

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

Basic Financial Statements

June 30, 2008

(With Independent Auditors' Report Thereon)

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

June 30, 2008
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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, 2008, 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 100% 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, 2008, 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 January 15, 2009 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
January 15, 2009

**THE URBAN RESIDENTIAL FINANCE AUTHORITY
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(A Component Unit of the Atlanta Development Authority)
Management's Discussion and Analysis (Unaudited)
June 30, 2008

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, 2008. The financial analysis represented in management's discussion and analysis represents the fiscal year June 30, 2008 as compared to fiscal year June 30, 2007 and should be read in conjunction with the Authority's financial statements.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the fiscal year ended June 30, 2008 by \$10,899,280 (*net assets*). Of this amount, \$4,001,954 (*unrestricted net assets*) may be used to meet the Authority's ongoing obligations to citizens and creditors.
- The Authority's total net assets increased by \$139,748 during the fiscal year ended June 30, 2008. This change in net assets is primarily due to revenues exceeding expenses by \$139,748 in current year as compared to the prior year when expenses exceeded revenues by roughly \$4.7 million. Current year expenses were less than prior year expenses by roughly \$55,253 while current year revenues were more than prior year revenues by roughly \$4.8 million due to an increase in development fees and other general revenues. 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	\$1,388,725
2008 additions to the bad debt reserve	(821,173)
2008 loss on sale of property	<u>(838,669)</u>
Change in net assets on Administrative Fund	(271,117)
Restricted Program Fund	<u>410,865</u>
Total net change in assets from both funds	<u>\$ 139,748</u>

The operating gain for URFA before additions to the bad debt reserve and loss on sale of property was \$1,388,725. In 2008, URFA, as part of its normal review of receivables, increased its bad debt reserve by \$821,173 (for loan receivables and advances for development costs) and recorded the loss on sale of the Kings Ridge property of \$838,669. After the bad debt reserve adjustment and the loss on property sale described above, the change in net assets on the Administrative Fund was a decrease of \$271,117.

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 2008, the change in net assets does not include an increase in the bad debt reserve. The Vineyards was foreclosed in July 2008. 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 2008 was \$711,891. The primary function of the Restricted Program Funds is to provide assistance to the community.

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The Administrative Fund and the Restricted Program Fund combined for an increase in total net assets for 2008 in the amount of \$139,748. 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.; Croghan School Development, LLC; Croghan 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 15-25 of this report.

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June 30, 2008**

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 \$10,899,280 at the end of fiscal year 2008. A summary of the net assets is presented below.

**Summary of the Authority's Net Assets
June 30, 2008 and June 30, 2007**

	<u>2008</u>	<u>2007</u>
Assets:		
Current assets	\$ 9,179,530	\$ 9,176,577
Other non-current assets	38,699,436	42,255,842
Total assets	<u>47,878,966</u>	<u>51,432,419</u>
Liabilities:		
Long-term liabilities	33,550,415	37,309,042
Other liabilities	3,429,271	3,363,845
Total liabilities	<u>36,979,686</u>	<u>40,672,887</u>
Net assets:		
Restricted	6,897,326	6,486,461
Unrestricted	4,001,954	4,273,071
Total net assets	<u>\$ 10,899,280</u>	<u>\$ 10,759,532</u>

The Authority's total assets equal \$47,878,966 for the fiscal year ended 2008. Total assets decreased by \$3,553,453. This decrease is due primarily to a decrease in due from the Atlanta Housing Opportunity, Inc., of \$896,865 partially offset by a decrease in allowance for doubtful receivables. In fiscal year ended June 30, 2008, the sale of an investment property resulted in a loss of \$838,669. As of June 30, 2008, an amount of \$33,891,131 is recorded as being due from Atlanta Housing Opportunity, Inc, with the difference between the receivable and the Housing Opportunity Bonds to which the receivable relates, being differences in unamortized issuance costs. Total liabilities decreased by \$3,693,201 from the prior year primarily due to debt service payments on long-term debt. No new debt was issued during fiscal year 2008 by the Authority.

