

**COMMUNITY DEVELOPMENT  
AUTHORITY OF THE  
CITY OF MADISON**

(A Component Unit of the City of Madison, Wisconsin)  
Madison, Wisconsin

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

December 31, 2009

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**  
(A Component Unit of the City of Madison, Wisconsin)

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December 31, 2009

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## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
Community Development Authority  
of the City of Madison  
Madison, Wisconsin

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Community Development Authority (CDA) of the City of Madison, Wisconsin, a component unit of the City of Madison, Wisconsin, as of and for the year ended December 31, 2009, which collectively comprise the CDA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the CDA's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the CDA as of December 31, 2009, and the respective changes in its financial position and its cash flows 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 June 28, 2010 on our consideration of the CDA's internal control over financial reporting and 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 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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.

To the Board of Commissioners  
Community Development Authority  
of the City of Madison

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CDA's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin  
June 28, 2010

# COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For Year Ended December 31, 2009

The Community Development Authority of the City of Madison's (the "CDA") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the CDA's financial activity, (c) identify changes in the CDA's financial position (its ability to address the next and subsequent years' challenges), and (d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the CDA's financial statements.

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### OVERVIEW OF THE FINANCIAL STATEMENTS

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#### *CDA-WIDE FINANCIAL STATEMENTS*

The CDA-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into columns, which add to a total for the entire CDA.

These Statements include a Statement of Net Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the CDA. The statement is presented in the format where assets, minus liabilities, equal "Net Assets", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire CDA. Net Assets (formerly equity) are reported in three broad categories:

Net Assets, Invested in Capital Assets, Net of Related Debt: This component of Net Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets: This component of Net Assets consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets".

The CDA-wide financial statements also include a Statement of Activities, which include a functional breakdown of revenues and expenditures. The CDA's functions for this statement are Housing Projects and General Government (Planning and Community and Economic Development).

# COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2009

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## OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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### *FUND FINANCIAL STATEMENTS*

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than fund types. The CDA consists exclusively of Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized in private sector accounting.

Many of the funds maintained by the CDA are required by the U.S. Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

The Fund Financial Statements include a Statement of Net Assets, which is similar to a Balance Sheet and reports all financial and capital resources by major fund.

Also included in the Fund Financial Statements is a Statement of Revenues, Expenses and Changes in Net Assets. This statement is similar to a Statement of Net Income or Loss.

The last statement included in the Fund Financial Statements is a Statement of Cash Flows that discloses net cash provided by, or used for operating activities, non-capital financing activities, capital and related financing activities, and investing activities.

### *THE CDA'S FUNDS*

General Operating Fund – This fund accounts for the operation of the CDA's programs and tools to promote neighborhood revitalization, economic development, downtown revitalization, redevelop, rehabilitate, and construct housing properties, and issue tax-exempt housing revenue and redevelopment bonds. The tax-exempt revenue bonds are used to construct or rehabilitate buildings for rental housing. The tax-exempt bonds are issued through public offering or private placement. Twenty percent of the units are set-aside for lower income households. While the bonds are issued in the CDA's name, the bonds are limited obligations of the CDA, and except to the extent payable from bond proceeds or from credit enhancements described, the bonds are payable solely from, and secured by, revenues derived from payments made under a project contract and mortgage note and related security documents delivered by each developer undertaking a project. The CDA issues lease revenue bonds in the context of TIF, where the CDA owns the property that is then leased to the City which then leases it to a private developer. The lease revenue bonds are limited obligations of the CDA secured by the City's lease payments. A \$3,000 application fee is charged and a one-third of one percent fee of the aggregate amount of the bond issue is collected at bond closing. If the applicant applies for redevelopment bonds, which require the creation of a redevelopment district to accommodate the bond issue, then the above described \$3,000 fee shall be \$5,000. These fees are deposited in the General Operating Fund and will be used, in part, to defray any expenses, including staff time, incurred by the CDA and the City in consideration and issuance of the bonds. There were \$500,000 in bond fees collected in 2009.

**COMMUNITY DEVELOPMENT AUTHORITY  
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2009

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**OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)**

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***THE CDA'S FUNDS (cont.)***

Allied Drive Fund - This fund accounts for the activities in the neighborhood revitalization project in the Allied Drive area.

Housing Voucher Fund - This fund includes the Housing Choice Voucher Program. Under the Housing Choice Voucher Program, the CDA administers contracts with independent landlords that own the property. The CDA subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract with HUD. HUD provides Annual Contributions Funding to enable the CDA to structure a lease that sets the participants' rent at 30% of household income.

The Villager Fund - This fund accounts for the activities of The Villager located on Madison's South Side that was purchased by the CDA in 2004.

Other Non-Major Funds - In addition to the major funds above, the CDA also maintains the following non-major funds.

Karabis Fund: This fund accounts for activities related to a 20-unit housing project for disabled individuals ("Karabis"). HUD subsidizes the rents through monthly housing assistance payments.

Parkside Fund: This fund accounts for activities related to a 95-unit housing project for elderly and disabled individuals ("Parkside"). HUD subsidizes the rents through monthly housing assistance payments. The Wisconsin Housing and Economic Development Authority (WHEDA) holds the mortgage on the project. The CDA has a cooperation agreement with WHEDA for the operation of the project.

HUD Projects Fund - West: This fund is part of the Conventional Public Housing Program. In 2008, the CDA adopted HUD's asset management program and created 3 AMP's by location and a central cost center. Previously, all of the Conventional Public Housing was contained in one fund. Under the Conventional Public Housing Program, the CDA rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract with HUD, and HUD provides an Operating Subsidy to enable the Authority to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the CDA's properties.

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2009

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**OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)**

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***THE CDA'S FUNDS (cont.)***

HUD Projects Fund - East: This fund is part of the Conventional Public Housing Program. In 2008, the CDA adopted HUD's asset management program and created 3 AMP's by location and a central cost center. Previously, all of the Conventional Public Housing was contained in one fund. Under the Conventional Public Housing Program, the CDA rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract with HUD, and HUD provides an Operating Subsidy to enable the CDA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the CDA's properties.

HUD Projects Fund - Triangle – This fund is part of the Conventional Public Housing Program. In 2008, the CDA adopted HUD's asset management program and created 3 AMP's by location and a central cost center. Previously, all of the Conventional Public Housing was contained in one fund. Under the Conventional Public Housing Program, the CDA rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract with HUD, and HUD provides an Operating Subsidy to enable the CDA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Internal Service Fund – In addition to the major and non-major funds above, the CDA also maintains the following internal service fund.

Central Cost Center – This fund was created as part of the 2008 adaptation of HUD's asset management program. The Central Cost Center contains the costs and revenues associated with managing the Conventional Public Housing Program, the Section 8 Voucher Program, Karabis, and Parkside.



**COMMUNITY DEVELOPMENT AUTHORITY  
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2009

**FINANCIAL HIGHLIGHTS AND ANALYSIS**

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON'S NET ASSETS**

	<u>Business-Type Activities 2009</u>	<u>Business-Type Activities 2008</u>
Current and Other Assets	\$ 47,640,867	\$ 49,265,998
Capital Assets	<u>35,736,483</u>	<u>28,196,342</u>
Total Assets	<u>83,377,350</u>	<u>77,462,340</u>
Long-term Liabilities	49,242,073	54,126,436
Other Liabilities	<u>6,779,569</u>	<u>4,679,379</u>
Total Liabilities	<u>56,021,642</u>	<u>58,805,815</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	22,700,695	14,926,698
Restricted	2,183,461	1,936,757
Unrestricted (Deficit)	<u>2,471,552</u>	<u>1,793,070</u>
Total Net Assets	<u>\$ 27,355,708</u>	<u>\$ 18,656,525</u>

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For Year Ended December 31, 2009

**FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)**

**COMMUNITY DEVELOPMENT AUTHORITY OF THE  
CITY OF MADISON STATEMENT OF ACTIVITIES**

	Business-Type Activities 2009	Business-Type Activities 2008
Revenues		
Program Revenues		
Charges for services	\$ 4,909,042	\$ 4,276,961
Operating grants and contributions	15,042,371	16,868,066
Capital grants and contributions	9,076,055	163,129
General Revenues		
Investment income	135,854	291,787
Miscellaneous	2,398,374	2,427,432
Total Revenues	<u>31,561,696</u>	<u>24,027,375</u>
Expenses		
Community development	4,004,492	1,936,650
Housing projects	18,858,021	18,703,552
Total Expenses	<u>22,862,513</u>	<u>20,640,202</u>
Increase in Net Assets	8,699,183	3,387,173
Beginning net assets	<u>18,656,525</u>	<u>15,269,352</u>
Ending Net Assets	<u>\$ 27,355,708</u>	<u>\$ 18,656,525</u>

## COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2009

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### FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

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- > The CDA's total net assets increased by \$8,699,183 or 46.62%, during 2009. Since the CDA engages only in business-type activities, the increase is all in the category of business-type net assets. Net Assets were \$18.65 million and \$27.36 million for 2008 and 2009, respectively. The net asset changes of each fund are discussed in the specific fund financial highlights.
- > General Operating Fund – This fund recognized a gain of \$465,470 before capital contributions. Capital contributions totaled \$84,791. In 2009, the CDA received \$500,000 fee from a revenue bond issue.
- > Fannie Mae Loan – In 2009, development of the Lake Point Drive property continues. The CDA secured a line of credit with Fannie Mae to fund the construction of the project in the amount of \$4,100,000. At the end of 2009, \$1,752,774 was advanced to the developer of Lake Point from this line of credit. At the end of 2009, \$1,255,091 was advanced to the developer for the Allied Redevelopment Project.
- > The Villager Fund – The Villager was purchased by the CDA for \$9 million in December 2004 to provide stability and create opportunities for community and economic development activities to support the greater South Madison community and its revitalization efforts.

Currently, approximately 107,000 of the approximately 150,000 net rentable square footage of The Villager is rented. Current tenants include the University of Wisconsin, Madison Area Technical College, the South Madison Branch of the Madison Public Library, the South Madison Health & Family Center (Harambee), Dane County Human Services, and a variety of retail outlets, including a full-service grocery store.

