

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

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

FINANCIAL STATEMENTS

December 31, 2008

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

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

TABLE OF CONTENTS
December 31, 2008

Independent Auditors' Report	i – ii
Management's Discussion and Analysis	iii – xv
Financial Statements	
Statement of Net Assets	1 – 2
Statement of Activities	3
Statement of Net Assets – Proprietary Funds	4 – 5
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds	6
Statement of Cash Flows – Proprietary Funds	7 – 8
Notes to Financial Statements	9 – 31
Supplemental Information	
Combining Statement of Net Assets – Nonmajor Enterprise Funds	32 – 35
Combining Statement of Revenues, Expenses and Changes in Net Assets – Nonmajor Enterprise Funds	36 – 37
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	38 – 41



BAKER TILLY

Baker Tilly Virchow Krause, LLP
Ten Terrace Ct, PO Box 7398
Madison, WI 53707-7398
tel 608 249 6622
fax 608 249 8532
bakertilly.com

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Community Development Authority (CDA) of the City of Madison, Wisconsin, a component unit of the City of Madison, Wisconsin, as of and for the year ended December 31, 2008, which collectively comprise the CDA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the CDA's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the CDA as of December 31, 2008, and the respective changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, transactions previously reported in the HUD Projects fund are now reported in four individual funds.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2009 on our consideration of the CDA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Baker Tilly Virechow Krause, LLP

Madison, Wisconsin
September 3, 2009

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For Year Ended December 31, 2008

The Community Development Authority of the City of Madison's (the "Authority") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority'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 Authority's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

AUTHORITY-WIDE FINANCIAL STATEMENTS

The Authority-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 Authority.

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

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

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

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

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

The Authority-wide financial statements also include a Statement of Activities, which includes a functional breakdown of revenues and expenditures. The Authority's functions for this statement are Housing Projects and General Government (Planning 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 Authority consists exclusively of Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized in private sector accounting.

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Year Ended December 31, 2008

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

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

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

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

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

THE AUTHORITY'S FUNDS

General Operating Fund – This fund accounts for the operation of the Authority's programs and tools to promote neighborhood revitalization, economic development, and 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 Authority'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 a TIF, where the CDA owns the property that is then leased to the City which then leases it to a private developer. The lease revenue bonds are limited obligations of the CDA secured by the City's lease payments. A \$3,000 application fee is charged and a one-third of one percent fee of the aggregate amount of the bond issue is collected at bond closing. If the applicant applies for redevelopment bonds, which require the creation of a redevelopment district to accommodate the bond issue, then the above described \$3,000 fee shall be \$5,000. These fees are deposited in the General Operating Fund and will be used, in part, to defer any expenses, including staff time, incurred by the CDA and the City in consideration and issuance of the bonds. There were \$5,000 in bond fees collected in 2008.

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For Year Ended December 31, 2008

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

THE AUTHORITY'S FUNDS (cont.)

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

HUD Projects Fund – West – This fund is part of the Conventional Public Housing Program. In 2008, the CDA adopted HUD's asset management program and created three AMP's by location and a central cost center. Previously, all of the Conventional Public Housing was contained in one fund. Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) 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 Authority's properties.

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

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

<u>Karabis Fund:</u>	This is a 20-unit housing project for disabled individuals. HUD subsidizes the rents through monthly housing assistance payments.
<u>Parkside Fund:</u>	This is a 95-unit housing project for elderly and disabled individuals. HUD subsidizes the rents through monthly housing assistance payments. The Wisconsin Housing and Economic Development Authority (WHEDA) holds the mortgage on the project. The Authority 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.
<u>HUD Projects Fund</u>	This fund includes the Conventional Public Housing Program. Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) 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 Authority's properties.

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Year Ended December 31, 2008

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

THE AUTHORITY'S FUNDS (cont.)

Other Non-Major Funds (cont.):

HUD Projects Fund – East: This fund is part of the Conventional Public Housing Program. In 2008, the CDA adopted HUD's asset management program and created three AMP's by location and a central cost center. Previously, all of the Conventional Public Housing was contained in one fund. Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) 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 fund source for physical and management improvements to the Authority's properties.

HUD Projects Fund – Triangle: This fund is part of the Conventional Public Housing Program. In 2008, the CDA adopted HUD's asset management program and created three AMP's by location and a central cost center. Previously, all of the Conventional Public Housing was contained in one fund. Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) 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 Authority's properties.

Internal Service Fund – In addition to the major and non-major funds above, the Authority 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, 2008

FINANCIAL HIGHLIGHTS AND ANALYSIS

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

	Business-type Activities	
	2008	2007
Current and Other Assets	\$ 49,265,998	\$ 50,755,715
Capital Assets	28,196,342	25,266,902
Total Assets	77,462,340	76,022,617
Long-term Liabilities	54,126,436	56,366,346
Other Liabilities	4,679,379	4,386,919
Total Liabilities	58,805,815	60,753,265
Net Assets		
Invested in Capital Assets, Net of Related Debt	14,926,698	12,164,153
Restricted	1,936,757	2,466,331
Unrestricted	1,793,070	638,868
Total Net Assets	\$ 18,656,525	\$ 15,269,352

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Year Ended December 31, 2008

FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

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

	Business-type Activities	
	2008	2007
Revenues		
Program Revenues		
Charges for services	\$ 4,276,961	\$ 4,192,741
Operating grants and contributions	16,868,066	12,445,612
Capital grants and contributions	163,129	745,672
General Revenues		
Investment income	291,787	583,277
Gain on sale of assets	-	326,510
Miscellaneous	2,427,432	2,157,828
Total Revenues	<u>24,027,375</u>	<u>20,451,640</u>
Expenses		
General government	1,936,650	2,510,713
Housing projects	18,703,552	17,533,931
Total Expenses	<u>20,640,202</u>	<u>20,044,644</u>
Increase in Net Assets	3,387,173	406,996
Beginning net assets (as restated)	<u>15,269,352</u>	<u>14,862,356</u>
Ending Net Assets	<u>\$ 18,656,525</u>	<u>\$ 15,269,352</u>

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For Year Ended December 31, 2008

FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

- > The Authority's total net assets increased by \$3,387,173 or 22.18%, during 2008. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets. Net Assets, as restated, were \$15.27 million and \$18.65 million for 2007 and 2008, respectively. The net asset changes of each fund are discussed in the specific fund financial highlights.
- > General Operating Fund – This fund recognized a gain of \$788,459 before capital contributions and special items. In 2008, the CDA granted \$100,000 to the East Madison Community Center.
- > Fannie Mae Loan – In 2008, development of the Lake Point Drive property continues. The CDA secured a line of credit with Fannie Mae to fund the construction of the project in the amount of \$4,100,000. At the end of 2008, \$1,752,772 was advanced to the developer from this line of credit. \$2.1 million was secured to provide construction funds for the Allied Redevelopment Project (please see notes below).
- > The Villager Fund – The Villager was purchased by the CDA for \$9 million in December 2004 to provide stability and create opportunities for community and economic development activities to support the greater South Madison community and its revitalization efforts.

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

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

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

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Year Ended December 31, 2008

FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

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

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

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

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

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

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Year Ended December 31, 2008

FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

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

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

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

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

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

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Year Ended December 31, 2008

FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

Pursuant to authority granted in RES-07-00847, RES-07-00926, and RES-07-01064, the CDA prepared and released Requests for Proposals and Requests for Qualifications and entered into contracts with consultants for site planning/architectural and cost estimating services, preparation of a housing market study, and provision of financial packaging and development consulting services for the City-owned property on Allied Drive.