The largest portion of the Authority's net assets (assets less liabilities), \$6,897,326, 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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June 30, 2008**

The Authority's net assets increased by \$139,748 during the fiscal year ended June 30, 2008. 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
Fiscal Years ended June 30, 2008 and June 30, 2007**

	<u>2008</u>	<u>2007</u>
Revenues:		
Program revenues:		
Charges for services	\$ 3,119,109	\$ 2,473,458
General revenues:		
From the use of money and property	2,234,538	815,058
Development fees/other	3,438,409	712,365
Total revenues	<u>8,792,056</u>	<u>4,000,881</u>
Expenses:		
Economic development/including net loss on sale of property	<u>8,652,308</u>	<u>8,707,561</u>
Total expenses	<u>8,652,308</u>	<u>8,707,561</u>
Increase (decrease) in net assets	<u>139,748</u>	<u>(4,706,680)</u>
Net assets, beginning of year	<u>10,759,532</u>	<u>15,466,212</u>
Net assets, end of year	<u>\$ 10,899,280</u>	<u>\$ 10,759,532</u>

Charges for services accounted for 35% of the revenues of the Authority. This revenue includes service, administration, and loan fees related primarily to loan programs administered by the Authority. The Authority also had \$2,234,538 in revenue from the use of money, property and administration fees collected for managing the Atlanta Opportunity Home program which resulted primarily from interest earnings on loan receivables outstanding of which the loan to the Atlanta Housing Opportunity Inc. represents \$1,959,193. Included in the \$3,438,409 of other revenues is \$1,343,724 in program fees, \$44,653 in program income representing reimbursement for program expenses relating to the Mortgage Assistance Program and \$731,547 in developer/development fees. The increase in revenues is due mainly from the use of money and property and development and other revenue generating fees.

The Authority's total operating expenses of \$8,652,308 related to its overall purpose of economic development. Total operating expenses decreased by \$55,253. This change is primarily due to cost saving initiatives.

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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 increase in net assets of \$139,748. 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 \$34,546,813. The Authority's debt decreased by \$3,201,078 during the current fiscal year. This decrease was due primarily to the payoff or write-off (forgiveness) of the loan payable to the City of Atlanta (\$1,500,000) and FNMA loan pools being also paid off.

Activity for long term obligations of the Authority for the fiscal year ended June 30, 2008 which are reported in the Statement of Net Assets, is summarized as follows:

	<u>June 30, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2008</u>
Primary government:				
Notes and loans payable to the City of Atlanta funded by Community Development Block Grant	\$ 364,463	\$ -	\$ (12,067)	\$ 352,396
Bonds payable, 2007A Series Housing Opportunity Program	35,000,000		(625,000)	34,375,000
Discount on 2007A Series Housing Opportunity Program Bonds Payable	(198,218)		17,635	(180,583)
Loan Payable to the City of Atlanta	1,500,000	-	(1,500,000)	-
FNMA loan pools payable	1,081,646	-	(1,081,646)	-
Total primary government	<u>\$ 37,747,891</u>	<u>\$ -</u>	<u>\$ (3,201,078)</u>	<u>\$ 34,546,813</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.

**THE URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA
(A Component Unit of the Atlanta Development Authority)
Statement of Net Assets
June 30, 2008**

