

**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

As of and for the Year Ended December 31, 2013

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

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

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As of and for the Year Ended December 31, 2013

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**INDEPENDENT AUDITORS' REPORT**

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

**Report on the Financial Statements**

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 of the City of Madison, a component unit of the City of Madison, Wisconsin, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Community Development Authority of the City of Madison's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

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 statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for aggregate discretely presented component units, is based solely 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the Community Development Authority of the City of Madison's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Community Development Authority of the City of Madison's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

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 Community Development Authority of the City of Madison, Wisconsin, as of December 31, 2013 and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Community Development Authority of the City of Madison's basic financial statements. The combining financial statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2014 on our consideration of the Community Development Authority of the City of Madison's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Community Development Authority of the City of Madison's internal control over financial reporting and compliance.

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin

June 26, 2014

# COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2013

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 Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the CDA. The statement is presented in the format where assets, minus liabilities, equal "Net Position", formerly known as net assets, or 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 Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire CDA. Net Position (formerly assets or equity) are reported in three broad categories:

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

Unrestricted: Consists of Net Position that does not meet the definition of "Net Investment in Capital Assets", or "Restricted".

# COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2013

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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 Proprietary Funds. Proprietary funds utilize the full accrual basis of accounting. The Proprietary 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 Position, 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 Position. 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 related 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, 2013

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

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

General Operating Fund – (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-half 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.

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

- |                           |  |
|---------------------------|--|
| <u>Karabis Fund:</u>      | 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.   |
| <u>Parkside Fund:</u>     | 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. |
| <u>Allied Drive Fund:</u> | This fund accounts for the activities in the neighborhood revitalization project in the Allied Drive area.   |



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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2013

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

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

Other Non-Major Funds – (cont.)

HUD Projects Fund –

East:

This fund is part of the Conventional Public Housing Program and accounts for 168 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 –

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.

HUD Projects Fund –

Triangle:

This fund is part of the Conventional Public Housing Program and accounts for the operation of 221 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.

HUD Subsidy:

This fund is used as a pass-thru fund to move HUD subsidy from the CDA to TRUAX, LLC. Since TRUAX, LLC is a separate legal entity they do not receive the subsidy directly from HUD, it goes to the CDA and is then transferred to the LLC through this fund.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2013

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

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

Other Non-Major Funds – (cont.)

CDA 95-1: The CDA is the owner of thirty (30) apartments and a small amount of office space rented to non-profit agencies in two locations (together CDA 95-1). Twenty-eight (28) apartments and the commercial space are on East Dayton Street and two (2) apartments are in one building on North Blount Street. CDA 95-1 is also known as The Reservoir and is financed with two loans to the CDA from the Wisconsin Housing and Economic Development Authority and two loans to the CDA from the City of Madison. The property is managed by a third party management company, Meridian Group, Inc., and continues to experience high occupancy. In 2013, excess cash flow was used to replace an aging roof and fund a reserve for replacement. Prior to 2013, the operations of CDA 95-1 were carried in the CDA's General Fund. In 2013, the operations were separated and reported separately in the CDA 95-1 Fund.

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, 2013

**FINANCIAL HIGHLIGHTS AND ANALYSIS**

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

	<u>Business-type Activities 2013</u>	<u>Business-type Activities 2012</u>
Current and Other Assets	\$ 39,515,566	\$ 45,736,351
Capital Assets	<u>34,101,929</u>	<u>35,856,247</u>
Total Assets	<u>73,617,495</u>	<u>81,592,598</u>
Long-term Liabilities	27,667,122	39,238,133
Other Liabilities	<u>12,716,383</u>	<u>6,021,412</u>
Total Liabilities	<u>40,383,505</u>	<u>45,259,545</u>
Net Position		
Net Investment in Capital Assets	22,760,442	23,713,500
Restricted	788,354	830,049
Unrestricted	<u>9,685,194</u>	<u>11,789,504</u>
Total Net Position	<u>\$ 33,233,990</u>	<u>\$ 36,333,053</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2013

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

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

	Business-type Activities 2013	Business-type Activities 2012
Revenues		
Program Revenues		
Charges for services	\$ 4,517,278	\$ 4,227,335
Operating grants and contributions	15,419,669	17,422,675
Capital grants and contributions	770,909	479
General Revenues		
Investment income	196,562	295,756
Interest on capital leases	1,513,730	994,065
Miscellaneous	870,009	1,019,518
Total Revenues	<u>23,288,157</u>	<u>23,959,828</u>
Expenses		
Community Development	6,756,808	3,362,815
Housing projects	19,630,412	19,957,219
Total Expenses	<u>26,387,220</u>	<u>23,320,034</u>
Increase/(Decrease) in Net Position	(3,099,063)	639,794
Beginning Net Position	<u>36,333,053</u>	<u>35,693,259</u>
Ending Net Position	<u>\$ 33,233,990</u>	<u>\$ 36,333,053</u>

The CDA's total Net Position decreased by \$3,099,063 during 2013. Since the CDA engages only in Business-type Activities, the decrease is all in the category of Business-type Net Position. Net Position was \$36.3 million and \$33.2 million for 2012 and 2013, respectively. The financial highlights of each project are discussed below:

**General Operating Fund** – There was a decrease in Net Position in the amount of \$727,058, due in part to selling condominiums at Lake Point for a loss, as well as holding costs associated with those properties. There was a refunding bond issued at the beginning of 2013 for Monona Terrace which also had a negative impact on the net position of this fund. There were no major new projects that affected this fund in 2013.

# COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2013

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## FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

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**Lake Point Condominiums** – In 2005, the CDA lent a private developer \$1.8 million for the construction of Lake Point Condominiums. The CDA loan was secured by a first mortgage on the property. The developer defaulted on repayment of the CDA loan and a receiver was appointed in 2008. In September of 2011, the court granted approval of the receiver's motion to sell the twelve (12) remaining condominiums to the CDA (free and clear of all liens) pursuant to the CDA's credit bid offer of nearly \$1.2 million. During 2012, the CDA used a line of credit from the City of Madison to repay the outstanding balance on a line of credit from Fannie Mae that had been used in part to fund the Lake Point Condominiums loan. The CDA also sold four (4) condominiums. During 2013, the CDA sold the eight (8) remaining condominiums for approximately \$626,000 in net proceeds and repaid the line of credit from the City of Madison.

**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 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.

The CDA has developed a 49 unit apartment building on Allied Drive ("Revival Ridge"). Revival Ridge continues to be well occupied and meet all of its obligations. As part of the development, the CDA made a loan in the amount of \$1.3 million to Allied Drive Redevelopment, LLC to fund construction. The loan is secured by a first mortgage on the property. The CDA borrowed \$1.3 million from a local bank and used the proceeds to fund its loan to Allied Drive Redevelopment, LLC. During 2013, Allied Drive Redevelopment, LLC made payments on its first mortgage loan from the CDA in accordance with the loan documents. The principal and interest payments from Allied Drive Redevelopment, LLC were used to make the contractual payments on the loan from the local bank to the CDA. Allied Drive Redevelopment, LLC is reported as a component unit of the CDA; however, the debt from Allied Drive Redevelopment, LLC to the CDA is reported as an asset in the CDA's financial statements.

During 2013, the CDA continued work on the development of 25 single family homes at the south end of the Allied Drive Property ("Mosaic Ridge") and incurred nominal expenses associated with its work. Affordability will be as follows:

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

Down payment assistance, home buyer education, and credit repair programs have been developed by the CDA to assist lower income buyers in purchasing homes. Work on design, land use approvals, covenants, conditions and restrictions and subsidy programs are continuing.

# COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2013

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## FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

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**The Villager** – 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 out lots for future development. Since the purchase, the CDA has created a master plan for the revitalization of the property, sold an out lot to the Urban League of Greater Madison, sold an out lot to Access Community Health, and completed the first and second phases of renovations. The property is approximately 77% leased. The majority of the vacancy is in the north building and is not available for lease. Major tenants include the University of Wisconsin, Madison Area Technical College, Dane County Human Services, Public Health, Access Community Health, Head Start, Lanes Bakery, Uncle Joes Urban Wear, and an Asian grocery.

Prior to 2013, the City of Madison advanced \$8.65 million to the CDA to repay third-party debt and fund a portion of the first phase of renovations. The City also advanced \$1.85 Million for the second phase of renovation. The CDA is making regular principal and interest payment from property operations on the loans from the City.

During 2013, Access Community Health purchased a lot and completed construction of a 24,000 square feet facility for expanded health, dental and pharmacy services. Early in 2013, Access vacated its existing 8,600 square feet in the north building. In addition, the CDA completed the second phase of the renovation which included the renovation of approximately 7,000 s.f. of existing space for the Asian grocery, the demolition of approximately 14,000 s.f. and the completion of significant site work on the southern end of the site. Other leasing activity included a long term lease of 4,775 s.f. to a restaurant/bakery. The work described above was funded through a loan from the City of Madison in the amount of \$1,850,000.

**Truax Park Redevelopment** – In 2011, the CDA renovated 71 units of low rent public housing at the Truax Park Public Housing Site. The property is owned by Truax Park Redevelopment Phase I, LLC and the CDA is a .01% managing member. Construction and lease up were completed in 2011. Forty-seven (47) of the apartments continue to be rented as public housing units with residents paying 30% of their income in rent. Twenty-four (24) of the renovated apartments have project based Section 8 Vouchers ("PBVs") and the residents 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. During 2013, the final equity installment of \$1,002,805 was made by the investor and used to fund reserves, repay an advance by the CDA and make final payment of development fees. Truax Park Redevelopment Phase 1, LLC is reported as a component unit of the CDA.

The CDA commenced work on Truax Park Redevelopment Phase 2 and received an allocation of low income housing tax credits during 2013. Phase 2 will entail the construction of 48 apartments of which 40 will be public housing replacement and eight (8) will be permanent supportive housing for individuals experiencing homelessness.

# COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2013

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## FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

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**Burr Oaks Senior Housing** – In 2011, the CDA completed construction of fifty (50) units of very affordable housing for senior citizens in the Badger/Anne Redevelopment District (“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. Burr Oaks Senior Housing is owned by Burr Oaks Senior Housing, LLC and the CDA is a .01% managing member. The property continues to be well occupied and meet its obligations. Burr Oaks Senior Housing, LLC is reported as a component unit of the CDA.

- HUD Projects East AMP – The net position of the East AMP Fund decreased by \$160,070. This result is slightly worse than the previous year due to a \$150,000 decrease in the operating subsidy from HUD. The total net position is \$4,241,366.
- HUD Projects West AMP – The net position of the West AMP Fund decreased by \$383,189 to a total of \$3,990,222. The decrease was due in part to a \$50,000 decrease in the HUD operating subsidy from the previous year.
- HUD Projects Triangle AMP – The net position of the Triangle AMP Fund decreased by \$326,727 to a total of \$1,999,838. The decrease was due in part to a \$47,000 decrease in the HUD operating subsidy from the previous year.
- HUD Projects Central Cost Center – The net position of the Central Cost Center Fund increased by \$7,767 to a total of \$525,763.
- HUD Projects Fund Capital Fund Grant Program – In 2013, \$1,099,245 was received under this grant program. These funds were used for Public Housing physical and management improvements.
- HUD Projects Fund Service Coordinator Grant – \$135,137 was received in 2013 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 position of the Karabis Fund increased by \$67,571 in 2013. The net position in this fund is \$1,331,035. The increase was due to increased efficiencies in operations, and investment income from the advance to Parkside.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2013

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

- Parkside – The net position of the Parkside Fund increased by \$215,117 in 2013. This increased the net asset total to \$477,132. The increase was due to increased efficiencies in operations.
- Section 8 Program – The net position of the Housing Choice Voucher program decreased by \$591,693, to a total of \$898,604. Intergovernmental grants from the Department of Housing and Urban Development to support the program decreased from \$12.7 million in 2012 to \$11.7 million in 2013. This program supported an average of 1,615 housing units per month in 2013. In 2012, the program supported an average of 1,595 housing units per month.

