

**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, 2010

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

TABLE OF CONTENTS  
December 31, 2010

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Independent Auditors' Report	i – ii
Management's Discussion and Analysis	iii – xv
Financial Statements	
Statement of Net Assets	1 – 2
Statement of Activities	3
Statement of Net Assets – Proprietary Funds	4 – 5
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds	6
Statement of Cash Flows – Proprietary Funds	7 – 8
Statement of Net Assets – Component Units	9 – 10
Statement of Revenues, Expenses, and Changes in Net Assets – Component Units	11
Notes to Financial Statements	12 – 50
Supplemental Information	
Combining Statement of Net Assets – Nonmajor Enterprise Funds	51 – 54
Combining Statement of Revenues, Expenses and Changes in Net Assets – Nonmajor Enterprise Funds	55 – 56
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	57 – 60

## 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, the aggregate discretely presented component units, 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, 2010, 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 did not audit the financial statements of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely component units, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 and the reports of other auditors provide a reasonable basis for our opinions. The financial statements of the aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the CDA as of December 31, 2010, 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.

As described in Note I.A., Monona Shores Redevelopment, LLC, Allied Drive Redevelopment, LLC, and Truax Park Redevelopment, Phase I, LLC are included as discretely presented component units for the first time.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2011 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.

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

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.

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 29, 2011

# COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For Year Ended December 31, 2010

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".

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2010

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

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***CDA-WIDE FINANCIAL STATEMENTS (cont.)***

The CDA-wide financial statements also include a Statement of Activities, which includes 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).

***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.

# COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2010

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## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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.

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 Village on Park, a retail center located on Madison's South Side that was purchased by the CDA in 2004.

HUD Projects Fund – West - This fund is part of the Conventional Public Housing Program and accounts for the operation of 293 housing units in multiple locations on the City's west side. 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.

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.

# COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2010

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## OVERVIEW OF THE FINANCIAL STATEMENTS

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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.

HUD Projects Fund - East: This fund is part of the Conventional Public Housing Program and accounts for 239 housing units in multiple locations on the City's east side. 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 and accounts for the operation of 220 housing units in the City's central area. 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  
OF THE CITY OF MADISON**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2010

**FINANCIAL HIGHLIGHTS AND ANALYSIS**

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

	Business-Type Activities 2010	Business-Type Activities 2009
	<u>2010</u>	<u>2009</u>
Current and Other Assets	\$ 50,789,718	\$ 47,640,867
Capital Assets	<u>35,918,528</u>	<u>35,736,483</u>
Total Assets	<u>86,708,246</u>	<u>83,377,350</u>
Long-term Liabilities	37,947,526	49,242,073
Other Liabilities	<u>14,871,162</u>	<u>6,779,569</u>
Total Liabilities	<u>52,818,688</u>	<u>56,021,642</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	23,124,939	22,700,695
Restricted	1,587,891	2,183,461
Unrestricted	<u>9,176,728</u>	<u>2,471,552</u>
Total Net Assets	<u>\$ 33,889,558</u>	<u>\$ 27,355,708</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2010

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

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

	Business-Type Activities 2010	Business-Type Activities 2009
Revenues		
Program Revenues		
Charges for services	\$ 4,307,194	\$ 4,909,042
Operating grants and contributions	17,016,533	15,042,371
Capital grants and contributions	4,656,441	9,076,055
General Revenues		
Investment income	150,078	135,854
Interest on capital leases	1,725,419	-
Gain on sale of capital assets	1,188,583	-
Miscellaneous	580,477	2,398,374
Total Revenues	<u>29,624,725</u>	<u>31,561,696</u>
Expenses		
Community Development	7,039,749	4,004,492
Housing projects	19,858,137	18,858,021
Total Expenses	<u>26,897,886</u>	<u>22,862,513</u>
Increase in Net Assets	2,726,839	8,699,183
Beginning net assets (as restated)	<u>31,162,719</u>	<u>18,656,525</u>
Ending Net Assets	<u>\$ 33,889,558</u>	<u>\$ 27,355,708</u>

The CDA's total net assets increased by \$2.7 million during 2010. Since the CDA engages only in business-type activities, the increase is all in the category of business-type net assets. Net Assets as restated, were \$31.2 million and \$33.9 million for 2009 and 2010, respectively. The net asset changes of each fund are discussed in the specific fund financial highlights presented below:

General Operating Fund – There was a change in net assets in the amount of \$826,096, as a result of selling property to the Truax Redevelopment LLC. Net Assets were restated to recognize two long-term receivables for the Monona Shores and Allied Drive redevelopment projects for roughly \$3.8 million.

# COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2010

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## FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

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Fannie Mae Loan – The CDA secured a line of credit with Fannie Mae to fund the construction of the Lake Point Condominiums and the Revival Ridge Apartments in the amount of \$4.1 million. Nearly \$1.8 million was advanced to the developer of Lake Point from this line of credit, and roughly \$1.3 million was advanced to the developer for the Allied Redevelopment Project. Partial repayment was received from Lake Point Condominium unit sales proceeds. In addition, the CDA made a payment of \$.3 million during 2010 from its General Fund to retire a portion of the Fannie Mae Loan. As of December 31, 2010, the CDA owes Fannie Mae nearly \$.9 million in relation to the Lake Point Condominiums and about \$1.2 million in relation to Revival Ridge Apartments. The balance of the Fannie Mae Loan is due and payable on December 15, 2011.

The Villager Fund – The Village on Park is a 125,000 square foot retail/commercial property in south Madison. It was purchased by the CDA in 2004 for \$9 million with the objective of providing stability and an opportunity for community and economic development. In addition to the existing building, the site contained three outlots for future development. Since the purchase, the CDA has created a master plan for the revitalization of the property, sold one outlot to the Urban League of Greater Madison, completed the first phase of renovations, and stabilized operations.

The acquisition of the property was financed with a loan from Park Bank. Payment of \$7.1 million is due upon maturity in December of 2011. Funds sufficient to repay Park Bank were authorized in the City of Madison's 2011 Capital Budget. The facility is currently 77% leased. Major tenants include the University of Wisconsin, Madison Area Technical College, Dane County Human Services, Public Health, Access Community Health, Head Start and a variety of retail outlets, including an Asian grocery. Below outlines the redevelopment activities by year.

In 2008, the CDA:

- Commenced the renovation of The Atrium at The Village on Park,
- Acquired and demolished two gas stations located in the southwest quadrant and the northwest quadrant of the site, and
- Executed a Development Agreement with the Urban League of Greater Madison for the sale of a 20,000 square foot outlot.

In 2009, renovation of the Atrium and site improvements continued, construction of tenant improvements for Dane County Human Services was started.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2010

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

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During 2010, the renovation of The Village on Park continued. Tenant Improvements were completed for Dane County Human Services and the agency moved from another location within the development. Construction of the Urban League Center for Economic Development was completed and the South Madison Public Library Branch and Planned Parenthood vacated space in the main building to move into the new Urban League building. Public Health-Madison & Dane County including the Women Infants and Children Program ("Public Health") entered into, long term lease for space vacated by the South Madison Public Library Branch. Public Health will be relocating from its existing space in the north building. Capital Funding in the amount of \$1.6 million was provided by the City of Madison during 2010, which was approximately \$3.8 million less than what was contributed by the City to the CDA in 2009 for the renovations.

Allied Drive Neighborhood - In May 2006, the City of Madison purchased approximately 11.5 acres of land and buildings on Allied Drive south of Jenewein Road in the City portion of the Allied neighborhood ("Allied Drive Property"). In January 2008, the Common Council authorized a cooperative agreement between the City and the CDA which documents the terms of a master development agreement between the two parties.

With significant neighborhood and community involvement a master plan for the 11.5 acres was created. The master plan includes the construction of affordable apartments and owner occupied housing at varying levels of affordability.

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 2008, the CDA undertook the development of Revival Ridge on a portion of the site. Revival Ridge includes the construction of forty-nine (49) apartments in five buildings. All apartments are affordable to families making less than 60% of area median income, and 36 apartments have project based section 8 vouchers ("PBVs) which allows residents of those units to pay 30% of their income in rent. The development is owned by Allied Drive Redevelopment, LLC and the CDA is a .01% managing member. Total development costs after the City's purchase of land and contribution of infrastructure was approximately \$8.77 million. Construction was funded primarily through the sale of Low Income Housing Tax Credits. In addition, the CDA drew approximately \$1.25 million from its Fannie Mae line of credit and loaned the money to Allied Drive Redevelopment, LLC. In return, the CDA received a first mortgage in an amount of nearly \$1.3 million as outlined below:

Low Income Housing Tax Credit Equity	\$7.51 million
Fannie Mae Loan	<u>1.26 million</u>
Investment	<u>\$8.77 million</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2010

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

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In addition, Revival Ridge owes the CDA approximately \$1.7 million in subordinate secondary financing relating to (1) the CDA's sale of the land to Revival Ridge Redevelopment, LLC and (2) infrastructure improvements funded by the City of Madison. In 2009, construction of Revival Ridge was completed. The property was well occupied and generated revenue sufficient to meet its operating and debt obligations during 2010.

During 2010, the CDA began work on the development of 25 single family homes at the south end of the Allied Drive Property ("Phase II"). Affordability will be as follows:

- o 8 homes affordable to families at 50% AMI
- o 8 homes affordable to families at 50% to 80% of AMI
- o 8 homes affordable to families above 80% AMI

Down payment assistance, home buyer education, and credit repair programs are being developed by the CDA to assist lower income buyers in purchasing homes.

The City's adopted 2010 Capital Budget included \$1.3 million for Phase II infrastructure that was completed at year end.

Truax Park Redevelopment-- In 2010, the CDA commenced renovation of 71 units of low rent public housing at it Truax Park Public Housing Site. The renovation of the existing housing will include new plumbing, electrical, HVAC, interior finishes, and building additions to provide for elevator accessibility and enlargement of the apartment homes.

The redevelopment property is owned by Truax Park Redevelopment Phase I, LLC and the CDA is a .01% managing member as follows:

Total Development Costs	\$ 12.58 million
Sources of Funding	
Affordable Housing Tax Credit Equity	\$ 9.76 million
WHEDA Exchange Money	.70 million
CDA/City Financing	<u>2.12 million</u>
Investment	<u>\$ 12.58 million</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2010

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

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Six buildings are being renovated in phases and construction is expected to take up to a year. When complete, forty-seven (47) of the apartments will continue to be rented as public housing units with residents paying 30% of their income in rent. Twenty-four (24) of the renovated apartments will have project based section 8 vouchers and the residents will pay 30% of their income in rent as well; however, HUD rental assistance will make up the difference between the listed rents and the residents payment. Construction is expected to be completed during 2011.

Burr Oaks Senior Housing-- In 2010, the CDA purchased six properties on Cypress Way and West Badger Road for the purpose of eliminating blight (the "Redevelopment Property"). The acquisition was funded with \$3 million authorized in the 2010 City of Madison Capital Budget. In late 2010, construction of fifty (50) units of very affordable housing for senior citizens was commenced on a portion of the Redevelopment Property ("Burr Oaks Senior Housing"). An allocation of Low Income Housing Tax Credits from the Wisconsin Housing and Economic Development Authority ("WHEDA") provided the foundation for the financial structure as outlined below:

Burr Oaks Senior Housing is owned by Burr Oaks Senior Housing, LLC and the CDA is a .01% managing member as follows:

Total Development Costs	\$ 7.14 million
Sources of Funding	
Affordable Housing Tax Credit Equity	\$ 5.58 million
Loans to be repaid by property cash flow	1.17 million
Home funds from CDBG Office	<u>.39 million</u>
Investment	<u>\$ 7.14 million</u>

At closing, the CDA received \$300,000 for the land transferred to Burr Oaks Senior Housing, LLC and \$65,000 as a development fee. All of the apartments at Burr Oaks Senior Housing are affordable to residents making less than 60% of the area median income and 30 apartments have Project Based Section 8 Vouchers (PBVs) allowing the resident to pay 30% of his/her income in rent and providing rental assistance from HUD for the difference between the residents payment and the apartment listing rent. Occupancy is scheduled for September 2011.