	Business-type Activities	Component Units
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,225,677	\$ 6,741
Restricted cash	84,706	450,000
Investment in real estate	-	3,925,091
Prepaid expenses	20,794	7,450
Other receivables	313,634	-
Due from Atlanta Housing Opportunity, Inc. -current	1,148,687	-
Due from primary government	534,719	-
Total current assets	10,328,217	4,389,282
Noncurrent assets:		
Advances for development costs	217,600	-
Loans receivable	4,126,000	2,367
Other receivable	-	150
Investment in joint venture	79	-
Investment in development projects	-	(1,220,371)
Due from Atlanta Housing Opportunity, Inc. - noncurrent	32,742,444	-
Bond issuance costs, net of amortization	464,626	-
Total noncurrent assets	37,550,749	(1,217,854)
Total assets	47,878,966	3,171,428
Liabilities		
Current liabilities:		
Accounts payable	76,886	133,421
Bonds, notes and loans payable, current portion	996,398	5,802,656
Other payables	-	189,895
Accrued interest payable	158,687	-
Deferred revenue	2,116,148	-
Funds held in escrow	15,485	-
Due to Atlanta Housing Opportunity, Inc.	65,667	-
Total current liabilities	3,429,271	6,125,972
Noncurrent liabilities:		
Bonds, notes and loans payable	33,550,415	-
Total noncurrent liabilities	33,550,415	-
Total liabilities	36,979,686	6,125,972
Net Assets (deficits)		
Restricted for grant programs	6,897,326	-
Unrestricted	4,001,954	(2,954,544)
Total net assets (deficits)	\$ 10,899,280	\$ (2,954,544)

See accompanying notes to financial statements.

**THE URBAN RESIDENTIAL FINANCE AUTHORITY
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(A Component Unit of the Atlanta Development Authority)
Statement of Activities
Year ended June 30, 2008

		<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	\$ 8,652,308	\$ 3,119,109	\$ (5,533,199)	
Total primary government activities	<u>\$ 8,652,308</u>	<u>\$ 3,119,109</u>	<u>(5,533,199)</u>	
Component units:				
Lakewood Hills, Inc.	\$ 4,898,051	\$ 3,258,456		\$ (1,639,595)
Crogman School Development, LLC	192	-		(192)
Crogman School, Inc.	450,301	-		(450,301)
GP URFA Sexton, Inc.	229,859	-		(229,859)
Total component units activities	<u>\$ 5,578,403</u>	<u>\$ 3,258,456</u>		<u>(2,319,947)</u>
General revenues:				
Revenues from the use of money or property			2,234,538	-
Miscellaneous			3,438,409	-
Total general revenues			<u>5,672,947</u>	<u>-</u>
		Changes in net assets	139,748	(2,319,947)
		Net assets (deficits)– beginning of year	<u>10,759,532</u>	<u>(634,597)</u>
		Net assets (deficits) – ending of year	<u>\$ 10,899,280</u>	<u>\$ (2,954,544)</u>

See accompanying notes to financial statements.

**THE URBAN RESIDENTIAL FINANCE AUTHORITY
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(A Component Unit of the Atlanta Development Authority)
Statement of Net Assets
Proprietary Funds
June 30, 2008**

	Business-type Activities - Enterprise Funds		
	Administrative Fund	Grants and Restricted Program Fund	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 4,229,476	\$ 3,996,201	\$ 8,225,677
Restricted cash	84,706	-	84,706
Prepaid expenses	20,794	-	20,794
Other receivables	226,500	87,134	313,634
Due from primary government	534,719	-	534,719
Due from Atlanta Housing Opportunity, Inc. -current	1,148,687	-	1,148,687
Due from other funds	33,290	-	33,290
Total current assets	<u>6,278,172</u>	<u>4,083,335</u>	<u>10,361,507</u>
Noncurrent assets:			
Bond issuance costs	464,626	-	464,626
Advances to other funds	520,000	-	520,000
Due from Atlanta Housing Opportunity, Inc.	32,742,444	-	32,742,444
Advances for development costs	217,600	-	217,600
Loans receivable	390,838	3,735,162	4,126,000
Investment in joint venture	79	-	79
Total noncurrent assets	<u>34,335,587</u>	<u>3,735,162</u>	<u>38,070,749</u>
Total assets	<u>40,613,759</u>	<u>7,818,497</u>	<u>48,432,256</u>
Liabilities			
Current liabilities:			
Accounts payable	76,886	-	76,886
Accrued interest payable	158,687	-	158,687
Bonds, notes and loans payable, current portion	990,000	6,398	996,398
Deferred revenue	2,116,148	-	2,116,148
Due to Atlanta Housing Opportunity, Inc.	65,667	-	65,667
Advances from other funds	-	520,000	520,000
Due to other other funds	-	33,290	33,290
Funds held in escrow	-	15,485	15,485
Total current liabilities	<u>3,407,388</u>	<u>575,173</u>	<u>3,982,561</u>
Noncurrent liabilities:			
Bonds, notes and loans payable	<u>33,204,417</u>	<u>345,998</u>	<u>33,550,415</u>
Total noncurrent liabilities	<u>33,204,417</u>	<u>345,998</u>	<u>33,550,415</u>
Total liabilities	<u>36,611,805</u>	<u>921,171</u>	<u>37,532,976</u>
Net Assets			
Restricted for grant programs	-	6,897,326	6,897,326
Unrestricted	4,001,954	-	4,001,954
Total net assets	<u>\$ 4,001,954</u>	<u>\$ 6,897,326</u>	<u>\$ 10,899,280</u>