**CAPITAL ASSETS AND LONG-TERM DEBT**

**CAPITAL ASSETS**

At the end of 2013, the CDA had \$35.8 million invested in a variety of capital assets as reflected in the following schedule. This represents a net decrease (additions, deductions and depreciation) of \$1,754,318 or 4.9% from the end of the previous year. The major capital asset purchases by the CDA in 2013 were building improvements for the Villager Mall. The CDA also sold the remaining units of the Lake Point Condominiums, which accounted for \$701,403 of the asset reduction for the year. The schedule below summarizes the capital asset activity:

**CDA-WIDE  
CHANGE IN CAPITAL ASSETS**

	2013	2012
Beginning Balance	\$ 35,856,247	\$ 36,221,985
Additions	3,430,322	1,189,727
Deletions and Adjustments	(3,621,627)	(7,055)
Depreciation	(1,563,013)	(1,548,410)
Ending Balance	\$ 34,101,929	\$ 35,856,247

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



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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2013

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

***LONG-TERM DEBT***

During 2013, the CDA's long-term debt decreased by \$3.7 million due to principal payoffs on existing debt. No new long-term debt was issued in 2013. There was a refunding bond issued at the beginning of 2013 for Monona Terrace, in the amount of \$5,245,000.

**CDA-WIDE  
CHANGE IN OUTSTANDING DEBT – 2013**

	Beginning Balance	Increases	Decreases	Ending Balance
Revenue bonds	\$ 27,100,000	\$ 5,245,000	\$ 8,800,000	\$ 23,545,000
Mortgage notes	1,897,431	-	226,403	1,671,028
Other loans/notes	2,976,985		120,085	2,856,900
(Discount)/Premiums	(117,287)	360,760	(30,153)	273,626
Total Long-Term Debt	<u>\$ 31,857,129</u>	<u>\$ 5,605,760</u>	<u>\$ 9,116,335</u>	<u>\$ 28,346,554</u>

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

**ECONOMIC FACTORS**

Significant economic factors affecting the CDA are as follows:

- Federal funding 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. Due to the affects of sequestration, HUD funding for Conventional Public Housing operating subsidy, Capital Improvements Funds, Section 8 Voucher Administration, and Section 8 Voucher Housing Assistance Payments was significantly less than historical funding.
- Inflationary pressure on utility rates, supplies and other costs.
- Funding from the City of Madison for capital improvements and operations.

**REQUESTS FOR INFORMATION**

The financial report is designed to provide our citizens, customers, investors and creditors with general overview of the CDA's finances. If you have questions about this report or need any additional information, contact the CDA's Office, Attn: Executive Director, 215 Martin Luther King, Jr. Blvd., Ste. LL-312, Madison, Wisconsin, 53703.

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

STATEMENT OF NET POSITION  
As of December 31, 2013

	Primary Government	Business- type Activities	Component Units
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 3,585,096		\$ 667,839
Accounts receivable (net)	198,009		222,908
Interest receivable	663,319		-
Current portion of leases receivable from primary government - City of Madison	1,610,000		-
Due from other governmental units	453,426		-
Prepaid items	934,014		400,435
Restricted Assets			
Cash and investments	8,176,047		1,664,489
Total Current Assets	<u>15,619,911</u>		<u>2,955,671</u>
Noncurrent Assets			
Capital Assets			
Land	11,090,074		921,776
Construction in progress	2,500		-
Land improvements	304,424		1,170,552
Buildings and improvements	56,785,644		36,020,700
Machinery and equipment	1,792,496		1,171,976
Less: Accumulated depreciation	<u>(35,873,209)</u>		<u>(8,802,267)</u>
Net Capital Assets	<u>34,101,929</u>		<u>30,482,737</u>
Other Assets			
Restricted Assets			
Cash and investments	2,442,629		-
Due from other governmental units	881,741		-
Other post-employment benefits asset	34,188		-
Long-term receivables	6,134,011		-
Leases receivable	14,403,086		-
Financing costs, net	-		70,141
Tax credit fees, net	-		267,466
Total Other Assets	<u>23,895,655</u>		<u>337,607</u>
Total Noncurrent Assets	<u>57,997,584</u>		<u>30,820,344</u>
<b>TOTAL ASSETS</b>	<u>\$ 73,617,495</u>		<u>\$ 33,776,015</u>

	Primary Government	
	Business- type Activities	Component Units
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	\$ 541,974	\$ 26,483
Accrued liabilities	321,944	1,705,432
Unearned revenue	286,743	683,183
Current portion of long-term debt	10,441,383	186,830
Current portion of advances from primary government - City of Madison	567,483	-
Accrued compensated absences	105,013	-
Other liabilities	265,651	318,208
Development fee payable	-	58,735
Liabilities payable from restricted assets		
Accrued liabilities	186,192	-
Total Current Liabilities	<u>12,716,383</u>	<u>2,978,871</u>
Long-Term Liabilities Net of Current Maturities		
Mortgage notes	1,430,932	13,167,216
Revenue bonds	14,325,000	-
Other loans	1,875,613	-
Unamortized premium/(discount)	273,626	-
Accrued compensated absences	420,063	-
Other post-employment benefits	177,762	-
Advance from primary government - City of Madison	9,164,126	-
Total Long-Term Liabilities Net of Current Maturities	<u>27,667,122</u>	<u>13,167,216</u>
Total Liabilities	<u>40,383,505</u>	<u>16,146,087</u>
<b>NET POSITION</b>		
Net investment in capital assets	22,760,442	17,128,691
Restricted for debt	788,354	-
Unrestricted	9,685,194	501,237
Total Net Position	<u>33,233,990</u>	<u>17,629,928</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 73,617,495</u>	<u>\$ 33,776,015</u>

See accompanying notes to financial statements.

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

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Primary Government</u>	<u>Component Units</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Position</u>	
Primary Government						
Business-type activities						
Community development	\$ 6,756,808	\$ 1,491,761	\$ -	\$ 770,909	\$ (4,494,138)	\$ -
Housing projects	19,630,412	3,025,517	15,419,669	-	(1,185,226)	-
Total Business-type Activities	<u>\$ 26,387,220</u>	<u>\$ 4,517,278</u>	<u>\$ 15,419,669</u>	<u>\$ 770,909</u>	<u>(5,679,364)</u>	<u>-</u>
Component Units - Housing Projects	<u>\$ 4,009,172</u>	<u>\$ 2,290,801</u>	<u>\$ 200,370</u>	<u>\$ 1,447,749</u>	-	<u>(70,252)</u>
General revenues						
Investment income					196,562	1,287
Interest on capital leases					1,513,730	-
Miscellaneous					870,009	-
Total General Revenues					<u>2,580,301</u>	<u>1,287</u>
<b>Change in net position</b>					(3,099,063)	(68,965)
NET POSITION – Beginning of Year					<u>36,333,053</u>	<u>17,698,893</u>
<b>NET POSITION – END OF YEAR</b>					<u>\$ 33,233,990</u>	<u>\$ 17,629,928</u>

See accompanying notes to financial statements.

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

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
As of December 31, 2013

	Business-type Activities - Enterprise Funds				Totals	Business- type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	Villager Fund	Nonmajor Enterprise Funds		Central Cost Center Fund
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and investments	\$ 472,707	\$ 343,632	\$ 441,045	\$ 1,784,486	\$ 3,041,870	\$ 543,226
Accounts receivable (net)	-	-	183,708	14,301	198,009	-
Interest receivable	661,263	-	-	2,056	663,319	-
Current portion of advances to other funds	-	-	-	45,000	45,000	-
Current portion of leases receivable from primary government - City of Madison	1,610,000	-	-	-	1,610,000	-
Due from other governmental units	-	-	-	451,129	451,129	2,297
Prepaid items	2,750	907,185	-	21,294	931,229	2,785
Restricted assets						
Cash and investments	8,176,047	-	-	-	8,176,047	-
Total Current Assets	<u>10,922,767</u>	<u>1,250,817</u>	<u>624,753</u>	<u>2,318,266</u>	<u>15,116,603</u>	<u>548,308</u>
<b>Noncurrent Assets</b>						
<b>Property, Plant and Equipment</b>						
Land	576,512	-	4,580,151	5,933,411	11,090,074	-
Construction in progress	2,500	-	-	-	2,500	-
Land improvements	-	-	-	304,424	304,424	-
Buildings and improvements	-	-	17,755,930	38,773,179	56,529,109	256,535
Machinery and equipment	-	50,931	-	1,394,208	1,445,139	347,357
Less: Accumulated depreciation	-	(45,964)	(2,967,640)	(32,382,811)	(35,396,415)	(476,794)
Net Property, Plant and Equipment	<u>579,012</u>	<u>4,967</u>	<u>19,368,441</u>	<u>14,022,411</u>	<u>33,974,831</u>	<u>127,098</u>
<b>Other Assets</b>						
<b>Restricted Assets</b>						
Cash and investments	2,204,500	-	-	238,129	2,442,629	-
Due from other governmental units	-	-	-	881,741	881,741	-
Advances to other funds	-	-	-	95,000	95,000	-
Other post-employment benefits asset	-	-	-	-	-	34,188
Long-term receivables	3,478,957	-	-	2,655,054	6,134,011	-
Leases receivable	12,557,086	-	-	1,846,000	14,403,086	-
Total Other Assets	<u>18,240,543</u>	<u>-</u>	<u>-</u>	<u>5,715,924</u>	<u>23,956,467</u>	<u>34,188</u>
Total Noncurrent Assets	<u>18,819,555</u>	<u>4,967</u>	<u>19,368,441</u>	<u>19,738,335</u>	<u>57,931,298</u>	<u>161,286</u>
<b>TOTAL ASSETS</b>	<u>\$ 29,742,322</u>	<u>\$ 1,255,784</u>	<u>\$ 19,993,194</u>	<u>\$ 22,056,601</u>	<u>\$ 73,047,901</u>	<u>\$ 709,594</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds					Business- type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	Villager Fund	Nonmajor Enterprise Funds	Totals	Central Cost Center Fund
<b>LIABILITIES</b>						
Current Liabilities						
Accounts payable	\$ 218,569	\$ 431	\$ 72,306	\$ 244,615	\$ 535,921	\$ 6,053
Accrued liabilities	269,424	-	50,039	2,481	321,944	-
Unearned revenue	-	-	280,000	6,743	286,743	-
Current portion of mortgage notes	-	-	-	240,096	240,096	-
Current portion of revenue bonds	9,220,000	-	-	-	9,220,000	-
Current portion of other loans	68,333	-	-	912,954	981,287	-
Current portion of advances from other funds	-	-	-	45,000	45,000	-
Current portion of advances from primary government						
- City of Madison	-	-	567,483	-	567,483	-
Accrued compensated absences	6,559	27,557	-	50,807	84,923	20,090
Other liabilities	-	15,609	-	250,042	265,651	-
Liabilities payable from restricted assets						
Accrued liabilities	186,192	-	-	-	186,192	-
Total Current Liabilities	<u>9,969,077</u>	<u>43,597</u>	<u>969,828</u>	<u>1,752,738</u>	<u>12,735,240</u>	<u>26,143</u>
Long-Term Debt Net of Current Maturities						
Mortgage notes	-	-	-	1,430,932	1,430,932	-
Revenue bonds	14,325,000	-	-	-	14,325,000	-
Other loans	1,205,001	-	-	670,612	1,875,613	-
Unamortized premium/(discount)	273,626	-	-	-	273,626	-
Accrued compensated absences	26,237	110,232	-	203,234	339,703	80,360
Other post-employment benefits obligation	5,618	77,014	-	95,130	177,762	-
Advances from other funds	-	-	-	95,000	95,000	-
Advances from primary government - City of Madison	238,000	126,337	8,432,364	290,097	9,086,798	77,328
Total Long-Term Debt	<u>16,073,482</u>	<u>313,583</u>	<u>8,432,364</u>	<u>2,785,005</u>	<u>27,604,434</u>	<u>157,688</u>
Total Liabilities	<u>26,042,559</u>	<u>357,180</u>	<u>9,402,192</u>	<u>4,537,743</u>	<u>40,339,674</u>	<u>183,831</u>
<b>NET POSITION</b>						
Net investment in capital assets	579,012	4,967	10,368,594	11,680,771	22,633,344	127,098
Restricted for debt	-	-	-	788,354	788,354	-
Unrestricted	3,120,751	893,637	222,408	5,049,733	9,286,529	398,665
Total Net Position	<u>3,699,763</u>	<u>898,604</u>	<u>10,591,002</u>	<u>17,518,858</u>	<u>32,708,227</u>	<u>525,763</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 29,742,322</u>	<u>\$ 1,255,784</u>	<u>\$ 19,993,194</u>	<u>\$ 22,056,601</u>	<u>\$ 73,047,901</u>	<u>\$ 709,594</u>