- HUD Projects East AMP – The net assets of the East AMP Fund increased by \$930,145 to a total of \$4,560,418.
- HUD Projects West AMP – The net assets of the West AMP Fund decreased by \$327,368 to a total of \$4,449,748.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2010

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

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- HUD Projects Triangle AMP – The net assets of the Triangle AMP Fund decreased by \$267,068 to a total of \$2,659,608.
- HUD Projects Central Cost Center – The net assets of the Central Cost Center Fund increased by \$141,526 to a total of \$376,121.
- HUD Projects Fund Capital Fund Grant Program – In 2010, \$2,115,957 was received under this grant program. These funds were used for Public Housing physical and management improvements.
- HUD Projects Fund Service Coordinator Grant – \$137,000 was received in 2010 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 \$74,958 in 2010. Unrestricted net assets in this fund are \$886,435.
- Parkside – The net assets of the Parkside Fund increased by \$97,843 in 2010. This increased the net asset total to \$127,111.
- Section 8 Program – The net assets of the Housing Choice Voucher program increased by \$614,669.

Intergovernmental grants from the Department of Housing to support the program increased from \$9.8 million in 2009 to \$10.9 million in 2010. 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 1,493 housing units per month in 2009. In 2010, the program supported an average of 1,525 housing units per month.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2010

**CAPITAL ASSETS AND LONG-TERM DEBT**

*CAPITAL ASSETS*

At the end of 2010, the CDA had \$35.9 million invested in a variety of capital assets as reflected in the following schedule. This represents a net increase (addition, deductions and depreciation) of \$182,045 or .5% from the end of the previous year. The major capital asset purchases by the CDA in 2010 were building improvements for the Villager Mall and land for Burr Oaks. The schedule below summarizes the capital asset activity:

**CDA-WIDE  
CHANGE IN CAPITAL ASSETS**

	2010	2009
Beginning Balance	\$ 35,736,483	\$ 28,196,342
Additions	11,237,403	9,192,448
Deletions and Adjustments	(9,066,029)	(298,233)
Depreciation	(1,989,329)	(1,354,074)
Ending Balance	\$ 35,918,528	\$ 35,736,483

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

*LONG-TERM DEBT*

During 2010, the CDA's long-term debt decreased by \$2.5 million due to principal payoffs on existing debt. New long-term debt was issued in the amount of \$1.3 million in 2010, for a net decrease of \$1.2 million in total long-term debt.

**CDA-WIDE  
CHANGE IN OUTSTANDING DEBT – 2010**

	Beginning Balance	Increases	Decreases	Ending Balance
Revenue bonds	\$ 34,780,000	\$ -	\$ 2,325,000	\$ 32,455,000
Mortgage notes	2,502,388	-	190,019	2,312,369
Other loans/notes	10,243,400	1,306,645	17,180	11,532,865
Total Long-Term Debt	\$ 47,525,788	\$ 1,306,645	\$ 2,532,199	\$ 46,300,234

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

# COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2010

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## **ECONOMIC FACTORS**

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Significant economic factors affecting the CDA are as follows:

- Federal funding from the Department of Housing and Urban Development for Conventional Public Housing operating subsidy, Capital Improvements, Section 8 Voucher administrative costs and Section 8 Voucher Housing Assistance Payments greatly affects Housing operations and related capital assets.
  - Inflationary pressure on utility rates, supplies and other costs.
  - Local labor supply and demand, which can affect salary and wage rates.
  - Local and employment trends, which can affect resident incomes and therefore the amount of rental income.
  - Funding from the City of Madison for capital improvements and operations.
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## **REQUESTS FOR INFORMATION**

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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-312, Madison, Wisconsin, 53703.

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

STATEMENT OF NET ASSETS  
December 31, 2010

	Primary Government		Component Units
<b>ASSETS</b>	Business- type Activities		Units
<b>Current Assets</b>			
Cash and investments	\$ 4,164,258	\$	1,673,981
Accounts receivable	522,095		1,065,779
Interest receivable	620,215		-
Current portion of leases receivable from primary government	2,465,000		-
Due from other governmental units	504,603		-
Prepaid items	1,022,781		401,486
<b>Restricted Assets</b>			
Cash and investments	1,494,898		521,012
Total Current Assets	10,793,850		3,662,258
<b>Noncurrent Assets</b>			
<b>Property, Plant and Equipment</b>			
Land	12,919,724		618,796
Construction in progress	44,587		2,431,724
Land improvements	241,081		721,949
Buildings and improvements	53,000,891		19,082,185
Machinery and equipment	1,521,825		509,089
Less: Accumulated depreciation	(31,809,580)		(4,881,858)
Net Property, Plant and Equipment	35,918,528		18,481,885
<b>Other Assets</b>			
<b>Restricted Assets</b>			
Cash and investments	4,157,252		-
Due from primary government	1,004,346		-
Due from other governmental units	986,014		-
Long-term receivables	7,307,322		-
Leases receivable	26,359,679		-
Financing costs, net	-		60,690
Tax credit fees, net	-		95,968
Total Other Assets	39,814,613		156,658
Deferred Charges	181,255		-
Total Noncurrent Assets	75,914,396		18,638,543
<b>TOTAL ASSETS</b>	<b>\$ 86,708,246</b>	<b>\$</b>	<b>22,300,801</b>

	Primary Government	
	Business- type Activities	Component Units
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	\$ 1,507,367	\$ 1,091,341
Accrued liabilities	417,620	447,310
Due to primary government - City of Madison pooled cash and investments	586,997	-
Unearned revenue	13,095	694,101
Current portion of long-term debt	11,773,966	115,753
Accrued compensated absences	51,122	-
Other liabilities	229,117	214,168
Development fee payable	-	554,400
Liabilities payable from restricted assets		
Accrued liabilities	256,878	-
Current portion of revenue bonds	35,000	-
Total Current Liabilities	<u>14,871,162</u>	<u>3,117,073</u>
Long-Term Liabilities Net of Current Maturities		
Mortgage notes	2,110,956	15,390,324
Revenue bonds	29,955,000	-
Other loans	4,528,267	-
Accrued compensated absences	456,183	-
Other post-employment benefits	94,973	-
Advance from primary government	802,147	-
Total Long-Term Liabilities Net of Current Maturities	<u>37,947,526</u>	<u>15,390,324</u>
Total Liabilities	<u>52,818,688</u>	<u>18,507,397</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	23,124,939	2,975,808
Restricted for grants	724,472	-
Restricted for debt	863,419	-
Unrestricted	9,176,728	817,596
Total Net Assets	<u>33,889,558</u>	<u>3,793,404</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 86,708,246</u>	<u>\$ 22,300,801</u>

See accompanying notes to financial statements.

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

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenues			Primary Government	Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets	
Business-type activities						
Community development	\$ 7,039,749	\$ 1,461,855	\$ -	\$ 4,614,795	\$ (963,099)	\$ -
Housing projects	19,858,137	2,845,339	17,016,533	41,646	45,381	-
Total Business-type Activities	<u>\$ 26,897,886</u>	<u>\$ 4,307,194</u>	<u>\$ 17,016,533</u>	<u>\$ 4,656,441</u>	<u>(917,718)</u>	<u>-</u>
Component Units - Housing Projects	<u>\$ 2,347,277</u>	<u>\$ 1,360,929</u>	<u>\$ 7,221</u>	<u>\$ 3,374,008</u>	<u>-</u>	<u>2,394,881</u>
General revenues						
Investment income					150,078	1,588
Interest on capital leases					1,725,419	
Gain on sale of capital assets					1,188,583	
Miscellaneous					580,477	-
Total General Revenues					<u>3,644,557</u>	<u>1,588</u>
Change in net assets					2,726,839	2,396,469
NET ASSETS – Beginning of Year (as restated)					<u>31,162,719</u>	<u>1,396,935</u>
<b>NET ASSETS – END OF YEAR</b>					<u>\$ 33,889,558</u>	<u>\$ 3,793,404</u>

See accompanying notes to financial statements.

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

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
December 31, 2010

	Business-type Activities - Enterprise Funds					Totals	Business- type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	Villager Fund	West Housing Fund	Nonmajor Enterprise Funds		Central Cost Center Fund
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and investments	\$ 1,309,143	\$ 1,189,862	\$ 169,333	\$ -	\$ 1,128,697	\$ 3,797,035	\$ 367,223
Accounts receivable	283,140	-	210,846	5,408	22,388	521,782	313
Interest receivable	620,215	-	-	-	-	620,215	-
Current portion of leases receivable from primary government	2,465,000	-	-	-	-	2,465,000	-
Due from other governmental units	-	6,349	-	295,954	202,300	504,603	-
Prepaid items	1,262	997,520	-	5,725	13,982	1,018,489	4,292
Restricted assets							
Cash and investments	1,494,898	-	-	-	-	1,494,898	-
Total Current Assets	<u>6,173,658</u>	<u>2,193,731</u>	<u>380,179</u>	<u>307,087</u>	<u>1,367,367</u>	<u>10,422,022</u>	<u>371,828</u>
<b>Noncurrent Assets</b>							
<b>Property, Plant and Equipment</b>							
Land	823,321	-	5,274,298	1,209,316	5,612,789	12,919,724	-
Construction in progress	-	-	37,532	7,055	-	44,587	-
Land improvements	17,480	-	-	6,964	216,637	241,081	-
Buildings and improvements	1,654,922	-	14,293,841	12,561,503	24,234,090	52,744,356	256,535
Machinery and equipment	82,342	50,931	-	331,568	716,619	1,181,460	340,365
Less: Accumulated depreciation	(678,166)	(29,841)	(2,003,548)	(9,249,923)	(19,412,875)	(31,374,353)	(435,227)
Net Property, Plant and Equipment	<u>1,899,899</u>	<u>21,090</u>	<u>17,602,123</u>	<u>4,866,483</u>	<u>11,367,260</u>	<u>35,756,855</u>	<u>161,673</u>
<b>Other Assets</b>							
<b>Restricted Assets</b>							
Cash and investments	4,132,266	-	-	-	24,986	4,157,252	-
Due from primary government	1,004,346	-	-	-	-	1,004,346	-
Due from other governmental units	112,581	-	-	-	873,433	986,014	-
Long-term receivables	4,378,958	-	-	-	2,928,364	7,307,322	-
Leases receivable	24,513,679	-	-	-	1,846,000	26,359,679	-
Total Other Assets	<u>34,141,830</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,672,783</u>	<u>39,814,613</u>	<u>-</u>
Deferred Charges	167,473	-	-	-	1,858	169,331	11,924
Total Noncurrent Assets	<u>36,209,202</u>	<u>21,090</u>	<u>17,602,123</u>	<u>4,866,483</u>	<u>17,041,901</u>	<u>75,740,799</u>	<u>173,597</u>
<b>TOTAL ASSETS</b>	<u>\$ 42,382,860</u>	<u>\$ 2,214,821</u>	<u>\$ 17,982,302</u>	<u>\$ 5,173,570</u>	<u>\$ 18,409,268</u>	<u>\$ 86,162,821</u>	<u>\$ 545,425</u>