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

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

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

In January 2008, the Common Council adopted Amended Substitute Resolution RES-08-00057, which formalized a cooperative agreement between the City and the CDA. Key to this was the need for the CDA to secure Section 42 Low-Income Housing Tax Credits that are operated through the Wisconsin Housing and Economic Development Authority (WHEDA). An application for tax credits was made in February 2008.

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

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

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

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

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

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For Year Ended December 31, 2008

FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

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

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

- > HUD Projects Fund — This fund was separated into three Housing AMP funds (East, West, and Triangle) and one Housing Internal Service Fund. This change was made to be compliant with HUD's new asset management program. The total net assets of \$13,269,329 were allocated among the three AMP Funds and the Central Cost Center Fund.
- > HUD Projects East AMP — The net assets of the East AMP Fund increased by \$3,998,313 to a total of \$3,998,313. This includes an allocation of \$4,371,645 from the HUD Projects Fund and a decrease in net assets of \$373,332.
- > HUD Projects West AMP — The net assets of the West AMP Fund increased by \$5,182,486 to a total of \$5,182,486. This includes an allocation of \$5,509,757 from the HUD Projects Fund and a decrease in net assets of \$327,271.
- > HUD Projects Triangle AMP — The net assets of the Triangle AMP Fund increased by \$2,922,104 to a total of \$2,922,104. This includes an allocation of \$3,144,927 from the HUD Projects Fund and a decrease in net assets of \$222,823.
- > HUD Projects Central Cost Center — The net assets of the Central Cost Center Fund increased by \$221,218 to a total of \$221,218. This includes an allocation of \$243,000 from the HUD Projects Fund and a decrease in net assets of \$21,782.
- > HUD Projects Fund Capital Fund Grant Program — In 2008, \$816,802 was received under this grant program. These funds were used for Public Housing physical and management improvements. \$220,628 of these funds was used to support the operations of the Low Rent Public Housing program.
- > HUD Projects Fund Service Coordinator Grant — \$77,441 was received in 2008 under this grant program. This program provides for a contracted services coordinator who assists elderly and disabled CDA residents in accessing services which will help to keep them in Public Housing units.
- > Karabis — The net assets of the Karabis Fund increased by \$53,394 in 2008. Unrestricted net assets in this fund are \$694,636.
- > Parkside — The net assets of the Parkside Fund increased by \$116,034 in 2008. This reduced the accumulated net asset deficit to \$91,241.

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For Year Ended December 31, 2008

FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

- > Section 8 Program — The net assets of the Housing Choice Voucher program decreased by \$594,289. This was due in part to receiving \$432,028 less in grants for housing assistance payments than what was expended. This occurred due to an increased number of vouchers that were distributed in order to expend some of the excess funds from the previous two years.

Intergovernmental grants from the Department of Housing to support the program increased from \$8.4 million in 2007 to \$8.5 million in 2008. This was due to the increase in subsidized housing units funded by the Annual Contributions Contract with the Department of Housing and Urban Development. This program supported an average of 1,278 housing units per month in 2007. In 2008, the program supported an average of 1,375 housing units per month.

CAPITAL ASSETS AND LONG-TERM DEBT

CAPITAL ASSETS

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

AUTHORITY-WIDE CHANGE IN CAPITAL ASSETS

	2008	2007
Beginning Balance	\$ 25,266,902	\$ 26,104,758
Additions	4,664,147	627,229
Deletions and Adjustments	(324,318)	(32,605)
Depreciation	(1,410,389)	(1,432,480)
Ending Balance	<u>\$ 28,196,342</u>	<u>\$ 25,266,902</u>

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Year Ended December 31, 2008

CAPITAL ASSETS AND LONG-TERM DEBT (cont.)

LONG-TERM DEBT

During 2008, the Authority's long-term debt decreased by \$2.7 million due to principal payoffs on existing debt. No new long-term debt was issued in 2008.

**AUTHORITY-WIDE
CHANGE IN OUTSTANDING DEBT – 2008**

	Beginning Balance (As restated)	Increases	Decreases	Ending Balance
Revenue bonds	\$ 42,105,000	\$ -	\$ 2,525,000	\$ 39,580,000
Mortgage notes	2,850,901	-	169,214	2,681,687
Other loans/notes	10,744,146	-	153,827	10,590,319
Total Long-Term Debt	<u>\$ 55,700,047</u>	<u>\$ -</u>	<u>\$ 2,848,041</u>	<u>\$ 52,852,006</u>

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

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

REQUESTS FOR INFORMATION

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

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

STATEMENT OF NET ASSETS
December 31, 2008

	Business- type Activities
ASSETS	
Current Assets	
Cash and investments	\$ 2,840,783
Accounts receivable	830,015
Interest receivable	604,410
Current portion of leases receivable from primary government	2,045,000
Due from other governmental units	449,269
Prepaid items	817,214
Restricted assets	
Cash and investments	1,144,696
Total Current Assets	<u>8,731,387</u>
Property, Plant and Equipment	
Land	9,162,042
Construction in progress	713,518
Land improvements	161,956
Buildings and improvements	46,472,289
Machinery and equipment	1,516,000
Less: Accumulated depreciation	<u>(29,829,463)</u>
Net Property, Plant and Equipment	<u>28,196,342</u>
Other Assets	
Restricted assets	
Cash and investments	4,119,512
Due from primary government	1,004,346
Due from other governmental units	1,020,850
Long-term receivable	1,825,812
Advances to primary government	347,658
Leases receivable from primary government	<u>31,988,679</u>
Total Other Assets	<u>40,306,857</u>
Deferred Charges	<u>227,754</u>
TOTAL ASSETS	<u><u>\$ 77,462,340</u></u>

	Business- type Activities
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 683,696
Accrued liabilities	442,900
Due to primary government - City of Madison pooled cash and investments	700,576
Unearned revenue	45,399
Current portion of long-term debt	2,284,283
Accrued compensated absences	40,339
Other liabilities	234,501
Liabilities payable from restricted assets	
Accrued liabilities	212,685
Current portion of revenue bonds	35,000
Total Current Liabilities	<u>4,679,379</u>
Long-Term Debt Net of Current Maturities	
Mortgage notes	2,502,388
Revenue bonds	37,500,000
Line of credit	1,752,772
Other loans	10,530,335
Accrued compensated absences	416,767
Other post-employment benefits	58,142
Advance from primary government	1,366,032
Total Long-Term Debt	<u>54,126,436</u>
Total Liabilities	<u>58,805,815</u>
NET ASSETS	
Invested in capital assets, net of related debt	14,926,698
Restricted for grants	1,062,361
Restricted for debt	874,396
Unrestricted	1,793,070
Total Net Assets	<u>18,656,525</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 77,462,340</u>

See accompanying notes to financial statements.

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

**STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2008**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Business-type activities					
Community development	\$ 1,936,650	\$ 5,061	\$ 29,405	\$ -	\$ (1,902,184)
Housing projects	<u>18,703,552</u>	<u>4,271,900</u>	<u>16,838,661</u>	<u>163,129</u>	<u>2,570,138</u>
Total Business-type Activities	<u>20,640,202</u>	<u>4,276,961</u>	<u>16,868,066</u>	<u>163,129</u>	<u>667,954</u>
General revenues					
Investment income					291,787
Miscellaneous					<u>2,427,432</u>
Total General Revenues and Transfers In					<u>2,719,219</u>
Change in net assets					3,387,173
NET ASSETS – Beginning of Year					<u>15,269,352</u>
NET ASSETS – END OF YEAR					<u>\$ 18,656,525</u>

See accompanying notes to financial statements.