See accompanying notes to financial statements.

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2013

	Business-type Activities - Enterprise Funds				Totals	Business- type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	Villager Fund	Nonmajor Enterprise Funds		Central Cost Center Fund
<b>OPERATING REVENUES</b>						
Charges for services	\$ -	\$ -	\$ 1,491,761	\$ 2,878,032	\$ 4,369,793	\$ 517,113
Other revenue	-	-	-	147,485	147,485	-
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>1,491,761</u>	<u>3,025,517</u>	<u>4,517,278</u>	<u>517,113</u>
<b>OPERATING EXPENSES</b>						
Operation and maintenance	604,216	12,672,939	808,475	5,533,562	19,619,192	511,061
Depreciation	-	3,312	544,199	1,027,150	1,574,661	13,526
Taxes	-	-	70,000	170,491	240,491	-
Total Operating Expenses	<u>604,216</u>	<u>12,676,251</u>	<u>1,422,674</u>	<u>6,731,203</u>	<u>21,434,344</u>	<u>524,587</u>
Operating Income (Loss)	<u>(604,216)</u>	<u>(12,676,251)</u>	<u>69,087</u>	<u>(3,705,686)</u>	<u>(16,917,066)</u>	<u>(7,474)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment income	92,470	7,598	8,531	84,764	193,363	3,199
Interest on capital lease	1,513,730	-	-	-	1,513,730	-
Interest and amortization expenses	(1,324,253)	(4,155)	(208,610)	(179,577)	(1,716,595)	(2,543)
Intergovernmental grants	-	12,048,749	-	3,369,741	15,418,490	1,179
Miscellaneous revenues	785,205	32,366	48,840	1,611	868,022	1,987
Miscellaneous expenses	(1,960,903)	-	-	(1,265,361)	(3,226,264)	-
Total Nonoperating Revenue (Expenses)	<u>(893,751)</u>	<u>12,084,558</u>	<u>(151,239)</u>	<u>2,011,178</u>	<u>13,050,746</u>	<u>3,822</u>
Income (Loss) Before Contributions and Transfers	<u>(1,497,967)</u>	<u>(591,693)</u>	<u>(82,152)</u>	<u>(1,694,508)</u>	<u>(3,866,320)</u>	<u>(3,652)</u>
<b>CAPITAL CONTRIBUTIONS</b>	770,909	-	-	-	770,909	-
<b>TRANSFERS IN</b>	-	-	-	-	-	11,419
<b>TRANSFERS OUT</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,419)</u>	<u>(11,419)</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	(727,058)	(591,693)	(82,152)	(1,705,927)	(3,106,830)	7,767
NET POSITION – Beginning of Year	<u>4,426,821</u>	<u>1,490,297</u>	<u>10,673,154</u>	<u>19,224,785</u>	<u>35,815,057</u>	<u>517,996</u>
<b>NET POSITION – END OF YEAR</b>	<u>\$ 3,699,763</u>	<u>\$ 898,604</u>	<u>\$ 10,591,002</u>	<u>\$ 17,518,858</u>	<u>\$ 32,708,227</u>	<u>\$ 525,763</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, 2013

	Business-type Activities - Enterprise Funds				Totals	Business- type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	Villager Fund	Nonmajor Enterprise Funds		Central Cost Center Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Received from customers	\$ -	\$ -	\$ 1,450,916	\$ 3,037,676	\$ 4,488,592	\$ 518,400
Paid to suppliers for goods and services	(423,624)	(11,713,888)	(808,475)	(4,008,247)	(16,954,234)	(241,660)
Paid to employees for services	(199,166)	(863,303)	-	(1,692,630)	(2,755,099)	(257,291)
Paid to city for tax equivalent	-	-	(70,000)	(170,491)	(240,491)	-
Net Cash Flows From Operating Activities	<u>(622,790)</u>	<u>(12,577,191)</u>	<u>572,441</u>	<u>(2,833,692)</u>	<u>(15,461,232)</u>	<u>19,449</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Deposits (refunds)	-	-	-	2,535	2,535	-
Deposits (refunds) with governmental agencies	-	-	-	41,695	41,695	-
Intergovernmental grants	-	12,048,749	-	3,515,678	15,564,427	173,578
Deficit cash implicitly financed (repaid)	(134,321)	-	-	(76,076)	(210,397)	-
Collection of long-term receivable	7,952	-	-	33,628	41,580	-
Receipt of repayment of advance to primary government	1,004,346	-	-	-	1,004,346	-
Repayment of advance from primary government	-	(6,412)	(567,653)	(14,718)	(588,783)	(3,924)
Transfers in (out)	-	-	-	(11,419)	(11,419)	11,419
Other nonoperating items	(373,729)	32,365	707,987	(185,432)	181,191	1,987
Net Cash Flows From Noncapital Financing Activities	<u>504,248</u>	<u>12,074,702</u>	<u>140,334</u>	<u>3,305,891</u>	<u>16,025,175</u>	<u>183,060</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Debt issued	5,245,000	-	-	-	5,245,000	-
Premium on debt issued	360,760	-	-	-	360,760	-
Debt retired	(8,868,333)	-	-	(278,155)	(9,146,488)	-
Interest paid	(1,374,168)	(4,155)	(211,428)	(184,002)	(1,773,753)	(2,543)
Acquisition and construction of capital assets	(2,500)	-	(1,831,047)	(80,750)	(1,914,297)	-
Received from sale of capital assets	626,388	-	-	340	626,728	-
Collection of advance to other funds	-	-	-	40,000	40,000	-
Repayment of advance from other funds	-	-	-	(40,000)	(40,000)	-
Capital contributions	770,909	-	-	-	770,909	-
Lease payments received	8,579,117	-	-	-	8,579,117	-
Net Cash Flows From Capital and Related Financing Activities	<u>5,337,173</u>	<u>(4,155)</u>	<u>(2,042,475)</u>	<u>(542,567)</u>	<u>2,747,976</u>	<u>(2,543)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment income	92,470	7,598	8,531	85,352	193,951	3,199
Net Cash Flows From Investing Activities	<u>92,470</u>	<u>7,598</u>	<u>8,531</u>	<u>85,352</u>	<u>193,951</u>	<u>3,199</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	5,311,101	(499,046)	(1,321,169)	14,984	3,505,870	203,165
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>5,542,153</u>	<u>842,678</u>	<u>1,762,214</u>	<u>2,007,631</u>	<u>10,154,676</u>	<u>340,061</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 10,853,254</u>	<u>\$ 343,632</u>	<u>\$ 441,045</u>	<u>\$ 2,022,615</u>	<u>\$ 13,660,546</u>	<u>\$ 543,226</u>

See accompanying notes to financial statements.



	Business-type Activities - Enterprise Funds				Totals	Business- type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	Villager Fund	Nonmajor Enterprise Funds		Central Cost Center Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ (604,216)	\$ (12,676,251)	\$ 69,087	\$ (3,705,686)	\$ (16,917,066)	\$ (7,474)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities						
Depreciation	-	3,312	544,199	1,027,150	1,574,661	13,526
Change in assets and liabilities						
Receivables	-	-	(40,845)	12,190	(28,655)	1,287
Prepaid items and other assets	(1,494)	92,810	-	(513)	90,803	13
Accounts payable	(28,518)	9,624	-	(185,103)	(203,997)	(1,143)
Accrued liabilities	11,438	(6,686)	-	18,924	23,676	13,240
Unearned revenue	-	-	-	(654)	(654)	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ (622,790)</u>	<u>\$ (12,577,191)</u>	<u>\$ 572,441</u>	<u>\$ (2,833,692)</u>	<u>\$ (15,461,232)</u>	<u>\$ 19,449</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>						
Cash and investments	\$ 472,707	\$ 343,632	\$ 441,045	\$ 1,784,486	\$ 3,041,870	\$ 543,226
Restricted cash and investments - current and noncurrent	<u>10,380,547</u>	<u>-</u>	<u>-</u>	<u>238,129</u>	<u>10,618,676</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 10,853,254</u>	<u>\$ 343,632</u>	<u>\$ 441,045</u>	<u>\$ 2,022,615</u>	<u>\$ 13,660,546</u>	<u>\$ 543,226</u>

**NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES**

The CDA gave land to the City of Madison in the amount of \$1,133,593.