	Business-type Activities - Enterprise Funds					Totals	Business- type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	Villager Fund	West Housing Fund	Nonmajor Enterprise Funds		Central Cost Center Fund
<b>LIABILITIES</b>							
Current Liabilities							
Accounts payable	\$ 1,088,653	\$ 6,152	\$ 74,997	\$ 160,580	\$ 172,693	\$ 1,503,075	\$ 4,292
Accrued liabilities	366,243	-	47,632	-	3,745	417,620	-
Due to primary government - City of Madison pooled cash and investments	217,573	-	-	190,131	179,293	586,997	-
Unearned revenue	-	-	-	4,592	8,503	13,095	-
Current portion of mortgage notes	66,175	-	-	-	135,238	201,413	-
Current portion of revenue bonds	2,465,000	-	-	-	-	2,465,000	-
Line of credit	899,455	-	-	-	1,203,500	2,102,955	-
Current portion of other loans	4,598	-	7,000,000	-	-	7,004,598	-
Accrued compensated absences	-	15,795	-	6,990	20,612	43,397	7,725
Other liabilities	23,535	-	-	73,262	132,320	229,117	-
Liabilities payable from restricted assets							
Accrued liabilities	256,878	-	-	-	-	256,878	-
Current portion of revenue bonds	-	-	-	-	35,000	35,000	-
Total Current Liabilities	<u>5,388,110</u>	<u>21,947</u>	<u>7,122,629</u>	<u>435,555</u>	<u>1,890,904</u>	<u>14,859,145</u>	<u>12,017</u>
Long-Term Debt Net of Current Maturities							
Mortgage notes	879,149	-	-	-	1,231,807	2,110,956	-
Revenue bonds	29,735,000	-	-	-	220,000	29,955,000	-
Other loans	1,928,267	-	2,540,000	60,000	-	4,528,267	-
Accrued compensated absences	-	140,943	-	62,376	183,928	387,247	68,936
Other post-employment benefits	-	36,397	-	22,040	36,536	94,973	-
Advances from primary government	238,000	144,348	-	143,851	187,597	713,796	88,351
Total Long-Term Debt	<u>32,780,416</u>	<u>321,688</u>	<u>2,540,000</u>	<u>288,267</u>	<u>1,859,868</u>	<u>37,790,239</u>	<u>157,287</u>
Total Liabilities	<u>38,168,526</u>	<u>343,635</u>	<u>9,662,629</u>	<u>723,822</u>	<u>3,750,772</u>	<u>52,649,384</u>	<u>169,304</u>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	328,355	21,090	8,062,123	4,806,483	9,745,215	22,963,266	161,673
Restricted for grants	-	724,472	-	-	-	724,472	-
Restricted for debt	-	-	-	-	863,419	863,419	-
Unrestricted (deficit)	<u>3,885,979</u>	<u>1,125,624</u>	<u>257,550</u>	<u>(356,735)</u>	<u>4,049,862</u>	<u>8,962,280</u>	<u>214,448</u>
Total Net Assets	<u>4,214,334</u>	<u>1,871,186</u>	<u>8,319,673</u>	<u>4,449,748</u>	<u>14,658,496</u>	<u>33,513,437</u>	<u>376,121</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 42,382,860</u>	<u>\$ 2,214,821</u>	<u>\$ 17,982,302</u>	<u>\$ 5,173,570</u>	<u>\$ 18,409,268</u>	<u>\$ 86,162,821</u>	<u>\$ 545,425</u>

See accompanying notes to financial statements.

**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, 2010

	Business-type Activities - Enterprise Funds					Totals	Business- type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	Villager Fund	West Housing Fund	Nonmajor Enterprise Funds		Central Cost Center Fund
<b>OPERATING REVENUES</b>							
Charges for services	\$ 302,015	\$ -	\$ 1,451,400	\$ 847,605	\$ 1,606,438	\$ 4,207,458	\$ 597,489
Other revenue	-	-	-	35,392	64,344	99,736	-
Total Operating Revenues	<u>302,015</u>	<u>-</u>	<u>1,451,400</u>	<u>882,997</u>	<u>1,670,782</u>	<u>4,307,194</u>	<u>597,489</u>
<b>OPERATING EXPENSES</b>							
Operation and maintenance	533,147	11,937,042	1,070,099	2,384,558	3,919,599	19,844,445	571,937
Depreciation	43,578	5,781	888,320	322,247	715,031	1,974,957	14,372
Taxes	-	-	70,000	60,072	98,556	228,628	-
Total Operating Expenses	<u>576,725</u>	<u>11,942,823</u>	<u>2,028,419</u>	<u>2,766,877</u>	<u>4,733,186</u>	<u>22,048,030</u>	<u>586,309</u>
Operating Income (Loss)	<u>(274,710)</u>	<u>(11,942,823)</u>	<u>(577,019)</u>	<u>(1,883,880)</u>	<u>(3,062,404)</u>	<u>(17,740,836)</u>	<u>11,180</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Investment income	67,162	26,761	2,254	-	50,409	146,586	3,492
Interest on capital lease	1,725,419	-	-	-	-	1,725,419	-
Interest and amortization	(1,788,305)	(13,172)	(493,862)	(15,844)	(136,152)	(2,447,335)	(8,061)
Intergovernmental grants	183,097	12,544,186	-	1,565,583	2,595,578	16,888,444	128,089
Gain (loss) on sale of capital assets	(2,397,384)	-	-	-	1,188,583	(1,208,801)	-
Miscellaneous revenues	364,700	-	71,570	-	144,207	580,477	-
Miscellaneous expenses	-	(283)	-	(282)	(7,517)	(8,082)	(174)
Total Nonoperating Revenue (Expenses)	<u>(1,845,311)</u>	<u>12,557,492</u>	<u>(420,038)</u>	<u>1,549,457</u>	<u>3,835,108</u>	<u>15,676,708</u>	<u>123,346</u>
Income (Loss) Before Contributions and Transfers	<u>(2,120,021)</u>	<u>614,669</u>	<u>(997,057)</u>	<u>(334,423)</u>	<u>772,704</u>	<u>(2,064,128)</u>	<u>134,526</u>
<b>CAPITAL CONTRIBUTIONS</b>	2,946,117	-	1,633,095	7,055	70,174	4,656,441	-
<b>TRANSFERS IN</b>	-	-	-	-	-	-	7,000
<b>TRANSFERS OUT</b>	-	-	-	-	(7,000)	(7,000)	-
<b>CHANGE IN NET ASSETS</b>	826,096	614,669	636,038	(327,368)	835,878	2,585,313	141,526
NET ASSETS – Beginning of Year (as restated)	<u>3,388,238</u>	<u>1,256,517</u>	<u>7,683,635</u>	<u>4,777,116</u>	<u>13,822,618</u>	<u>30,928,124</u>	<u>234,595</u>
<b>NET ASSETS – END OF YEAR</b>	<u>\$ 4,214,334</u>	<u>\$ 1,871,186</u>	<u>\$ 8,319,673</u>	<u>\$ 4,449,748</u>	<u>\$14,658,496</u>	<u>\$33,513,437</u>	<u>\$ 376,121</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, 2010

	Business-type Activities - Enterprise Funds					Totals	Business- type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	Villager Fund	West Housing Fund	Nonmajor Enterprise Funds		Central Cost Center Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Received from customers	\$ 302,815	\$ -	\$ 1,364,402	\$ 878,928	\$ 1,805,685	\$ 4,351,830	\$ 597,176
Paid to suppliers for goods and services	(485,813)	(11,287,282)	(1,070,099)	(1,759,559)	(2,908,835)	(17,511,588)	(209,701)
Paid to employees for services	-	(815,479)	-	(549,194)	(1,012,354)	(2,377,027)	(411,108)
Paid to city for tax equivalent	-	-	(70,000)	(60,072)	(98,556)	(228,628)	-
Net Cash Flows From Operating Activities	<u>(182,998)</u>	<u>(12,102,761)</u>	<u>224,303</u>	<u>(1,489,897)</u>	<u>(2,214,060)</u>	<u>(15,765,413)</u>	<u>(23,633)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Deposits (refunds)	-	-	-	2,910	(13,316)	(10,406)	-
Deposits (refunds) with governmental agencies	49,480	-	-	-	56,448	105,928	-
Intergovernmental grants	183,097	11,681,605	-	1,391,521	2,735,107	15,991,330	118,046
Deficit cash implicitly financed (repaid)	-	-	-	119,489	(78,218)	41,271	-
Collection of long-term receivable	6,412	-	-	-	51,591	58,003	-
Repayment of long-term loan to developer	450,000	-	-	-	-	450,000	-
Receipt of advance from primary government	-	3,553	-	-	869	4,422	2,174
Repayment of advance from primary government	-	-	-	(7,897)	(19,126)	(27,023)	-
Receipt of notes from primary government	1,306,645	-	-	-	-	1,306,645	-
Issuance of notes to component units	(1,306,645)	-	-	-	-	(1,306,645)	-
Transfers in (out)	-	-	-	-	(7,000)	(7,000)	7,000
Other nonoperating items	1,328,173	(283)	76,772	(282)	(63,381)	1,340,999	(174)
Net Cash Flows From Noncapital Financing Activities	<u>2,017,162</u>	<u>11,684,875</u>	<u>76,772</u>	<u>1,505,741</u>	<u>2,662,974</u>	<u>17,947,524</u>	<u>127,046</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Debt retired	(3,120,365)	-	-	-	(213,025)	(3,333,390)	-
Interest paid	(1,772,075)	(13,172)	(492,346)	(15,844)	(136,000)	(2,429,437)	-
Acquisition and construction of capital assets	(2,818,363)	(16,558)	(3,569,025)	(7,055)	(27,474)	(6,438,475)	(8,061)
Salvage	-	-	-	-	-	-	-
Capital contributions	2,946,117	-	1,633,095	7,055	70,174	4,656,441	-
Lease payments received	4,029,917	-	-	-	-	4,029,917	-
Net Cash Flows From Capital and Related Financing Activities	<u>(734,769)</u>	<u>(29,730)</u>	<u>(2,428,276)</u>	<u>(15,844)</u>	<u>(306,325)</u>	<u>(3,514,944)</u>	<u>(8,061)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Investment income	67,162	26,761	2,254	-	44,722	140,899	3,492
Net Cash Flows From Investing Activities	<u>67,162</u>	<u>26,761</u>	<u>2,254</u>	<u>-</u>	<u>44,722</u>	<u>140,899</u>	<u>3,492</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>1,166,557</u>	<u>(420,855)</u>	<u>(2,124,947)</u>	<u>-</u>	<u>187,311</u>	<u>(1,191,934)</u>	<u>98,844</u>
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	<u>5,769,750</u>	<u>1,610,717</u>	<u>2,294,280</u>	<u>-</u>	<u>966,372</u>	<u>10,641,119</u>	<u>268,379</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 6,936,307</u>	<u>\$ 1,189,862</u>	<u>\$ 169,333</u>	<u>\$ -</u>	<u>\$ 1,153,683</u>	<u>\$ 9,449,185</u>	<u>\$ 367,223</u>

	Business-type Activities - Enterprise Funds					Totals	Business- type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	Villager Fund	West Housing Fund	Nonmajor Enterprise Funds		Central Cost Center Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>							
Operating income (loss)	\$ (274,710)	\$ (11,942,823)	\$ (577,019)	\$ (1,883,880)	\$ (3,062,404)	\$ (17,740,836)	\$ 11,180
Adjustments to reconcile operating income (loss) to net cash flows from operating activities							
Depreciation	43,578	5,781	888,320	322,247	715,031	1,974,957	14,372
Change in assets and liabilities							
Receivables	800	-	(86,998)	(4,069)	134,903	44,636	(313)
Prepaid items and other assets	(1,262)	(79,433)	-	789	(1,822)	(81,728)	1,688
Accounts payable	48,596	(118,738)	-	66,525	(50,495)	(54,112)	(2,975)
Accrued liabilities	-	32,452	-	8,491	50,727	91,670	(47,585)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ (182,998)</b>	<b>\$ (12,102,761)</b>	<b>\$ 224,303</b>	<b>\$ (1,489,897)</b>	<b>\$ (2,214,060)</b>	<b>\$ (15,765,413)</b>	<b>\$ (23,633)</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS</b>							
Cash and investments	\$ 1,309,143	\$ 1,189,862	\$ 169,333	\$ -	\$ 1,128,697	\$ 3,797,035	\$ 367,223
Restricted cash and investments	5,627,164	-	-	-	24,986	5,652,150	-
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 6,936,307</b>	<b>\$ 1,189,862</b>	<b>\$ 169,333</b>	<b>\$ -</b>	<b>\$ 1,153,683</b>	<b>\$ 9,449,185</b>	<b>\$ 367,223</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>							
Capital assets sold under a capital lease	\$ -	\$ -	\$ -	\$ -	\$ 654,417	\$ -	\$ -
Capital lease receivable	-	-	-	-	1,846,000	-	-

See accompanying notes to financial statements.