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

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2008

	Business-type Activities - Enterprise Funds					Business- type Activities - Internal Service Fund Central Cost Center Fund
	General Operating Fund	Housing Voucher Fund	West Housing Fund	Villager Fund	Nonmajor Enterprise Funds	Totals
ASSETS						
Current Assets						
Cash and investments	\$ 324,808	\$ 516,156	\$ -	\$ 1,039,301	\$ 748,325	\$ 2,628,590
Accounts receivable	492,214	-	8,765	314,613	14,423	830,015
Interest receivable	604,410	-	-	-	-	604,410
Current portion of leases receivable from primary government	2,045,000	-	-	-	-	2,045,000
Due from other governmental units	-	-	97,941	-	228,702	326,643
Prepaid items	-	795,259	5,782	-	10,366	811,407
Restricted assets						
Cash and investments	1,144,696	-	-	-	-	1,144,696
Total Current Assets	<u>4,611,128</u>	<u>1,311,415</u>	<u>112,488</u>	<u>1,353,914</u>	<u>1,001,816</u>	<u>8,390,761</u>
Property, Plant and Equipment						
Land	357,691	-	1,209,316	5,486,062	2,108,973	9,162,042
Construction in progress	-	-	-	709,827	3,691	713,518
Land improvements	17,480	-	6,964	-	137,512	161,956
Buildings and improvements	1,582,985	-	12,551,124	6,030,241	26,051,404	46,215,754
Machinery and equipment	82,342	45,106	331,568	-	716,619	1,175,635
Less: Accumulated depreciation	(592,156)	(30,667)	(8,611,777)	(904,536)	(19,283,845)	(29,422,981)
Net Property, Plant and Equipment	<u>1,448,342</u>	<u>14,439</u>	<u>5,487,195</u>	<u>11,321,594</u>	<u>9,734,354</u>	<u>28,005,924</u>
Other Assets						
Restricted assets						
Cash and investments	4,094,526	-	-	-	24,986	4,119,512
Due from primary government	1,004,346	-	-	-	-	1,004,346
Due from other governmental units	136,440	-	-	-	884,410	1,020,850
Long-term receivable	1,825,812	-	-	-	-	1,825,812
Advances to primary government	347,658	-	-	-	-	347,658
Leases receivable from primary government	31,988,679	-	-	-	-	31,988,679
Total Other Assets	<u>39,397,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>909,396</u>	<u>40,306,857</u>
Deferred Charges	<u>224,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,274</u>	<u>227,754</u>
TOTAL ASSETS	<u>\$ 45,681,411</u>	<u>\$ 1,325,854</u>	<u>\$ 5,599,683</u>	<u>\$ 12,675,508</u>	<u>\$ 11,648,840</u>	<u>\$ 76,931,296</u>
						<u>\$ 531,044</u>

	Business-type Activities - Enterprise Funds					Business- type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	West Housing Fund	Villager Fund	Nonmajor Enterprise Funds	Central Cost Center Fund
LIABILITIES						
Current Liabilities						
Accounts payable	\$ 1,782	\$ 664	\$ 58,348	\$ 403,554	\$ 210,740	\$ 675,088
Accrued liabilities	392,011	-	-	46,116	4,773	442,900
Due to primary government - City of Madison						
pooled cash and investments	491,364	-	13,554	-	195,658	700,576
Unearned revenue	-	-	1,407	-	8,520	9,927
Current portion of mortgage notes	61,095	-	-	-	118,204	179,299
Current portion of revenue bonds	2,045,000	-	-	-	-	2,045,000
Current portion of other loans	59,984	-	-	-	-	59,984
Accrued compensated absences	-	10,652	5,264	-	15,522	31,438
Other liabilities	21,644	-	67,905	-	144,952	234,501
Liabilities payable from restricted assets						
Accrued liabilities	212,685	-	-	-	-	212,685
Current portion of revenue bonds	-	-	-	-	35,000	35,000
Total Current Liabilities	3,285,565	11,316	146,478	449,670	733,369	4,626,398
Long-Term Debt Net of Current Maturities						
Mortgage notes	1,008,909	-	-	-	1,493,479	2,502,388
Revenue bonds	37,210,000	-	-	-	290,000	37,500,000
Line of credit	1,752,772	-	-	-	-	1,752,772
Other loans	930,335	-	60,000	9,540,000	-	10,530,335
Accrued compensated absences	-	110,050	54,390	-	160,364	324,804
Other post-employment benefits	-	20,396	13,390	-	14,726	48,512
Advances from primary government	738,000	143,433	142,939	-	186,408	1,210,780
Total Long-Term Debt	41,640,016	273,879	270,719	9,540,000	2,144,977	53,869,591
Total Liabilities	44,925,581	285,195	417,197	9,989,670	2,878,346	58,495,989
NET ASSETS						
Invested in capital assets, net of related debt (deficit)	(284,619)	14,439	5,427,195	1,781,594	7,797,671	14,736,280
Restricted for grants	-	1,062,361	-	-	-	1,062,361
Restricted for debt	-	-	-	-	874,396	874,396
Unrestricted (deficit)	1,040,449	(36,141)	(244,709)	904,244	98,427	1,762,270
Total Net Assets (Deficit)	755,830	1,040,659	5,182,486	2,685,838	8,770,494	18,435,307
TOTAL LIABILITIES AND NET ASSETS	\$ 45,681,411	\$ 1,325,854	\$ 5,599,683	\$ 12,675,508	\$ 11,648,840	\$ 76,931,296
						\$ 531,044

See accompanying notes to financial statements.

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2008

	Business-type Activities - Enterprise Funds						Business- type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	West Housing Fund	Villager Fund	Nonmajor Enterprise Funds	Totals	Central Cost Center Fund
OPERATING REVENUES							
Charges for services	\$ 279,480	\$ -	\$ 882,552	\$ 1,441,249	\$ 1,565,433	\$ 4,168,714	\$ 663,687
Other revenue	-	-	43,719	-	64,528	108,247	-
Total Operating Revenues	279,480	-	926,271	1,441,249	1,629,961	4,276,961	663,687
OPERATING EXPENSES							
Operation and maintenance	239,955	10,038,561	1,738,540	913,724	3,172,629	16,103,409	877,405
Depreciation	42,652	4,126	374,318	201,008	773,452	1,395,556	14,372
Taxes	-	-	61,418	70,000	84,839	216,257	-
Total Operating Expenses	282,607	10,042,687	2,174,276	1,184,732	4,030,920	17,715,222	891,777
Operating Income (Loss)	(3,127)	(10,042,687)	(1,248,005)	256,517	(2,400,959)	(13,438,261)	(228,090)
NONOPERATING REVENUES (EXPENSES)							
Investment income	166,596	35,414	4,547	18,759	62,913	288,229	3,558
Interest on capital lease	2,402,592	-	-	-	-	2,402,592	-
Interest and amortization	(2,011,152)	(7,664)	-	(475,662)	(136,219)	(2,630,697)	(37,417)
Intergovernmental grants	227,555	9,420,078	765,729	3,165,639	3,040,537	16,619,538	248,528
Miscellaneous revenues	5,995	570	9,888	1,282	7,105	24,840	-
Miscellaneous expenses	-	-	-	-	(9,845)	(9,845)	(18,931)
Total Nonoperating Revenue (Expenses)	791,586	9,448,398	780,164	2,710,018	2,964,491	16,694,657	195,738
Income (Loss) Before Contributions	788,459	(594,289)	(467,841)	2,966,535	563,532	3,256,396	(32,352)
CAPITAL CONTRIBUTIONS	-	-	140,570	-	11,989	152,559	10,570
TRANSFERS IN	-	-	5,509,757	-	7,516,572	13,026,329	243,000
TRANSFERS OUT	-	-	-	-	(13,269,329)	(13,269,329)	-
CHANGE IN NET ASSETS	788,459	(594,289)	5,182,486	2,966,535	(5,177,236)	3,165,955	221,218
NET ASSETS (DEFICIT) – Beginning of Year	(32,629)	1,634,948	-	(280,697)	13,947,730	15,269,352	-
NET ASSETS (DEFICIT) – END OF YEAR	\$ 755,830	\$ 1,040,659	\$ 5,182,486	\$ 2,685,838	\$ 8,770,494	\$18,435,307	\$ 221,218