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

STATEMENT OF NET POSITION  
COMPONENT UNITS  
As of December 31, 2013

	Monona Shores Redevelopment, LLC	Allied Drive Redevelopment, LLC	Truax Park Redevelopment, Phase I, LLC	Burr Oaks Senior Housing, LLC	Totals
<b>ASSETS</b>					
Current Assets					
Cash and investments	\$ 103,198	\$ 229,057	\$ -	\$ 335,584	\$ 667,839
Accounts receivable	49,656	964	170,981	1,307	222,908
Prepaid items	7,237	384,321	6,461	2,416	400,435
Restricted assets					
Cash and investments	<u>220,245</u>	<u>508,525</u>	<u>624,962</u>	<u>310,757</u>	<u>1,664,489</u>
Total Current Assets	<u>380,336</u>	<u>1,122,867</u>	<u>802,404</u>	<u>650,064</u>	<u>2,955,671</u>
Noncurrent Assets					
Property, Plant and Equipment					
Land	146,400	401,396	71,000	302,980	921,776
Land improvements	572,015	157,636	191,117	249,784	1,170,552
Buildings and improvements	9,133,259	8,181,766	13,086,097	5,619,578	36,020,700
Machinery and equipment	335,762	276,528	240,052	319,634	1,171,976
Less: Accumulated depreciation	<u>(5,455,475)</u>	<u>(1,605,024)</u>	<u>(1,268,625)</u>	<u>(473,143)</u>	<u>(8,802,267)</u>
Net Property, Plant and Equipment	<u>4,731,961</u>	<u>7,412,302</u>	<u>12,319,641</u>	<u>6,018,833</u>	<u>30,482,737</u>
Other Assets					
Financing costs, net	7,679	-	-	62,462	70,141
Tax credit fees, net	<u>-</u>	<u>73,821</u>	<u>127,583</u>	<u>66,062</u>	<u>267,466</u>
Total Other Assets	<u>7,679</u>	<u>73,821</u>	<u>127,583</u>	<u>128,524</u>	<u>337,607</u>
Total Noncurrent Assets	<u>4,739,640</u>	<u>7,486,123</u>	<u>12,447,224</u>	<u>6,147,357</u>	<u>30,820,344</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,119,976</u>	<u>\$ 8,608,990</u>	<u>\$ 13,249,628</u>	<u>\$ 6,797,421</u>	<u>\$ 33,776,015</u>

See accompanying notes to financial statements.

	Monona Shores Redevelopment, LLC	Allied Drive Redevelopment, LLC	Truax Park Redevelopment, Phase I, LLC	Burr Oaks Senior Housing, LLC	Totals
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable	\$ 10,089	\$ 7,646	\$ 3,924	\$ 4,824	\$ 26,483
Accrued liabilities	814,754	407,569	390,774	92,335	1,705,432
Unearned revenue	24,522	23,612	618,029	17,020	683,183
Current portion of mortgage notes	89,183	35,188	47,605	14,854	186,830
Other liabilities	134,649	39,995	126,669	16,895	318,208
Development fee payable	-	-	58,735	-	58,735
Total Current Liabilities	<u>1,073,197</u>	<u>514,010</u>	<u>1,245,736</u>	<u>145,928</u>	<u>2,978,871</u>
Long-Term Debt Net of Current Maturities					
Mortgage notes	5,422,695	2,619,865	3,598,480	1,526,176	13,167,216
Total Long-Term Debt Net of Current Maturities	<u>5,422,695</u>	<u>2,619,865</u>	<u>3,598,480</u>	<u>1,526,176</u>	<u>13,167,216</u>
Total Liabilities	<u>6,495,892</u>	<u>3,133,875</u>	<u>4,844,216</u>	<u>1,672,104</u>	<u>16,146,087</u>
<b>NET POSITION</b>					
Net investment in capital assets (deficit)	(779,917)	4,757,249	8,673,556	4,477,803	17,128,691
Unrestricted (deficit)	(595,999)	717,866	(268,144)	647,514	501,237
Total Net Position (Deficit)	<u>(1,375,916)</u>	<u>5,475,115</u>	<u>8,405,412</u>	<u>5,125,317</u>	<u>17,629,928</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 5,119,976</u>	<u>\$ 8,608,990</u>	<u>\$ 13,249,628</u>	<u>\$ 6,797,421</u>	<u>\$ 33,776,015</u>

See accompanying notes to financial statements.

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
COMPONENT UNITS  
For the Year Ended December 31, 2013

	Monona Shores Redevelopment, LLC	Allied Drive Redevelopment, LLC	Truax Park Redevelopment, Phase I, LLC	Burr Oaks Senior Housing, LLC	Totals
<b>OPERATING REVENUES</b>					
Charges for services	\$ 994,101	\$ 476,290	\$ 345,092	\$ 385,259	\$ 2,200,742
Other revenue	32,088	14,673	35,316	7,982	90,059
Total Operating Revenues	<u>1,026,189</u>	<u>490,963</u>	<u>380,408</u>	<u>393,241</u>	<u>2,290,801</u>
<b>OPERATING EXPENSES</b>					
Operation and maintenance	589,150	421,450	454,182	307,125	1,771,907
Depreciation	378,277	349,435	492,580	196,295	1,416,587
Total Operating Expenses	<u>967,427</u>	<u>770,885</u>	<u>946,762</u>	<u>503,420</u>	<u>3,188,494</u>
Operating Income (Loss)	<u>58,762</u>	<u>(279,922)</u>	<u>(566,354)</u>	<u>(110,179)</u>	<u>(897,693)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	159	1,077	2	49	1,287
Interest and amortization	(459,654)	(120,666)	(158,969)	(81,389)	(820,678)
Intergovernmental grants	-	-	200,370	-	200,370
Total Nonoperating Revenue (Expenses)	<u>(459,495)</u>	<u>(119,589)</u>	<u>41,403</u>	<u>(81,340)</u>	<u>(619,021)</u>
Income (Loss) Before Contributions	<u>(400,733)</u>	<u>(399,511)</u>	<u>(524,951)</u>	<u>(191,519)</u>	<u>(1,516,714)</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>-</u>	<u>-</u>	<u>1,447,749</u>	<u>-</u>	<u>1,447,749</u>
<b>CHANGE IN NET POSITION</b>	<u>(400,733)</u>	<u>(399,511)</u>	<u>922,798</u>	<u>(191,519)</u>	<u>(68,965)</u>
NET POSITION (DEFICIT) – Beginning of Year	<u>(975,183)</u>	<u>5,874,626</u>	<u>7,482,614</u>	<u>5,316,836</u>	<u>17,698,893</u>
<b>NET POSITION (DEFICIT) – END OF YEAR</b>	<u>\$ (1,375,916)</u>	<u>\$ 5,475,115</u>	<u>\$ 8,405,412</u>	<u>\$ 5,125,317</u>	<u>\$ 17,629,928</u>

See accompanying notes to financial statements.

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

INDEX TO NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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# COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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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 twelve 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 the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or 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. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit 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 or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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**A. REPORTING ENTITY (cont.)**

***Discretely Presented Component Units***

The CDA is the managing member in four real estate limited liability companies (LLC) as of December 31, 2013. 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.

***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 Revival Ridge (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  
As of and for the Year Ended December 31, 2013

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

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**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. Truax Park Redevelopment, Phase I, LLC completed rehabilitation of the six buildings on various dates from March through December of 2011.

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.

*Burr Oaks Senior Housing, LLC*

Burr Oaks Senior Housing, LLC, a limited liability company, was organized on August 9, 2010, under the Wisconsin Limited Liability Company Act (the Act). It has constructed and is operating a 50-unit project called Burr Oaks Senior Housing (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 July 27, 2011.

Burr Oaks Senior Housing, LLC consists of one managing member, the CDA, and one investor member, Wachovia Affordable Housing Community Development Corporation, and a to-be designated corporation as the special member, 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 laws. The CDA has a .01% interest in Burr Oaks Senior Housing, LLC.

Separately issued financial statements of Burr Oaks Senior Housing, LLC may be obtained from Burr Oaks Senior Housing, LLC's office.



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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

---

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

---

***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, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses.

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

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

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

The CDA reports the following major enterprise funds:

*Major Enterprise Funds*

- General Operating Fund – used to account for and report the CDA's primary operating activities.
- Housing Voucher Fund – used to account for and report the operations of the Housing Voucher program.
- Villager Fund – used to account for and report the operations of Villager Mall project.

The CDA reports the following nonmajor enterprise funds:

- Karabis Fund – used to account for and report the operations of the Karabis project.
- Parkside Project Fund – used to account for and report the operations of the Parkside project.
- Allied Drive Fund – used to account for and report the operations of the Allied Drive project.
- East Housing Fund – used to account for and report the operations of HUD projects at East location.
- West Housing Fund – used to account for and report the operations of HUD projects at West location.
- Triangle Housing Fund – used to account for and report the operations of HUD projects at Triangle location.
- HUD Subsidy Fund – used to account for and report the HUD subsidy passed through to Truax Redevelopment, Phase I, LLC.
- CDA 95-1 – used to account for and report the operations of the reservoir and two Flats projects.

Internal Service funds are used to account for and report 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.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

---

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

The government-wide statement of net position 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.

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 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.

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 POSITION 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.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

---

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

---

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

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

- 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.

***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 the 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 of the Investment Policy.
- > 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 the Investment Policy.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

---

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

---

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

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

***Interest Rate Risk (cont.)***

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 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.

***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 position.

***5. Capital Assets***

Capital assets 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.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

---

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

---

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

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

Additions to and replacements of capital assets 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 capital assets. The cost of property replaced, retired or otherwise disposed of, is deducted from capital assets and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of revenues, expenses, and changes in net position, with accumulated depreciation reflected in the statement of net position. 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, Truax Park Redevelopment, Phase I, LLC, and Burr Oaks Senior Housing, 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 – 12	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 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.

**COMMUNITY DEVELOPMENT AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

***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, 2013 are determined on the basis of current salary rates and include salary related payments.

***8. Unearned Revenue***

Funds received under the Tax Credit Exchange Program (TCEP) are amortized on the straight-line method over the estimated useful lives of the underlying assets acquired.

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

All long-term obligations are reported as liabilities in the financial statements. The long-term obligations consist primarily of notes and bonds payable, and accrued compensated absences.

Bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year end for premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position.

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, 2013 is approximately \$204,580,000, made up of nine series.

***10. Equity Classifications***

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

- a. Net investment in capital assets – 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 position – Consists of net position 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 position – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

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

**10. Equity Classifications (cont.)**

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

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

**A. DEPOSITS AND INVESTMENTS**

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

	Carrying Value	Statement Balance	Associated Risks
Deposits	\$ 4,347,376	\$ 4,347,376	Custodial credit
Collateralized investment contract	1,000,000	1,000,000	Credit, concentration of credit
Mutual funds	8,856,046	8,856,046	Credit
Petty cash	350	-	N/A
 Total Cash and Investments	 \$ 14,203,772	 \$ 14,203,422	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 3,585,096		
Restricted cash and investments - current	8,176,047		
Restricted cash and investment - noncurrent	2,442,629		
 Total Cash and Investments	 \$ 14,203,772		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit amounts (interest-bearing and non-interest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposits.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

**COMMUNITY DEVELOPMENT AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

***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.

***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, 2013, the CDA’s investments were rated as follows:

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

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

Collateralized 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, 2013, the collateralized investment contract was 10% of the CDA’s investment portfolio.