See accompanying notes to financial statements.

**THE URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA**
(A Component Unit of the Atlanta Development Authority)
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year ended June 30, 2008

	Business-type Activities - Enterprise Funds		
	Administrative Fund	Grants and Restricted Program Fund	Total
Operating revenues:			
Investment income	\$ 2,086,800	\$ 147,738	\$ 2,234,538
Service, administration, and loan fees	2,387,562	-	2,387,562
Development fees	731,547	-	731,547
Other	1,388,377	2,050,032	3,438,409
Total operating revenues	<u>6,594,286</u>	<u>2,197,770</u>	<u>8,792,056</u>
Operating expenses:			
Development costs	-	255,500	255,500
Interest on bonds, notes and loans	1,990,162	28,921	2,019,083
Amortization	62,938	-	62,938
Downpayment assistance program	-	1,030,000	1,030,000
Allowance adjustment for doubtful receivables	821,173	-	821,173
General and administrative	3,152,461	472,484	3,624,945
Total operating expenses	<u>6,026,734</u>	<u>1,786,905</u>	<u>7,813,639</u>
Operating income	567,552	410,865	978,417
Non-operating expenses:			
Net loss on sale of property and investment	838,669	-	838,669
Total non-operating expenses	<u>838,669</u>	<u>-</u>	<u>838,669</u>
Change in net assets	(271,117)	410,865	139,748
Net assets at beginning of year	<u>4,273,071</u>	<u>6,486,461</u>	<u>10,759,532</u>
Net assets at end of year	<u>\$ 4,001,954</u>	<u>\$ 6,897,326</u>	<u>\$ 10,899,280</u>

See accompanying notes to financial statements.

**THE URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA
(A Component Unit of the Atlanta Development Authority)
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2008**