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, 2008

	Business-type Activities - Enterprise Funds					Business- type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	West Housing Fund	Villager Fund	Nonmajor Enterprise Funds	Central Cost Center Fund
					Totals	
CASH FLOWS FROM OPERATING ACTIVITIES						
Received from customers	\$ 499,048	\$ -	\$ 972,685	\$ 1,251,001	\$ 1,742,331	\$ 4,465,065
Paid to suppliers for goods and services	(242,093)	(9,310,733)	(1,087,741)	(510,372)	(2,327,658)	(13,478,597)
Paid to employees for services	-	(800,282)	(651,823)	-	(898,245)	(2,350,350)
Paid to city for tax equivalent	-	-	(61,418)	(70,000)	(84,839)	(216,257)
Net Cash Flows From Operating Activities	256,955	(10,111,015)	(828,297)	670,629	(1,568,411)	(11,580,139)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Deposits (refunds)	-	-	3,137	-	12,346	15,483
Deposits (refunds) with governmental agencies	19,601	-	-	-	(55,480)	(35,879)
Intergovernmental grants	227,555	9,420,078	777,530	2,948,639	2,478,654	15,852,456
Deficit cash implicitly financed	-	-	13,554	-	33,667	47,221
Repayment of deficit cash implicitly financed	(53,324)	-	-	-	-	(53,324)
Collection of long-term receivable	292,016	-	-	-	-	292,016
Long-term loan to developer	(162,744)	-	-	-	-	(162,744)
Receipt of advance from primary government	-	-	19,641	-	20,793	40,434
Repayment of advance from primary government	228,023	-	-	-	-	228,023
Repayment of advance to primary government	(167,350)	(2,138)	-	-	(523)	(170,011)
Transfers in (out)	-	-	-	-	(121,938)	(121,938)
Other nonoperating items	5,995	570	9,888	1,282	(2,740)	14,995
Net Cash Flows From Noncapital Financing Activities	389,772	9,418,510	823,750	2,949,921	2,364,779	15,946,732
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Debt issued	131,136	-	-	-	-	131,136
Debt retired	(2,895,383)	-	-	-	(239,577)	(3,134,960)
Interest paid	(1,794,897)	(7,664)	-	(474,262)	(135,830)	(2,412,653)
Acquisition and construction of capital assets	(25,664)	-	(140,570)	(2,948,639)	(585,152)	(3,700,025)
Salvage	-	679	-	-	28,321	29,000
Capital contributions	-	-	140,570	-	11,989	152,559
Lease payments received	4,770,988	-	-	-	-	4,770,988
Net Cash Flows From Capital and Related Financing Activities	186,180	(6,985)	-	(3,422,901)	(920,249)	(4,163,955)
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income	166,596	35,414	4,547	18,759	62,913	288,229
Net Cash Flows From Investing Activities	166,596	35,414	4,547	18,759	62,913	288,229
Net Increase (Decrease) in Cash and Cash Equivalents	999,503	(664,076)	-	216,408	(60,968)	490,867
CASH AND CASH EQUIVALENTS - Beginning of Year	4,564,527	1,180,232	-	822,893	834,279	7,401,931
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,564,030	\$ 516,156	\$ -	\$ 1,039,301	\$ 773,311	\$ 7,892,798

	Business-type Activities - Enterprise Funds						Business- type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	West Housing Fund	Villager Fund	Nonmajor Enterprise Funds	Totals	Central Cost Center Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES							
Operating income (loss)	\$ (3,127)	\$ (10,042,687)	\$ (1,248,005)	\$ 256,517	\$ (2,400,959)	\$ (13,438,261)	\$ (228,090)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities							
Depreciation	42,652	4,126	374,318	201,008	773,452	1,395,556	14,372
Change in assets and liabilities							
Receivables	219,568	-	46,414	(190,248)	112,370	188,104	
Prepaid items and other assets	-	(107,387)	3,993	-	4,675	(98,719)	4,009
Accounts payable	(2,138)	(1,395)	(16,879)	403,352	(74,156)	308,784	37,480
Accrued liabilities	-	36,328	11,862	-	16,207	64,397	14,705
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 256,955	\$ (10,111,015)	\$ (828,297)	\$ 670,629	\$ (1,568,411)	\$ (11,580,139)	\$ (157,524)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS							
Cash and investments	\$ 324,808	\$ 516,156	\$ -	\$ 1,039,301	\$ 748,325	\$ 2,628,590	\$ 212,193
Restricted cash and investments	5,239,222	-	-	-	24,986	5,264,208	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,564,030	\$ 516,156	\$ -	\$ 1,039,301	\$ 773,311	\$ 7,892,798	\$ 212,193

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

The HUD Projects fund transferred \$5,861,512, \$4,113,815, \$3,333,054 and \$204,790 to the West Housing fund, East Housing fund, Triangle Housing fund and Central Operations fund, respectively, during 2008.

The City of Madison transferred \$217,000 and \$591,913 of land to the Villager fund and Allied Drive fund, respectively, during 2008.

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

INDEX TO NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE	<u>Page</u>
I. Summary of Significant Accounting Policies	10
A. Reporting Entity	10
B. Basic Financial Statements	10
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	11
D. Assets, Liabilities, and Net Assets or Equity	12
1. Deposits and Investments	12
2. Receivables	13
3. Inventories and Prepaid Items	13
4. Restricted Assets	13
5. Capital Assets	13
6. Other Assets	14
7. Compensated Absences	14
8. Long-Term Obligations/Conduit Debt	14
9. Claims and Judgments	14
10. Equity Classifications	15
II. Stewardship, Compliance, and Accountability	15
A. Deficit Balances	15
III. Detailed Notes on All Funds	16
A. Deposits and Investments	16
B. Receivables	18
C. Restricted Assets	18
1. General Operating Fund	18
2. Parkside Project Fund	19
D. Capital Assets	21
E. Line of Credit	22
F. Long-Term Obligations	22
G. Lease Disclosures	26
H. Net Assets	28
I. Segment Information	28
IV. Other Information	30
A. Employees' Retirement System	30
B. Risk Management	30
C. Commitments and Contingencies	30
D. Other Postemployment Benefits	31

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

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

To facilitate the implementation of new reporting requirements of the U.S. Department of Housing and Urban Development, transactions previously reported in the HUD Projects fund are now reported in the following funds: West Housing, East Housing, Triangle Housing and Central Cost Center.