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



**COMMUNITY DEVELOPMENT AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

**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, 2013, are as follows:

*Monona Shores Redevelopment, LLC*

Cash and Investments	
Unrestricted	\$ 103,198
Restricted	
Tenants' security deposits	54,649
Tax and insurance escrow	50,226
Operating reserve	41,961
Replacement reserve	<u>73,409</u>
Total Cash and Investments	<u>\$ 323,443</u>

*Allied Drive Redevelopment, LLC*

Cash and Investments	
Unrestricted	\$ 229,057
Restricted	
Tenants' security deposits	40,381
Replacement reserve	59,364
Mortgage escrow deposits	24,272
Operating reserve	<u>384,508</u>
Total Cash and Investments	<u>\$ 737,582</u>

*Truax Park Redevelopment, Phase I, LLC*

Cash and Investments	
Restricted	
Replacement reserve	\$ 42,600
Operating and ACC Reserve	<u>582,362</u>
Total Cash and Investments	<u>\$ 624,962</u>

**COMMUNITY DEVELOPMENT AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

**Component Units (cont.)**

*Burr Oaks Senior Housing, LLC*

Cash and Investments		
Unrestricted	\$	335,584
Restricted		
Tenants' security deposits		17,945
Real estate tax escrow		46,566
Insurance escrow		12,378
Operating reserve		197,550
Replacement reserve		<u>36,318</u>
Total Cash and Investments	\$	<u>646,341</u>
 Total Component Unit's Cash and Investments	 \$	 <u>2,332,328</u>
 Reconciliation to Financial Statements		
Per Statement of Net Position		
Cash and investments	\$	667,839
Restricted cash and investments		<u>1,664,489</u>
Total Cash and Investments	\$	<u>2,332,328</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.

At the end of the current fiscal year, *unearned revenue* in the proprietary funds were as follows:

		<u>Unearned</u>
Villager Fund		
Rent payments received not yet due	\$	280,000
 Nonmajor Enterprise Funds		
Rent payments received not yet due		<u>6,743</u>
 Total Unearned Revenue	\$	<u>286,743</u>

**COMMUNITY DEVELOPMENT AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

**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	933,143
Notes receivable – Burr Oaks, LLC	385,000
Parkside settlement receivable	47,327
Notes receivable	<u>31,340</u>
Total	<u>\$ 3,478,957</u>
Allied Drive Fund	
Notes receivable – Allied Drive Redevelopment, LLC	<u>\$ 2,655,054</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.

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.

***Bond Account***

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

***Debt Service Reserve Account, Series 1999C***

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

**COMMUNITY DEVELOPMENT AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

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

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

***Bond Account***

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

***Debt Service Reserve Account, Series 2000***

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

Certain proceeds of the \$5,245,000 Lease Revenue Refunding Bonds, Series 2013, as well as certain other revenues, are classified as restricted assets.

***Debt Service Reserve Account, Series 2013***

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

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

Bond account, Series 1996A	\$ 7,796,192
Bond account, Series 1999C	28,901
Debt service reserve account, Series 1999C	1,000,000
Bond account, Series 2000	350,954
Debt service reserve account, Series 2000	680,000
Debt service reserve account, Series 2013	<u>524,500</u>
Total	<u>\$ 10,380,547</u>

**2. NONMAJOR FUNDS**

At December 31, 2013, Parkside and CDA 95-1 maintained the following restricted escrow deposits as required by the Parkside Project Fund Regulatory Agreement with Wisconsin Housing and Economic Development Authority (WHEDA).

***Real Estate Tax Escrow Account***

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

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

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

**2. NONMAJOR FUNDS (cont.)**

***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 2013.

***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.

At December 31, 2013, Karabis, Parkside, East Housing, West Housing, Triangle Housing, and CDA 95-1 held tenant security deposits as restricted cash.

Following is a list of restricted assets for the nonmajor funds:

Cash and Investments	
Tenants' security deposits	\$ 238,129
Due From Other Governmental Units	
Real estate tax escrow account	20,756
Replacement account	767,217
Residual receipts account	381
Replacement account	<u>93,387</u>
Total	<u>\$ 1,119,870</u>

***Component Units***

Following is a list of restricted assets at December 31, 2013:

Tenants' security deposits	\$ 112,975
Tax and insurance escrow	109,170
Operating reserve	1,206,381
Replacement reserve	211,691
Mortgage escrow deposits	<u>24,272</u>
Total Restricted Assets	<u>\$ 1,664,489</u>

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2013 was as follows:

<b>CDA</b>	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 12,918,153	\$ -	\$ 1,828,079	\$ 11,090,074
Construction in progress	1,768,374	2,500	1,768,374	2,500
Total Capital Assets Not Being Depreciated	14,686,527	2,500	3,596,453	11,092,574
Capital assets being depreciated				
Land improvements	304,424	-	-	304,424
Buildings and improvements	53,423,497	3,362,147	-	56,785,644
Machinery and equipment	1,751,995	65,675	25,174	1,792,496
Total Capital Assets Being Depreciated	55,479,916	3,427,822	25,174	58,882,564
Less: Accumulated depreciation for				
Land improvements	(114,238)	(20,295)	-	(134,533)
Buildings and improvements	(32,661,444)	(1,507,721)	-	(34,169,165)
Machinery and equipment	(1,534,514)	(60,171)	(25,174)	(1,569,511)
Total Accumulated Depreciation	(34,310,196)	(1,588,187)	(25,174)	(35,873,209)
Total Capital Assets Being Depreciated	21,169,720	1,839,635	-	23,009,355
Total Capital Assets	\$ 35,856,247	1,842,135	\$ 3,596,453	\$ 34,101,929

Depreciation expense was charged to functions as follows:

**Proprietary Funds**

Housing projects	\$ 1,588,187
Enterprise funds	\$ 1,574,661
Internal service fund	13,526
Total	\$ 1,588,187

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

**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	7,840	-	9,133,259
Furnishings and equipment	312,514	23,248	-	335,762
Total Capital Assets Being Depreciated	<u>10,009,948</u>	<u>31,088</u>	<u>-</u>	<u>10,041,036</u>
Less: Accumulated depreciation	<u>(5,077,198)</u>	<u>(378,277)</u>	<u>-</u>	<u>(5,455,475)</u>
Total Capital Assets Being Depreciated	<u>4,932,750</u>	<u>(347,189)</u>	<u>-</u>	<u>4,585,561</u>
Total Capital Assets	<u>\$ 5,079,150</u>	<u>\$ (347,189)</u>	<u>\$ -</u>	<u>\$ 4,731,961</u>

*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	7,702	-	157,636
Buildings	8,181,766	-	-	8,181,766
Furnishings and equipment	259,114	17,414	-	276,528
Total Capital Assets Being Depreciated	<u>8,590,814</u>	<u>25,116</u>	<u>-</u>	<u>8,615,930</u>
Less: Accumulated depreciation	<u>(1,255,589)</u>	<u>(349,435)</u>	<u>-</u>	<u>(1,605,024)</u>
Total Capital Assets Being Depreciated	<u>7,335,225</u>	<u>(324,319)</u>	<u>-</u>	<u>7,010,906</u>
Total Capital Assets	<u>\$ 7,736,621</u>	<u>\$ (324,319)</u>	<u>\$ -</u>	<u>\$ 7,412,302</u>

**COMMUNITY DEVELOPMENT AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

**Component Units (cont.)**

*Truax Park Redevelopment, Phase I, LLC*

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 71,000	\$ -	\$ -	\$ 71,000
Capital Assets Not Being Depreciated	71,000	-	-	71,000
Capital assets being depreciated				
Land improvements	191,117	-	-	191,117
Buildings and improvements	13,086,097	-	-	13,086,097
Furnishings and equipment	240,052	-	-	240,052
Total Capital Assets Being Depreciated	13,517,266	-	-	13,517,266
Less: Accumulated depreciation	(776,045)	(492,580)	-	(1,268,625)
Total Capital Assets Being Depreciated	12,741,221	(492,580)	-	12,248,641
Total Capital Assets	\$ 12,812,221	\$ (492,580)	\$ -	\$ 12,319,641

*Burr Oaks Senior Housing, LLC*

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 302,980	\$ -	\$ -	\$ 302,980
Capital assets being depreciated				
Land improvements	249,784	-	-	249,784
Buildings and improvements	5,619,578	-	-	5,619,578
Furnishings and equipment	319,634	-	-	319,634
Total Capital Assets Being Depreciated	6,188,996	-	-	6,188,996
Less: Accumulated depreciation	(276,848)	(196,295)	-	(473,143)
Total Capital Assets Being Depreciated	5,912,148	(196,295)	-	5,715,853
Total Capital Assets	\$ 6,215,128	\$ (196,295)	\$ -	\$ 6,018,833



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

***E. INTERFUND ADVANCES AND TRANSFERS***

***Advances***

The Karabis Fund is advancing funds to the Parkside Project Fund. The amount advanced was determined by the outstanding balance on the 1986 mortgage revenue bonds at the time they were paid off. The Karabis Fund is charging interest at the same rate that was being charged on the 1986 mortgage revenue bonds. A repayment schedule has been established.

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
Karabis Fund	Parkside Project Fund	\$ 140,000	\$ 95,000
Less: Fund eliminations		<u>(140,000)</u>	
Total Interfund Advances– Government Wide Statement of Net Position		<u>\$ -</u>	
	<u>Years</u>	<u>Principal</u>	<u>Interest</u>
	2014	\$ 45,000	\$ 8,225
	2015	45,000	5,581
	2016	<u>50,000</u>	<u>2,938</u>
	Totals	<u>\$ 140,000</u>	<u>\$ 16,744</u>

For the statement of net position, interfund advances which are owed within the business-type activities are netted and eliminated.

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NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

**E. INTERFUND ADVANCES AND TRANSFERS (cont.)**

**Transfers**

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount
Central Cost Center Fund	Triangle Housing Fund	\$ 11,419
Subtotal Fund Financial Statements		11,419
Less: Fund eliminations		(11,419)
Total Transfers-Government-Wide Statement of Activities		\$ -

For the statement of activities, interfund transfers within business-type activities are netted and eliminated.

**F. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2013 was as follows:

**CDA**

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds and Notes Payable:					
Revenue bonds	\$ 27,100,000	\$ 5,245,000	\$ 8,800,000	\$ 23,545,000	\$ 9,220,000
Mortgage notes	1,897,431	-	226,403	1,671,028	240,096
Other loans/notes	2,976,985	-	120,085	2,856,900	981,287
(Discount)/Premiums	(117,287)	360,760	(30,153)	273,626	-
Subtotal	31,857,129	5,605,760	9,116,335	28,346,554	10,441,383
Accrued compensated absences	508,978	273,775	257,677	525,076	105,013
Other post-employment benefits	156,652	21,110	-	177,762	-
Advances from primary government – City of Madison	10,324,316	-	592,707	9,731,609	567,483
Total Long-Term Liabilities	\$ 42,847,075	\$ 5,900,645	\$ 9,966,719	\$ 38,781,001	\$ 11,113,879

**COMMUNITY DEVELOPMENT AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

**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 lease revenue bonds issued in 1996 through 2013. 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 81% of net revenues. Total principal and interest remaining to be paid on the bonds is \$27,954,103. Principal and interest paid for the current year and total revenues were \$10,165,264 and \$9,444,595, respectively.

Revenue debt payable at December 31, 2013 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12/31/13
<u>General Operating Fund</u>					
Lease revenue bonds *	12/5/96	1/1/19	3.30 – 5.25%	\$ 20,640,000	\$ 7,610,000
Lease revenue bonds	4/1/99	10/1/22	5.50 – 7.10%	10,870,000	7,115,000
Lease revenue bonds	7/1/00	7/1/20	2.75 – 5.50%	6,800,000	3,575,000
Lease revenue bonds	1/1/13	3/1/20	3.00%	5,245,000	5,245,000
Total Revenue Debt					<u>\$ 23,545,000</u>

\* This debt issue was paid in full in January 2014 with funds on hand at December 31, 2013 from prepayment of the capital lease from the City of Madison and other contributions.