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

STATEMENT OF NET ASSETS  
COMPONENT UNITS  
December 31, 2010

<b>ASSETS</b>	Monona Shores Redevelopment, LLC	Allied Drive Redevelopment, LLC	Truax Park Redevelopment, Phase I, LLC	Totals
<b>Current Assets</b>				
Cash and investments	\$ 37,185	\$ 170,818	\$ 1,465,978	\$ 1,673,981
Accounts receivable	23,185	714	1,041,880	1,065,779
Prepaid items	7,237	394,249	-	401,486
<b>Restricted assets</b>				
Cash and investments	125,910	395,102	-	521,012
<b>Total Current Assets</b>	<u>193,517</u>	<u>960,883</u>	<u>2,507,858</u>	<u>3,662,258</u>
<b>Noncurrent Assets</b>				
<b>Property, Plant and Equipment</b>				
Land	146,400	401,396	71,000	618,796
Construction in progress	-	-	2,431,724	2,431,724
Land improvements	572,015	149,934	-	721,949
Buildings and improvements	9,125,419	8,181,766	1,775,000	19,082,185
Machinery and equipment	292,736	216,353	-	509,089
Less: Accumulated depreciation	(4,320,455)	(558,264)	(3,139)	(4,881,858)
<b>Net Property, Plant and Equipment</b>	<u>5,816,115</u>	<u>8,391,185</u>	<u>4,274,585</u>	<u>18,481,885</u>
<b>Other Assets</b>				
Financing costs, net	17,552	43,138	-	60,690
Tax credit fees, net	-	95,968	-	95,968
<b>Total Other Assets</b>	<u>17,552</u>	<u>139,106</u>	<u>-</u>	<u>156,658</u>
<b>Total Noncurrent Assets</b>	<u>5,833,667</u>	<u>8,530,291</u>	<u>4,274,585</u>	<u>18,638,543</u>
<b>TOTAL ASSETS</b>	<u>\$ 6,027,184</u>	<u>\$ 9,491,174</u>	<u>\$ 6,782,443</u>	<u>\$ 22,300,801</u>

	Monona Shores Redevelopment, LLC	Allied Drive Redevelopment, LLC	Truax Park Redevelopment, Phase I, LLC	Totals
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 20,979	\$ 8,239	\$ 1,062,123	\$ 1,091,341
Accrued liabilities	225,785	198,284	23,241	447,310
Unearned revenue	-	-	694,101	694,101
Current portion of mortgage notes	70,503	-	45,250	115,753
Other liabilities	134,854	69,698	9,616	214,168
Development fee payable	-	554,400	-	554,400
Total Current Liabilities	<u>452,121</u>	<u>830,621</u>	<u>1,834,331</u>	<u>3,117,073</u>
Long-Term Debt Net of Current Maturities				
Mortgage notes	5,670,589	6,549,955	3,169,780	15,390,324
Total Long-Term Debt Net of Current Maturities	<u>5,670,589</u>	<u>6,549,955</u>	<u>3,169,780</u>	<u>15,390,324</u>
Total Liabilities	<u>6,122,710</u>	<u>7,380,576</u>	<u>5,004,111</u>	<u>18,507,397</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	75,023	1,841,230	1,059,555	2,975,808
Unrestricted (deficit)	(170,549)	269,368	718,777	817,596
Total Net Assets	<u>(95,526)</u>	<u>2,110,598</u>	<u>1,778,332</u>	<u>3,793,404</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 6,027,184</u>	<u>\$ 9,491,174</u>	<u>\$ 6,782,443</u>	<u>\$ 22,300,801</u>

See accompanying notes to financial statements.

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
COMPONENT UNITS  
For the Year Ended December 31, 2010

	Monona Shores Redevelopment, LLC	Allied Drive Redevelopment, LLC	Truax Park Redevelopment, Phase I, LLC	Totals
<b>OPERATING REVENUES</b>				
Charges for services	\$ 808,374	\$ 464,251	\$ 16,295	\$ 1,288,920
Other revenue	46,533	19,608	5,868	72,009
Total Operating Revenues	<u>854,907</u>	<u>483,859</u>	<u>22,163</u>	<u>1,360,929</u>
<b>OPERATING EXPENSES</b>				
Operation and maintenance	525,334	302,660	34,083	862,077
Depreciation	375,806	380,687	3,139	759,632
Total Operating Expenses	<u>901,140</u>	<u>683,347</u>	<u>37,222</u>	<u>1,621,709</u>
Operating Income (Loss)	<u>(46,233)</u>	<u>(199,488)</u>	<u>(15,059)</u>	<u>(260,780)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	140	1,448	-	1,588
Interest and amortization	(449,666)	(263,256)	(12,646)	(725,568)
Intergovernmental grants	-	-	7,221	7,221
Total Nonoperating Revenue (Expenses)	<u>(449,526)</u>	<u>(261,808)</u>	<u>(5,425)</u>	<u>(716,759)</u>
Income (Loss) Before Contributions	<u>(495,759)</u>	<u>(461,296)</u>	<u>(20,484)</u>	<u>(977,539)</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>183,097</u>	<u>1,392,095</u>	<u>1,798,816</u>	<u>3,374,008</u>
<b>CHANGE IN NET ASSETS</b>	<u>(312,662)</u>	<u>930,799</u>	<u>1,778,332</u>	<u>2,396,469</u>
NET ASSETS – Beginning of Year (as restated)	<u>217,136</u>	<u>1,179,799</u>	<u>-</u>	<u>1,396,935</u>
<b>NET ASSETS – END OF YEAR</b>	<u>\$ (95,526)</u>	<u>\$ 2,110,598</u>	<u>\$ 1,778,332</u>	<u>\$ 3,793,404</u>

See accompanying notes to financial statements.

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

INDEX TO NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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NOTE	<u>Page</u>
I. Summary of Significant Accounting Policies	13
A. Reporting Entity	13
B. Basic Financial Statements	15
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	16
D. Assets, Liabilities, and Net Assets or Equity	17
1. Deposits and Investments	17
2. Receivables	19
3. Prepaid Items	19
4. Restricted Assets	19
5. Capital Assets	19
6. Other Assets	20
7. Compensated Absences	20
8. Long-Term Obligations/Conduit Debt	21
9. Claims and Judgments	21
10. Equity Classifications	21
II. Detailed Notes on All Funds	22
A. Deposits and Investments	22
B. Receivables	24
C. Restricted Assets	25
1. General Operating Fund	25
2. Parkside Project Fund	26
D. Capital Assets	28
E. Line of Credit	31
F. Long-Term Obligations	31
G. Lease Disclosures	39
H. Net Assets	40
I. Segment Information	41
J. Restatement of Net Assets	42
III. Other Information	43
A. Employees' Retirement System	43
B. Risk Management	43
C. Commitments and Contingencies	43
D. Other Postemployment Benefits	46
E. Related Parties	46
F. Effect of New Accounting Standards on Current-Period Financial Statements	50

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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**A. REPORTING ENTITY**

The accounting policies of the Community Development Authority (CDA) of the City of Madison, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

This report includes all of the funds of the CDA.

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

The reporting entity for the CDA consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Discretely presented component units are reported in separate columns in the basic financial statements (see note below for description) to emphasize that component units are legally separate from the primary government.

***Discretely Presented Component Units***

The CDA is the managing member in three real estate limited liability companies (LLC) as of December 31, 2010. The investor membership interests are held by third parties unrelated to the CDA. As the managing member, the CDA has certain rights and responsibilities which enable it to impose its will on the investor memberships. Additionally, the CDA is financially accountable for the investor memberships as the CDA is legally obligated to fund operating deficits in accordance with terms of the membership agreements. The investor memberships do not serve the primary government exclusively, or almost exclusively and, therefore, are shown as discretely presented component units.

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

---

**A. REPORTING ENTITY (CONT.)**

***Discretely Presented Component Units (cont.)***

In 2010, Monona Shores Redevelopment, LLC; Allied Drive Redevelopment, LLC; and Truax Park Redevelopment, Phase I, LLC are included as discretely presented component units for the first time.

*Monona Shores Redevelopment, LLC*

Monona Shores Redevelopment, LLC was formed on December 10, 1997, as a limited liability company under the Wisconsin Limited Liability Company Act (the Act). It has rehabilitated and is operating a 104-unit, low-income housing project called the New Monona Shores Apartments (the project) located in Madison, Wisconsin. The project qualifies for low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code (IRC). The project was placed in service in December 1999.

Monona Shores Redevelopment, LLC consists of one managing member, the Madison Revitalization and Community Development Corporation, and two investor members (Banc One and FNBC Leasing Corporation), each with rights, preferences and privileges as described in the operating agreement. Each member's liability for the debts and obligations of the company shall be limited to the maximum extent permitted by the Act and other applicable law. The Madison Revitalization and Community Development Corporation is 100% owned by the CDA and has a .10% interest in Monona Shores Redevelopment, LLC.

Separately issued financial statements of Monona Shores Redevelopment, LLC may be obtained from Monona Shores Redevelopment, LLC's office.

*Allied Drive Redevelopment, LLC*

Allied Drive Redevelopment, LLC was organized on January 25, 2008, as a limited liability company under the Wisconsin Limited Liability Company Act (the Act). The company was formed to acquire, construct, and operate a 49-unit apartment complex located in Madison, Wisconsin, called Allied Apartments (the project). The project qualifies for low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code (IRC). The buildings were placed in service from June 2009 through September 2009.

Allied Drive Redevelopment, LLC consists of one managing member, the CDA, and one investor member (NEF Assignment Corporation), each with rights, preferences and privileges as described in the amended and restated operating agreement (operating agreement). Each member's liability for the debts and obligations of the company shall be limited to the maximum extent permitted by the Act and other applicable laws. The CDA has .01% interest in Allied Drive Redevelopment, LLC.

Separately issued financial statements of Allied Drive Redevelopment, LLC may be obtained from Allied Drive Redevelopment, LLC's office.

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

---

**A. REPORTING ENTITY (CONT.)**

***Discretely Presented Component Units*** (cont.)

*Truax Park Redevelopment, Phase I, LLC*

Truax Park Redevelopment, Phase I, LLC was organized on March 24, 2009, as a limited liability company under the Wisconsin Limited Liability Company Act (the Act). The company was formed to acquire, rehabilitate, and operate a six building, 71-unit apartment complex located in Madison, Wisconsin, called Truax Park Apartments (the project). The project qualifies for low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code (IRC). The original property, including the buildings, common area and land, was acquired under a capital lease dated October 29, 2010. The project was in rehabilitation during 2010.

Truax Park Redevelopment, Phase I, LLC consists of one management member, the CDA and two investor members (NEF Assignment Corporation and MS Shared Investment Fund I, LLC), with rights, preferences and privileges as described in the operating statement. Each member's liability for the debts and obligations of the company shall be limited to the maximum extent permitted by the Act and other applicable laws. The CDA has a .01% interest in Truax Park Redevelopment, Phase I, LLC.

Separately issued financial statements of Truax Park Redevelopment, Phase I, LLC may be obtained from Truax Park Redevelopment, Phase I, LLC's office.

**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.

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

---

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

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.
- West Housing Fund – accounts for the operations of HUD projects at West location.

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.
- Allied Drive Fund – accounts for the operations of the Allied Drive project.
- East Housing Fund – accounts for the operations of HUD projects at East 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 guidance 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 guidance 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 an 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.

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

---

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

---

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

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.

***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, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace 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 City of Madison. That policy contains the following guidelines for allowable investments: obligations of the U.S. Government; obligations of U.S. Government agencies; time deposits (defined as savings accounts or certificates of deposits); and repurchase agreements with a public depository, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the U.S. Government.

***Custodial Credit Risk***

The City of Madison's investment policy states that funds in excess of insured or guaranteed limits be secured by some form of collateral. The fair market value of all collateral pledged will not be less than 110% of the amount of public funds to be secured at each institution.

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

---

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

---

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

***1. Deposits and Investments (cont.)***

***Credit Risk***

The City of Madison will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer by:

- > Limiting investments to the types of securities listed elsewhere in this Investment Policy.
- > Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City of Madison will do business in accordance with Section V.
- > Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

***Interest Rate Risk***

The City of Madison will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in merit interest rates by:

- > Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- > Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy.

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, 2010

---

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

---

***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. Prepaid Items***

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, 2010

---

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

---

**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

Rental property of Monona Shores Redevelopment, LLC, Allied Drive Redevelopment, LLC, and Truax Park Redevelopment, Phase I, LLC is stated at cost. Depreciation of rental property is computed principally by the straight-line and declining balance methods based upon the following estimated useful lives of the assets:

Improvements	15	Years
Buildings	27.5 – 98	Years
Furnishings and equipment	5	Years

Maintenance and repairs of rental property is charged to operations and major improvements are capitalized. Upon retirement, sale or other disposition of rental property, the cost and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations.