B. BASIC FINANCIAL STATEMENTS

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

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

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

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

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

The CDA reports the following major enterprise funds:

Major Enterprise Funds

General Operating Fund – accounts for the CDA's primary operating activities.

Housing Voucher Fund – accounts for the operations of the Housing Voucher program.

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

Villager Fund – accounts for the operations of Villager Mall project.

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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

B. BASIC FINANCIAL STATEMENTS (cont.)

The CDA reports the following non-major enterprise funds:

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

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

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

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

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

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

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

See Note III.A. for further information.

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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

2. Receivables

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

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

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Capital Assets

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

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

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

**NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

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

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

5. Capital Assets (cont.)

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

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

6. Other Assets

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

7. Compensated Absences

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2008 are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations/Conduit Debt

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

The CDA has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the CDA. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at December 31, 2008 is approximately \$30,835,000, made up of 10 series.

9. Claims and Judgments

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

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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

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

10. Equity Classifications

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

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

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

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2008, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Parkside project fund	\$ 91,241	Expenses in excess of revenues

This deficit is anticipated to be funded with future revenues or transfers from the general operating fund.

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE III – 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	\$ 2,162,142	\$ 2,163,662	Custodial credit
Guaranteed investment contract	1,000,000	1,000,000	N/A
Mutual funds	4,241,923	4,241,923	Credit, interest rate
Petty cash	350	-	N/A
	<u>7,404,415</u>	<u>7,405,585</u>	
Total Cash and Investments	\$ 7,404,415	\$ 7,405,585	
Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 2,840,783		
Restricted cash and investments	5,264,208		
Pooled cash and investments – due to the City of Madison	<u>(700,576)</u>		
	<u>7,404,415</u>		
Total Cash and Investments	\$ 7,404,415		

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

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

Custodial Credit Risk

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk

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

As of December 31, 2008, the CDA's investments were rated as follows:

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

As of December 31, 2008, the CDA's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (In Years) Less Than One</u>
Mutual funds	<u>\$ 4,241,923</u>	<u>\$ 4,241,923</u>

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

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES

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

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

	<u>Unearned</u>
Rent payments received not yet due	\$ <u>45,399</u>

C. RESTRICTED ASSETS

1. GENERAL OPERATING FUND

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

Bond Account

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

Debt Service Reserve Account

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

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

Debt Service Reserve Account

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

Certain proceeds of \$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

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

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

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS (cont.)

1. GENERAL OPERATING FUND (cont.)

Madison Mutual Housing Authority Accounts

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

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

	<u>12-31-08</u>
Bond account	\$ 1,144,696
Debt service reserve account	2,064,000
Debt service reserve account	1,028,922
Bond account	299,319
Debt service reserve account	680,000
Due from primary government – debt service reserve	1,004,346
MMHA accounts	22,285
Due from other governmental units – replacement account	<u>136,440</u>
Total	<u>\$ 6,380,008</u>

2. PARKSIDE PROJECT FUND

At December 31, 2008, the Parkside maintained the following restricted escrow deposits as required by the Parkside Project Fund Regulatory Agreement with Wisconsin Housing and Economic Development Authority (WHEDA).

Debt Service Reserve Fund Account

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

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS (cont.)

2. PARKSIDE PROJECT FUND (cont.)

Real Estate Tax Escrow Account

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

Replacement Account

The replacement account is an account held in trust by WHEDA. Disbursements from this account are restricted to replacement of the building's structural elements or mechanical equipment and may be made only upon approval of WHEDA. Monthly deposits were made into this account in 2008.

Residual Receipts Account

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

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

	<u>12-31-08</u>
Debt Service Reserve Fund Account	\$ 24,986
Due From Other Governmental Units	
Real Estate Tax Escrow Account	24,401
Replacement Account	859,656
Residual Receipts Account	<u>353</u>
Total	<u>\$ 909,396</u>

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 5,642,201	\$ 3,519,841	\$ -	\$ 9,162,042
Construction in progress	354,567	654,730	295,779	713,518
Total Capital Assets Not Being Depreciated	5,996,768	4,174,571	295,779	9,875,560
Capital assets being depreciated				
Land improvements	161,956	-	-	161,956
Buildings and improvements	45,998,713	481,278	7,702	46,472,289
Machinery and equipment	1,609,903	8,298	102,201	1,516,000
Total Capital Assets Being Depreciated	47,770,572	489,576	109,903	48,150,245
Less: Accumulated depreciation for				
Land improvements	(5,246)	(10,798)	-	(16,044)
Buildings and improvements	(26,978,579)	(1,363,760)	577	(28,341,762)
Machinery and equipment	(1,516,613)	(35,831)	80,787	(1,471,657)
Total Accumulated Depreciation	(28,500,438)	(1,410,389)	81,364	(29,829,463)
Total Capital Assets Being Depreciated	19,270,134	(920,813)	28,539	18,320,782
Total Capital Assets	\$ 25,266,902	\$ 3,253,758	\$ 324,318	\$ 28,196,342

Depreciation expense was charged to functions as follows:

Proprietary Funds

Housing projects	\$ 1,409,928
Enterprise funds	\$ 1,395,556
Internal service fund	14,372
Total	\$ 1,409,928

Depreciation expense is different from additions because of salvage, cost of removal and/or cost associated with the disposal of assets.

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

E. LINE OF CREDIT

The CDA has a line of credit with the Federal National Mortgage Association (Fannie Mae) in the amount of \$4,100,000. The maturity date is December 15, 2011. The interest rate is adjustable, obtained by adding ninety basis points to the three-month LIBOR, adjusted quarterly, as published in The Wall Street Journal on the last business day of the month immediately preceding each quarter. \$1,752,772 is outstanding on the line of credit as of December 31, 2008.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Line of Credit	\$ 1,908,555	\$ 131,136	\$ 286,919	\$ 1,752,772	\$ -

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds and Notes Payable:					
Revenue bonds	\$ 42,105,000	\$ -	\$ 2,525,000	\$ 39,580,000	\$ 2,080,000
Mortgage notes	2,850,901	-	169,214	2,681,687	179,299
Other loans/notes	10,744,146	-	153,827	10,590,319	59,984
Subtotal	55,700,047	-	2,848,041	52,852,006	2,319,283
Accrued compensated absences	406,852	287,137	236,883	457,106	40,339
Other post-employment benefits	29,294	28,848	-	58,142	-
Advance from primary government	1,286,276	249,767	170,011	1,366,032	-
Total Long-Term Liabilities	\$ 57,422,469	\$ 565,752	\$ 3,254,935	\$ 54,733,286	\$ 2,359,622

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 III.G.).

The CDA has pledged future lease revenues to repay \$57,405,000 in lease revenue bonds issued in 1996 through 2002. Proceeds from the bonds provided financing for various projects of the City of Madison. The bonds are payable solely from lease revenues and are payable through 2022. Annual principal and interest payments on the bonds are expected to require 76 percent of net revenues. Total principal and interest remaining to be paid on the bonds is \$53,481,134. Principal and interest paid for the current year and total revenues were \$4,124,848 and \$5,067,417, respectively.