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 9,220,000	\$ 1,018,200
2015	1,750,000	757,797
2016	1,865,000	675,373
2017	1,955,000	585,460
2018	2,025,000	488,175
2019 – 2022	6,730,000	884,098
Totals	<u>\$ 23,545,000</u>	<u>\$ 4,409,103</u>

**COMMUNITY DEVELOPMENT AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

***Mortgage Notes***

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

Mortgage notes payable at December 31, 2013 consists of the following:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12/31/13</u>
<u>Parkside Project Fund</u>					
Housing mortgage note	8/12/77	12/1/18	6.75%	\$ 3,085,241	\$ 932,427
<u>CDA 95-1 Fund</u>					
Housing mortgage note	6/1/92	6/1/22	4.00%	2,283,492	<u>738,601</u>
Total Mortgage Notes					<u>\$ 1,671,028</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Mortgage Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 240,096	\$ 86,068
2015	254,660	71,504
2016	270,146	56,017
2017	286,623	39,540
2018	285,542	22,012
2019 – 2022	<u>333,961</u>	<u>24,385</u>
Totals	<u>\$ 1,671,028</u>	<u>\$ 299,526</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 and to the City of Madison related to the Burr Oaks Apartments.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

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

Other loans/notes payable at December 31, 2013 consists of the following:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12/31/13</u>
<u>General Operating Fund</u>					
CDBG Home loan	12/14/10	N/A	N/A	\$ 385,000	\$ 385,000
Affordable Housing trust loan	10/29/10	12/15/26	1.62%	1,025,000	888,334
			Total General Operating Fund		<u>1,273,334</u>
<u>Allied Drive Fund</u>					
Promissory note	12/30/11	12/30/14	4.0%	1,255,000	<u>912,954</u>
<u>West Housing Fund</u>					
Promissory note	10/20/97	N/A	N/A	60,000	<u>60,000</u>
<u>CDA 95-1</u>					
Section 17 loans	Various	N/A	N/A	103,000	85,000
UDAG loan	6/5/87	N/A	5.0%	371,000	371,000
WHEDA WRAP note	Unknown	6/22	N/A	Unknown	<u>154,612</u>
			Total CDA 95-1		<u>610,612</u>
Total Other Loans/Notes					<u>\$ 2,856,900</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Allied Drive Promissory Note</u>	
	<u>Principal</u>	<u>Interest</u>
2014	<u>\$ 912,954</u>	<u>\$ 39,188</u>
Totals	<u>\$ 912,954</u>	<u>\$ 39,188</u>

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

***Advances from Primary Government – City of Madison***

The City of Madison is advancing funds to the CDA for various purposes. No repayment schedule has been established for outstanding advances in the amount of \$731,762. A repayment schedule for the advances to the Villager Fund in the original amount of \$8,650,000 and \$1,350,000 have been established.

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 567,483	\$ 200,155
2015	567,483	186,186
2016	567,483	172,217
2017	567,483	158,247
2018	567,483	144,278
2019 – 2023	2,702,432	515,897
2024 – 2028	2,162,500	257,102
2029 – 2031	<u>1,297,500</u>	<u>51,420</u>
Totals	<u>\$ 8,999,847</u>	<u>\$ 1,685,502</u>

***Other Debt Information***

Estimated payments of the compensated absences liability and the other post employment benefits obligation are not included in the debt service requirement schedules. The compensated absences liability and other post employment benefits obligation attributable to the 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.

***Current Refunding***

On January 1, 2013, the CDA issued \$5,245,000 in lease revenue refunding bonds with an average coupon rate of 3.02% to refund \$6,715,000 of outstanding bonds with an average coupon rate of 4.15%. The net proceeds along with existing funds of the CDA were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt, prior to the current refunding, was \$7,882,127 from 2014 through 2020. The cash flow requirements on the refunding bonds are \$5,908,725 from 2014 through 2020. The current refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$608,621.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

**Component Units**

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Monona Shores Redevelopment, LLC Mortgage notes	\$ 5,594,340	\$ -	\$ 82,462	\$ 5,511,878	\$ 89,183
Allied Drive Redevelopment, LLC Mortgage notes	2,688,682	-	33,629	2,655,053	35,188
Truax Park Redevelopment, Phase I, LLC Mortgage notes	3,636,469	466,942	457,326	3,646,085	47,605
Burr Oaks Senior Housing, LLC Mortgage notes	1,555,000	-	13,970	1,541,030	14,854
Totals	\$ 13,474,491	\$ 466,942	\$ 587,387	\$ 13,354,046	\$ 186,830

*Monona Shores Redevelopment, LLC*

Mortgage notes payable consist of the following:

U.S. Bankcorp; 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. \$ 3,216,664

Community Development Authority of the City of Madison (CDA), 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 \$186,649 for the year ended December 31, 2013; accrued interest was \$631,761 as of December 31, 2013. 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 \$ 5,511,878

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

**Component Units (cont.)**

*Allied Drive Redevelopment, LLC*

Mortgage notes payable consist of the following:

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 payments of \$6,359, including interest at 4.50%; 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; accrued interest was \$3,488 as of December 31, 2013; interest expense totaled \$42,558 for the year ended December 31, 2013. \$ 930,189

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, 2013; interest expense totaled \$10,747 for the year ended December 31, 2013. 392,000

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 \$59,979 as of December 13, 2013; interest expense totaled \$264,907 for the year ended December 31, 2013. 1,332,864

Totals \$ 2,655,053



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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

**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:

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% per annum; collateralized by a mortgage on the project's rental property; accrued interest was \$245,034 as of December 31, 2013; interest expense totaled \$84,432 of which \$0 was capitalized for the period ended December 31, 2013.      \$    1,846,000

CDA; non-recourse mortgage payable; due in annual installments of \$76,000 beginning in October 29, 2012 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% per annum; collateralized by a mortgage on the project's rental property; accrued interest totaled \$4,899 as of December 31, 2013; interest expense totaled \$29,148.      933,143

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% per annum; collateralized by a mortgage on the project's rental property; accrued interest was \$45,307 as of December 31, 2013; interest expense was \$15,440.      400,000

CDA; non-recourse mortgage note payable in the amount of \$466,942; 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% per annum; collateralized by a mortgage on the project's rental property; accrued interest was \$17,121 as of December 31, 2013; interest expense was \$17,121.      466,942

Totals      \$    3,646,085

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

**Component Units (cont.)**

*Burr Oaks Senior Housing, LLC*

Mortgage notes payable consist of the following:

Impact C.I.L., LLC (Impact), originally funded by Wells Fargo but assigned to Impact on November 27, 2012; permanent mortgage note payable; loan amount of \$1,170,000; beginning January 1, 2013, monthly payments of \$7,128, including interest at 6.15% per annum; due December 1, 2028; non-recourse; subject to a prepayment premium; collateralized by a mortgage, security agreement and fixture financing statement on the rental property, including the assignment of rents and leases	\$ 1,156,030
CDA; HOME loan; in an amount not to exceed \$385,000; subordinated second mortgage note payable; non-interest bearing loan; due the earliest of December 31, 2040 or the sale, transfer, or discontinuance of the permitted use of the property; non-recourse; collateralized by a mortgage on the rental property, including the assignment of rents thereon.	<u>385,000</u>
Totals	<u><u>\$ 1,541,030</u></u>

Debt service principal requirements to maturity are as follows:

<u>Years</u>	
2014	\$ 186,830
2015	198,103
2016	3,136,863
2017	110,202
2018	114,766
Thereafter	<u>9,607,282</u>
Totals	<u><u>\$ 13,354,046</u></u>

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

**G. LEASE DISCLOSURES**

**General Operating Fund**

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 2013.

The CDA does not have any other material capital or operating leases at December 31, 2013.

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

	1999 Issue	
	Principal	Interest
2014	\$ 490,000	\$ 503,550
2015	555,000	469,495
2016	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	521,586	37,163
Totals	\$ 6,551,586	\$ 2,827,556

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

**General Operating Fund (cont.)**

	2000 Issue		2013 Issue	
	Principal	Interest	Principal	Interest
2014	\$ 420,000	\$ 181,608	\$ 700,000	\$ 146,850
2015	450,000	163,128	745,000	125,175
2016	475,000	142,203	765,000	102,525
2017	510,000	118,690	745,000	79,875
2018	540,000	92,680	740,000	57,600
2019	500,000	28,215	765,000	35,025
2020	-	-	260,500	11,775
2021	-	-	-	-
2022	-	-	-	-
	\$ 2,895,000	\$ 726,524	\$ 4,720,500	\$ 558,825
Totals	\$ 2,895,000	\$ 726,524	\$ 4,720,500	\$ 558,825

**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 POSITION**

Net position reported on the government-wide statement of net position at December 31, 2013 includes the following:

**Business-Type Activities**

Net investment in capital assets	
Land	\$ 11,090,074
Construction in progress	2,500
Other capital assets, net of accumulated depreciation	23,009,355
Less: Related long-term debt outstanding	<u>(11,341,487)</u>
Total	<u>22,760,442</u>
 Restricted	
Debt	<u>788,354</u>
 Unrestricted	
Total	<u>9,685,194</u>
 Total	<u>\$ 33,233,990</u>

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

**NOTE III – OTHER INFORMATION**

**A. EMPLOYEES' RETIREMENT SYSTEM**

All eligible City of Madison employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system (PERS). Employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 hours a year, and expected to be employed for at least one year from the employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year, and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2013 are:

	<u>Employee</u>	<u>Employer</u>
General	6.65%	6.65%
Executives and Elected Officials	7.00%	7.00%
Protective with Social Security	6.65%	9.75%
Protective without Social Security	6.65%	12.35%

The payroll for City of Madison employees covered by WRS for the year ended December 31, 2013 was \$2,190,464; the employer's total payroll was \$2,241,283. The total required contribution for the year ended December 31, 2013 was \$293,876 or 13.4 percent of covered payroll. Of this amount, 100 percent was contributed for the current year. Total contributions for the years ended December 31, 2012 and 2011 were \$245,036 and \$208,189, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) 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. A final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting an application 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 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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**A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

WRS 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.

As of December 31, 2013, there was no pension related debt for the CDA.

**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**

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.

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.

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 \$435,026. Total assistance payments received from WHEDA were \$435,026 during 2013.

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.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

***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 \$59,473 for the year ended December 31, 2013.

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.

*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 \$28,717 for the year ended December 31, 2013.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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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*

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.

Truax Park Redevelopment, Phase I, LLC has entered into a Tax Credit Exchange Program (TCEP) 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). The agreement may be terminated upon at least 30 days notice if it is determined that the contract units were not meeting HUD requirements. The length of the initial term of the contract is 15 years.

*Burr Oaks Senior Housing, LLC*

Burr Oaks Senior Housing, LLC entered into a property management agreement with a third party. A management fee in the amount of 8% of the effective gross income (rental and other incidental income received on a cash basis) is payable on a monthly basis. A portion of the monthly management fee equal to 2% of effective gross income shall be deferred without interest and payable only out of available cash flow as defined in the operating agreement. The deferred management fee shall not exceed an annual amount of \$7,500. Management fees incurred under this agreement totaled \$31,094 for the period ended December 31, 2013. Of this amount, \$7,500 has been deferred as of December 31, 2013.