	Business-type Activities - Enterprise Fund		Total
	Administrative Fund	Grants and Restricted Program Fund	
Cash flows from operating activities:			
Receipts from customers	\$ 2,471,844	\$ 169,548	\$ 2,641,392
Receipts of interest on loans	2,086,800	147,738	2,234,538
Payments from other funds	216,710	20,494	237,204
Payments to other funds	(20,494)	(216,710)	(237,204)
Payments to primary government	(534,719)	-	(534,719)
Advances to/from other funds	(520,000)	520,000	-
Payments to Atlanta Beltline, Inc.	(8,976)	-	(8,976)
Payments to primary government	(213,603)	-	(213,603)
Payments to suppliers	(1,990,885)	(493,084)	(2,483,969)
Payments to employees	(1,140,782)	-	(1,140,782)
Payments for programs	(823,289)	(1,285,500)	(2,108,789)
Other	3,948,973	2,062,823	6,011,796
Net cash provided by operating activities	<u>3,471,579</u>	<u>925,309</u>	<u>4,396,888</u>
Cash flows from capital financing activities:			
Repayment of bond principal	(625,000)	(12,067)	(637,067)
Repayment of loan payable	(1,081,645)	-	(1,081,645)
Payments for interest	(2,273,710)	(28,921)	(2,302,631)
Net cash used in capital financing activities	<u>(3,980,355)</u>	<u>(40,988)</u>	<u>(4,021,343)</u>
Net increase (decrease) in cash and cash equivalents	(508,776)	884,321	375,545
Cash and cash equivalents at beginning of year	4,822,958	3,111,880	7,934,838
Cash and cash equivalents at end of year	<u>\$ 4,314,182</u>	<u>\$ 3,996,201</u>	<u>\$ 8,310,383</u>
Reconciliation to Statement of Net Assets:			
Cash and cash equivalents	\$ 4,229,476	\$ 3,996,201	\$ 8,225,677
Restricted cash	84,706	-	84,706
	<u>\$ 4,314,182</u>	<u>\$ 3,996,201</u>	<u>\$ 8,310,383</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	\$ 567,552	\$ 410,865	\$ 978,417
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:			
Amortization expense	62,938	-	62,938
Interest payments reported in operating income	1,990,162	28,921	2,019,083
(Increase) decrease in:			
Other receivables	908,105	20,000	928,105
Loans receivable	(104,224)	169,548	65,324
Advances for development costs	(17,600)	-	(17,600)
Investment in joint venture	10,042	-	10,042
Due from Atlanta Housing Opportunity, Inc.	896,865	-	896,865
Due from other funds	216,710	20,494	237,204
Due from primary government	(534,719)	-	(534,719)
Advances to/from other funds	(520,000)	520,000	-
Prepaid expenses	(20,794)	-	(20,794)
Increase (decrease) in:			
Accounts payable and accrued expenses	5,442	(20,600)	(15,158)
Funds held in escrow	-	(7,209)	(7,209)
Due to primary government	(213,603)	-	(213,603)
Due to Atlanta Beltline, Inc.	(8,976)	-	(8,976)
Due to Atlanta Housing Opportunity, Inc.	65,667	-	65,667
Due to other funds	(20,494)	(216,710)	(237,204)
Deferred revenue	188,506	-	188,506
Net cash provided by operating activities	<u>\$ 3,471,579</u>	<u>\$ 925,309</u>	<u>\$ 4,396,888</u>
Non-cash operating activities			
Allowance adjustment for doubtful receivables	\$ 821,173	\$ 2,997,391	\$ 3,818,564
Forgiveness of loan payable to City of Atlanta	1,500,000	-	1,500,000

See accompanying notes to financial statements.

**THE 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, 2008**

	Lakewood Hills, Inc.	Crogman School Development, LLC	Crogman School, Inc.	GP UREA Sexton, Inc	Total Component Units
Assets					
Current assets:					
Cash and cash equivalents	\$ 6,564	\$ 177	\$ -	\$ -	\$ 6,741
Restricted cash	450,000	-	-	-	450,000
Investment in real estate	3,925,091	-	-	-	3,925,091
Prepaid expenses	7,450	-	-	-	7,450
Total current assets	4,389,105	177	-	-	4,389,282
Noncurrent assets:					
Loans receivable	2,367	-	-	-	2,367
Other receivable	150	-	-	-	150
Investment in development projects	-	-	(450,527)	(769,844)	(1,220,371)
Total noncurrent assets	2,517	-	(450,527)	(769,844)	(1,217,854)
Total assets	4,391,622	177	(450,527)	(769,844)	3,171,428
Liabilities					
Current liabilities:					
Accounts payable	132,321	1,000	100	-	133,421
Bonds, notes and loans payable, current portion	5,802,656	-	-	-	5,802,656
Other payables	189,895	-	-	-	189,895
Total current liabilities	6,124,872	1,000	100	-	6,125,972
Total liabilities	6,124,872	1,000	100	-	6,125,972
Net Assets (Deficit)					
Unrestricted	(1,733,250)	(823)	(450,627)	(769,844)	(2,954,544)
Total net assets (deficit)	\$ (1,733,250)	\$ (823)	\$ (450,627)	\$ (769,844)	\$ (2,954,544)

See accompanying notes to financial statements.