Since the purchase of The Villager in 2004, the CDA has been working in the following areas in order to build upon the efforts of the South Madison community:

1. Stabilization / Lease-Up: Siegel-Gallagher Management Company continues as the leasing and property management agent for the CDA.
2. Master Planning: As the result of a Request for Proposal process, the CDA retained the team of The Kubala Washatko Architects (Cedarburg, Wisconsin), Vandewalle & Associates (Madison, Wisconsin), and Strand Engineering (Madison, Wisconsin) to prepare a Master Plan for the site. The Master Plan examined existing challenges and opportunities, future opportunities to be explored, and short-, mid- and long-term physical redevelopment of the site, including the potential for new buildings, structured parking, etc. The Master Plan was adopted by the CDA in December 2005 and the Common Council in February 2006.

**COMMUNITY DEVELOPMENT AUTHORITY  
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2009

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**FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)**

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3. Redevelopment Planning & Implementation: Subsequent to the adoption of the Master Plan, the CDA retained the services of The Bower Group, LLC / Forward Community Investments and Strang Architects, to help implement redevelopment activities on the site. The Kubala Washatko Architects were also retained to assist in design development for renovations associated with the "Atrium" portion of The Villager. These efforts will result in approximately 155,000 square feet of new and renovated space at The Villager.

The Common Council approved as part of its capital budget \$1.0 million for the acquisition and demolition of two gas stations respectively located in the southwest quadrant of Ridgewood Way and South Park Street intersection and in the northwest quadrant of Hughes Place and South Park Street intersection. Both gas stations were acquired and demolished in 2008. A Certified Survey Map incorporated the gas station parcels into The Villager property.

In April 2008, following the release of Requests for Proposals, the CDA engaged Strang, Inc., to prepare architectural, site planning, and construction documentation services for Phase 1 improvements to The Atrium at The Villager. In addition, Strang, Inc. was hired by the CDA to prepare tenant improvements for users within The Atrium.

In May 2008, the CDA released Requests for Statements of Qualifications and Fee Proposals for construction management/contractor services for the reconstruction of The Atrium at The Villager. Interviews were held with three finalists and upon the recommendation of the interview panel, the CDA entered into a contract with J. H. Findorff and Son, Inc., to provide the construction management services. The CDA approved the contract in July 2008.

In June 2008 the CDA unanimously adopted the First Amendment to The Villager Site Development and Master Plan, which amended the adopted 2005 Master Plan to take into consideration the retention of The Atrium as the core element of the revitalization of The Villager, the removal of the underground parking on the site, and a re-working of the site plan once the CDA had acquired both gas stations abutting The Villager site. The adoption of the Master Plan provided an opportunity to review all of these changes as a coherent whole.

In July 2008, the CDA executed a Development Agreement with the Urban League of Greater Madison for the sale of an approximately 20,000 square foot parcel within The Villager property for the construction of a two- or three-story commercial condominium building containing a minimum of 30,000-36,000 gross square foot building. Once completed the new building will house a 12,000 square foot South Madison Public Library branch, a 14,000 square foot Urban League Center for Economic Development, and a 4,000 square foot Planned Parenthood of Wisconsin health facility. The Development Agreement requires that construction be completed within twelve (12) months of closing on the parcel. During 2008 CDA and City staff worked with the Urban League of Greater Madison on land use and design issues associated with the project.

## COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2009

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### FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

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In November 2008, the initial contracts were amended to include Phase A of improvements to The Atrium at The Villager. Approximately \$1.1 million in contracts were awarded for the build-out of space in the lower level of The Atrium, the installation of a new elevator to meet ADA accessibility standards, and the installation or upgrade of plumbing, electrical, and mechanical systems at The Villager. Work on Phase A commenced in December 2008.

Leasing of space within The Atrium continued in 2008. Three (3) leases were executed: One for an existing tenant for 3,100 square feet, one for a new telecommunications retailer for 3,015 square feet, (a five-year lease with renewal options), and one updated four-year lease with renewal options for over 8,000 square feet to the Madison Area Technical College. Other leases were under negotiation, but none executed before end of 2008.

In 2009 the adopted Capital Budget included \$5.708 million for Villager improvements. These included continued work on The Atrium, site improvements, and other capital improvements.

In 2009 Phases B-D of The Atrium work commenced which were to cover final work in The Atrium, the allocation of Dane County Human Services from one part of The Villager to The Atrium, site improvements to the parking lots of the project. This also included the development of "white box" space suitable for new tenants to finish to their specifications.

In March 2009 work began on the Urban League of Greater Madison's Center for Economic Development. This site will house the Urban League, Planned Parenthood of Wisconsin, and South Madison Public Library Branch. The estimated completion date of the shell and core is first quarter of 2010. The Library branch is scheduled to open third or fourth quarter of 2010.

Leasing of space within the Villager continued in 2009. Seven (7) leases were renewed in 2009 covering 36,731 square feet. Prospects for the new commercial retail space at the Atrium were identified, although by the end of 2009, no lease had been executed.

- > Allied Drive Neighborhood- In May 2006, the City of Madison purchased 129 apartment units and now owns 145 units on approximately 11.5 acres of land on Allied Drive south of Jenewein Road in the City portion of the Allied neighborhood ("Allied Drive Property"). In the fall of 2006, the City, partnering with the neighborhood and the American Institute of Architects, Southwest Wisconsin Chapter, held a 4-day community design process to begin to develop a master plan for the entire Allied Drive Property ("Allied Redevelopment Project"). Following the completion of the 4-day community design process, the City began the process of identifying ways to implement the recommendations; based upon market realities and other aspects of the project that could not be as fully developed during the community design process. The goal was to maintain close conformity with the overall goals from the community design process.

**COMMUNITY DEVELOPMENT AUTHORITY  
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2009

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**FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)**

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In 2007, the CDA entered into discussions with the City regarding the CDA serving as master developer of the Allied Drive Property. With its experience in Broadway-Lake Point, and experience as part of the redevelopment of Monona Shores, the CDA approached the City about being the Master Developer of the site; particularly focused upon Phase 1 as the development of affordable rental housing, and a Phase 2 project centered on creating home ownership opportunities with the Allied neighborhood.

The CDA released Requests for Proposals and Requests for Qualifications and entered into contracts with consultants for site planning/architectural and cost estimating services, preparation of a housing market study, and provision of financial packaging and development consulting services for the Allied Drive property.

The CDA contracted with Schreiber/Anderson Associates, Inc., Eppstein Uhen Architects, and Stevens Construction to begin to layout the potential site plan, unit mix, architectural features, and cost estimates for the project.

The CDA also contracted with Dimension Development, LLC to help with the financial packaging, and Baker Tilly Virchow Krause, LLP to help with the market study for a potential Low-Income Housing Tax Credit project, and to better understand the market for owner-occupied housing in Allied.

All of these elements were produced in order to gain support from the Common Council to make the application for the Low-Income Housing Tax Credits and to craft a Cooperation Agreement between the City and the CDA for the CDA to act as the Master Developer.

In January 2008, the Common Council authorized a cooperative agreement between the City and the CDA. Key to this was the need for the CDA to secure Section 42 Low-Income Housing Tax Credits that are operated through the Wisconsin Housing and Economic Development Authority (WHEDA). An application for tax credits was made in February 2008.

On a separate track, the City, in its adopted Capital Budget, provided \$2.2 million to assist in demolition of 11 buildings located on the Allied Drive property.

In April 2008 the CDA was notified by WHEDA that it had received over \$9.0 million dollars in tax credits. Fannie Mae also approved the use of \$2.1 million from the CDA's revolving line-of-credit to provide a construction loan to the project. An additional \$6.0 million was also extended to the Allied Drive Redevelopment, LLC (LLC), of which the CDA is the managing member, to help in constructing the project.

In April 2008 the LLC entered into a contract with Dimension IV Architects to provide construction documentation services and payment processing.

In May 2008, the LLC released an Request for Proposal to solicit a construction management firm to oversee, on behalf of the CDA, to manage the construction of the five (5) building, 49 (49)-unit project. Other amenities included a plaza, public art opportunity, community room, and underground parking, etc. After a thorough review process, a \$4.7 guaranteed maximum price contract was entered into with McGann Construction of Madison, Wisconsin.

# COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2009

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## FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

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In June 2008, the Allied Redevelopment Project received all land use approvals for the Planned Unit Development for the Phase 1 activities.

In July 2008, demolition of the buildings and construction of the necessary infrastructure (roads, sewer, water, and curb/gutter/sidewalk) began. Through an aggressive demolition management and recycling process, over 85% of the material demolished was diverted from the landfill.

In December 2008 construction of the project began, with an estimated completion date of October 2009.

In 2009, a number of activities occurred. The following major categories of events provide an analysis of 2009 activity:

### Categories

- a) Financing
  - > The CDA and the LLC closed on the Tax Credit and construction loan on December 4, 2008.
  - > An FNMA Revolving Line-of-Credit was 100% allocated to the construction financing.
- b) Design/Sustainability
  - > The CDA pursued LEED for Homes Silver designation, but costs to register activity exceeded \$35,000. The CDA decided to meet LEED for Homes Silver criteria without actually applying. The project does meet Energy Star requirements.
  - > The CDA received \$68,000 from MG&E for energy related improvements.
  - > The CDA received \$46,138.52 from Focus on Energy (FOE) for energy-related improvements.
- c) Relocation
  - > The CDA worked with the neighborhood and the Community Action Coalition regarding the relocation of residents to either Revival Ridge or elsewhere.
  - > All residents/tenants were successfully out of the property by October 31, 2009.
- d) Public Works
  - > Phase 2 work was completed on the demolition of the two last remaining buildings from the acquisition in 2009.
  - > The City's adopted 2010 Capital Budget of approved \$1.3 million for Phase 2 infrastructure work. For the single-family phase of the project.
- e) Neighborhood Process
  - > The CDA continues to meet with the Allied Area Task Force on a regular basis to discuss progress and issues for Revival Ridge, Phase 2 projects, and larger community issues.