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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

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

***Burr Oaks Senior Housing, LLC (cont.)***

Burr Oaks Senior Housing, LLC has entered into a LURA with WHEDA as a condition to receiving an allocation of low-income housing tax credits. Under this agreement, Burr Oaks Senior Housing, 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 IRC Section 42. If Burr Oaks Senior Housing, 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 member. Burr Oaks Senior Housing, LLC is obligated to certify tenant eligibility.

The managing member received \$385,000 from the City of Madison through the HOME program. This amount was subsequently loaned to Burr Oaks Senior Housing, LLC by the managing member. Burr Oaks Senior Housing, LLC is subject to a HOME loan agreement and LURA which specifies that there shall be 11 HOME-assisted units in the project. Occupancy of these units is restricted to tenants whose income does not exceed a certain percentage of the published County Median Income (CMI), adjusted for family size. Certain rent limits also apply to these units. The agreement is in force until 20 years after the date of project completion.

Burr Oaks Senior Housing, LLC entered into a Project Based Housing Assistance Payments Contract (the Agreement) with the managing member. The managing member has entered into a Consolidated Annual Contributions Contract with HUD allowing its participation of HUD's Section 8 Project Based Housing Assistance Payments Program (the Program). The Agreement, approved by HUD, authorizes the CDA to set aside 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 CDA's payment standards.

**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.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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***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.

Rental payments received during 2013 from Public Health – Madison and Dane County, a related party, were \$237,861.

***Component Units***

*Monona Shores Redevelopment, LLC*

**Asset Management Fee**

Monona Shores Redevelopment, LLC is obligated to Banc One Neighborhood Development Corporation (BONDC) for a cumulative annual asset management fee in the initial amount of \$3,500. The fee increases 3% each year and is payable quarterly. Asset management fees totaled \$0 for the year ended December 31, 2013. Accrued asset management fees included in accrued expenses were \$54,662 as of December 31, 2013.

**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, 2013.

**Operating Deficit Guaranty**

Under the terms of the operating agreement, the guarantor and developer, both affiliates of the management member, were required to fund operating deficits up to \$454,444 during the operating guarantor period, which was a 5-year period starting on the date that breakeven operations was met. Funds made available under these guarantees were 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 totaled \$80,000 as of December 31, 2013.

*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. The prepaid ground lease was \$371,667 as of December 31, 2013. The ground lease expense totaled \$4,000 for the year ended December 31, 2013.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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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 development fee payable was \$544,400 as of December 31, 2013.

**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 \$106,184 as of December 31, 2013. Managing member management fees expensed totaled \$22,511 for the year ended December 31, 2013.

**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 \$24,543 as of December 31, 2013. Asset management fees expenses totaled \$5,402 for the year ended December 31, 2013.

**Operating Deficit Guarantee**

The operating agreement provides for an operating deficit guaranty which requires the managing 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 Allied Drive Redevelopment, LLC 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 Allied Drive Redevelopment, LLC as of December 31, 2013.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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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 receivable are amounts due from the City of Madison, an affiliate of the managing member, for project funds paid by the City of Madison totaling \$100,677 as of December 31, 2013.

**Regulatory and Operating (R&O) Agreement**

Truax Park Redevelopment, Phase I, LLC has entered into an R&O Agreement with the CDA. Provisions of the agreement require Truax Park Redevelopment, Phase I, LLC 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 \$200,370 were earned during the year ended December 31, 2013. Included in accounts receivable are related party operating subsidies receivable of \$68,602 as of December 31, 2013.

**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 1, 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. The development completion guaranty loan was \$112,586 as of December 31, 2013.

**Development Fee**

Truax Park Redevelopment, Phase I, LLC has entered into a development agreement with the CDA. The agreement provides for the payment of a development fee of \$1,314,342, which 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 Truax Park Redevelopment, Phase I, LLC in an amount equal to the unpaid portion of the development fees, as defined in the operating agreement. The development fee payable was \$58,735 as of December 31, 2013.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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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.)*

**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 is 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 \$17,255 for the period ended December 31, 2013.

**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 (December 31, 2011). The fee is payable only out of cash flow as defined in the operating agreement and shall be cumulative and accrued if not paid. Included in accrued expenses are accrued asset management fees of \$15,176 as of December 31, 2013. Asset management fees incurred totaled \$7,532 for the year ended December 31, 2013.

**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, 2013.

*Burr Oaks Senior Housing, LLC*

**Operating Deficit Guaranty**

Under the operating agreement, the managing member is required to fund operating deficits through operating deficit loans. At any time during a minimum of 5 years after receipt of the final equity installment (until November 2017), the managing member's obligation to fund operating deficits through loans continues at an aggregate amount not to exceed \$161,098 in the aggregate. If Burr Oaks Senior Housing, LLC maintains a debt service coverage ratio of 1.2 for any twelve month period commencing with the 4 year anniversary of receipt of the final equity installment, and the operating reserve is fully funded, the managing member's obligation to fund operating deficits will be terminated. All operating deficit loans shall bear interest at the prime rate, compounded annually and be payable from available cash flow as defined in the operating agreement. There were no operating deficit loans as of December 31, 2013.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

**Component Units (cont.)**

*Burr Oaks Senior Housing, LLC (cont.)*

**Asset Management Fees**

Burr Oaks Senior Housing, LLC is obligated to pay an annual cumulative asset management fee in the initial amount of \$7,500 to the managing member commencing in 2013. The annual fee is payable from cash flow as defined in the operating agreement. The fee shall increase by 3% per annum beginning in 2013. Asset management fees incurred totaled \$7,725 for the year ended December 31, 2013. Accrued asset management fees included in other accrued expenses on the balance sheet were \$7,725 as of December 31, 2013.

Burr Oaks Senior Housing, LLC is obligated to pay an annual cumulative asset management fee in the initial amount of \$7,500 to the investor member commencing in 2013. The annual fee is payable from cash flow as defined in the operating agreement. The fee shall increase by 3% per annum beginning in 2013. Asset management fees incurred totaled \$7,725 for the year ended December 31, 2013. Accrued asset management fees included in other accrued expenses on the balance sheet were \$7,725 as of December 31, 2013.

**Purchase Option Agreement**

For one year after the close of the 15 year compliance period (right of first refusal period), Burr Oaks Senior Housing, LLC may not sell the property to any third party that has made a bona fide purchase offer, without first offering the managing member the right of first refusal to purchase the property. Burr Oaks Senior Housing, LLC shall offer the property to the managing member at a price equal to the greater of \$100 or the sum of Burr Oaks Senior Housing, LLC's outstanding debt plus an amount sufficient to enable Burr Oaks Senior Housing, LLC to make liquidation distributions pursuant to the operating agreement.

Burr Oaks Senior Housing, LLC has granted the managing member an option to purchase the investor member's membership interest in Burr Oaks Senior Housing, LLC for a 24 month period after the end of the right of first refusal period. The option price to purchase will be the balance of all unpaid amounts due to the investor member plus the greater of \$100, plus the amount of Burr Oaks Senior Housing, LLC's outstanding debt, plus an amount sufficient to make termination distributions pursuant to the operating agreement or the fair market value of the investor member's interest in Burr Oaks Senior Housing, LLC.

**F. SUBSEQUENT EVENTS**

Low-income housing tax credits have been approved for Truax Park Development, Phase II, LLC and the construction for the project is expected to begin in 2014.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

The Governmental Accounting Standards Board (GASB) has approved the following:

- > GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*
- > Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- > Statement No. 69, *Government Combinations and Disposals of Government Operations*
- > Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

When they become effective, application of these standards may restate portions of these financial statements.

**S U P P L E M E N T A L I N F O R M A T I O N**



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

COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
As of December 31, 2013

<b>ASSETS</b>	Karabis Fund	Parkside Project Fund	Allied Drive Fund	East Housing Fund
<b>Current Assets</b>				
Cash and investments	\$ 1,024,376	\$ 22,556	\$ 273,290	\$ 181,926
Accounts receivable	45	1,501	4,627	893
Interest receivable	2,056	-	-	-
Current portion of advances to other funds	45,000	-	-	-
Due from other governmental units	-	-	-	165,707
Prepaid items	219	995	-	8,199
<b>Total Current Assets</b>	<u>1,071,696</u>	<u>25,052</u>	<u>277,917</u>	<u>356,725</u>
<b>Property, Plant and Equipment</b>				
Land	22,698	200,271	3,426,962	350,162
Land improvements	63,343	79,125	-	127,526
Buildings and improvements	911,362	3,642,212	-	10,138,270
Machinery and equipment	28,423	125,923	-	390,647
Less: Accumulated depreciation	<u>(845,137)</u>	<u>(3,227,046)</u>	<u>-</u>	<u>(8,735,694)</u>
<b>Net Property, Plant and Equipment</b>	<u>180,689</u>	<u>820,485</u>	<u>3,426,962</u>	<u>2,270,911</u>
<b>Other Assets</b>				
<b>Restricted assets</b>				
Cash and investments	5,042	21,632	-	50,551
Due from other governmental units	-	788,354	-	-
Advances to other funds	95,000	-	-	-
Long-term receivables	-	-	2,655,054	-
Leases receivable	-	-	-	1,846,000
<b>Total Other Assets</b>	<u>100,042</u>	<u>809,986</u>	<u>2,655,054</u>	<u>1,896,551</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,352,427</u>	<u>\$ 1,655,523</u>	<u>\$ 6,359,933</u>	<u>\$ 4,524,187</u>

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West Housing Fund	Triangle Housing Fund	CDA 95-1	Totals
\$ 155,499	\$ 111,300	\$ 15,539	\$ 1,784,486
6,016	394	825	14,301
-	-	-	2,056
-	-	-	45,000
161,917	123,505	-	451,129
5,762	6,119	-	21,294
<u>329,194</u>	<u>241,318</u>	<u>16,364</u>	<u>2,318,266</u>
1,208,977	482,652	241,689	5,933,411
6,964	9,986	17,480	304,424
12,568,558	9,730,006	1,782,771	38,773,179
469,037	297,836	82,342	1,394,208
<u>(10,238,811)</u>	<u>(8,517,491)</u>	<u>(818,632)</u>	<u>(32,382,811)</u>
<u>4,014,725</u>	<u>2,002,989</u>	<u>1,305,650</u>	<u>14,022,411</u>
83,799	52,870	24,235	238,129
-	-	93,387	881,741
-	-	-	95,000
-	-	-	2,655,054
-	-	-	1,846,000
<u>83,799</u>	<u>52,870</u>	<u>117,622</u>	<u>5,715,924</u>
<u>\$ 4,427,718</u>	<u>\$ 2,297,177</u>	<u>\$ 1,439,636</u>	<u>\$ 22,056,601</u>