**6. Other Assets**

Long-term receivables include funds advanced to the component unit LLC's, the Lake Point developer, and the balance of the Parkside settlement.

Financing fees are deferred and amortized on the straight-line method over the term of the debt issue.

Tax credit fees are deferred and amortized on the straight-line method over the life of the tax credit compliance period of 15 years.

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, 2010 are determined on the basis of current salary rates and include salary related payments.

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

---

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

---

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

**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, 2010 is approximately \$176,770,000, 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.

**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.

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

**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	\$ 3,599,849	\$ 3,599,849	Custodial credit
Guaranteed investment contract	1,000,000	1,000,000	Credit, concentration of
Mutual funds	4,629,212	4,629,212	credit
Petty cash	350	-	Credit
			N/A
 Total Cash and Investments	 \$ 9,229,411	 \$ 9,229,061	
 Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 4,164,258		
Restricted cash and investments	5,652,150		
Pooled cash and investments – due to the City of Madison	(586,997)		
 Total Cash and Investments	 \$ 9,229,411		

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 City of Madison government. See the City of Madison's 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.

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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

***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, 2010, the CDA's investments were rated as follows:

Investment Type	Moody's Investor Service
Mutual funds	AAA

The CDA also had the following investment which is not rated:

Guaranteed Investment Contract

***Concentration of Credit Risk***

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2010, the guaranteed investment contract was 17.7% of the CDA's investment portfolio.

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

***Component Units***

For financial reporting purposes, the component units consider all investments purchased with a maturity of three months or less to be cash equivalents, with the exception of cash not available to the partnerships due to restrictions placed on it. The cash balances for the component units as of December 31, 2010, are as follows:

*Monona Shores Redevelopment, LLC*

Cash and Investments		
Unrestricted	\$	37,185
Restricted		
Tenants' security deposits		27,057
Tax and insurance escrow		38,274
Operating reserve		4,911
Replacement reserve		55,668
Total Cash and Investments	\$	163,095

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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

**Component Units (cont.)**

*Allied Drive Redevelopment, LLC*

Cash and Investments		
Unrestricted	\$	170,818
Restricted		
Tenants' security deposits		39,708
Replacement reserve		18,399
Mortgage escrow deposits		61,061
Interest reserve		<u>275,934</u>
Total Cash and Investments	\$	<u>565,920</u>

*Truax Park Redevelopment, Phase I, LLC*

Cash and Investments		
Unrestricted	\$	<u>1,465,978</u>
Total Component Unit's Cash and Investments	\$	<u>2,194,993</u>
Reconciliation to Financial Statements		
Per Statement of Net Assets		
Cash and investments	\$	1,673,981
Restricted cash and investments		<u>521,012</u>
Total Cash and Investments	\$	<u>2,194,993</u>

**B. RECEIVABLES**

**Accounts Receivable**

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	\$	<u>13,095</u>

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

**B. RECEIVABLES (cont.)**

***Long-Term Receivables***

The long-term receivables consist of the following:

General Operating Fund	
Notes receivable – Monona Shores Redevelopment, LLC	\$ 2,082,147
Notes receivable – Truax Park Redevelopment, Phase I, LLC	1,025,000
Notes receivable – Burr Oaks, LLC	281,645
Parkside settlement receivable	70,166
Lake Pointe developer receivable (net)	<u>920,000</u>
Total	<u>\$ 4,378,958</u>
Allied Drive Fund	
Notes receivable – Allied Drive Redevelopment, LLC	<u>\$ 2,928,364</u>

The long-term receivables are not expected to be collected within the next year.

**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.

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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

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

***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 \$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:

	12-31-10
Bond account	\$ 1,494,898
Debt service reserve account	2,064,000
Debt service reserve account	1,028,900
Bond account	336,429
Debt service reserve account	680,000
MMHA accounts	22,937
Due from primary government – debt service reserve	1,004,346
Due from other governmental units – replacement account	112,581
Total	\$ 6,744,091

**2. PARKSIDE PROJECT FUND**

At December 31, 2010, 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, 2010

**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 2010.

***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.

	12-31-10
Debt Service Reserve Fund Account	\$ 24,986
Due From Other Governmental Units	
Real Estate Tax Escrow Account	25,157
Replacement Account	847,906
Residual Receipts Account	370
Total	\$ 898,419

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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

**Component Units**

Following is a list of restricted assets at December 31, 2010:

Tenants' security deposits	\$	66,765
Tax and insurance escrow		38,274
Operating reserve		4,911
Replacement reserve		74,067
Mortgage escrow deposits		61,061
Interest reserve		<u>275,934</u>
Total Restricted Assets	\$	<u>521,012</u>

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2010 was as follows:

**CDA**

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 12,474,569	\$ 2,890,488	\$ 2,445,333	\$ 12,919,724
Construction in progress	6,011,227	44,587	6,011,227	44,587
Total Capital Assets Not Being Depreciated	<u>18,485,796</u>	<u>2,935,075</u>	<u>8,456,560</u>	<u>12,964,311</u>
Capital assets being depreciated				
Land improvements	161,956	79,125	-	241,081
Buildings and improvements	46,714,905	8,206,645	1,920,659	53,000,891
Machinery and equipment	1,516,000	16,558	10,733	1,521,825
Total Capital Assets Being Depreciated	<u>48,392,861</u>	<u>8,302,328</u>	<u>1,931,392</u>	<u>54,763,797</u>
Less: Accumulated depreciation for				
Land improvements	(57,053)	(18,708)	-	(75,761)
Buildings and improvements	(29,613,501)	(1,938,739)	1,311,190	(30,241,050)
Machinery and equipment	(1,471,620)	(31,882)	10,733	(1,492,769)
Total Accumulated Depreciation	<u>(31,142,174)</u>	<u>(1,989,329)</u>	<u>1,321,923</u>	<u>(31,809,580)</u>
Total Capital Assets Being Depreciated	<u>17,250,687</u>	<u>6,312,999</u>	<u>609,469</u>	<u>22,954,217</u>
Total Capital Assets	<u>\$ 35,736,483</u>	<u>\$ 9,248,074</u>	<u>\$ 9,066,029</u>	<u>\$ 35,918,528</u>

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

**D. CAPITAL ASSETS (cont.)**

Depreciation expense was charged to functions as follows:

**Proprietary Funds**

Housing projects	\$ 1,989,329
Enterprise funds	\$ 1,974,957
Internal service fund	14,372
<b>Total</b>	<b>\$ 1,989,329</b>

**Component Units**

*Monona Shores Redevelopment, LLC*

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 146,400	\$ -	\$ -	\$ 146,400
Capital assets being depreciated				
Land improvements	572,015	-	-	572,015
Buildings and improvements	9,125,419	-	-	9,125,419
Furnishings and equipment	276,098	16,638	-	292,736
Total Capital Assets Being Depreciated	9,973,532	16,638	-	9,990,170
Less: Accumulated depreciation	(3,944,649)	(375,806)	-	(4,320,455)
Total Capital Assets Being Depreciated	6,028,883	(359,168)	-	5,669,715
Total Capital Assets	\$ 6,175,283	\$ (359,168)	\$ -	\$ 5,816,115

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

**D. CAPITAL ASSETS (cont.)**

**Component Units (cont.)**

*Allied Drive Redevelopment, LLC*

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 401,396	\$ -	\$ -	\$ 401,396
Capital assets being depreciated				
Land improvements	149,934	-	-	149,934
Buildings	8,181,766	-	-	8,181,766
Furnishings and equipment	213,748	2,605	-	216,353
Total Capital Assets Being Depreciated	<u>8,545,448</u>	<u>2,605</u>	<u>-</u>	<u>8,548,053</u>
Less: Accumulated depreciation	<u>(177,577)</u>	<u>(380,687)</u>	<u>-</u>	<u>(558,264)</u>
Total Capital Assets Being Depreciated	<u>8,367,871</u>	<u>(378,082)</u>	<u>-</u>	<u>7,989,789</u>
Total Capital Assets	<u>\$ 8,769,267</u>	<u>\$ (378,082)</u>	<u>\$ -</u>	<u>\$ 8,391,185</u>

*Truax Park Redevelopment, Phase I, LLC*

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ -	\$ 71,000	\$ -	\$ 71,000
Construction in progress	-	2,431,724	-	2,431,724
Capital Assets Not Being Depreciated	<u>-</u>	<u>2,502,724</u>	<u>-</u>	<u>2,502,724</u>
Capital assets being depreciated				
Buildings	-	1,775,000	-	1,775,000
Less: Accumulated depreciation	<u>-</u>	<u>(3,139)</u>	<u>-</u>	<u>(3,139)</u>
Total Capital Assets Being Depreciated	<u>-</u>	<u>1,771,861</u>	<u>-</u>	<u>1,771,861</u>
Total Capital Assets	<u>\$ -</u>	<u>\$ 4,274,585</u>	<u>\$ -</u>	<u>\$ 4,274,585</u>

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

**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. \$2,102,955 is outstanding on the line of credit as of December 31, 2010.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Line of Credit	\$ 2,904,146	\$ -	\$ 801,191	\$ 2,102,955	\$ 2,102,955

**F. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2010 was as follows:

**CDA**

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds and Notes Payable:					
Revenue bonds	\$ 34,780,000	\$ -	\$ 2,325,000	\$ 32,455,000	\$ 2,500,000
Mortgage notes	2,502,388	-	190,019	2,312,369	201,413
Other loans/notes	10,243,400	1,306,645	17,180	11,532,865	7,004,598
Subtotal	47,525,788	1,306,645	2,532,199	46,300,234	9,706,011
Accrued compensated absences	475,061	256,982	224,738	507,305	51,122
Other post-employment benefits	71,208	23,765	-	94,973	-
Advance from primary government – City of Madison	822,574	-	20,427	802,147	-
Total Long-Term Liabilities	\$ 48,894,631	\$ 1,587,392	\$ 2,777,364	\$ 47,704,659	\$ 9,757,133

**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 44% of net revenues. Total principal and interest remaining to be paid on the bonds is \$41,817,870. Principal and interest paid for the current year and total revenues were \$3,984,249 and \$7,365,722, 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 6% of net revenues. Total principal and interest remaining to be paid on the bonds is \$304,855. Principal and interest paid for the current year and total revenues were \$51,523 and \$765,517, respectively.

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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

**Revenue Debt (cont.)**

Revenue debt payable at December 31, 2010 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-10
<u>General Operating Fund</u>					
Lease revenue bonds	12/05/96	01/01/19	3.30 – 5.25%	\$ 20,640,000	\$ 11,150,000
Lease revenue bonds	04/01/99	10/01/22	5.50 – 7.10%	10,870,000	8,250,000
Lease revenue bonds	07/01/00	07/01/20	2.75 – 5.50%	6,800,000	4,690,000
Lease revenue bonds	10/01/02	03/01/20	3.00 – 4.375%	13,175,000	8,110,000
			Total General Operating Fund		32,200,000
<u>Parkside Project Fund</u>					
Revenue bonds	07/01/86	07/01/16	4.50 – 5.75%	725,000	255,000
Total Revenue Debt					\$ 32,455,000

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 2,500,000	\$ 1,478,013
2012	2,675,000	1,406,528
2013	2,860,000	1,314,582
2014	3,055,000	1,206,030
2015	3,280,000	1,081,423
2016 – 2020	15,925,000	2,949,743
2021 – 2022	2,160,000	231,406
Totals	\$ 32,455,000	\$ 9,667,725

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

**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, 2010 consists of the following:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-10</u>
<u>General Operating Fund</u>					
Housing mortgage note	06/01/92	06/01/22	4.00%	\$ 2,283,492	\$ 945,324
<u>Parkside Project Fund</u>					
Housing mortgage note	08/12/77	12/01/18	6.75%	3,085,241	<u>1,367,045</u>
Total Mortgage Notes					<u>\$ 2,312,369</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Mortgage Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 201,413	\$ 124,659
2012	213,615	112,545
2013	226,499	99,661
2014	240,193	85,967
2015	254,764	71,396
2016 – 2020	1,028,777	136,654
2021 – 2022	<u>147,108</u>	<u>4,517</u>
Totals	<u>\$ 2,312,369</u>	<u>\$ 635,399</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, to the City of Madison related to Truax Park redevelopment, to the City of Madison related to the Burr Oaks Apartments and to WCDLF.