**COMMUNITY DEVELOPMENT AUTHORITY  
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2009

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**FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)**

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- f) Construction
- > The dates of "delivery" for the Tax Credit apartment buildings of Revival Ridge were as follows:
    - Building A: Certificate of Occupancy issued on June 19
    - Building B: Certificate of Occupancy issued on July 17
    - Building C: Certificate of Occupancy issued on September 1
    - Building E: Certificate of Occupancy issued on September 24
    - Building F: Certificate of Occupancy issued on September 23
  - > A few remaining site amenities, e.g., bike racks, benches, tot lot, and trash receptacles to be installed spring 2010.
  - > Project came in ahead of schedule and within budget.
- 
- > HUD Projects East AMP – The net assets of the East AMP Fund decreased by \$368,040 to a total of \$3,630,273.
  - > HUD Projects West AMP – The net assets of the West AMP Fund decreased by \$405,370 to a total of \$4,777,116.
  - > HUD Projects Triangle AMP – The net assets of the Triangle AMP Fund increased by \$4,572 to a total of \$2,926,676.
  - > HUD Projects Central Cost Center – The net assets of the Central Cost Center Fund increased by \$13,377 to a total of \$234,595.
  - > HUD Projects Fund Capital Fund Grant Program – In 2009 \$1,041,164 was received under this grant program. These funds were used for Public Housing physical and management improvements.
  - > HUD Projects Fund Service Coordinator Grant – \$127,800 was received in 2009 under this grant program. This program provides for a contracted services coordinator who assists elderly and disabled CDA residents in accessing services which will help to keep them in Public Housing units.
  - > Karabis – The net assets of the Karabis Fund increased by \$68,173 in 2009. Unrestricted net assets in this fund are \$787,267.
  - > Parkside – The net assets of the Parkside Fund increased by \$120,509 in 2009. This increased the net asset total to \$29,268.



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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2009

**FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)**

- > **Section 8 Program** – The net assets of the Housing Choice Voucher program increased by \$215,858. This was due in part to receiving \$1.2 million in emergency funding and \$600,000 in extraordinary admin fee. The additional funds were received after HUD had originally not funded the additional vouchers put into place in 2008.

Intergovernmental grants from the Department of Housing to support the program increased from \$8.5 million in 2008 to \$9.8 million (including emergency funding) in 2009. This was due to the increase in subsidized housing units funded by the Annual Contributions Contract with the Department of Housing and Urban Development. This program supported an average of 1,375 housing units per month in 2008. In 2009, the program supported an average of 1,493 housing units per month.

**CAPITAL ASSETS AND LONG-TERM DEBT**

**CAPITAL ASSETS**

At the end of 2009, the CDA had \$27.4 million invested in a variety of capital assets as reflected in the following schedule. This represents a net increase (addition, deductions and depreciation) of \$2.1 Million or 8.4% from the end of the previous year. The major capital asset purchases by the CDA in 2008 were land and building improvements for the Villager Mall. The schedule below summarizes the 2008 capital asset activity.

**CDA-WIDE  
CHANGE IN CAPITAL ASSETS**

	2009	2008	
Beginning Balance	\$ 28,196,342	\$ 25,266,902	
Additions	9,192,448	4,664,147	
Deletions	(298,233)	(324,318)	
Depreciation	(1,354,074)	(1,410,389)	
Ending Balance	\$ 35,736,483	\$ 28,196,342	

Additional information on the CDA's capital assets can be found in Note II.D. of this report.

**LONG-TERM DEBT**

During 2009, the CDA's long-term debt decreased by \$5.8 million due to principal payoffs on existing debt. No new long-term debt was issued in 2009.

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2009

**CAPITAL ASSETS AND LONG-TERM DEBT (cont.)**

*LONG-TERM DEBT (cont.)*

**CDA-WIDE  
CHANGE IN OUTSTANDING DEBT – 2009**

	Beginning Balance	Increases	Decreases	Ending Balance
Revenue bonds	\$ 39,580,000	\$ -	\$ 4,800,000	\$ 34,780,000
Mortgage notes	2,681,687	-	179,299	2,502,388
Other loans/notes	10,590,319	-	346,919	10,243,400
<b>Total Long-Term Debt</b>	<b>\$ 52,852,006</b>	<b>\$ -</b>	<b>\$ 5,326,218</b>	<b>\$ 47,525,788</b>

Additional information on the CDA's long-term debt can be found in Note II.F. of this report.

**ECONOMIC FACTORS**

Significant economic factors affecting the CDA are as follows:

- > Federal funding of the Department of Housing and Urban Development.
- > Local labor supply and demand, which can affect salary and wage rates.
- > Local inflationary, and employment trends, which can affect resident incomes and therefore the amount of rental income.
- > Inflationary pressure on utility rates, supplies and other costs.

**REQUESTS FOR INFORMATION**

The financial report is designed to provide our citizens, customers, investors and creditors with general overview of the CDA's finances. If you have questions about this report or need any additional information, contact the CDA's Office, Attn: Executive Director, 215 Martin Luther King, Jr. Blvd., Ste. LL-100, Madison, Wisconsin, 53703.

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

STATEMENT OF NET ASSETS  
December 31, 2009

<b>ASSETS</b>	Business- type Activities
<b>Current Assets</b>	
Cash and investments	\$ 5,332,030
Accounts receivable	495,619
Interest receivable	554,740
Current portion of leases receivable from primary government	2,290,000
Due from other governmental units	475,643
Prepaid items	942,741
<b>Restricted assets</b>	
Cash and investments	1,428,980
<b>Total Current Assets</b>	<b>11,519,753</b>
<b>Noncurrent Assets</b>	
<b>Property, Plant and Equipment</b>	
Land	12,474,569
Construction in progress	6,011,227
Land improvements	161,956
Buildings and improvements	46,714,905
Machinery and equipment	1,516,000
Less: Accumulated depreciation	(31,142,174)
<b>Net Property, Plant and Equipment</b>	<b>35,736,483</b>
<b>Other Assets</b>	
<b>Restricted Assets</b>	
Cash and investments	4,148,488
Due from primary government	1,004,346
Due from other governmental units	1,090,114
Long-term receivable	2,701,669
Leases receivable from primary government	26,978,679
<b>Total Other Assets</b>	<b>35,923,296</b>
<b>Deferred Charges</b>	197,818
<b>Total Noncurrent Assets</b>	<b>71,857,597</b>
<b>TOTAL ASSETS</b>	<b>\$ 83,377,350</b>

<b>LIABILITIES</b>	Business- type Activities
<b>Current Liabilities</b>	
Accounts payable	\$ 1,948,351
Accrued liabilities	330,642
Due to primary government - City of Madison pooled cash and investments	545,614
Due to other governmental units	15,353
Unearned revenue	870,737
Current portion of long-term debt	2,497,198
Accrued compensated absences	24,506
Other liabilities	237,695
Liabilities payable from restricted assets	
Accrued liabilities	274,473
Current portion of revenue bonds	35,000
<b>Total Current Liabilities</b>	<b>6,779,569</b>
<b>Long-Term Debt Net of Current Maturities</b>	
Mortgage notes	2,312,370
Revenue bonds	32,455,000
Line of credit	2,904,146
Other loans	10,226,220
Accrued compensated absences	450,555
Other post-employment benefits	71,208
Advance from primary government	822,574
<b>Total Long-Term Debt</b>	<b>49,242,073</b>
<b>Total Liabilities</b>	<b>56,021,642</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	22,700,695
Restricted for grants	1,263,594
Restricted for debt	919,867
Unrestricted	2,471,552
<b>Total Net Assets</b>	<b>27,355,708</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 83,377,350</b>

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Business-type activities					
Community development	\$ 4,004,492	\$ 1,938,732	\$ -	\$ 8,906,166	\$ 6,840,406
Housing projects	18,858,021	2,970,310	15,042,371	169,889	(675,451)
Total Business-type Activities	<u>22,862,513</u>	<u>4,909,042</u>	<u>15,042,371</u>	<u>9,076,055</u>	<u>6,164,955</u>
General revenues					
Investment income					135,854
Miscellaneous					<u>2,398,374</u>
Total General Revenues					<u>2,534,228</u>
<b>Change in net assets</b>					<b>8,699,183</b>
NET ASSETS – Beginning of Year					<u>18,656,525</u>
<b>NET ASSETS – END OF YEAR</b>					<b><u>\$ 27,355,708</u></b>

See accompanying notes to financial statements.

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
December 31, 2009

	Business-type Activities - Enterprise Funds					Totals	Business- type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	Villager Fund	Allied Drive Fund	Nonmajor Enterprise Funds		Central Cost Center Fund
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and investments	\$ 217,268	\$ 1,610,717	\$ 2,294,280	\$ 110,835	\$ 830,551	\$ 5,063,651	\$ 268,379
Accounts receivable	218,828	-	123,848	-	152,943	495,619	-
Interest receivable	554,740	-	-	-	-	554,740	-
Current portion of leases receivable from primary government	2,290,000	-	-	-	-	2,290,000	-
Due from other governmental units	-	5,593	5,202	-	459,538	470,333	5,310
Prepaid items	-	918,087	-	-	18,674	936,761	5,980
Restricted assets							
Cash and investments	1,428,980	-	-	-	-	1,428,980	-
<b>Total Current Assets</b>	<b>4,709,816</b>	<b>2,534,397</b>	<b>2,423,330</b>	<b>110,835</b>	<b>1,461,706</b>	<b>11,240,084</b>	<b>279,669</b>
<b>Noncurrent Assets</b>							
Property, Plant and Equipment							
Land	357,691	-	5,274,298	4,529,532	2,313,048	12,474,569	-
Construction in progress	84,791	-	5,847,311	-	79,125	6,011,227	-
Land improvements	17,480	-	-	-	144,476	161,956	-
Buildings and improvements	1,614,782	-	6,127,336	-	38,716,252	46,458,370	256,535
Machinery and equipment	82,342	45,106	-	-	1,048,187	1,175,635	340,365
Less: Accumulated depreciation	(634,588)	(34,793)	(1,115,228)	-	(28,936,710)	(30,721,319)	(420,855)
<b>Net Property, Plant and Equipment</b>	<b>1,522,498</b>	<b>10,313</b>	<b>16,133,717</b>	<b>4,529,532</b>	<b>13,364,378</b>	<b>35,560,438</b>	<b>176,045</b>
<b>Other Assets</b>							
Restricted Assets							
Cash and investments	4,123,502	-	-	-	24,986	4,148,488	-
Due from primary government	1,004,346	-	-	-	-	1,004,346	-
Due from other governmental units	160,233	-	-	-	929,881	1,090,114	-
Long-term receivable	1,446,578	-	-	1,255,091	-	2,701,669	-
Leases receivable from primary government	26,978,679	-	-	-	-	26,978,679	-
<b>Total Other Assets</b>	<b>33,713,338</b>	<b>-</b>	<b>-</b>	<b>1,255,091</b>	<b>954,867</b>	<b>35,923,296</b>	<b>-</b>
Deferred Charges	195,295	-	-	-	2,523	197,818	-
<b>Total Noncurrent Assets</b>	<b>35,431,131</b>	<b>10,313</b>	<b>16,133,717</b>	<b>5,784,623</b>	<b>14,321,768</b>	<b>71,681,552</b>	<b>176,045</b>
<b>TOTAL ASSETS</b>	<b>\$ 40,140,947</b>	<b>\$ 2,544,710</b>	<b>\$ 18,557,047</b>	<b>\$ 5,895,458</b>	<b>\$ 15,783,474</b>	<b>\$ 82,921,636</b>	<b>\$ 455,714</b>