**THE 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, 2008**

	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	
\$ 4,898,051	\$ 3,258,456	\$ (1,639,595)	\$ -	\$ -	\$ -	\$ (1,639,595)	
192	-	-	(192)	-	-	(192)	
450,301	-	-	-	(450,301)	-	(450,301)	
229,859	-	-	-	-	(229,859)	(229,859)	
<u>\$ 5,578,403</u>	<u>\$ 3,258,456</u>	<u>\$ (1,639,595)</u>	<u>\$ (192)</u>	<u>\$ (450,301)</u>	<u>\$ (229,859)</u>	<u>\$ (2,319,947)</u>	
Total component unit activities							
General revenues:							
	Revenues from the use of money or property	\$ -	\$ -	\$ -	\$ -	\$ -	
	Total general revenues	-	-	-	-	-	
	Changes in net assets	(1,639,595)	(192)	(450,301)	(229,859)	(2,319,947)	
	Net assets (deficit) – beginning of year	(93,655)	(631)	(326)	(539,985)	(634,597)	
	Net assets (deficit) – ending of year	<u>\$ (1,733,250)</u>	<u>\$ (823)</u>	<u>\$ (450,627)</u>	<u>\$ (769,844)</u>	<u>\$ (2,954,544)</u>	

See accompanying notes to financial statements.

**THE URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA
(A Component Unit of the Atlanta Development Authority)
Notes to Financial Statements
June 30, 2008**

(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.; 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. Auburn Group, Inc. was reported in previous years as a component unit but in recent years due to no activity, Auburn Group, Inc. has not been shown in the financial statements. For the current year, URFA’s investment in Auburn Group, Inc. was sold and income was recognized in URFA’s Administrative Fund.

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.

**THE URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA
(A Component Unit of the Atlanta Development Authority)
Notes to Financial Statements
June 30, 2008**

(1) Summary of Significant Accounting Policies (Continued)

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

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 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.

**THE URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA
(A Component Unit of the Atlanta Development Authority)
Notes to Financial Statements
June 30, 2008**

(1) Summary of Significant Accounting Policies (Continued)

(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.

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.

**THE URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA
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Notes to Financial Statements
June 30, 2008**

(1) Summary of Significant Accounting Policies (Continued)

(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. Certain resources set aside for specific purposes are classified as restricted assets on the balance sheet because their use is limited by the purpose of certain agreements with other parties.

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.

(g) 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 2008.

(h) 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. 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. Therefore, as of June 30, 2008, the Authority's investment in development projects has a zero balance as a result of this sale.

(i) Deferred Revenue

The Authority has received certain money from issuer fees, administrative fees on Housing Opportunity Fund operations in which revenue will be recognized when earned. Therefore, the Authority has reported these items as deferred revenue under the accrual basis of accounting on the statement of net assets.

**THE URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA
(A Component Unit of the Atlanta Development Authority)
Notes to Financial Statements
June 30, 2008**

(1) Summary of Significant Accounting Policies (Continued)

(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, 2008, the Authority 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 June 30, 2008, 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, 2008:

	2008
Component units:	
Lakewood Hills	\$ 3,925,091
Total	\$ 3,925,091

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.

**THE URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA
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Notes to Financial Statements
June 30, 2008**

(4) Receivables

As of June 30, 2008, the Administrative Fund had \$919,500 in gross other receivables less \$693,000 in allowances for uncollectible receivables which netted to an ending balance of \$226,500. In addition, the Administrative Fund reported \$657,452 in gross loans receivables less \$266,614 in allowances for uncollectible receivables which netted to an ending balance of \$390,838.

As of June 30, 2008, the Grants and Restricted Program Fund had \$9,418,739 in gross loans outstanding less \$5,683,576 in allowances for uncollectible loans and loans which are not expected to require repayment under the various Authority programs which netted to an ending balance of \$3,735,163.