The CDA has pledged future project revenues to repay \$725,000 in project revenue bonds issued in 1986. Proceeds from the bonds provided financing for repayment of a WHEDA loan. The bonds are payable solely from project revenues and are payable through 2016. Annual principal and interest on the bonds are expected to require 7 percent of net revenues. Total principal and interest remaining to be paid on the bonds is \$409,298. Principal and interest paid for the current year and total revenues were \$50,416 and \$753,502, respectively.

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2008 consists of the following:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-08</u>
<u>General Operating Fund</u>					
Lease revenue bonds	12/05/96	01/01/19	3.30 – 5.25%	\$ 20,640,000	\$ 12,890,000
Lease revenue bonds	12/01/98	10/01/21	floating*	3,560,000	2,855,000
Lease revenue bonds	04/01/99	10/01/22	5.50 – 7.10%	10,870,000	8,770,000
Lease revenue bonds	07/01/00	07/01/20	2.75 – 5.50%	6,800,000	5,320,000
Lease revenue bonds	10/01/02	03/01/20	3.00 – 4.375%	13,175,000	9,420,000
Total General Operating Fund					<u>39,255,000</u>
<u>Parkside Project Fund</u>					
Revenue bonds	07/01/86	07/01/16	4.50 – 5.75%	725,000	<u>325,000</u>
Total Revenue Debt					<u>\$ 39,580,000</u>

* The floating rates are as follows:

<u>Issue</u>	<u>Terms</u>	<u>Actual rate at 12-31-08</u>
12-1-98	Based on market conditions	5.80%

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 2,080,000	\$ 1,747,978
2010	2,470,000	1,706,507
2011	2,650,000	1,645,845
2013	2,835,000	1,564,833
2013	3,035,000	1,462,647
2014 – 2018	18,415,000	5,108,798
2019 – 2022	<u>8,095,000</u>	<u>1,073,824</u>
Totals	<u>\$ 39,580,000</u>	<u>\$ 14,310,432</u>

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Mortgage Notes

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

Mortgage notes payable at December 31, 2008 consists of the following:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-08</u>
<u>General Operating Fund</u>					
Housing mortgage note	06/01/92	06/01/22	4.00%	\$ 2,283,492	\$ 1,070,004
<u>Parkside Project Fund</u>					
Housing mortgage note	08/12/77	12/01/18	6.75%	3,085,241	1,611,683
Total Mortgage Notes					<u>\$ 2,681,687</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Mortgage Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 179,299	\$ 146,781
2010	190,103	136,057
2011	201,501	124,659
2012	213,615	112,545
2013	226,499	99,661
2014 – 2018	1,337,608	274,583
2019 – 2022	333,062	23,951
Totals	<u>\$ 2,681,687</u>	<u>\$ 918,237</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 Department of Commerce, to the City of Madison related to the Romnes apartments and to WCDLF.

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Other Loans/Notes (cont.)

Other loans/notes payable at December 31, 2008 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-08
<u>General Operating Fund</u>					
Section 17 loans	Various	N/A	N/A	\$ 103,000	\$ 85,000
UDAG loan	06/05/87	N/A	5.0%	371,000	371,000
WHEDA WRAP note	Unknown	06/22	N/A	Unknown	206,957
Department of Commerce loan	07/01/00	07/01/16	2.0%	600,000	327,362
Total General Operating Fund					<u>990,319</u>
<u>Villager Fund</u>					
WCDFL note	12/22/04	12/22/11	5.5-7.2%	\$ 7,000,000	7,000,000
WCDFL note	12/22/04	12/22/34	1.53%	2,540,000	2,540,000
Total Villager Fund					<u>9,540,000</u>
<u>West Housing Fund</u>					
Promissory note	10/20/97	N/A	N/A	\$ 60,000	60,000
Total Other Loans/Notes					<u>\$ 10,590,319</u>

Debt service requirements to maturity are as follows:

Years	WCDFL Notes	
	Principal	Interest
2009	\$ -	\$ 475,662
2010	-	492,349
2011	7,000,000	669,161
2012	-	9,715
2013	-	-
2014 – 2018	-	-
2019 – 2023	-	-
2024 – 2028	-	-
2029 – 2033	-	-
2034	<u>2,540,000</u>	-
Totals	<u>\$ 9,540,000</u>	<u>\$ 1,646,887</u>

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

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

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

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

G. LEASE DISCLOSURES

The CDA is leasing 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 2002.

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

The CDA is leasing a parking 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 1998B.

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

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

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

The CDA does not have any other material capital or operating leases at December 31, 2008.

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

G. LEASE DISCLOSURES (cont.)

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

	1996 Issue		1998 Issue		1999 Issue	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 720,000	\$ 422,618	\$ 135,000	\$ 184,425	\$ 240,000	\$ 615,948
2010	1,020,000	418,996	145,000	176,460	280,000	600,108
2011	1,100,000	410,063	150,000	167,905	330,000	581,348
2012	1,180,000	387,270	160,000	158,305	375,000	558,908
2013	1,260,000	353,690	175,000	148,065	430,000	533,220
2014	1,340,000	313,198	185,000	136,865	490,000	503,550
2015	1,440,000	265,321	195,000	125,025	555,000	469,495
2016	852,094	66,144	210,000	112,545	625,000	430,645
2017	-	-	225,000	99,105	700,000	386,895
2018	-	-	240,000	84,705	745,000	337,895
2019	-	-	255,000	69,345	870,000	285,000
2020	-	-	270,000	52,260	970,000	223,013
2021	-	-	510,000	34,170	1,075,000	153,900
2022	-	-	-	-	521,585	37,163
Totals	<u>\$ 8,912,094</u>	<u>\$ 2,637,300</u>	<u>\$ 2,855,000</u>	<u>\$ 1,549,180</u>	<u>\$ 8,206,585</u>	<u>\$ 5,717,088</u>

	2000 Issue		2002 Issue	
	Principal	Interest	Principal	Interest
2009	\$ 305,000	\$ 160,930	\$ 645,000	\$ 345,771
2010	325,000	169,257	665,000	325,456
2011	350,000	168,841	685,000	303,514
2012	370,000	168,175	710,000	280,142
2013	395,000	162,770	735,000	255,209
2014	420,000	153,725	760,000	228,287
2015	450,000	142,764	790,000	199,216
2016	475,000	129,840	815,000	167,906
2017	510,000	112,058	850,000	134,606
2018	540,000	89,010	885,000	99,353
2019	500,000	27,171	920,000	61,550
2020	-	-	960,000	21,000
2021	-	-	-	-
2022	-	-	-	-
Totals	<u>\$ 4,640,000</u>	<u>\$ 1,484,541</u>	<u>\$ 9,420,000</u>	<u>\$ 2,422,010</u>

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

H. NET ASSETS

Net assets reported on the government-wide statement of net assets at December 31, 2008 includes the following:

Business-Type Activities

Invested in capital assets, net of related debt	
Land	\$ 9,162,042
Construction in progress	713,518
Other capital assets, net of accumulated depreciation	18,320,782
Less: Related long-term debt outstanding	<u>(13,269,644)</u>
Total	<u>14,926,698</u>
 Restricted	
Grants	1,062,361
Debt	<u>874,396</u>
Total	<u>1,936,757</u>
 Unrestricted	<u>1,793,070</u>
 Total	<u>\$ 18,656,525</u>