	Business-type Activities - Enterprise Funds					Totals	Business- type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	Villager Fund	Allied Drive Fund	Nonmajor Enterprise Funds		Central Cost Center Fund
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
Accounts payable	\$ 11,584	\$ 124,890	\$ 1,287,296	\$ 126,300	\$ 391,014	\$ 1,941,084	\$ 7,267
Accrued liabilities	280,267	-	46,116	-	4,259	330,642	-
Due to primary government - City of Madison pooled cash and investments	217,461	-	-	-	328,153	545,614	-
Due to other governmental units	-	-	-	-	-	-	15,353
Unearned revenue	-	861,825	-	-	8,912	870,737	-
Current portion of mortgage notes	63,584	-	-	-	126,434	190,018	-
Current portion of revenue bonds	2,290,000	-	-	-	-	2,290,000	-
Current portion of other loans	17,180	-	-	-	-	17,180	-
Accrued compensated absences	-	6,830	-	-	11,908	18,738	5,768
Other liabilities	21,707	-	-	9,773	206,215	237,695	-
Liabilities payable from restricted assets							
Accrued liabilities	274,473	-	-	-	-	274,473	-
Current portion of revenue bonds	-	-	-	-	35,000	35,000	-
<b>Total Current Liabilities</b>	<b>3,176,256</b>	<b>993,545</b>	<b>1,333,412</b>	<b>136,073</b>	<b>1,111,895</b>	<b>6,751,181</b>	<b>28,388</b>
<b>Long-Term Debt Net of Current Maturities</b>							
Mortgage notes	945,325	-	-	-	1,367,045	2,312,370	-
Revenue bonds	32,200,000	-	-	-	255,000	32,455,000	-
Line of credit	1,649,055	-	-	1,255,091	-	2,904,146	-
Other loans	626,220	-	9,540,000	-	60,000	10,226,220	-
Accrued compensated absences	-	125,563	-	-	218,944	344,507	106,048
Other post-employment benefits	-	28,290	-	-	42,412	70,702	506
Advances from primary government	238,000	140,795	-	-	357,602	736,397	86,177
<b>Total Long-Term Debt</b>	<b>35,658,600</b>	<b>294,648</b>	<b>9,540,000</b>	<b>1,255,091</b>	<b>2,301,003</b>	<b>49,049,342</b>	<b>192,731</b>
<b>Total Liabilities</b>	<b>38,834,856</b>	<b>1,288,193</b>	<b>10,873,412</b>	<b>1,391,164</b>	<b>3,412,898</b>	<b>55,800,523</b>	<b>221,119</b>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt (deficit)	(129,811)	10,313	6,593,717	4,529,532	11,520,899	22,524,650	176,045
Restricted for grants	-	1,263,594	-	-	-	1,263,594	-
Restricted for debt	-	-	-	-	919,867	919,867	-
Unrestricted (deficit)	1,435,902	(17,390)	1,089,918	(25,238)	(70,190)	2,413,002	58,550
<b>Total Net Assets</b>	<b>1,306,091</b>	<b>1,256,517</b>	<b>7,683,635</b>	<b>4,504,294</b>	<b>12,370,576</b>	<b>27,121,113</b>	<b>234,595</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 40,140,947</b>	<b>\$ 2,544,710</b>	<b>\$ 18,557,047</b>	<b>\$ 5,895,458</b>	<b>\$ 15,783,474</b>	<b>\$ 82,921,636</b>	<b>\$ 455,714</b>

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2009

	Business-type Activities - Enterprise Funds					Totals	Business- type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	Villager Fund	Allied Drive Fund	Nonmajor Enterprise Funds		Central Cost Center Fund
<b>OPERATING REVENUES</b>							
Charges for services	\$ 785,324	\$ -	\$ 1,438,667	\$ -	\$ 2,538,466	\$ 4,762,457	\$ 690,480
Other revenue	-	-	-	-	146,585	146,585	-
Total Operating Revenues	<u>785,324</u>	<u>-</u>	<u>1,438,667</u>	<u>-</u>	<u>2,685,051</u>	<u>4,909,042</u>	<u>690,480</u>
<b>OPERATING EXPENSES</b>							
Operation and maintenance	273,149	11,386,243	1,073,808	114,495	5,202,586	18,050,281	822,291
Depreciation	42,432	4,126	210,692	-	1,082,452	1,339,702	14,372
Taxes	-	-	70,000	-	163,203	233,203	-
Total Operating Expenses	<u>315,581</u>	<u>11,390,369</u>	<u>1,354,500</u>	<u>114,495</u>	<u>6,448,241</u>	<u>19,623,186</u>	<u>836,663</u>
Operating Income (Loss)	<u>469,743</u>	<u>(11,390,369)</u>	<u>84,167</u>	<u>(114,495)</u>	<u>(3,763,190)</u>	<u>(14,714,144)</u>	<u>(146,183)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Investment income	80,212	6,825	5,139	-	39,325	131,501	4,353
Interest on capital lease	2,171,446	-	-	-	-	2,171,446	-
Interest and amortization	(2,073,080)	(7,532)	(475,662)	-	(145,733)	(2,702,007)	(4,609)
Intergovernmental grants	185,046	11,597,664	-	-	3,216,957	14,999,667	42,704
Miscellaneous revenues	-	9,270	179,319	-	34,639	223,228	3,700
Miscellaneous expenses	(367,897)	-	-	-	(18,631)	(386,528)	-
Total Nonoperating Revenue (Expenses)	<u>(4,273)</u>	<u>11,606,227</u>	<u>(291,204)</u>	<u>-</u>	<u>3,126,557</u>	<u>14,437,307</u>	<u>46,148</u>
Income (Loss) Before Contributions	<u>465,470</u>	<u>215,858</u>	<u>(207,037)</u>	<u>(114,495)</u>	<u>(636,633)</u>	<u>(276,837)</u>	<u>(100,035)</u>
<b>CAPITAL CONTRIBUTIONS</b>	84,791	-	5,204,834	3,616,541	169,889	9,076,055	-
<b>TRANSFERS IN</b>	-	-	-	-	-	-	113,412
<b>TRANSFERS OUT</b>	-	-	-	-	(113,412)	(113,412)	-
<b>CHANGE IN NET ASSETS</b>	550,261	215,858	4,997,797	3,502,046	(580,156)	8,685,806	13,377
NET ASSETS - Beginning of Year	<u>755,830</u>	<u>1,040,659</u>	<u>2,685,838</u>	<u>1,002,248</u>	<u>12,950,732</u>	<u>18,435,307</u>	<u>221,218</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,306,091</u>	<u>\$ 1,256,517</u>	<u>\$ 7,683,635</u>	<u>\$ 4,504,294</u>	<u>\$12,370,576</u>	<u>\$27,121,113</u>	<u>\$ 234,595</u>

See accompanying notes to financial statements.

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2009

	Business-type Activities - Enterprise Funds					Totals	Business-type Activities - Internal Service Fund Central Cost Center Fund
	General Operating Fund	Housing Voucher Fund	Villager Fund	Allied Drive Fund	Nonmajor Enterprise Funds		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Received from customers	\$ 784,807	\$ -	\$ 1,629,432	\$ -	\$ 2,555,296	\$ 4,969,535	\$ 690,480
Paid to suppliers for goods and services	(263,347)	(10,546,885)	(190,066)	-	(3,566,468)	(14,566,766)	(292,011)
Paid to employees for services	-	(818,375)	-	-	(1,507,111)	(2,325,486)	(529,966)
Paid to city for tax equivalent	-	-	(70,000)	-	(163,203)	(233,203)	-
Net Cash Flows From Operating Activities	521,460	(11,365,260)	1,369,366	-	(2,681,486)	(12,155,920)	(131,497)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Deposits (refunds)	-	-	-	1	3,130	3,131	-
Deposits (refunds) with governmental agencies	(23,730)	-	-	-	(45,471)	(69,201)	-
Intergovernmental grants	185,046	12,453,896	-	-	3,083,048	15,721,990	139,901
Deficit cash implicitly financed	-	-	-	-	118,941	118,941	-
Collection of long-term receivable	6,460	-	-	-	-	6,460	-
Long-term loan to developer	-	-	-	(1,255,091)	-	-	-
Receipt of advance from primary government	-	-	-	-	28,900	28,900	-
Repayment of advance from primary government	347,658	-	-	-	-	347,658	-
Repayment of advance to primary government	(500,000)	(2,638)	-	-	(645)	(503,283)	(69,075)
Transfers in (out)	-	-	-	-	(113,412)	(113,412)	113,412
Other nonoperating items	4,877	9,270	174,117	11,805	34,500	234,569	3,701
Net Cash Flows From Noncapital Financing Activities	20,311	12,460,528	174,117	(1,243,285)	3,108,991	15,775,753	187,939
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Debt issued	-	-	-	1,255,091	-	-	-
Debt retired	(5,276,731)	-	-	-	(153,204)	(5,429,935)	-
Interest paid	(2,093,851)	(7,532)	(475,662)	-	(145,496)	(2,722,541)	-
Acquisition and construction of capital assets	(116,588)	-	(5,302,555)	(98,185)	(249,014)	(5,766,342)	(4,609)
Salvage	-	-	279,740	-	-	279,740	-
Capital contributions	84,791	-	5,204,834	190,435	169,889	5,649,949	-
Lease payments received	6,986,116	-	-	-	-	6,986,116	-
Net Cash Flows From Capital and Related Financing Activities	(416,263)	(7,532)	(293,643)	1,347,341	(377,825)	(1,003,013)	(4,609)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Investment income	80,212	6,825	5,139	-	39,325	131,501	4,353
Net Cash Flows From Investing Activities	80,212	6,825	5,139	-	39,325	131,501	4,353
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	205,720	1,094,561	1,254,979	104,056	89,005	2,748,321	56,186
CASH AND CASH EQUIVALENTS - Beginning of Year	5,564,030	516,156	1,039,301	6,779	766,532	7,892,798	212,193
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 5,769,750	\$ 1,610,717	\$ 2,294,280	\$ 110,835	\$ 855,537	\$ 10,641,119	\$ 268,379