(5) Long-term Liabilities

Activity for the bonds, notes, loans payable, and other long-term liabilities for the fiscal year ended June 30, 2008 consists of the following:

	<u>June 30, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2008</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	\$ 364,463	\$ -	\$ (12,067)	\$ 352,396	\$ 6,398
Bonds payable, 2007A Series Housing Opportunity Program	35,000,000	-	(625,000)	34,375,000	990,000
Discount on 2007A Series Housing Opportunity Program Bonds payable	(198,218)	-	17,635	(180,583)	-
FNMA loan pools payable	1,081,646	-	(1,081,646)	-	-
Loan payable to the City of Atlanta	1,500,000	-	(1,500,000)	-	-
Total primary government	<u>\$ 37,747,891</u>	<u>\$ -</u>	<u>\$ (3,201,078)</u>	<u>\$ 34,546,813</u>	<u>\$ 996,398</u>
Component units:					
Bonds payable, 1999 Park Place Construction loan payable	7,340,175	4,293,507	(5,831,026)	5,802,656	5,802,656
Total component units	<u>\$ 7,340,175</u>	<u>\$ 4,293,507</u>	<u>\$ (5,831,026)</u>	<u>\$ 5,802,656</u>	<u>\$ 5,802,656</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 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. At June 30, 2008, the balance of the remaining loans payable was \$352,396.

**THE URBAN RESIDENTIAL FINANCE AUTHORITY
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Notes to Financial Statements
June 30, 2008**

(5) Long-term Liabilities (Continued)

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, 2008, the balance of these bonds was \$34,375,000. Also at June 30, 2008, an amount of \$33,891,131 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.

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%. On November 5, 2007, the Authority's interest in the Villages of Kings Ridge at Cascade LLC was sold and the FHMA outstanding balance of \$1,081,646 was paid off resulting in a zero balance as of June 30, 2008.

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. As discussed previously, on November 5, 2007, the Authority sold its investment in Villages of Kings Ridge at Cascade. Since the property was sold for approximately \$975,000, and the Authority had more invested in the property as well as more debt, the sale resulted in a loss of roughly \$878,628; therefore, the \$1,500,000 due to the City of Atlanta was forgiven. As of June 30, 2008, balance related to this loan payable is zero.

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 \$5,802,656 at June 30, 2008.

Debt Service Requirements

The construction loan payable for the Lakewood Hills project is payable when property sales occur, therefore no debt service requirement schedule is presented.

**THE URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA
(A Component Unit of the Atlanta Development Authority)
Notes to Financial Statements
June 30, 2008**

(5) Long-term Liabilities (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:			
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	1,210	1,656	2,866
2014 - 2018	7,100	7,236	14,336
2019 - 2023	9,345	4,991	14,336
2024 - 2028	12,445	1,889	14,334
Totals	<u>34,375</u>	<u>\$ 22,970</u>	<u>\$ 57,345</u>
Less discount	<u>(181)</u>		
Net bonds payable	<u>\$34,194</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.

**THE URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA
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Notes to Financial Statements
June 30, 2008**

(6) Conduit Debt (Continued)

The aggregate principal amounts outstanding as of June 30, 2008 for conduit debt issued by the Authority are as follows:

	<u>Amount outstanding</u>
Multifamily:	
Series 1985 Renaissance on Peachtree Project	\$ 20,685,000
Series 1992 A&B Parcel 25 Redevelopment Project	2,665,000
Series 1993 Sylvan Circle	1,555,000
Series 1995 West End Housing Development Project	5,615,000
Series 1996 New Community at East Lake Phase I Project	6,700,000
Series 1996 Multifamily Housing Bonds - (June 30, 2007 Principal balance)	3,905,000
Series 1997 Fulton Cotton Mill Project	8,720,000
Series 1998 New Community at John Hope	4,535,000
Series 1998 City Plaza - (June 30, 2007 Principal balance)	10,720,000
Series 1998 New Community at John Eagan	5,665,000
Series 2000 Carver Redevelopment Project	4,115,000
Series 2001 Park at Lakewood Restructuring	5,235,000
Series 2001 Delmonte/Brownlee Townhomes	4,420,000
Series 2001 Peaks at West Atlanta Project	9,410,000
Series 2001 Big Bethel Village Project	8,455,000
Series 2001 Carver Phase III Project	3,805,000
Series 2001 Allen Temple Apartments	15,655,000
Series 2001 Delmonte Townhomes - (June 30, 2007 Principal balance)	4,510,000
Series 2002 Crogman School Project	4,820,000
Series 2002 Alta Pointe Project	11,535,000
Series 2002 Park District at Atlantic Commons Project	26,500,000
Series 2002 Rosa Burney	6,075,109
Series 2002 Auburn Glenn	18,623,976
Series 2003 Peaks at Martin Luther King	9,838,000
Series 2003 Preserve at Cascade	12,500,000
Series 2003 Northside Village	16,155,000
Series 2003 Collegetown at Harris Homes	7,530,000
Series 2003 Hollywood/Shawnee	3,250,000
Series 2003 Richmond Oaks	10,426,041
Series 2003 Brookside Park	12,400,000
Series 2003 Toby Sexton	11,029,273
Series 2003 M-Street	28,000,000
Series 2004 Terraces and Highbury Court Apartments	9,252,875
Series 2004 Market District at Atlantic Commons	29,000,000
Series 2004 Northside Plaza	4,560,000
Series 2004 Lindbergh City	33,500,000
Series 2005 Capitol Gateway Apts	16,500,000
Series 2006 Parkview at Coventry Station	9,960,501
Series 2007 Lillie R. Campbell House	6,500,000
Series 2007 Alta Coventry	28,000,000
Total Multifamily	<u>\$ 442,325,775</u>

**THE URBAN RESIDENTIAL FINANCE AUTHORITY
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Notes to Financial Statements
June 30, 2008**

(6) Conduit Debt (Continued)

	Amount outstanding
Single Family:	
Series 1987 GNMA Collateralized Home Mortgage Program	\$ 739,328
Series 1989A GNMA Collateralized Home Mortgage Program	332,117
Series 1990 GNMA Collateralized Home Mortgage Program	281,298
Series 1991A GNMA Collateralized Home Mortgage Program	240,040
Series 1991B GNMA Collateralized Home Mortgage Program	404,299
Series 2007A Single Family Mortgage Revenue Bonds	52,599,717
Total Single Family	\$ 54,596,799
College Facility:	
1995 Morehouse College Project (June 30, 2007 Principle balance)	\$ 7,640,000

(7) Interfund Balances

At June 30, 2008 the Administrative Fund was owed \$553,290 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. Of this balances only \$33,290 is expected to be repaid within one year, and the remaining \$520,000 being paid at a future date. In addition, the URFA Administration Fund was owed \$534,719 from the Atlanta Development Authority (primary government). As of year-end, Lakewood Hills, Inc, a component unit of URFA, has a deficit of \$1,733,250 in which URFA has agreed to fund for the 2008 calendar year.

(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.

**THE URBAN RESIDENTIAL FINANCE AUTHORITY
OF THE CITY OF ATLANTA, GEORGIA
(A Component Unit of the Atlanta Development Authority)
Notes to Financial Statements
June 30, 2008**

(9) Pension Plan

The Authority participates in an individual Simplified Employee Pension Plan (SEP), a defined contribution plan, which is administered by Amerprise, which requires employer contributions based on 15% of based salary, for all of its full time employees over 21 years of age. The benefit provisions and contribution requirements are provided for, and may be amended, by the board members of the Authority. It is an employee self-directed plan in which monies belonged to the employees upon contribution. Employees can withdraw funds at their discretion or termination. The Authority contributed 15% of all participants' base compensation for 2008 which belongs to the employee upon contribution. In 1986, the City of Atlanta made the election not to deduct/pay social security on their employees. As a component unit of the City of Atlanta, this election extends to the Atlanta Development Authority (in which URFA is a component unit of). Employer contributions required and made totaled \$168,944 for the year ended June 30, 2008.