I. SEGMENT INFORMATION

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

	Parkside Project
ASSETS	
Current assets	\$ 2,159
Restricted assets	909,396
Capital assets	1,233,290
Deferred charges	<u>3,274</u>
Total Assets	<u>2,148,119</u>
 LIABILITIES	
Current liabilities	367,990
Current liabilities payable from restricted assets	35,000
Noncurrent liabilities	<u>1,836,370</u>
Total Liabilities	<u>2,239,360</u>

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

I. SEGMENT INFORMATION (cont.)

	<u>Parkside Project</u>
NET ASSETS	
Invested in capital assets, net of related debt (deficit)	\$ (703,393)
Restricted for debt	874,396
Unrestricted (deficit)	<u>(262,244)</u>
TOTAL NET ASSETS (DEFICIT)	<u>\$ (91,241)</u>
	<u>Parkside Project</u>
Operating revenue (pledged against bonds)	\$ 284,408
Depreciation expense	(107,107)
Other operating expenses	(384,762)
Operating Income (Loss)	<u>(207,461)</u>
Nonoperating Revenues (Expenses)	
Investment income	33,268
Intergovernmental grants	435,826
Interest and amortization expense	(135,754)
Miscellaneous expenses	(9,845)
Total Nonoperating Revenues (Expenses)	<u>323,495</u>
Change in Net Assets	116,034
Beginning Net Assets (Deficit)	<u>(207,275)</u>
ENDING NET ASSETS (DEFICIT)	<u>\$ (91,241)</u>
	<u>Parkside Project</u>
Net Cash Provided (Used) By	
Operating activities	\$ (103,757)
Noncapital financing activities	346,708
Capital and related financing activities	(275,875)
Investing activities	33,268
Net Increase (Decrease) in Cash and Cash Equivalents	<u>344</u>
Beginning Cash and Cash Equivalents	<u>24,642</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 24,986</u>

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

**NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

NOTE III – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

The payroll for the City of Madison employees working for the CDA covered by the system for the year ended December 31, 2008 was \$2,029,742; the employer's total payroll was \$2,132,002. The total required contribution for the year ended December 31, 2008 was \$213,497 or 10.52 percent of covered payroll. Of this amount, 100 percent was contributed by the employer for the current year. Total contributions for the years ending December 31, 2007 and 2006 were \$213,417 and \$202,170, respectively, equal to the required contributions for each year.

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

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

The pension-related debt for the CDA as of December 31, 2008 was \$-0-.

B. RISK MANAGEMENT

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

C. COMMITMENTS AND CONTINGENCIES

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

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

**NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

NOTE III – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

The CDA provides housing for the Parkside Project Fund pursuant to Section 8 of the United States Housing Act of 1974. Rentals are subsidized by the federal government through a housing assistance payments contract between WHEDA and the CDA. The contract, which expires September 1, 2018, provides for maximum annual assistance payments of \$435,826. Total assistance payments received from WHEDA were \$435,826 during 2008.

In 2005, the U.S. Department of Housing and Urban Development (HUD) changed its method of providing funding for the Housing Choice Voucher Program from a reimbursement basis to a budget basis. This resulted in \$1,062,361 of restricted net assets in the Housing Voucher fund at December 31, 2008 due to funding exceeding actual costs of the program in 2008. HUD plans to reduce future funding to recover a portion of this excess. The amount of future funding reductions is not known at this time.

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

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

D. OTHER POSTEMPLOYMENT BENEFITS

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

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

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
December 31, 2008

ASSETS	Karabis Fund	Parkside Project Fund	Allied Drive Fund	East Housing Fund
Current Assets				
Cash and investments	\$ 714,754	\$ -	\$ 6,779	\$ 26,792
Accounts receivable	1,350	1,077	-	11,550
Due from other governmental units	-	-	-	83,458
Prepaid items	387	1,082	-	6,105
Total Current Assets	<u>716,491</u>	<u>2,159</u>	<u>6,779</u>	<u>127,905</u>
Property, Plant and Equipment				
Land	22,698	200,271	1,005,241	398,111
Construction in progress	-	-	-	3,691
Land improvements	-	-	-	127,526
Buildings and improvements	911,362	3,627,952	-	12,058,929
Machinery and equipment	28,423	118,043	-	273,870
Less: Accumulated depreciation	<u>(718,049)</u>	<u>(2,712,976)</u>	<u>-</u>	<u>(8,669,965)</u>
Net Property, Plant and Equipment	<u>244,434</u>	<u>1,233,290</u>	<u>1,005,241</u>	<u>4,192,162</u>
Other Assets				
Restricted assets				
Cash and investments	-	24,986	-	-
Due from other governmental units	-	884,410	-	-
Total Other Assets	<u>-</u>	<u>909,396</u>	<u>-</u>	<u>-</u>
Deferred charges	<u>-</u>	<u>3,274</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 960,925</u>	<u>\$ 2,148,119</u>	<u>\$ 1,012,020</u>	<u>\$ 4,320,067</u>

Triangle Housing Fund	Totals
\$ -	\$ 748,325
446	14,423
145,244	228,702
2,792	10,366
<u>148,482</u>	<u>1,001,816</u>
482,652	2,108,973
-	3,691
9,986	137,512
9,453,161	26,051,404
296,283	716,619
(7,182,855)	(19,283,845)
<u>3,059,227</u>	<u>9,734,354</u>
-	24,986
-	884,410
-	<u>909,396</u>
-	3,274
<u>\$ 3,207,709</u>	<u>\$ 11,648,840</u>

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

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
December 31, 2008

	Karabis Fund	Parkside Project Fund	Allied Drive Fund	East Housing Fund
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 6,440	\$ 25,368	\$ -	\$ 60,774
Accrued liabilities	-	4,773	-	-
Due to primary government - City of Madison				
pooled cash and investments	-	194,682	-	-
Unearned revenue	-			633
Current portion of mortgage notes	-	118,204	-	-
Accrued compensated absences	484	2,248	-	9,014
Other liabilities	4,508	22,715	9,772	54,665
Liabilities Payable from Restricted Assets				
Current maturities of revenue bonds	-	35,000	-	-
Total Current Liabilities	<u>11,432</u>	<u>402,990</u>	<u>9,772</u>	<u>125,086</u>
Long-Term Debt Net of Current Maturities				
Mortgage notes	-	1,493,479	-	-
Revenue bonds	-	290,000	-	-
Accrued compensated absences	4,997	23,224	-	93,131
Other post-employment benefits	-	-	-	9,312
Advance from primary government	5,426	29,667	-	94,225
Total Long-Term Debt	<u>10,423</u>	<u>1,836,370</u>	<u>-</u>	<u>196,668</u>
TOTAL LIABILITIES	<u>21,855</u>	<u>2,239,360</u>	<u>9,772</u>	<u>321,754</u>
NET ASSETS				
Invested in capital assets, net of related debt (deficit)	244,434	(703,393)	1,005,241	4,192,162
Restricted for debt	-	874,396	-	-
Unrestricted (deficit)	694,636	(262,244)	(2,993)	(193,849)
Total Net Assets (Deficit)	<u>939,070</u>	<u>(91,241)</u>	<u>1,002,248</u>	<u>3,998,313</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 960,925</u>	<u>\$ 2,148,119</u>	<u>\$ 1,012,020</u>	<u>\$ 4,320,067</u>