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES**

	General Operating Fund	Housing Voucher Fund	Villager Fund	Allied Drive Fund	Nonmajor Enterprise Funds	Totals	Business-type Activities - Internal Service Fund Central Cost Center Fund
Operating income (loss)	\$ 469,743	\$ (11,390,369)	\$ 84,167	\$ (114,495)	\$ (3,763,190)	\$ (14,714,144)	\$ (146,183)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities							
Depreciation	42,432	4,126	210,692	-	1,082,452	1,339,702	14,372
Change in assets and liabilities							
Receivables	(517)	-	190,765	-	(129,755)	60,493	-
Prepaid items and other assets	-	(122,828)	-	-	(2,526)	(125,354)	(173)
Accounts payable	9,802	124,226	883,742	114,495	121,925	1,254,190	(1,341)
Accrued liabilities	-	19,585	-	-	9,608	29,193	1,828
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	\$ 521,460	\$ (11,365,260)	\$ 1,369,366	\$ -	\$ (2,681,486)	\$ (12,155,920)	\$ (131,497)

**RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS**

	General Operating Fund	Housing Voucher Fund	Villager Fund	Allied Drive Fund	Nonmajor Enterprise Funds	Totals	Business-type Activities - Internal Service Fund Central Cost Center Fund
Cash and investments	\$ 217,268	\$ 1,610,717	\$ 2,294,280	\$ 110,835	\$ 830,551	\$ 5,063,651	\$ 268,379
Restricted cash and investments	5,552,482	-	-	-	24,986	5,577,468	-
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 5,769,750	\$ 1,610,717	\$ 2,294,280	\$ 110,835	\$ 855,537	\$ 10,641,119	\$ 268,379

**NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES**

The City of Madison transferred \$3,426,106 of land to the Allied Drive fund during 2009.

See accompanying notes to financial statements.

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

INDEX TO NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

---

**A. REPORTING ENTITY**

The Community Development Authority (CDA) of the City of Madison, Wisconsin is a component unit of the City of Madison, Wisconsin. The financial statements of the CDA have been prepared in conformity with generally accepted accounting principles. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies are described below.

The CDA is comprised of eleven individual funds which provide community development and housing assistance services to properties within the City of Madison. The CDA is reported as a component unit of the City of Madison, Wisconsin.

**B. BASIC FINANCIAL STATEMENTS**

Financial statements of the reporting entity are organized into funds each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net assets, revenues, and expenses.

Major individual enterprise funds are reported as separate columns in the basic financial statements.

Funds are organized as major funds or non-major funds within the statements. An emphasis is placed on major funds. A fund is considered major if it is the primary operating fund of the CDA or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenses of that individual enterprise fund are at least 10% of the corresponding total for all funds of that category or type.
- b. In addition, any other enterprise fund that the CDA believes is particularly important to financial statement users may be reported as a major fund.

Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

The CDA reports the following major enterprise funds:

*Major Enterprise Funds*

- General Operating Fund – accounts for the CDA's primary operating activities.
- Housing Voucher Fund – accounts for the operations of the Housing Voucher program.
- Villager Fund – accounts for the operations of Villager Mall project.
- Allied Drive Fund – accounts for the operations of the Allied Drive project.

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

**B. BASIC FINANCIAL STATEMENTS (cont.)**

The CDA reports the following non-major enterprise funds:

- Karabis Fund – accounts for the operations of the Karabis project.
- Parkside Project Fund – accounts for the operations of the Parkside project.
- East Housing Fund – accounts for the operations of HUD projects at East location.
- West Housing Fund – accounts for the operations of HUD projects at West location.
- Triangle Housing Fund – accounts for the operations of HUD projects at Triangle location.

Internal Service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the CDA on a cost-reimbursement basis. The Central Cost Center fund is reported as an internal service fund and accounts for the central operations of HUD projects.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING,  
AND FINANCIAL STATEMENT PRESENTATION**

The government-wide statement of net assets and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

Enterprise fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as previously described in this note.

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989. The enterprise funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a enterprise fund's principal ongoing operations. The principal operating revenues of the CDA are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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***D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY***

***1. Deposits and Investments***

For purposes of the statement of cash flows, the CDA considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of CDA funds is restricted by state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The CDA follows the investment policy of the primary government. That policy follows the state statutes for allowable investments.

The CDA's investment policy does not cover custodial credit risk, credit risk or interest rate risk.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

See Note II.A. for further information.

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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***D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)***

***2. Receivables***

Accounts receivable have been shown net of an allowance for uncollectible accounts.

During the course of operations transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds.

Advances with the City of Madison are reported as other assets or noncurrent liabilities. No repayment schedules have been established.

***3. Inventories and Prepaid Items***

Inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction and/or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

***4. Restricted Assets***

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net assets.

***5. Capital Assets***

Capital assets, which include property, plant, and equipment, are reported in the financial statements. Capital assets are defined by the CDA as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation. The CDA has no infrastructure assets.

Additions to and replacements of capital assets of proprietary funds are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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**D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)**

**5. Capital Assets (cont.)**

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of revenues, expenses, and changes in net assets, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Land Improvements	15	Years
Buildings and Improvements	20-40	Years
Machinery and Equipment	5-10	Years

**6. Other Assets**

Debt issuance costs are deferred and amortized over the term of the debt issue.

**7. Compensated Absences**

City of Madison employees provide the necessary staffing to operate the CDA operations. These employees receive benefits according to the City of Madison's policies.

All vested vacation and sick leave pay is accrued when incurred.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2009 are determined on the basis of current salary rates and include salary related payments.

**8. Long-Term Obligations/Conduit Debt**

All long-term obligations to be repaid from enterprise fund resources are reported as liabilities in the financial statements. The long-term obligations consist primarily of notes and bonds payable, and accrued compensated absences.

The CDA has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the CDA. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at December 31, 2009 is approximately \$178,065,000, made up of 10 series.

**9. Claims and Judgments**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments are recorded in the proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)**

**10. Equity Classifications**

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the CDA's policy to use restricted resources first, then unrestricted resources as they are needed.

**NOTE II – DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

The CDA's cash and investments at year end were comprised of the following:

	Carrying Value	Statement Balance	Associated Risks
Deposits	\$ 4,808,373	\$ 4,808,373	Custodial credit
Guaranteed investment contract	1,000,000	1,000,000	N/A
Mutual funds	4,555,161	4,555,161	Credit
Petty cash	350	-	N/A
 Total Cash and Investments	 \$ 10,363,884	 \$ 10,363,534	
 Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 5,332,030		
Restricted cash and investments	5,577,468		
Pooled cash and investments – due to the City of Madison	(545,614)		
 Total Cash and Investments	 \$ 10,363,884		

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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**NOTE II – DETAILED NOTES ON ALL FUNDS (cont.)**

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**A. DEPOSITS AND INVESTMENTS (cont.)**

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited amounts for noninterest bearing accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

***Custodial Credit Risk***

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the CDA's deposits may not be returned to the CDA.

The CDA does not have any deposits exposed to custodial credit risk.

A portion of the CDA's deposits are invested in a cash and investments pool maintained by the primary government. See the primary government financial statements for further information.

Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the CDA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The CDA does not have any investments exposed to custodial credit risk.

***Credit Risk***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2009, the CDA's investments were rated as follows:

<u>Investment Type</u>	<u>Moody's Investor Service</u>
Mutual funds	AAA

See Note I.D.1. for further information on deposit and investment policies.

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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**NOTE II – DETAILED NOTES ON ALL FUNDS (cont.)**

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**B. RECEIVABLES**

Revenues of the CDA are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are not material.

Proprietary funds defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, *unearned revenue* reported in the proprietary funds was as follows:

	<u>Unearned</u>
Rent payments received not yet due	\$ 8,912
HAP payments received in advance	<u>861,825</u>
	<u>\$ 870,737</u>

**C. RESTRICTED ASSETS**

**1. GENERAL OPERATING FUND**

Certain proceeds of the \$20,640,000 Taxable Variable Rate Demand Redevelopment Lease Revenue Bonds, Series 1996A, as well as certain other resources which are set aside for debt repayment, are classified as restricted assets.

***Bond Account***

The bond account is utilized for payment of principal and interest on the bonds.

***Debt Service Reserve Account***

Proceeds of the bonds were placed in a debt service reserve account to be held as security for the bonds.

Certain proceeds of the \$10,870,000 Taxable Redevelopment Lease Revenue Bonds, Series 1999C, as well as certain other revenues, are classified as restricted assets.

***Debt Service Reserve Account***

Proceeds of the bonds were placed in a debt service reserve account to be held as security for the bonds.

Certain proceeds of the \$6,800,000 Taxable Redevelopment Lease Revenue Bonds, Series 2000, as well as certain other revenues, are classified as restricted assets.

***Bond Account***

The bond account is utilized for payment of principal and interest on the bonds.



**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

**NOTE II – DETAILED NOTES ON ALL FUNDS (cont.)**

**C. RESTRICTED ASSETS (cont.)**

**1. GENERAL OPERATING FUND (cont.)**

***Debt Service Reserve Account***

Proceeds of the bonds were placed in a debt service reserve account to be held as security for the bonds.

Certain proceeds of the \$13,175,000 Lease Revenue Refunding Bonds, Series 2002, as well as certain other revenues, are held as a debt service reserve by the primary government as security for the bonds and are classified as restricted assets.

***Madison Mutual Housing Authority Accounts***

The MMHA property management company maintains a replacement reserve account, as well as other miscellaneous accounts within the general operating fund of the CDA.

Following is a list of restricted assets for the General Operating Fund:

	12-31-09
Bond account	\$ 1,428,980
Debt service reserve account	2,064,000
Debt service reserve account	1,028,900
Bond account	328,295
Debt service reserve account	680,000
Due from primary government – debt service reserve	1,004,346
MMHA accounts	22,307
Due from other governmental units – replacement account	160,233
Total	\$ 6,717,061

**2. PARKSIDE PROJECT FUND**

At December 31, 2009, the Parkside maintained the following restricted escrow deposits as required by the Parkside Project Fund Regulatory Agreement with Wisconsin Housing and Economic Development Authority (WHEDA).

