



CommunityDevelopmentAuthority

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DATE: May 8, 2013

TO: Community Development Subcommittee

FROM: Natalie Erdman, Executive Director
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SUBJECT: CDA 2012 Year End Financial Statements

Background

- The Community Development Authority's financial statements include both Housing Operation and redevelopment activity. The divisions activity is separated into five funds.
- **The General Fund** includes (1) redevelopment group overhead and development activity not relating to a specific site, (2) Lake Point Condominiums, (3) bond issuance activity, and (4) operating activity of 95-1 aka The Reservoir; however, the statements being reviewed have not yet been updated with the 95-1 operations.
- **Housing Voucher Fund** accounts for both housing assistance payments and overhead of operating the housing choice voucher program.
- **Villager Fund** documents operating revenue and expenses as well as capital activities at The Village on Park.
- **Non-Major Funds** includes (1) the operating activity of the three public housing amps including Parkside and Karabis, and (2) Allied Drive redevelopment activity excluding Revival Ridge Operations.
- **Central Cost Center Fund** accounts for the central office personnel and overhead for public housing activities.
- The CDA financial statements do not include the operating activity of Burr Oaks Senior Housing, LLC, Allied Drive Redevelopment, LLC (aka Revival Ridge), Monona Shores Redevelopment, LLC or Truax Park Redevelopment Phase 1, LLC. They do include payment by the LLCs to the CDA for debt service and development fees.

General Comment

- Depreciation Expense is a non-cash expense that is recorded to indicate the inherent reduction in real estate value over time. Since it is not a cash expense, depreciation should be added back to the income (loss) figure to get a general idea of how the organization performed.
- A significant portion of the CDA's assets are real estate. Real Estate is generally booked at cost and depreciated over a 28 year period. The net value of is not necessarily a good indication of market value.

Items of Note from 2012

- The CDA's operational performance was positive for the year ended December 31, 2012 after adjustments for depreciation and a reclassification of interest relating to loans from the CDA to Monona Shores, LLC.
 - When reviewing the performance of the General Fund note that Interest on Capital Leases and Interest and Amortization relate primarily to bond transaction. They should be approximately equal; however, in 2012 there was a reclassification of interest from the Monona Shores Redevelopment, LLC to the CDA in the amount of \$430,000 which had been accrued in prior years, but is not expected to be collected.
 - General Fund Miscellaneous Revenues for 2012 included \$220,000 in development fees from Burr Oaks Senior Housing and \$179,000 in bond issuance fees which was sufficient to cover the redevelopment groups operational expenses including costs associated with Lake Point Condominiums and interdepartmental charges.
 - Housing Choice Voucher Fund Net Income of approximately \$376,000 is primarily comprised of unspent Housing Assistance Payment from HUD which is a restricted asset.
 - The Villager Fund showed income of \$385,000 before depreciation and principal payment on loans from the City of Madison.
 - Public Housing (including Parkside and Karabis) had positive income of approximately \$900,000 before depreciation and principal payments on loans.
 - A development fee from Allied Drive Redevelopment LLC in the amount \$554,000 was paid in 2012 and booked as Miscellaneous Revenue in Non Major Enterprise Fund
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