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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

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

Other loans/notes payable at December 31, 2010 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-10
<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	170,220
CDBG Home loan	12/14/10	N/A	N/A	281,645	281,645
Affordable Housing trust loan	10/29/10	12/15/26	1.62%	1,025,000	1,025,000
			Total General Operating Fund		<u>1,932,865</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>\$ 11,532,865</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>WCDFL Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 7,000,000	\$ 669,157
2012	-	9,716
2013	-	-
2014	-	-
2015	-	-
2016 – 2020	-	-
2021 – 2025	-	-
2026 – 2030	-	-
2031 – 2034	2,540,000	-
Totals	<u>\$ 9,540,000</u>	<u>\$ 678,873</u>

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

**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 notes 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.

***Component Units***

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Monona Shores Redevelopment, LLC Mortgage notes	\$ 5,806,282	\$ -	\$ 65,190	\$ 5,741,092	\$ 70,503
Allied Drive Redevelopment, LLC Mortgage notes	7,454,620	-	904,665	6,549,955	-
Truax Park Redevelopment, Phase I, LLC Mortgage notes	-	3,215,030	-	3,215,030	45,250
Totals	<u>\$ 13,260,902</u>	<u>\$ 3,215,030</u>	<u>\$ 969,855</u>	<u>\$ 15,506,077</u>	<u>\$ 115,753</u>

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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

**Component Units (cont.)**

*Monona Shores Redevelopment, LLC*

Mortgage notes payable consist of the following:

	2010
U.S. Bankcorp (formerly Park National Bank); nonrecourse; monthly payments of \$28,237, including interest at 7.86%, due June 1, 2016; collateralized by a first mortgage on the rental property and the assignment of leases, rents and profits; prepayment of the note in full is allowed and is subject to a prepayment premium.	\$ 3,445,878
Community Development Authority of the City of Madison (CDA), member of the managing member; interest accrues at 8%; compounded annually; annual principal and interest payments of \$79,323 subject to surplus cash, as defined in the operating agreement; due on the earlier of the sale of the project or January 1, 2030; collateralized by a second mortgage on the rental property; interest expense totaled \$173,147 for the year ended December 31, 2010; accrued interest was \$72,241 as of December 31, 2010.	2,082,147
Wisconsin Housing and Economic Development Authority (WHEDA); nonrecourse; non-interest bearing; monthly principal payments beginning on June 1, 2023; due May 1, 2031; collateralized by a third mortgage on the rental property; prepayment of the note is not allowed until May 2023.	213,067
Totals	\$ 5,741,092

*Allied Drive Redevelopment, LLC*

Mortgage notes payable consist of the following:

	2010
Johnson Bank; monthly interest-only payments at 2.25% plus the 30-Day London Interbank Offer Rate (LIBOR) but in no event will the interest rate be less than 4%; effective March 2010, converted to term loan in an amount not to exceed \$4,193,000, requiring monthly interest-only payments at the option of the lender of 2.25% plus the 90-Day LIBOR (0.30281 at December 31, 2010) or 2.25% plus the one year LIBOR (0.790894% at December 31, 2010); due February 1, 2012; the loan may be repaid, in whole or in part, at any time; guaranteed by the managing member; collateralized by a mortgage on the project's rental property including the assignment of rents and security agreement.	\$ 3,570,000

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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

**Component Units (cont.)**

*Allied Drive Redevelopment, LLC*

	2010
<p>CDA; original amount of \$1,255,091; recourse until the three-year anniversary of the expiration of the compliance period; monthly interest-only payments at 4.50%; monthly principal and interest payments at 4.50%; monthly principal and interest payments commence on the first day of the month immediately following the date the company satisfies the conversion requirements (conversion date) listed in operating agreements; due 30 years from the conversion date or any earlier date on which the entire note balance is required to be paid in full, by acceleration or otherwise; the note may be repaid, in whole or in part, at any time; collateralized by a subordinated mortgage on the project's rental property including the assignment of rents and security agreement; of the total interest incurred during the periods ended December 31, 2010, \$56,479 was expensed and \$0 was capitalized; accrued interest was \$0 as of December 31, 2010.</p>	\$ 1,255,091
<p>CDA; original amount of \$760,006; recourse until the three-year anniversary of the expiration of the compliance period; monthly simple interest-only payments at 3.00%; balloon payment of principal and unpaid interest due 30 years from the date of the project reaches established occupancy, or any earlier date on which the entire note balance is required to be paid in full, by acceleration or otherwise; the note may be repaid, in whole or in part, at any time; collateralized by a subordinated mortgage on the project's rental property including the assignments of rents and security agreement. Accrued interest was \$0 as of December 31, 2010; interest expense was \$11,760 for the period ended December 31, 2010.</p>	392,000
<p>CDA; original amount of \$1,705,426; recourse until the three-year anniversary of the expiration of the compliance period; monthly interest payments at 4.50% to the extent that there is excess cash flow available; monthly principal and interest payments commence on the date the project reaches stabilized occupancy to the extent that there is excess cash flow available; due 30 years from the date the project reaches stabilized occupancy, or any earlier on which the entire note balance is required to be paid in full, by acceleration or otherwise; the note may be repaid, in whole or in part, at any time; collateralized by a subordinated mortgage on the project's rental property including the assignment of rents and security agreement. Accrued interest was \$79,972 as of December 31, 2010; interest expense was \$59,979 for the period ended December 31, 2010.</p>	1,332,864
<p>Totals</p>	\$ 6,549,955

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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

**Component Units (cont.)**

*Truax Park Redevelopment, Phase I, LLC*

Mortgage notes payable consist of the following:

	2010
CDA; non-recourse mortgage note payable under a capital lease with the CDA; due in one installment on October 29, 2050, together with interest at 4.00% compounded annually; collateralized by a mortgage on the project's rental property and may be prepaid at any time; accrued interest was \$12,922 as of December 31, 2010; interest expense was \$12,922 of which \$4,307 was capitalized for the period ended December 31, 2010.	\$ 1,846,000
CDA; non-recourse mortgage payable; due in annual installments of \$76,000 beginning in October 29, 2011 through October 29, 2025, with a balloon payment of all outstanding principal and accrued interest due on October 28, 2026, together with interest at 3.00% compounded annually; collateralized by a mortgage on the project's rental property and may be prepaid at any time; accrued interest expense was \$5,381 as of December 31, 2010; interest expense was \$5,381 of which \$1,794 was capitalized for the period ended December 31, 2010.	1,025,000
CDA; non-recourse mortgage note payable in the amount of \$400,000; due to the extent and priority provided in the operating agreement with the remainder of all outstanding principal and accrued interest due in one installment on October 29, 2050, together with interest at 4.00% compounded annually; collateralized by a mortgage on the project's rental property and may be prepaid at any time; accrued interest was \$666 as of December 31, 2010; interest expense was \$666 of which \$222 was capitalized for the period ended December 31, 2010.	344,030
Total	\$ 3,215,030

Debt service principal requirements to maturity are as follows:

Years		Amount
2011	\$	115,753
2012		3,692,857
2013		130,469
2014		138,629
2015		147,380
Thereafter		11,280,989
Totals	\$	15,506,077

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

**G. LEASE DISCLOSURES**

***General Operating Fund***

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, 2010.

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

	1996 Issue		1999 Issue	
	Principal	Interest	Principal	Interest
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
	-	-	521,585	37,163
Totals	\$ 7,172,094	\$ 2,031,916	\$ 7,686,585	\$ 4,501,032

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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

**General Operating Fund (cont.)**

	2000 Issue		2002 Issue		
	Principal	Interest	Principal	Interest	
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	\$ 4,010,000	\$ 1,363,843	\$ 8,110,000	\$ 1,750,783

**East Housing Fund – Nonmajor Fund**

The CDA is leasing property to Truax Park Redevelopment, Phase I, LLC in the amount of \$1,846,000. The lease is due in one payment on October 29, 2050. Interest accrues at 4% and compounds annually.

**H. NET ASSETS**

Net assets reported on the government-wide statement of net assets at December 31, 2010 includes the following:

**Business-Type Activities**

Invested in capital assets, net of related debt	
Land	\$ 12,919,724
Construction in progress	44,587
Other capital assets, net of accumulated depreciation	22,954,217
Less: Related long-term debt outstanding	(12,793,589)
Total	23,124,939
Restricted	
Grants	724,472
Debt	863,419
Total	1,587,891
Unrestricted	9,176,728
Total	\$ 33,889,558

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

**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	\$ 2,796
Restricted assets	898,419
Capital assets	1,092,962
Deferred charges	1,858
Total Assets	1,996,035
<b>LIABILITIES</b>	
Current liabilities	329,517
Current liabilities payable from restricted assets	35,000
Noncurrent liabilities	1,504,407
Total Liabilities	1,868,924
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt (deficit)	(529,083)
Restricted for debt	863,419
Unrestricted (deficit)	(207,225)
<b>TOTAL NET ASSETS</b>	<b>\$ 127,111</b>
Operating revenue (pledged against bonds)	\$ 294,834
Depreciation expense	(113,296)
Other operating expenses	(437,729)
Operating Income (Loss)	(256,191)
Nonoperating Revenues (Expenses)	
Investment income	17,811
Intergovernmental grants	452,872
Interest and amortization expense	(116,649)
Total Nonoperating Revenues (Expenses)	354,034
<b>Change in Net Assets</b>	<b>97,843</b>
Beginning Net Assets	29,268
<b>ENDING NET ASSETS</b>	<b>\$ 127,111</b>

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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

Net Cash Provided (Used) By	
Operating activities	\$ (222,793)
Noncapital financing activities	482,913
Capital and related financing activities	(277,931)
Investing activities	<u>17,811</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>	<b><u><u>\$ 24,986</u></u></b>

**J. RESTATEMENT OF NET ASSETS**

Net assets have been restated to include transactions related to the component units.

Business-type activities net assets – December 31, 2009 (as reported)	\$ 27,355,708
Add: Notes receivable	<u>3,807,011</u>
Net Assets – December 31, 2009 (as restated)	<u><u>\$ 31,162,719</u></u>
General operating fund net assets – December 31, 2009 (as reported)	\$ 1,306,091
Add: Note receivable	<u>2,082,147</u>
Net Assets – December 31, 2009 (as restated)	<u><u>\$ 3,388,238</u></u>
Nonmajor enterprise funds net assets – December 31, 2009 (as reported)	\$ 12,097,754
Add: Notes receivable – Allied Drive Fund	<u>1,724,864</u>
Net Assets – December 31, 2009 (as restated)	<u><u>\$ 13,822,618</u></u>

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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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 6.2% of their salary (3.2% for Executives and Elected Officials, 5.5% for Protective Occupations with Social Security, and 3.9% 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, 2010 was \$1,901,155; the employer's total payroll was \$2,041,264. The total required contribution for the year ended December 31, 2010 was \$215,146 or 12% of covered payroll. Of this amount, 100% was contributed by the employer for the current year. Total contributions for the years ended December 31, 2009 and 2008 were \$210,086 and \$213,497, 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, 2010 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, 2010

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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 \$452,872. Total assistance payments received from WHEDA were \$452,872 during 2010.

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 \$724,472 of restricted net assets in the Housing Voucher fund at December 31, 2010 due to funding exceeding actual costs of the program in 2010. 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, 2010, the amount owed to the CDA on the project, including principal and interest, is approximately \$899,455. 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.

***Component Units***

***Monona Shores Redevelopment, LLC***

Monona Shores Redevelopment, LLC has entered into a Land Use Restriction Agreement (LURA) with WHEDA as a condition to receiving an allocation of low-income housing tax credits. Under this agreement, Monona Shores Redevelopment, LLC must continuously comply with IRC Section 42 and other applicable sections of the IRC. The agreement places occupancy restrictions on rents and the minimum percent of units which shall be occupied by individuals or families whose income meets the requirements set under the IRC Section 42. If Monona Shores Redevelopment, LLC fails to comply with this agreement or with the IRC, it may be ineligible for low-income housing tax credits and the members may be required to recapture a portion of the tax credits previously claimed on their income tax returns. In addition, noncompliance may require an adjustment to the contributed capital of the investor members. The project is obligated to certify tenant eligibility.