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

COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
As of December 31, 2013

<b>LIABILITIES</b>	Karabis Fund	Parkside Project Fund	Allied Drive Fund	East Housing Fund
Current Liabilities				
Accounts payable	\$ 6,960	\$ 27,185	\$ 17,255	\$ 37,165
Accrued liabilities	-	2,056	-	-
Unearned revenue	-	2,435	-	765
Current portion of mortgage notes	-	165,499	-	-
Current portion of other loans	-	-	912,954	-
Current portion of advances from other funds	-	45,000	-	-
Accrued compensated absences	922	4,281	-	14,837
Other liabilities	5,042	26,751	-	50,551
Total Current Liabilities	<u>12,924</u>	<u>273,207</u>	<u>930,209</u>	<u>103,318</u>
Long-Term Debt Net of Current Maturities				
Mortgage notes	-	766,928	-	-
Other loans	-	-	-	-
Accrued compensated absences	3,690	17,123	-	59,351
Other post-employment benefits obligation	-	-	-	37,157
Advances from other funds	-	95,000	-	-
Advances from primary government - City of Madison	4,779	26,133	-	82,995
Total Long-Term Debt	<u>8,469</u>	<u>905,184</u>	<u>-</u>	<u>179,503</u>
Total Liabilities	<u>21,393</u>	<u>1,178,391</u>	<u>930,209</u>	<u>282,821</u>
<b>NET POSITION</b>				
Net investment in capital assets (deficit)	180,689	(111,942)	3,426,962	2,270,911
Restricted for debt	-	788,354	-	-
Unrestricted (deficit)	1,150,345	(199,280)	2,002,762	1,970,455
Total Net Position	<u>1,331,034</u>	<u>477,132</u>	<u>5,429,724</u>	<u>4,241,366</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 1,352,427</u>	<u>\$ 1,655,523</u>	<u>\$ 6,359,933</u>	<u>\$ 4,524,187</u>

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West Housing Fund	Triangle Housing Fund	CDA 95-1	Totals
\$ 39,792	\$ 99,388	\$ 16,870	\$ 244,615
-	-	425	2,481
1,466	2,077	-	6,743
-	-	74,597	240,096
-	-	-	912,954
-	-	-	45,000
19,332	11,435	-	50,807
83,799	60,313	23,586	250,042
<u>144,389</u>	<u>173,213</u>	<u>115,478</u>	<u>1,752,738</u>
-	-	664,004	1,430,932
60,000	-	610,612	670,612
77,328	45,742	-	203,234
29,876	28,097	-	95,130
-	-	-	95,000
125,903	50,287	-	290,097
<u>293,107</u>	<u>124,126</u>	<u>1,274,616</u>	<u>2,785,005</u>
<u>437,496</u>	<u>297,339</u>	<u>1,390,094</u>	<u>4,537,743</u>
3,954,725	2,002,989	(43,563)	11,680,771
-	-	-	788,354
35,497	(3,151)	93,105	5,049,733
<u>3,990,222</u>	<u>1,999,838</u>	<u>49,542</u>	<u>17,518,858</u>
<u>\$ 4,427,718</u>	<u>\$ 2,297,177</u>	<u>\$ 1,439,636</u>	<u>\$ 22,056,601</u>

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

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
For the Year Ended December 31, 2013

	Karabis Fund	Parkside Project Fund
<b>OPERATING REVENUES</b>		
Charges for services	\$ 70,542	\$ 344,484
Other revenue	<u>6,399</u>	<u>17,932</u>
Total Operating Revenues	<u>76,941</u>	<u>362,416</u>
<b>OPERATING EXPENSES</b>		
Operation and maintenance	133,769	381,839
Depreciation	26,335	104,653
Taxes	<u>3,764</u>	<u>23,450</u>
Total Operating Expenses	<u>163,868</u>	<u>509,942</u>
Operating Income (Loss)	<u>(86,927)</u>	<u>(147,526)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	15,287	7,407
Interest and amortization	(201)	(80,037)
Intergovernmental grants	139,412	435,273
Miscellaneous revenues		
Miscellaneous expenses	<u>-</u>	<u>-</u>
Total Nonoperating Revenue (Expenses)	<u>154,498</u>	<u>362,643</u>
Income (Loss) Before Transfers	67,571	215,117
<b>TRANSFERS OUT</b>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	67,571	215,117
NET POSITION (DEFICIT) – Beginning of Year	<u>1,263,463</u>	<u>262,015</u>
<b>NET POSITION – END OF YEAR</b>	<u>\$ 1,331,034</u>	<u>\$ 477,132</u>

Allied Drive Fund	East Housing Fund	West Housing Fund	Triangle Housing Fund	HUD Subsidy Fund	CDA 95-1	Totals
\$ -	\$ 510,586	\$ 941,575	\$ 710,847	\$ -	\$ 299,998	\$ 2,878,032
-	26,260	68,344	24,643	-	3,907	147,485
-	536,846	1,009,919	735,490	-	303,905	3,025,517
61,306	1,443,933	1,877,680	1,485,380	-	149,655	5,533,562
-	243,416	335,017	269,404	-	48,325	1,027,150
-	31,171	67,007	45,099	-	-	170,491
61,306	1,718,520	2,279,704	1,799,883	-	197,980	6,731,203
(61,306)	(1,181,674)	(1,269,785)	(1,064,393)	-	105,925	(3,705,686)
59,071	523	-	1,592	-	884	84,764
(41,253)	(2,884)	(4,812)	(2,033)	-	(48,357)	(179,577)
-	1,023,965	889,797	749,526	131,768	-	3,369,741
-	-	1,611	-	-	-	1,611
(1,133,593)	-	-	-	(131,768)	-	(1,265,361)
(1,115,775)	1,021,604	886,596	749,085	-	(47,473)	2,011,178
(1,177,081)	(160,070)	(383,189)	(315,308)	-	58,452	(1,694,508)
-	-	-	(11,419)	-	-	(11,419)
(1,177,081)	(160,070)	(383,189)	(326,727)	-	58,452	(1,705,927)
6,606,805	4,401,436	4,373,411	2,326,565	-	(8,910)	19,224,785
\$ 5,429,724	\$ 4,241,366	\$ 3,990,222	\$ 1,999,838	\$ -	\$ 49,542	\$ 17,518,858

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

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
For the Year Ended December 31, 2013

	Karabis Fund	Parkside Project Fund	Allied Drive Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 77,570	\$ 362,427	\$ -
Paid to suppliers for goods and services	(113,352)	(323,257)	-
Paid to employees for services	(23,374)	(99,418)	-
Paid to city for tax equivalent	(3,764)	(23,450)	-
Net Cash Flows From Operating Activities	<u>(62,920)</u>	<u>(83,698)</u>	<u>-</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Deposits (refunds)	(878)	3,353	-
Deposits (refunds) with governmental agencies	-	41,695	-
Intergovernmental grants	139,412	435,273	-
Deficit cash implicitly financed (repaid)	-	(76,076)	-
Collection of long-term receivable	-	-	33,628
Repayment of advance from primary government	(243)	(1,325)	-
Transfers in (out)	-	-	-
Other nonoperating items	-	-	(55,275)
Net Cash Flows From Noncapital Financing Activities	<u>138,291</u>	<u>402,920</u>	<u>(21,647)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt retired	-	(154,726)	(44,548)
Interest paid	(201)	(79,835)	(45,880)
Acquisition and construction of capital assets	-	(7,880)	-
Received from sale of capital assets	-	-	-
Collection of advance to other funds	40,000	-	-
Repayment of advance from other funds	-	(40,000)	-
Net Cash Flows From Capital and Related Financing Activities	<u>39,799</u>	<u>(282,441)</u>	<u>(90,428)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	<u>15,875</u>	<u>7,407</u>	<u>59,071</u>
Net Cash Flows From Investing Activities	<u>15,875</u>	<u>7,407</u>	<u>59,071</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	131,045	44,188	(53,004)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>898,373</u>	<u>-</u>	<u>326,294</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$1,029,418</u>	<u>\$ 44,188</u>	<u>\$ 273,290</u>

East Housing Fund	West Housing Fund	Triangle Housing Fund	HUD Subsidy Fund	CDA 95-1	Totals
\$ 542,001	\$ 1,011,153	\$ 740,022	\$ -	\$ 304,503	\$ 3,037,676
(986,220)	(1,301,635)	(1,133,775)	-	(150,008)	(4,008,247)
(469,407)	(606,732)	(493,699)	-	-	(1,692,630)
(31,171)	(67,007)	(45,099)	-	-	(170,491)
<u>(944,797)</u>	<u>(964,221)</u>	<u>(932,551)</u>	<u>-</u>	<u>154,495</u>	<u>(2,833,692)</u>
5,567	4,320	5,200	-	(15,027)	2,535
-	-	-	-	-	41,695
1,022,525	887,703	898,997	131,768	-	3,515,678
-	-	-	-	-	(76,076)
-	-	-	-	-	33,628
(4,211)	(6,389)	(2,550)	-	-	(14,718)
-	-	(11,419)	-	-	(11,419)
-	1,611	-	(131,768)	-	(185,432)
<u>1,023,881</u>	<u>887,245</u>	<u>890,228</u>	<u>-</u>	<u>(15,027)</u>	<u>3,305,891</u>
-	-	-	-	(78,881)	(278,155)
(2,884)	(4,812)	(2,033)	-	(48,357)	(184,002)
(31,068)	-	(26,727)	-	(15,075)	(80,750)
-	340	-	-	-	340
-	-	-	-	-	40,000
-	-	-	-	-	(40,000)
<u>(33,952)</u>	<u>(4,472)</u>	<u>(28,760)</u>	<u>-</u>	<u>(142,313)</u>	<u>(542,567)</u>
<u>523</u>	<u>-</u>	<u>1,592</u>	<u>-</u>	<u>884</u>	<u>85,352</u>
<u>523</u>	<u>-</u>	<u>1,592</u>	<u>-</u>	<u>884</u>	<u>85,352</u>
45,655	(81,448)	(69,491)	-	(1,961)	14,984
<u>186,822</u>	<u>320,746</u>	<u>233,661</u>	<u>-</u>	<u>41,735</u>	<u>2,007,631</u>
<u>\$ 232,477</u>	<u>\$ 239,298</u>	<u>\$ 164,170</u>	<u>\$ -</u>	<u>\$ 39,774</u>	<u>\$ 2,022,615</u>



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

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
For the Year Ended December 31, 2013

	Karabis Fund	Parkside Project Fund	Allied Drive Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO</b>			
<b>NET CASH FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (86,927)	\$ (147,526)	\$ (61,306)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities			
Depreciation	26,335	104,653	-
Change in assets and liabilities			
Accounts receivable	629	665	-
Prepaid items	117	284	-
Accounts payable	(2,472)	(41,496)	61,306
Accrued liabilities	(602)	376	-
Unearned revenue	-	(654)	-
	<u>\$ (62,920)</u>	<u>\$ (83,698)</u>	<u>\$ -</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>\$ (62,920)</u></b>	<b><u>\$ (83,698)</u></b>	<b><u>\$ -</u></b>

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<u>East Housing Fund</u>	<u>West Housing Fund</u>	<u>Triangle Housing Fund</u>	<u>HUD Subsidy Fund</u>	<u>CDA 95-1</u>	<u>Totals</u>
\$ (1,181,674)	\$ (1,269,785)	\$ (1,064,393)	\$ -	\$ 105,925	\$ (3,705,686)
243,416	335,017	269,404	-	48,325	1,027,150
5,155	1,234	4,532	-	(25)	12,190
(2,145)	1,492	(261)	-	-	(513)
(20,731)	(40,915)	(140,442)	-	(353)	(185,103)
11,182	8,736	(1,391)	-	623	18,924
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(654)</u>
<u>\$ (944,797)</u>	<u>\$ (964,221)</u>	<u>\$ (932,551)</u>	<u>\$ -</u>	<u>\$ 154,495</u>	<u>\$ (2,833,692)</u>