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

**NOTE II – DETAILED NOTES ON ALL FUNDS (cont.)**

**C. RESTRICTED ASSETS (cont.)**

**2. PARKSIDE PROJECT FUND (cont.)**

***Debt Service Reserve Fund Account***

The debt service reserve Fund had \$2,000 deposited in it on the closing date. On each interest payment date, all investment earnings on the amounts in the debt service reserve fund shall be used to pay the interest. If the earnings in the debt service reserve fund are insufficient, the original deposit may be used to pay interest. If the original deposit is depleted, the CDA is required to cure the deficiency prior to the next interest payment date.

***Real Estate Tax Escrow Account***

Monthly deposits are required to accumulate reserves for real estate taxes.

***Replacement Account***

The replacement account is an account held in trust by WHEDA. Disbursements from this account are restricted to replacement of the building's structural elements or mechanical equipment and may be made only upon approval of WHEDA. Monthly deposits were made into this account in 2009.

***Residual Receipts Account***

The Parkside Project Fund is required to remit annually all cash remaining, if any, after the payment of all expenses, establishment of all required escrows and reserves and provision for allowable distributions, to a residual receipts reserve account. Remittance of residual receipts occurs upon approval of year-end financial statements by WHEDA. These residual receipts are under the control of WHEDA and can be disbursed only at WHEDA's discretion.

Following is a list of restricted assets for the Parkside Project Fund.

	12-31-09
Debt Service Reserve Fund Account	\$ 24,986
Due From Other Governmental Units	
Real Estate Tax Escrow Account	26,210
Replacement Account	903,309
Residual Receipts Account	362
Total	\$ 954,867

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

**NOTE II – DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2009 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 9,162,042	\$ 3,592,267	\$ 279,740	\$ 12,474,569
Construction in progress	713,518	5,301,400	3,691	6,011,227
Total Capital Assets Not Being Depreciated	<u>9,875,560</u>	<u>8,893,667</u>	<u>283,431</u>	<u>18,485,796</u>
Capital assets being depreciated				
Land improvements	161,956	-	-	161,956
Buildings and improvements	46,472,289	298,781	56,165	46,714,905
Machinery and equipment	1,516,000	-	-	1,516,000
Total Capital Assets Being Depreciated	<u>48,150,245</u>	<u>298,781</u>	<u>56,165</u>	<u>48,392,861</u>
Less: Accumulated depreciation for				
Land improvements	(46,255)	(10,798)	-	(57,053)
Buildings and improvements	(28,346,436)	(1,308,428)	41,363	(29,613,501)
Machinery and equipment	(1,436,772)	(34,848)	-	(1,471,620)
Total Accumulated Depreciation	<u>(29,829,463)</u>	<u>(1,354,074)</u>	<u>41,363</u>	<u>(31,142,174)</u>
Total Capital Assets Being Depreciated	<u>18,320,782</u>	<u>(1,055,293)</u>	<u>14,802</u>	<u>17,250,687</u>
Total Capital Assets	<u>\$ 28,196,342</u>	<u>\$ 7,838,374</u>	<u>\$ 298,233</u>	<u>\$ 35,736,483</u>

Depreciation expense was charged to functions as follows:

**Proprietary Funds**

Housing projects	<u>\$ 1,354,074</u>
Enterprise funds	\$ 1,339,702
Internal service fund	<u>14,372</u>
Total	<u>\$ 1,354,074</u>

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

**NOTE II – DETAILED NOTES ON ALL FUNDS (cont.)**

**E. LINE OF CREDIT**

The CDA has a line of credit with the Federal National Mortgage Association (Fannie Mae) in the amount of \$4,100,000. The maturity date is December 15, 2011. The interest rate is adjustable, obtained by adding ninety basis points to the three-month LIBOR, adjusted quarterly, as published in The Wall Street Journal on the last business day of the month immediately preceding each quarter. \$2,904,146 is outstanding on the line of credit as of December 31, 2009.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Line of Credit	\$ 1,752,772	\$ 1,255,091	\$ 103,717	\$ 2,904,146	\$ -

**F. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Bonds and Notes Payable:</b>					
Revenue bonds	\$ 39,580,000	\$ -	\$ 4,800,000	\$ 34,780,000	\$ 2,325,000
Mortgage notes	2,681,687	-	179,299	2,502,388	190,018
Other loans/notes	10,590,319	-	346,919	10,243,400	17,180
Subtotal	52,852,006	-	5,326,218	47,525,788	2,532,198
Accrued compensated absences	457,106	277,379	259,424	475,061	24,506
Other post-employment benefits	58,142	13,066	-	71,208	-
Advance from primary government	1,366,032	-	543,458	822,574	-
<b>Total Long-Term Liabilities</b>	<b>\$ 54,733,286</b>	<b>\$ 290,445</b>	<b>\$ 6,129,100</b>	<b>\$ 48,894,631</b>	<b>\$ 2,556,704</b>

**Revenue Debt**

Revenue bonds are payable only from revenues derived from the operation of the responsible fund and from lease payments received from the primary government (see Note II.G.).

The CDA has pledged future lease revenues to repay \$51,485,000 in lease revenue bonds issued in 1996 through 2002. Proceeds from the bonds provided financing for various projects of the City of Madison. The bonds are payable solely from lease revenues and are payable through 2022. Annual principal and interest payments on the bonds are expected to require 46% of net revenues. Total principal and interest remaining to be paid on the bonds is \$45,621,688. Principal and interest paid for the current year and total revenues were \$6,735,024 and \$7,593,162, respectively.

The CDA has pledged future project revenues to repay \$725,000 in project revenue bonds issued in 1986. Proceeds from the bonds provided financing for repayment of a WHEDA loan. The bonds are payable solely from project revenues and are payable through 2016. Annual principal and interest on the bonds are expected to require 7% of net revenues. Total principal and interest remaining to be paid on the bonds is \$356,012. Principal and interest paid for the current year and total revenues were \$53,580 and \$776,397, respectively.

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

**NOTE II – DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**Revenue Debt (cont.)**

Revenue debt payable at December 31, 2009 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12-31-09
<u>General Operating Fund</u>					
Lease revenue bonds	12/05/96	01/01/19	3.30 – 5.25%	\$ 20,640,000	\$ 12,170,000
Lease revenue bonds	04/01/99	10/01/22	5.50 – 7.10%	10,870,000	8,530,000
Lease revenue bonds	07/01/00	07/01/20	2.75 – 5.50%	6,800,000	5,015,000
Lease revenue bonds	10/01/02	03/01/20	3.00 – 4.375%	13,175,000	8,775,000
			<b>Total General Operating Fund</b>		<u>34,490,000</u>
<u>Parkside Project Fund</u>					
Revenue bonds	07/01/86	07/01/16	4.50 – 5.75%	725,000	290,000
<b>Total Revenue Debt</b>					<u><u>\$ 34,780,000</u></u>

Debt service requirements to maturity are as follows:

Years	Revenue Debt	
	Principal	Interest
2010	\$ 2,325,000	\$ 1,530,047
2011	2,500,000	1,477,940
2012	2,675,000	1,406,528
2013	2,860,000	1,314,582
2014	3,055,000	1,206,030
2015 – 2019	16,665,000	3,753,909
2020 – 2022	4,700,000	508,664
<b>Totals</b>	<u><u>\$ 34,780,000</u></u>	<u><u>\$ 11,197,700</u></u>

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

**NOTE II – DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**Revenue Debt (cont.)**

**Mortgage Notes**

Mortgage notes are payable only from revenues derived from the operation of the responsible fund.

Mortgage notes payable at December 31, 2009 consists of the following:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-09</u>
<u>General Operating Fund</u>					
Housing mortgage note	06/01/92	06/01/22	4.00%	\$ 2,283,492	\$ 1,008,909
<u>Parkside Project Fund</u>					
Housing mortgage note	08/12/77	12/01/18	6.75%	3,085,241	<u>1,493,479</u>
Total Mortgage Notes					<u>\$ 2,502,388</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Mortgage Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 190,018	\$ 136,057
2011	201,501	124,659
2012	213,615	112,545
2013	226,499	99,661
2014	240,193	85,967
2015 – 2019	1,188,620	200,191
2020 – 2022	<u>241,942</u>	<u>12,376</u>
Totals	<u>\$ 2,502,388</u>	<u>\$ 771,456</u>

**Other Loans/Notes**

The following loans and notes are payable to the City of Madison related to the Madison Mutual Housing Association property acquired by the CDA in 1996, to the City of Madison related to the Romnes apartments and to WCDLF.

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

**NOTE II – DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**Other Loans/Notes (cont.)**

Other loans/notes payable at December 31, 2009 consists of the following:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-09</u>
<u>General Operating Fund</u>					
Section 17 loans	Various	N/A	N/A	\$ 103,000	\$ 85,000
UDAG loan	06/05/87	N/A	5.0%	371,000	371,000
WHEDA WRAP note	Unknown	06/22	N/A	Unknown	187,400
			Total General Operating Fund		<u>643,400</u>
<u>Villager Fund</u>					
WCDFL note	12/22/04	12/22/11	5.5-7.2%	\$ 7,000,000	7,000,000
WCDFL note	12/22/04	12/22/34	1.53%	2,540,000	2,540,000
			Total Villager Fund		<u>9,540,000</u>
<u>West Housing Fund</u>					
Promissory note	10/20/97	N/A	N/A	\$ 60,000	60,000
Total Other Loans/Notes					<u>\$ 10,243,400</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>WCDFL Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ -	\$ 492,349
2011	7,000,000	669,161
2012	-	9,715
2013	-	-
2014	-	-
2015 – 2019	-	-
2020 – 2024	-	-
2025 – 2029	-	-
2030 – 2034	2,540,000	-
Totals	<u>\$ 9,540,000</u>	<u>\$ 1,171,225</u>

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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**NOTE II – DETAILED NOTES ON ALL FUNDS (cont.)**

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**F . LONG-TERM OBLIGATIONS (cont.)**

***Other Debt Information***

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to business-type activities will be liquidated by the respective funds where the liabilities are recorded. The WHEDA WRAP note, the City of Madison loans related to MMHA property and the promissory note are also not included in the debt service requirement schedules. These debts are subject to various redemption provisions.