Monona Shores Redevelopment, LLC has entered into a property management agreement with Broihahn Management & Consulting, LLC. A property management fee of 6% of net rental receipts of the project is payable on a monthly basis. Property management fees incurred under this agreement were \$50,095 for the years ended December 31, 2010.

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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

***Component Units (cont.)***

*Monona Shores Redevelopment, LLC (cont.)*

Monona Shores Redevelopment, LLC entered into a ground lease agreement with the CDA whereby Monona Shores Redevelopment, LLC is required to pay \$100 annually and all real estate taxes relating to the project until November 2048.

Monona Shores Redevelopment, LLC and the management member entered into a Property Tax Rebate Agreement with the CDA. This agreement was to expire during 2008; however, the final payments were received in 2010. The agreement provided for the CDA to annually grant the amount of tax increment, as defined in the agreement, to the managing member. Provisions of this agreement called for the managing member to refund, in the form of capital contributions to the MSR, LLC, any tax increment payments they received from the CDA to Monona Shores Redevelopment, LLC.

*Allied Drive Redevelopment Authority, LLC*

Allied Drive Redevelopment Authority, LLC has entered into a LURA with WHEDA as a condition to receiving an allocation of low-income housing tax credits. Under this agreement, Allied Drive Redevelopment Authority, LLC must continuously comply with IRC Section 42 and other applicable sections of the IRC. The agreement places occupancy restrictions on rents and the minimum percent of units which shall be occupied by individuals or families whose income meets the requirements set under the IRC Section 42. If Allied Drive Redevelopment Authority, LLC fails to comply with this agreement or with the IRC, it may be ineligible for low-income housing tax credits and the members may be required to recapture a portion of the tax credits previously claimed on their income tax returns. In addition, noncompliance may require an adjustment to the contributed capital of the investor members. Allied Drive Redevelopment, LLC is obligated to certify tenant eligibility.

Allied Drive Redevelopment Authority, LLC has entered into a management agreement with Stone House Development, Inc. Under the agreement, Allied Drive Redevelopment, LLC is obligated to pay a management fee of 6% of gross project rents collected. Management fees incurred totaled \$28,470 for the period ended December 31, 2010.

*Truax Park Redevelopment, Phase I, LLC*

Truax Park Redevelopment, Phase I, LLC has entered into a LURA with WHEDA as a condition to receiving an allocation of low-income housing tax credits. Under this agreement, Truax Park Redevelopment, Phase I, LLC must continuously comply with IRC Section 42 and other applicable sections of the IRC. The agreement places occupancy restrictions on rents and the minimum percent of units which shall be occupied by individuals or families whose income meets the requirements set under the IRC Section 42. If Truax Park Redevelopment, Phase I, LLC fails to comply with this agreement or with the IRC, it may be ineligible for low-income housing tax credits and the members may be required to recapture a portion of the tax credits previously claimed on their income tax returns. In addition, noncompliance may require an adjustment to the contributed capital of the investor members. Truax park Redevelopment, Phase I, LLC is obligated to certify tenant eligibility.

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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

***Component Units (cont.)***

***Truax Park Redevelopment, Phase I, LLC (cont.)***

Truax Park Redevelopment, Phase I, LLC has entered into a Tax Credit Exchange Program Subaward Agreement (Subaward Agreement) with WHEDA. Under the Subaward Agreement, Truax Park Redevelopment, Phase I, LLC received grant funds totaling \$698,333 pursuant to Section 1602 of the American Recovery and Reinvestment Act of 2009. If Truax Park Redevelopment, Phase I, LLC fails to continuously comply with the guidelines of the Subaward Agreement, it may be required to refund up to the full amount of the grant funds received and reimburse WHEDA for the costs and fees incurred in connection with the recapture event. As a condition to making the Subaward Agreement, WHEDA required the owner to enter into a corporate guarantee. The Subaward Agreement terminates at the expiration of the low-income housing tax credit compliance period.

Truax Park Redevelopment, Phase I, LLC entered into a Project Based Housing Assistance Payments Contract (the Agreement) with the CDA. The CDA has entered into a Consolidated Annual Contributions Contract with HUD allowing its participation in HUD's Section 8 Project Based Housing Assistance Payments Program (the Program). The Agreement, approved by HUD, authorizes the CDA to set aside on a long-term basis 24 certificates for future residents of the project. Under terms of the Program, each household that holds a certificate pays 30% of its annual income for rents and utilities, provided that the rent and utilities do not exceed the applicable fair market rents (FMR).

**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.

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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**E. RELATED PARTIES (cont.)**

**Component Units**

*Monona Shores Redevelopment, LLC*

**Asset Management Fee**

Monona Shores Redevelopment, LLC is obligated to Bank One Neighborhood Development Corporation (BONDC) for an annual asset management fee in the initial amount of \$3,500. The fee increases cumulative by 3% each year and is payable quarterly. Asset management fees totaled \$4,703 for the year ended December 31, 2010. Accrued asset management fees included in accrued expenses were \$44,824 as of December 31, 2010.

**Incentive Project Management Fee**

Monona Shores Redevelopment, LLC is obligated to pay a non-cumulative annual incentive project management fee to the managing member payable only out of cash flow, if any. The annual incentive project management fee shall be equal to 75% of the remaining cash flow as defined in the operating agreement. There was no incentive project management fee incurred for the year ended December 31, 2010.

**Operating Deficit Guaranty**

Under the terms of the operating agreement, the guarantor and developer, both affiliates of the management member, are obligated to fund operating deficits of the Monona Shores Redevelopment, LLC during the breakeven period, as defined in the operating agreement. The guarantor and developer are then required to fund operating deficits up to \$454,444 during the operating guarantor period, which is a 5-year period starting on the date that breakeven operations is met. Funds made available under these guarantees are to be treated as non-interest bearing loans and are to be repaid according to the cash flow priorities set forth in the operating agreement. Operating deficit loans totals \$80,000 as of December 31, 2010.

*Allied Drive Redevelopment, LLC*

**Ground Lease**

Allied Drive Redevelopment, LLC entered into a ground lease with the managing member which required a one-time rental fee of \$392,000. The term of the lease began on December 4, 2008, and ends on December 3, 2106, unless terminated earlier in accordance with the ground lease agreement. Prepaid ground lease was \$383,667 as of December 31, 2010. Ground lease expense totaled \$4,000 for the period ended December 31, 2010.

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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**E. RELATED PARTIES (cont.)**

***Component Units (cont.)***

*Allied Drive Redevelopment, LLC (cont.)*

**Development Fee**

Allied Drive Redevelopment, LLC has entered into a development agreement with the managing member. The entire development fee of \$924,000 has been capitalized into the cost of the buildings. The unpaid portion of the development fee is payable from future capital contributions and available cash flow as defined in the operating agreement. If not paid in full by the twelfth year of the compliance period, it shall be paid from the proceeds of an additional capital contribution from the managing member to the company in an amount equal to the unpaid portion of the development fees, as defined in the operating agreement. Development fee payable was \$554,400 as of December 31, 2010.

**Managing Member Management Fee**

The operating agreement provides for Allied Drive Redevelopment, LLC to pay a cumulative annual managing member management fee to the managing member in the initial amount of \$20,000, increasing annually by 3%. The fee is payable out of cash flow as defined in the operating agreement. Accrued managing member management fees included in accrued expenses were \$40,600 as of December 31, 2010. Managing member management fees expensed totaled \$20,600 for the period ended December 31, 2010.

**Asset Management Fee**

The operating agreement provides for Allied Drive Redevelopment, LLC to pay a cumulative annual asset management fee to an affiliate of the investor member in the initial amount of \$4,800 increasing annually by 3%. The fee is payable out of cash flow as defined in the operating agreement. Accrued asset management fees included in accrued expenses were \$8,804 as of December 31, 2010. Asset management fees expenses totaled \$4,944 for the period ended December 31, 2010.

**Operating Deficit Guarantee**

The operating agreement provides for an operating deficit guaranty which requires the management member to loan Allied Drive Redevelopment, LLC funds required to pay operating deficits incurred during the operating deficit period after funds from the operating reserve have been used. The operating deficit guaranty is limited to \$188,000. The operating deficit period begins on the date the project achieves established occupancy and expires on the later of the date the company achieves 36 consecutive months of a debt service coverage ratio of at least 1.15, three years from the achievement of stabilized occupancy or three years after closing of the permanent loan. Any loans under this agreement shall not bear interest and shall be payable from net operating income or sale of refinancing proceeds, as provided in the operating agreement. There were no operating deficit loans to the company as of December 31, 2010.

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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**E. RELATED PARTIES (cont.)**

**Component Units (cont.)**

*Truax Park Redevelopment, Phase I, LLC*

**Accounts Receivable**

Included in accounts receivables are amounts due from the City of Madison, an affiliate of the managing member, for project funds held by the City of Madison totaling \$1,040,183 as of December 31, 2010.

**Development Fee**

Truax Park Redevelopment, Phase I, LLC has entered into a development agreement with the managing member. The agreement provides for the payment of a development fee of \$1,314,342. The unpaid portion of the development fee is payable from future capital contributions and available cash flow as defined in the operating agreement. If not paid in full by the twelfth year of the compliance period, it shall be paid from the proceeds of an additional capital contribution from the managing member to Truax Park Redevelopment, Phase I, LLC in an amount equal to the unpaid portion of the development fees, as defined in the operating agreement. As of December 31, 2010, \$446,876 of the development fee has been earned and capitalized into construction in progress.

**Property Management Agreement**

Truax Park Redevelopment, Phase I, LLC has entered into a property management agreement with CDA under which Truax Park Redevelopment Phase I, LLC obligated to pay a property management fee equal to 5% of gross residential rents on a monthly basis. The agreement is automatically renewed from year to year unless otherwise terminated. Property management fees totaled \$3,270 for the period ended December 31, 2010.

**Asset Management Fee**

Truax Park Redevelopment, Phase I, LLC is obligated to pay an affiliate of an investor member an annual asset management fee in the initial amount of \$7,100, increasing annually by 3%. The fee shall begin accruing as of the date of qualified occupancy. The fee is payable only out of cash flow as defined in the operating agreement and shall be cumulative and accrued if not paid. There was no asset management fee incurred for the period ended December 31, 2010.

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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**E. RELATED PARTIES (cont.)**

**Component Units (cont.)**

*Truax Park Redevelopment, Phase I, LLC (cont.)*

**Operating Deficit Guaranty**

The operating agreement provides for an operating deficit guaranty which requires the managing member to loan Truax Park Redevelopment, Phase I, LLC funds required to pay operating deficits incurred during the operating deficit period after funds from the operating reserve have been used. The operating deficit guaranty is limited to \$232,360. The operating deficit period begins on the date the project achieves established occupancy and expires on the later of the date the company achieves 36 consecutive months of a debt service coverage ratio of at least 1.15, five years from the achievement of established occupancy or five years after closing of the permanent loan. Any loans under this agreement shall not bear interest and shall be payable from net operating income or sale or refunding proceeds, as provided in the operating agreement. There were no operating deficit loans to Truax Park Redevelopment, Phase I, LLC as of December 31, 2010.

**Development Completion Guaranty**

Under terms of the operating agreement, the managing member is obligated to complete the required rehabilitation of the project. In the event Truax Park Redevelopment, Phase I, LLC lacks sufficient funds from the member capital contributions and proceeds from the construction and permanent mortgages to pay for the rehabilitation costs, the managing member is obligated to provide such funds to the company in the form of an unsecured loan. Any loans under this agreement shall not bear interest and shall be payable in accordance with the operating agreement.

**Regulatory and Operating Agreement**

Truax Park Redevelopment, Phase I, LLC has entered into an R&O Agreement with the CDA. Provisions of the agreement require the company to maintain 47 units as public housing units. With regards to the public housing units, the CDA is to pay operating subsidies to Truax Park Redevelopment, Phase I, LLC equal to project expenses less project income. The operating subsidy shall terminate no later than January 1, 2051. The agreement will expire upon the earliest to occur of the expiration of 40 years from the date of first occupancy or at the option of the project at the close of the first project year of which the CDA ceases to pay operating subsidies. Operating subsidies totaling \$7,221 were earned during the period ended December 31, 2010. Included in accounts payable are operating subsidies payable totaling \$11,711 as of December 31, 2010.