Triangle Housing Fund	Totals
\$ 118,158	\$ 210,740
-	4,773
976	195,658
7,887	8,520
-	118,204
3,776	15,522
53,292	144,952
-	35,000
<u>184,089</u>	<u>733,369</u>
-	1,493,479
-	290,000
39,012	160,364
5,414	14,726
57,090	186,408
<u>101,516</u>	<u>2,144,977</u>
<u>285,605</u>	<u>2,878,346</u>
3,059,227	7,797,671
-	874,396
(137,123)	98,427
<u>2,922,104</u>	<u>8,770,494</u>
<u>\$ 3,207,709</u>	<u>\$ 11,648,840</u>

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

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2008

	Karabis Fund	Parkside Project Fund	Allied Drive Fund
OPERATING REVENUES			
Charges for services	\$ 60,474	\$ 276,329	\$ -
Other revenue	5,136	8,079	-
Total Operating Revenues	<u>65,610</u>	<u>284,408</u>	<u>-</u>
OPERATING EXPENSES			
Operation and maintenance	125,839	366,867	141,509
Depreciation	24,459	107,107	-
Taxes	2,614	17,895	-
Total Operating Expenses	<u>152,912</u>	<u>491,869</u>	<u>141,509</u>
Operating Income (Loss)	<u>(87,302)</u>	<u>(207,461)</u>	<u>(141,509)</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	21,099	33,268	-
Interest and amortization	(465)	(135,754)	-
Intergovernmental grants	120,062	435,826	1,143,757
Miscellaneous revenues	-	-	-
Miscellaneous expenses	-	(9,845)	-
Total Non-Operating Revenue (Expenses)	<u>140,696</u>	<u>323,495</u>	<u>1,143,757</u>
CAPITAL CONTRIBUTIONS	-	-	-
TRANSFERS IN	-	-	-
TRANSFERS OUT	-	-	-
CHANGE IN NET ASSETS	53,394	116,034	1,002,248
NET ASSETS (DEFICIT) – Beginning of Year	<u>885,676</u>	<u>(207,275)</u>	<u>-</u>
NET ASSETS (DEFICIT) – END OF YEAR	<u>\$ 939,070</u>	<u>\$ (91,241)</u>	<u>\$ 1,002,248</u>

HUD Projects Fund	East Housing Fund	Triangle Housing Fund	Totals
\$ -	\$ 648,035	\$ 580,595	\$ 1,565,433
-	28,727	22,586	64,528
-	676,762	603,181	1,629,961
-	1,442,023	1,096,391	3,172,629
-	359,761	282,125	773,452
-	33,655	30,675	84,839
-	1,835,439	1,409,191	4,030,920
-	(1,158,677)	(806,010)	(2,400,959)
-	3,537	5,009	62,913
-	-	-	(136,219)
-	774,317	566,575	3,040,537
-	3,800	3,305	7,105
-	-	-	(9,845)
-	781,654	574,889	2,964,491
-	3,691	8,298	11,989
-	4,371,645	3,144,927	7,516,572
(13,269,329)	-	-	(13,269,329)
(13,269,329)	3,998,313	2,922,104	(5,177,236)
13,269,329	-	-	13,947,730
\$ -	\$ 3,998,313	\$ 2,922,104	\$ 8,770,494

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

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2008

	Karabis Fund	Parkside Project Fund	Allied Drive Fund	HUD Projects Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 66,426	\$ 286,696	\$ -	\$ 45,743
Paid to suppliers for goods and services	(90,417)	(261,030)	(179,501)	-
Paid to employees for services	(40,997)	(111,528)	-	-
Paid to city for tax equivalent	(2,614)	(17,895)	-	-
Net Cash Flows From Operating Activities	<u>(67,602)</u>	<u>(103,757)</u>	<u>(179,501)</u>	<u>45,743</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Deposits	305	(2,718)	9,772	-
Deposits with governmental agencies	-	(55,480)	-	-
Intergovernmental grants	120,062	435,826	551,844	-
Deficit cash implicitly financed	-	(20,633)	-	53,324
Receipt of advance from primary government	-	-	-	-
Repayment of advance to primary government	(81)	(442)	-	-
Transfers in (out)	-	-	-	(137,334)
Other nonoperating items	-	(9,845)	-	-
Net Cash Flows From Noncapital Financing Activities	<u>120,286</u>	<u>346,708</u>	<u>561,616</u>	<u>(84,010)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	-	(140,510)	-	(99,067)
Interest paid	(465)	(135,365)	-	-
Acquisition and construction of capital assets	-	-	(413,328)	-
Salvage	7,125	-	-	-
Capital contributions	-	-	-	-
Net Cash Flows From Capital and Related Financing Activities	<u>6,660</u>	<u>(275,875)</u>	<u>(413,328)</u>	<u>(99,067)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>21,099</u>	<u>33,268</u>	<u>-</u>	<u>-</u>
Net Cash Flows From Investing Activities	<u>21,099</u>	<u>33,268</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	80,443	344	(31,213)	(137,334)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>634,311</u>	<u>24,642</u>	<u>37,992</u>	<u>137,334</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 714,754</u>	<u>\$ 24,986</u>	<u>\$ 6,779</u>	<u>\$ -</u>

East Housing Fund	Triangle Housing Fund	Totals
\$ 737,923	\$ 605,543	\$ 1,742,331
(884,602)	(912,108)	(2,327,658)
(476,546)	(269,174)	(898,245)
(33,655)	(30,675)	(84,839)
<u>(656,880)</u>	<u>(606,414)</u>	<u>(1,568,411)</u>
2,525	2,462	12,346
-	-	(55,480)
784,105	586,817	2,478,654
-	976	33,667
12,948	7,845	20,793
-	-	(523)
15,396	-	(121,938)
3,800	3,305	(2,740)
<u>818,774</u>	<u>601,405</u>	<u>2,364,779</u>
-	-	(239,577)
-	-	(135,830)
(163,526)	(8,298)	(585,152)
21,196	-	28,321
3,691	8,298	11,989
<u>(138,639)</u>	<u>-</u>	<u>(920,249)</u>
3,537	5,009	62,913
<u>3,537</u>	<u>5,009</u>	<u>62,913</u>
26,792	-	(60,968)
-	-	834,279
<u>\$ 26,792</u>	<u>\$ -</u>	<u>\$ 773,311</u>

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

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

Net Increase (Decrease) in Cash and Cash Equivalents

	Karabis Fund	Parkside Project Fund	Allied Drive Fund	HUD Projects Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (87,302)	\$ (207,461)	\$ (141,509)	\$ -
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Depreciation	24,459	107,107	-	-
Change in assets and liabilities				
Accounts receivable	816	2,288	-	45,743
Prepaid items	(387)	(1,082)	-	-
Accounts payable	(4,509)	(728)	(37,992)	-
Accrued liabilities	(679)	(3,881)	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (67,602)</u>	<u>\$ (103,757)</u>	<u>\$ (179,501)</u>	<u>\$ 45,743</u>

East Housing Fund	Triangle Housing Fund	Totals
\$ (1,158,677)	\$ (806,010)	\$ (2,400,959)
359,761	282,125	773,452
61,161	2,362	112,370
4,216	1,928	4,675
62,471	(93,398)	(74,156)
14,188	6,579	16,207
<u>\$ (656,880)</u>	<u>\$ (606,414)</u>	<u>\$ (1,568,411)</u>