The City of Madison has pledged the full faith and credit of the city's taxing powers in relation to the Wisconsin Community Development Legacy Fund (WCDFL) note for the CDA in the amount of \$7,000,000.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The CDA believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations and the new market tax credit program.

**G. LEASE DISCLOSURES**

The CDA is leasing property to the City of Madison. The annual lease payments to be received will be the same as the CDA's annual debt service payments on the Lease Revenue Bonds, Series 1996A.

The CDA is leasing a parking structure to the City of Madison. The annual lease payments to be received are equal to the CDA's annual debt service payments on the Taxable Redevelopment Lease Revenue Bonds, Series 1999C.

The CDA is leasing a parking ramp to the City of Madison. The annual lease payments to be received are equal to the CDA's annual debt service payments on the Taxable Redevelopment Lease Revenue Bonds, Series 2000.

The CDA is leasing its one-third ownership of the Monona Terrace Convention Center to the City of Madison. The annual lease payments to be received are equal to the CDA's annual debt service payments on the Lease Revenue Refunding Bonds, Series 2002.

The CDA does not have any other material capital or operating leases at December 31, 2009.



**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

**NOTE II – DETAILED NOTES ON ALL FUNDS (cont.)**

**G. LEASE DISCLOSURES (cont.)**

The annual lease payments by the city to the CDA on the leases are as follows:

	1996 Issue		1999 Issue	
	Principal	Interest	Principal	Interest
2010	\$ 1,020,000	\$ 531,350	\$ 280,000	\$ 600,108
2011	1,100,000	493,130	330,000	581,348
2012	1,180,000	448,905	375,000	558,908
2013	1,260,000	398,845	430,000	533,220
2014	1,340,000	342,905	490,000	503,550
2015	1,440,000	279,945	555,000	469,495
2016	852,094	68,186	625,000	430,645
2017	-	-	700,000	386,895
2018	-	-	745,000	337,895
2019	-	-	870,000	285,000
2020	-	-	970,000	223,013
2021	-	-	1,075,000	153,900
2022	-	-	521,585	37,163
Totals	<u>\$ 8,192,094</u>	<u>\$ 2,563,266</u>	<u>\$ 7,966,585</u>	<u>\$ 5,101,140</u>

	2000 Issue		2002 Issue	
	Principal	Interest	Principal	Interest
2010	\$ 325,000	\$ 237,335	\$ 665,000	\$ 325,456
2011	350,000	226,123	685,000	303,514
2012	370,000	212,998	710,000	280,142
2013	395,000	198,198	735,000	255,209
2014	420,000	181,608	760,000	228,287
2015	450,000	163,128	790,000	199,216
2016	475,000	142,203	815,000	167,906
2017	510,000	118,690	850,000	134,606
2018	540,000	92,680	885,000	99,353
2019	500,000	28,215	920,000	61,550
2020	-	-	960,000	21,000
2021	-	-	-	-
2022	-	-	-	-
Totals	<u>\$ 4,335,000</u>	<u>\$ 1,601,178</u>	<u>\$ 8,775,000</u>	<u>\$ 2,076,239</u>

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

**NOTE II – DETAILED NOTES ON ALL FUNDS (cont.)**

**H. NET ASSETS**

Net assets reported on the government-wide statement of net assets at December 31, 2009 includes the following:

***Business-Type Activities***

Invested in capital assets, net of related debt	
Land	\$ 12,474,569
Construction in progress	6,011,227
Other capital assets, net of accumulated depreciation	17,250,687
Less: Related long-term debt outstanding	(13,035,788)
Total	22,700,695
Restricted	
Grants	1,263,594
Debt	919,867
Total	2,183,461
Unrestricted	2,471,552
Total	\$ 27,355,708

**I. SEGMENT INFORMATION**

The CDA issued mortgage notes and revenue bonds to finance the Parkside Project. The Parkside Project is accounted for in the Parkside Project fund, a nonmajor enterprise fund. Summary financial information for the Parkside Project fund is presented below.

	Parkside Project
<b>ASSETS</b>	
Current assets	\$ 10,338
Restricted assets	954,867
Capital assets	1,206,258
Deferred charges	2,523
Total Assets	2,173,986
<b>LIABILITIES</b>	
Current liabilities	435,801
Current liabilities payable from restricted assets	35,000
Noncurrent liabilities	1,673,917
Total Liabilities	2,144,718

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

**NOTE II – DETAILED NOTES ON ALL FUNDS (cont.)**

**I. SEGMENT INFORMATION (cont.)**

	<u>Parkside Project</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt (deficit)	\$ (577,221)
Restricted for debt	919,867
Unrestricted (deficit)	<u>(313,378)</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 29,268</u>
Operating revenue (pledged against bonds)	\$ 314,679
Depreciation expense	(106,156)
Other operating expenses	<u>(423,814)</u>
Operating Income (Loss)	<u>(215,291)</u>
Nonoperating Revenues (Expenses)	
Investment income	20,957
Intergovernmental grants	440,761
Interest and amortization expense	(125,778)
Miscellaneous expenses	<u>(140)</u>
Total Nonoperating Revenues (Expenses)	<u>335,800</u>
<b>Change in Net Assets</b>	120,509
Beginning Net Assets (Deficit)	<u>(91,241)</u>
<b>ENDING NET ASSETS</b>	<u>\$ 29,268</u>
Net Cash Provided (Used) By	
Operating activities	\$ (36,801)
Noncapital financing activities	373,714
Capital and related financing activities	(357,870)
Investing activities	<u>20,957</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-
Beginning Cash and Cash Equivalents	<u>24,986</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ 24,986</u>

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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**NOTE III – OTHER INFORMATION**

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**A. EMPLOYEES' RETIREMENT SYSTEM**

All eligible City of Madison employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 6.0% of their salary (3.0 % for Executives and Elected Officials, 3.4% for Protective Occupations with Social Security, and 5.1% for Protective Occupations without Social Security) to the plan. Employers generally make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for the City of Madison employees working for the CDA covered by the system for the year ended December 31, 2009 was \$2,090,055, the employer's total payroll was \$2,091,398. The total required contribution for the year ended December 31, 2009 was \$210,086 or 10.05% of covered payroll. Of this amount, 100% was contributed by the employer for the current year. Total contributions for the years ending December 31, 2008 and 2007 were \$213,497 and \$213,417, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested.

The System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The System issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

The pension-related debt for the CDA as of December 31, 2009 was \$-0-

**B. RISK MANAGEMENT**

The CDA participates in the same risk pools as the reporting entity. Information related specifically to the CDA is unavailable. See the risk management note in the reporting entity's financial statements for further details.

**C. COMMITMENTS AND CONTINGENCIES**

The CDA has entered into a Regulatory Agreement with the Wisconsin Housing and Economic Development Authority (WHEDA) for the Parkside Project Fund. The Regulatory Agreement contains, among other things, restrictions on the conveyance, transfer or encumbrance of any of the project property, assumption of additional indebtedness and assignment of rights to manage or receive the rents and profits of the property.

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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**NOTE III – OTHER INFORMATION (cont.)**

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**C. COMMITMENTS AND CONTINGENCIES (cont.)**

The CDA provides housing for the Parkside Project Fund pursuant to Section 8 of the United States Housing Act of 1974. Rentals are subsidized by the federal government through a housing assistance payments contract between WHEDA and the CDA. The contract, which expires September 1, 2018, provides for maximum annual assistance payments of \$440,761. Total assistance payments received from WHEDA were \$440,761 during 2009.

In 2005, the U.S. Department of Housing and Urban Development (HUD) changed its method of providing funding for the Housing Choice Voucher Program from a reimbursement basis to a budget basis. This resulted in \$1,263,594 of restricted net assets in the Housing Voucher fund at December 31, 2009 due to funding exceeding actual costs of the program in 2009. HUD plans to reduce future funding to recover a portion of this excess. The amount of future funding reductions is not known at this time.

The CDA is the lender to an entity called Lake Point Madison, LLC, for the Lake Point project within the city. The project went into receivership in 2008. As of December 31, 2009, the amount owed to the CDA on the project, including principal and interest, is approximately \$1,742,774. If the CDA is unable to recover this amount from sales of the property through the receivership, the CDA may be responsible to the Federal National Mortgage Association (Fannie Mae) for the amount of the loan. The loan matures December 15, 2011. At this time, it is not possible to estimate the amount, if any, for which the CDA might be liable.

The CDA has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

**D. OTHER POSTEMPLOYMENT BENEFITS**

The City of Madison employees provide the necessary staffing to operate the CDA operations. Upon retirement, these employees receive benefits according to the City of Madison's policies. Other postemployment benefit information related specifically to the CDA is unavailable. See the other postemployment benefits note and required supplementary information in the City of Madison, Wisconsin's financial statements for further details.

**E. RELATED PARTIES**

The administration and operation of the CDA is performed by employees of the City of Madison. The CDA pays the City of Madison for these services, as well as other allocated costs.

**F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS**

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Application of these standards may restate portions of these financial statements.

