meet the Authority's housing goals and underwriting criteria. The agreement is secured by the assets of each project, plus a letter of credit provided by the Authority for 15% of the outstanding advances. Interest is paid monthly in arrears at LIBOR plus 1.25%. Payments of principal will be from the net sales proceeds in connection with the sale of lots within the Villages of Kings Ridge at Cascade project. The maturity date of this note is April 30, 2009. As of June 30, 2007, the Authority had \$1,081,646 outstanding under the agreement.

Prior to 2002, the City of Atlanta donated undeveloped land known as the King's Ridge property to the Authority for development purposes. The value of this property is part of the basis of the Village of Kings Ridge at Cascade project. The value of the land of \$1,500,000 will be paid back to the City from home sales.

Construction of Phase V Lakewood condominiums is financed with a construction loan. Principal payments on the construction loan will be from future home sales. The construction loan had a balance of \$7,340,175 at June 30, 2007.

Debt Service Requirements

The FNMA loan pool payable was renegotiated during 2004 to be repaid as properties financed by the loan are sold. The final maturity date of the loan pool payable is 2009. The construction loan payable for the Lakewood Hills project is payable when property sales occur, therefore no debt service requirement schedule is presented. The loan payable to the City of Atlanta is required to be paid when certain events occur, such as land sales or program income; therefore no debt service requirement schedule is presented.

**URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA
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Notes to Financial Statements
June 30, 2007**

(5) Long-term Liabilities (Continued)

Debt Service Requirements (Continued)

The annual principal and interest requirements for the Revenue Bonds (Housing Opportunity Program), Series 2007A are set forth below (dollar amounts in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2008	\$ 625	\$ 2,243	\$ 2,868
2009	990	1,879	2,869
2010	1,040	1,828	2,868
2011	1,095	1,774	2,869
2012	1,150	1,717	2,867
2013 - 2017	6,735	7,599	14,334
2018 - 2022	8,835	5,503	14,338
2023 - 2027	11,745	2,589	14,334
2028	2,785	81	2,866
Totals	<u>\$35,000</u>	<u>\$ 25,213</u>	<u>\$ 60,213</u>

(6) Conduit Debt

The Authority issues private activity tax exempt and taxable revenue bonds to private sector entities for projects located within the city limits of Atlanta. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans or promissory notes. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The Authority is not obligated in any manner for repayment of the bonds and does not report these as liabilities in the accompanying financial statements.

**URBAN RESIDENTIAL FINANCE AUTHORITY
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Notes to Financial Statements
June 30, 2007**

(6) Conduit Debt (Continued)

The aggregate principal amounts outstanding as of June 30, 2007 for conduit debt issued by the Authority are as follows:

	Amount outstanding
Multifamily:	
Series 1985 Renaissance on Peachtree Project	\$ 20,685,000
Series 1992 A&B Parcel 25 Redevelopment Project	3,145,000
Series 1993 Sylvan Circle Apartments Project	1,685,000
Series 1995 West End Housing Development Project	5,615,000
Series 1995 Cascade Pines Affordable Housing Project	6,595,000
Series 1996 Spring Branch Apartments Project	3,905,000
Series 1996 New Community at East Lake Project	6,800,000
Series 1997 Fulton Cotton Mill Project	9,015,000
Series 1998 New Community at John Hope	4,550,000
Series 1998 New Community at John Eagan	5,770,000
Series 1998 City Plaza Project	10,720,000
Series 2000 Carver Redevelopment Project	4,115,000
Series 2001 Park at Lakewood Restructuring	5,335,000
Series 2001 Peaks at West Atlanta Project	9,615,000
Series 2001 Big Bethel Village Project	8,600,000
Series 2001 Delmonte/Brownlee Project	4,510,000
Series 2001 Allen Temple Project	15,390,000
Series 2001 Carver Phase III Project	3,875,000
Series 2002 Crogman School Project	4,910,000
Series 2002 Northside Plaza Refunding	4,710,000
Series 2002 Auburn Glenn Apartments Project	18,709,357
Series 2002 Alta Pointe Project	11,625,000
Series 2002 City Views at Rosa Burney Park	6,169,327
Series 2002 Park District at Atlantic Commons Project	26,500,000
Series 2003 Marietta Street Apartments	28,000,000
Series 2003 Peaks at Martin Luther King	9,920,000
Series 2003 Hollywood/Shawnee	3,280,000
Series 2003 Toby Sexton Redevelopment	11,382,676
Series 2003 Preserve at Cascade	12,500,000
Series 2003 Northside Village	16,290,000
Series 2003 Collegetown at Harris Homes	7,530,000
Series 2003 Richmond Oaks Project	10,477,266
Series 2003 Brookside Park Apartments	12,340,327
Series 2004 Terraces and Highbury Court Apartments	9,462,066
Series 2004 Market District at Atlantic Commons	29,000,000
Series 2004 Lindbergh City Center	33,500,000
Series 2005 Capital Gateway Project	16,500,000
Series 2006 Parkview at Coventry Station	10,000,000
Series 2006 Columbia at Sylvan Hills	11,400,000
Series 2007 Lillie R. Campbell House	6,500,000
Series 2007 Alta Coventry	28,000,000
Total Multifamily	<u>\$ 458,631,019</u>

**URBAN RESIDENTIAL FINANCE AUTHORITY
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Notes to Financial Statements
June 30, 2007**

(6) Conduit Debt (Continued)

	Amount outstanding
Single Family:	
Series 1987 GNMA Collateralized Home Mortgage Program	\$ 858,327
Series 1989A GNMA Collateralized Home Mortgage Program	460,968
Series 1990 GNMA Collateralized Home Mortgage Program	294,959
Series 1991A GNMA Collateralized Home Mortgage Program	249,601
Series 1991B GNMA Collateralized Home Mortgage Program	469,497
Series 2007A Single Family Mortgage Revenue Bonds	18,733,000
Total Single Family	\$ 21,066,352
College Facility:	
1995 Morehouse College Project	\$ 7,640,000

(7) Interfund Balances

At June 30, 2007 the Administrative Fund was owed \$250,000 from the Grants and Restricted Program Fund for payments made on behalf of the Grants and Restricted Program Fund which had not been reimbursed at year end, while the Grants and Restricted Program Fund was owed \$20,494 from the Administrative Fund. Balances are expected to be repaid within one year of the year ended June 30, 2007.

(8) Contingencies

The Authority participates in a number of Federal financial assistance programs in the current and prior years. These programs are subject to independent financial and compliance audits by grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

The Authority 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 Authority.

(9) Subsequent Event

On November 15, 2007, the Authority's interest in the Villages of Kings Ridge at Cascade LLC was sold for \$975,000 and the Authority used the proceeds to pay the related FNMA loan payable.