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

The Governmental Accounting Standards Board (GASB) has approved Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, and Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. 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, 2010

<b>ASSETS</b>	Karabis Fund	Parkside Project Fund	Allied Drive Fund	East Housing Fund
Current Assets				
Cash and investments	\$ 908,466	\$ -	\$ -	\$ 49,715
Accounts receivable	592	1,812	5,687	12,558
Due from other governmental units	-	-	-	23,539
Prepaid items	260	984	-	6,961
<b>Total Current Assets</b>	<u>909,318</u>	<u>2,796</u>	<u>5,687</u>	<u>92,773</u>
Property, Plant and Equipment				
Land	22,698	200,271	4,557,006	350,162
Construction in progress	-	-	-	-
Land improvements	-	79,125	-	127,526
Buildings and improvements	911,362	3,627,952	-	10,138,270
Machinery and equipment	28,423	118,043	-	273,870
Less: Accumulated depreciation	<u>(766,717)</u>	<u>(2,932,429)</u>	-	<u>(7,997,449)</u>
<b>Net Property, Plant and Equipment</b>	<u>195,766</u>	<u>1,092,962</u>	<u>4,557,006</u>	<u>2,892,379</u>
Other Assets				
Restricted assets				
Cash and investments	-	24,986	-	-
Due from other governmental units	-	873,433	-	-
Long-term receivable	-	-	2,928,364	-
Lease receivable	-	-	-	1,846,000
<b>Total Other Assets</b>	<u>-</u>	<u>898,419</u>	<u>2,928,364</u>	<u>1,846,000</u>
Deferred charges	-	1,858	-	-
<b>TOTAL ASSETS</b>	<u>\$ 1,105,084</u>	<u>\$ 1,996,035</u>	<u>\$ 7,491,057</u>	<u>\$ 4,831,152</u>

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Triangle Housing Fund	Totals
\$ 170,516	\$ 1,128,697
1,739	22,388
178,761	202,300
5,777	13,982
<u>356,793</u>	<u>1,367,367</u>
482,652	5,612,789
-	-
9,986	216,637
9,556,506	24,234,090
296,283	716,619
<u>(7,716,280)</u>	<u>(19,412,875)</u>
<u>2,629,147</u>	<u>11,367,260</u>
-	24,986
-	873,433
-	2,928,364
-	1,846,000
-	<u>5,672,783</u>
-	1,858
<u>\$ 2,985,940</u>	<u>\$ 18,409,268</u>

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

COMBINING STATEMENT OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
December 31, 2010

<i><b>LIABILITIES</b></i>	Karabis Fund	Parkside Project Fund	Allied Drive Fund	East Housing Fund
Current Liabilities				
Accounts payable	\$ 6,209	\$ 18,621	\$ 15,811	\$ 29,562
Accrued liabilities	-	3,745	-	-
Due to primary government - City of Madison pooled cash and investments	-	146,478	32,815	-
Unearned revenue	-	-	-	2,275
Current portion of mortgage notes	-	135,238	-	-
Line of credit	-	-	1,203,500	-
Accrued compensated absences	574	2,549	-	8,071
Other liabilities	5,518	22,886	9,773	44,037
Liabilities Payable from Restricted Assets				
Current maturities of revenue bonds	-	35,000	-	-
<b>Total Current Liabilities</b>	<u>12,301</u>	<u>364,517</u>	<u>1,261,899</u>	<u>83,945</u>
Long-Term Debt Net of Current Maturities				
Mortgage notes	-	1,231,807	-	-
Revenue bonds	-	220,000	-	-
Accrued compensated absences	5,122	22,743	-	72,025
Other post-employment benefits	-	-	-	19,938
Advances from primary government	5,460	29,857	-	94,826
<b>Total Long-Term Debt</b>	<u>10,582</u>	<u>1,504,407</u>	<u>-</u>	<u>186,789</u>
<b>TOTAL LIABILITIES</b>	<u>22,883</u>	<u>1,868,924</u>	<u>1,261,899</u>	<u>270,734</u>
<i><b>NET ASSETS</b></i>				
Invested in capital assets, net of related debt (deficit)	195,766	(529,083)	4,557,006	2,892,379
Restricted for debt	-	863,419	-	-
Unrestricted (deficit)	886,435	(207,225)	1,672,152	1,668,039
<b>Total Net Assets</b>	<u>1,082,201</u>	<u>127,111</u>	<u>6,229,158</u>	<u>4,560,418</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,105,084</u>	<u>\$ 1,996,035</u>	<u>\$ 7,491,057</u>	<u>\$ 4,831,152</u>

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Triangle Housing Fund	Totals
\$ 102,490	\$ 172,693
-	3,745
-	179,293
6,228	8,503
-	135,238
-	1,203,500
9,418	20,612
50,106	132,320
-	35,000
<u>168,242</u>	<u>1,890,904</u>
-	1,231,807
-	220,000
84,038	183,928
16,598	36,536
57,454	187,597
<u>158,090</u>	<u>1,859,868</u>
<u>326,332</u>	<u>3,750,772</u>
2,629,147	9,745,215
-	863,419
<u>30,461</u>	<u>4,049,862</u>
<u>2,659,608</u>	<u>14,658,496</u>
<u>\$ 2,985,940</u>	<u>\$ 18,409,268</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, 2010

	Karabis Fund	Parkside Project Fund
<b>OPERATING REVENUES</b>		
Charges for services	\$ 69,524	\$ 286,112
Other revenue	4,909	8,722
Total Operating Revenues	74,433	294,834
<b>OPERATING EXPENSES</b>		
Operation and maintenance	124,122	418,839
Depreciation	24,209	113,296
Taxes	3,857	18,890
Total Operating Expenses	152,188	551,025
Operating Income (Loss)	(77,755)	(256,191)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Investment income	11,902	17,811
Interest and amortization	(589)	(116,649)
Intergovernmental grants	141,400	452,872
Gain on sale of capital assets	-	-
Miscellaneous revenues	-	-
Miscellaneous expenses	-	-
Total Non-Operating Revenue (Expenses)	152,713	354,034
<b>Income (Loss) Before Contributions and Transfers</b>	74,958	97,843
<b>CAPITAL CONTRIBUTIONS</b>	-	-
<b>TRANSFERS OUT</b>	-	-
<b>CHANGE IN NET ASSETS</b>	74,958	97,843
NET ASSETS – Beginning of Year (as restated)	1,007,243	29,268
NET ASSETS – END OF YEAR	\$ 1,082,201	\$ 127,111

Allied Drive Fund	East Housing Fund	Triangle Housing Fund	Totals
\$ -	\$ 592,162	\$ 658,640	\$ 1,606,438
-	25,270	25,443	64,344
-	<u>617,432</u>	<u>684,083</u>	<u>1,670,782</u>
89,581	1,670,462	1,616,595	3,919,599
-	295,857	281,669	715,031
-	34,135	41,674	98,556
<u>89,581</u>	<u>2,000,454</u>	<u>1,939,938</u>	<u>4,733,186</u>
(89,581)	(1,383,022)	(1,255,855)	(3,062,404)
19,407	6	1,283	50,409
-	(10,970)	(7,944)	(136,152)
-	998,746	1,002,560	2,595,578
-	1,188,583	-	1,188,583
-	144,207	-	144,207
-	(7,405)	(112)	(7,517)
<u>19,407</u>	<u>2,313,167</u>	<u>995,787</u>	<u>3,835,108</u>
(70,174)	930,145	(260,068)	772,704
70,174	-	-	70,174
-	-	(7,000)	(7,000)
-	930,145	(267,068)	835,878
<u>6,229,158</u>	<u>3,630,273</u>	<u>2,926,676</u>	<u>13,822,618</u>
<u>\$ 6,229,158</u>	<u>\$ 4,560,418</u>	<u>\$ 2,659,608</u>	<u>\$ 14,658,496</u>

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

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
For the Year Ended December 31, 2010

	Karabis Fund	Parkside Project Fund	Allied Drive Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 74,759	\$ 298,510	\$ -
Paid to suppliers for goods and services	(92,256)	(406,777)	-
Paid to employees for services	(32,393)	(95,636)	-
Paid to city for tax equivalent	(3,857)	(18,890)	-
Net Cash Flows From Operating Activities	<u>(53,747)</u>	<u>(222,793)</u>	<u>-</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Deposits (refunds)	1,180	(362)	-
Deposits (refunds) with governmental agencies	-	56,448	-
Intergovernmental grants	142,060	456,645	-
Deficit cash implicitly financed (repaid)	-	(30,553)	32,815
Collection of long-term receivable	-	-	51,591
Receipt of advance from primary government	134	735	-
Repayment of advance to primary government	-	-	-
Transfers in (out)	-	-	-
Other nonoperating items	-	-	(200,070)
Net Cash Flows From Noncapital Financing Activities	<u>143,374</u>	<u>482,913</u>	<u>(115,664)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt retired	-	(161,434)	(51,591)
Interest paid	(589)	(116,497)	-
Acquisition and construction of capital assets	-	-	(27,474)
Capital contributions	-	-	70,174
Net Cash Flows From Capital and Related Financing Activities	<u>(589)</u>	<u>(277,931)</u>	<u>(8,891)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	<u>11,902</u>	<u>17,811</u>	<u>13,720</u>
Net Cash Flows From Investing Activities	<u>11,902</u>	<u>17,811</u>	<u>13,720</u>
Net Increase (Decrease) in Cash and Cash Equivalents	100,940	-	(110,835)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>807,526</u>	<u>24,986</u>	<u>110,835</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 908,466</u>	<u>\$ 24,986</u>	<u>\$ -</u>

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East Housing Fund	Triangle Housing Fund	Totals
\$ 609,580	\$ 822,836	\$ 1,805,685
(1,261,746)	(1,148,056)	(2,908,835)
(472,603)	(411,722)	(1,012,354)
(34,135)	(41,674)	(98,556)
<u>(1,158,904)</u>	<u>(778,616)</u>	<u>(2,214,060)</u>
(10,908)	(3,226)	(13,316)
-	-	56,448
1,079,768	1,056,634	2,735,107
-	(80,480)	(78,218)
-	-	51,591
-	-	869
(9,103)	(10,023)	(19,126)
-	(7,000)	(7,000)
136,801	(112)	(63,381)
<u>1,196,558</u>	<u>955,793</u>	<u>2,662,974</u>
-	-	(213,025)
(10,970)	(7,944)	(136,000)
-	-	(27,474)
-	-	70,174
<u>(10,970)</u>	<u>(7,944)</u>	<u>(306,325)</u>
<u>6</u>	<u>1,283</u>	<u>44,722</u>
<u>6</u>	<u>1,283</u>	<u>44,722</u>
26,690	170,516	187,311
<u>23,025</u>	<u>-</u>	<u>966,372</u>
<u>\$ 49,715</u>	<u>\$ 170,516</u>	<u>\$ 1,153,683</u>

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

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
For the Year Ended December 31, 2010

	Karabis Fund	Parkside Project Fund	Allied Drive Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (77,755)	\$ (256,191)	\$ (89,581)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities			
Depreciation	24,209	113,296	-
Change in assets and liabilities			
Accounts receivable	326	3,676	-
Prepaid items	9	92	-
Accounts payable	(967)	(84,971)	89,581
Accrued liabilities	431	1,305	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (53,747)</u>	<u>\$ (222,793)</u>	<u>\$ -</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Capital assets sold under a capital lease	\$ -	\$ -	\$ -
Capital lease receivable	-	-	-

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East Housing Fund	Triangle Housing Fund	Totals
\$ (1,383,022)	\$ (1,255,855)	\$ (3,062,404)
295,857	281,669	715,031
(7,852)	138,753	134,903
(335)	(1,588)	(1,822)
(69,570)	15,432	(50,495)
<u>6,018</u>	<u>42,973</u>	<u>50,727</u>
<u>\$ (1,158,904)</u>	<u>\$ (778,616)</u>	<u>\$ (2,214,060)</u>

\$ 654,417	\$ -	\$ 654,417
1,846,000	-	1,846,000