**SUPPLEMENTAL INFORMATION**

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

COMBINING STATEMENT OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
December 31, 2009

ASSETS	Karabis	Parkside	East	West	Triangle	Totals
	Fund	Project	Housing	Housing	Fund	
		Fund	Fund	Fund		
<b>Current Assets</b>						
Cash and investments	\$ 807,526	\$ -	\$ 23,025	\$ -	\$ -	\$ 830,551
Accounts receivable	918	5,488	4,706	1,339	140,492	152,943
Due from other governmental units	660	3,774	103,238	118,665	233,201	459,538
Prepaid items	269	1,076	6,626	6,514	4,189	18,674
<b>Total Current Assets</b>	<b>809,373</b>	<b>10,338</b>	<b>137,595</b>	<b>126,518</b>	<b>377,882</b>	<b>1,461,706</b>
<b>Property, Plant and Equipment</b>						
Land	22,698	200,271	398,111	1,209,316	482,652	2,313,048
Construction in progress	-	79,125	-	-	-	79,125
Land improvements	-	-	127,526	6,964	9,986	144,476
Buildings and improvements	911,362	3,627,952	12,058,929	12,561,503	9,556,506	38,716,252
Machinery and equipment	28,423	118,043	273,870	331,568	296,283	1,048,187
Less: Accumulated depreciation	(742,507)	(2,819,133)	(9,012,784)	(8,927,675)	(7,434,611)	(28,936,710)
<b>Net Property, Plant and Equipment</b>	<b>219,976</b>	<b>1,206,258</b>	<b>3,845,652</b>	<b>5,181,676</b>	<b>2,910,816</b>	<b>13,364,378</b>
<b>Other Assets</b>						
<b>Restricted assets</b>						
Cash and investments	-	24,986	-	-	-	24,986
Due from other governmental units	-	929,881	-	-	-	929,881
Long-term receivable	-	-	-	-	-	-
<b>Total Other Assets</b>	<b>-</b>	<b>954,867</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>954,867</b>
Deferred charges	-	2,523	-	-	-	2,523
<b>TOTAL ASSETS</b>	<b>\$ 1,029,349</b>	<b>\$ 2,173,986</b>	<b>\$ 3,983,247</b>	<b>\$ 5,308,194</b>	<b>\$ 3,288,698</b>	<b>\$ 15,783,474</b>

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

COMBINING STATEMENT OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
December 31, 2009

<i>LIABILITIES</i>	Karabis	Parkside	East	West	Triangle	Totals
	Fund	Project	Housing	Housing	Fund	
<b>Current Liabilities</b>						
Accounts payable	\$ 7,177	\$ 103,592	\$ 99,132	\$ 94,055	\$ 87,058	\$ 391,014
Accrued liabilities	-	4,259	-	-	-	4,259
Due to primary government - City of Madison pooled cash and investments	-	177,031	-	70,642	80,480	328,153
Unearned revenue	-	-	952	1,366	6,594	8,912
Current portion of mortgage notes	-	126,434	-	-	-	126,434
Accrued compensated absences	272	1,237	4,103	3,389	2,907	11,908
Other liabilities	4,338	23,248	54,945	70,352	53,332	206,215
Liabilities Payable from Restricted Assets						
Current maturities of revenue bonds	-	35,000	-	-	-	35,000
<b>Total Current Liabilities</b>	<u>11,787</u>	<u>470,801</u>	<u>159,132</u>	<u>239,804</u>	<u>230,371</u>	<u>1,111,895</u>
<b>Long-Term Debt Net of Current Maturities</b>						
Mortgage notes	-	1,367,045	-	-	-	1,367,045
Revenue bonds	-	255,000	-	-	-	255,000
Other loans	-	-	-	60,000	-	60,000
Accrued compensated absences	4,993	22,750	75,437	62,311	53,453	218,944
Other post-employment benefits	-	-	14,476	17,215	10,721	42,412
Advance from primary government	5,326	29,122	103,929	151,748	67,477	357,602
<b>Total Long-Term Debt</b>	<u>10,319</u>	<u>1,673,917</u>	<u>193,842</u>	<u>291,274</u>	<u>131,651</u>	<u>2,301,003</u>
<b>TOTAL LIABILITIES</b>	<u>22,106</u>	<u>2,144,718</u>	<u>352,974</u>	<u>531,078</u>	<u>362,022</u>	<u>3,412,898</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt (deficit)	219,976	(577,221)	3,845,652	5,121,676	2,910,816	11,520,899
Restricted for debt	-	919,867	-	-	-	919,867
Unrestricted (deficit)	787,267	(313,378)	(215,379)	(344,560)	15,860	(70,190)
<b>Total Net Assets (Deficit)</b>	<u>1,007,243</u>	<u>29,268</u>	<u>3,630,273</u>	<u>4,777,116</u>	<u>2,926,676</u>	<u>12,370,576</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,029,349</u>	<u>\$ 2,173,986</u>	<u>\$ 3,983,247</u>	<u>\$ 5,308,194</u>	<u>\$ 3,288,698</u>	<u>\$ 15,783,474</u>



**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
For the Year Ended December 31, 2009

	Karabis Fund	Parkside Project Fund
<b>OPERATING REVENUES</b>		
Charges for services	\$ 62,124	\$ 297,767
Other revenue	3,879	16,912
Total Operating Revenues	<u>66,003</u>	<u>314,679</u>
<b>OPERATING EXPENSES</b>		
Operation and maintenance	104,458	403,057
Depreciation	24,459	106,156
Taxes	3,074	20,757
Total Operating Expenses	<u>131,991</u>	<u>529,970</u>
Operating Income (Loss)	<u>(65,988)</u>	<u>(215,291)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Investment income	13,611	20,957
Interest and amortization	(286)	(125,778)
Intergovernmental grants	120,836	440,761
Miscellaneous revenues	-	-
Miscellaneous expenses	-	(140)
Total Non-Operating Revenue (Expenses)	<u>134,161</u>	<u>335,800</u>
<b>CAPITAL CONTRIBUTIONS</b>	-	-
<b>TRANSFERS OUT</b>	-	-
<b>CHANGE IN NET ASSETS</b>	68,173	120,509
NET ASSETS (DEFICIT) – Beginning of Year	<u>939,070</u>	<u>(91,241)</u>
NET ASSETS (DEFICIT) – END OF YEAR	<u>\$ 1,007,243</u>	<u>\$ 29,268</u>

East Housing Fund	West Housing Fund	Triangle Housing Fund	Totals
\$ 630,666	\$ 823,036	\$ 724,873	\$ 2,538,466
44,621	57,381	23,792	146,585
<u>675,287</u>	<u>880,417</u>	<u>748,665</u>	<u>2,685,051</u>
1,609,739	1,764,153	1,321,179	5,202,586
342,819	326,803	282,215	1,082,452
37,402	58,023	43,947	163,203
<u>1,989,960</u>	<u>2,148,979</u>	<u>1,647,341</u>	<u>6,448,241</u>
<u>(1,314,673)</u>	<u>(1,268,562)</u>	<u>(898,676)</u>	<u>(3,763,190)</u>
1,508	1,303	1,946	39,325
(6,259)	(9,296)	(4,114)	(145,733)
982,708	884,929	787,723	3,216,957
8,493	9,093	17,053	34,639
(3,691)	(8,339)	(6,461)	(18,631)
<u>982,759</u>	<u>877,690</u>	<u>796,147</u>	<u>3,126,557</u>
-	29,623	140,266	169,889
<u>(36,126)</u>	<u>(44,121)</u>	<u>(33,165)</u>	<u>(113,412)</u>
<u>(368,040)</u>	<u>(405,370)</u>	4,572	<u>(580,156)</u>
<u>3,998,313</u>	<u>5,182,486</u>	<u>2,922,104</u>	<u>12,950,732</u>
<u>\$ 3,630,273</u>	<u>\$ 4,777,116</u>	<u>\$ 2,926,676</u>	<u>\$ 12,370,576</u>

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
For the Year Ended December 31, 2009

	Karabis Fund	Parkside Project Fund	East Housing Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 66,435	\$ 310,268	\$ 682,131
Paid to suppliers for goods and services	(74,700)	(226,139)	(1,099,605)
Paid to employees for services	(29,120)	(100,173)	(489,738)
Paid to city for tax equivalent	(3,074)	(20,757)	(37,402)
Net Cash Flows From Operating Activities	<u>(40,459)</u>	<u>(36,801)</u>	<u>(944,614)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Deposits (refunds)	(170)	533	280
Deposits (refunds) with governmental agencies	-	(45,471)	-
Intergovernmental grants	120,176	436,988	963,247
Deficit cash implicitly financed (repayment)	-	(17,651)	-
Receipt of advance from primary government	-	-	9,704
Repayment of advance to primary government	(100)	(545)	-
Transfers in (out)	-	-	(36,126)
Other nonoperating items	-	(140)	8,493
Net Cash Flows From Noncapital Financing Activities	<u>119,906</u>	<u>373,714</u>	<u>945,598</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt retired	-	(153,204)	-
Interest paid	(286)	(125,541)	(6,259)
Acquisition and construction of capital assets	-	(79,125)	-
Capital contributions	-	-	-
Net Cash Flows From Capital and Related Financing Activities	<u>(286)</u>	<u>(357,870)</u>	<u>(6,259)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	13,611	20,957	1,508
Net Cash Flows From Investing Activities	<u>13,611</u>	<u>20,957</u>	<u>1,508</u>
Net Increase (Decrease) in Cash and Cash Equivalents	92,772	-	(3,767)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>714,754</u>	<u>24,986</u>	<u>26,792</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 807,526</u>	<u>\$ 24,986</u>	<u>\$ 23,025</u>

West Housing Fund	Triangle Housing Fund	Totals
\$ 887,843	\$ 608,619	\$ 2,555,296
(1,159,392)	(1,006,632)	(3,566,468)
(559,915)	(328,165)	(1,507,111)
(58,023)	(43,947)	(163,203)
<u>(889,487)</u>	<u>(770,125)</u>	<u>(2,681,486)</u>
2,447	40	3,130
-	-	(45,471)
864,164	698,473	3,083,048
57,088	79,504	118,941
8,809	10,387	28,900
-	-	(645)
(44,121)	(33,165)	(113,412)
9,093	17,054	34,500
<u>897,480</u>	<u>772,293</u>	<u>3,108,991</u>
-	-	(153,204)
(9,296)	(4,114)	(145,496)
(29,623)	(140,266)	(249,014)
29,623	140,266	169,889
<u>(9,296)</u>	<u>(4,114)</u>	<u>(377,825)</u>
1,303	1,946	39,325
<u>1,303</u>	<u>1,946</u>	<u>39,325</u>
-	-	89,005
-	-	766,532
\$ -	\$ -	\$ 855,537

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
For the Year Ended December 31, 2009

	Karabis Fund	Parkside Project Fund	East Housing Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (65,988)	\$ (215,291)	\$ (1,314,673)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities			
Depreciation	24,459	106,156	342,819
Change in assets and liabilities			
Accounts receivable	432	(4,411)	6,844
Prepaid items	118	6	(521)
Accounts payable	736	78,224	38,358
Accrued liabilities	(216)	(1,485)	(17,441)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ (40,459)</b>	<b>\$ (36,801)</b>	<b>\$ (944,614)</b>

West Housing Fund	Triangle Housing Fund	Totals
\$ (1,268,562)	\$ (898,676)	\$ (3,763,190)
326,803	282,215	1,082,452
7,426	(140,046)	(129,755)
(732)	(1,397)	(2,526)
35,707	(31,100)	121,925
9,871	18,879	9,608
\$ (889,487)	\$ (770,125)	\$ (2,681,486)