

# CDA 95-1

(A Business -Type Activity-Enterprise Fund of the  
Community Development Authority of the City of Madison)

## Financial Report

December 31, 2022



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## **CDA 95-1**

(A Business -Type Activity-Enterprise Fund of the Community Development Authority of the City of Madison)

### **C O N T E N T S**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Community Development Authority  
of the City of Madison  
CDA 95-1  
Madison, WI

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of CDA 95-1, a business-type activity-enterprise fund of the Community Development Authority of the City of Madison, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise CDA 95-1's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CDA 95-1, a business-type activity-enterprise fund of the Community Development Authority of the City of Madison, as of December 31, 2022 and 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CDA 95-1 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Emphasis of Matter*

As discussed in Note A, the financial statements present only the CDA 95-1 fund, a business-type activity-enterprise fund of the Community Development Authority of the City of Madison, and do not purport to, and do not, present fairly the financial position of the Community Development Authority of the City of Madison as of December 31, 2022 and 2021, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CDA 95-1's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CDA 95-1's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CDA 95-1's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Required Supplementary Information***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*SVA Certified Public Accountants, S.C.*

Madison, Wisconsin

May 5, 2023

**CDA 95-1**

(A Business-Type Activity-Enterprise Fund of the Community Development Authority of the City of Madison)

**STATEMENTS OF NET POSITION**

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 81,209	\$ 79,863
Restricted cash	23,264	198,022
Accounts receivable	<u>23,920</u>	<u>8,091</u>
Total Current Assets	128,393	285,976
Noncurrent Assets		
Net Capital Assets	996,153	1,026,926
Deposit	<u>3,500</u>	<u>3,500</u>
Total Noncurrent Assets	<u>999,653</u>	<u>1,030,426</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,128,046</u></u>	<u><u>\$ 1,316,402</u></u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	\$ 4,394	\$ 5,402
Accrued expenses	8,817	9,954
Accrued PILOT	10,000	10,000
Accrued interest	0	69,125
Unearned revenue	9,128	13,284
Tenants' security deposits payable	22,729	23,079
Current portion of long-term debt	<u>0</u>	<u>505,857</u>
Total Current Liabilities	55,068	636,701
Long-Term Liabilities		
Mortgage notes payable, net of current maturities	85,000	85,000
<b>NET POSITION</b>		
Net investment in capital assets	911,153	436,069
Unrestricted	<u>76,825</u>	<u>158,632</u>
Total Net Position	<u>987,978</u>	<u>594,701</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 1,128,046</u></u>	<u><u>\$ 1,316,402</u></u>

The accompanying notes are an integral part of these financial statements.

## CDA 95-1

(A Business-Type Activity-Enterprise Fund of the Community Development Authority of the City of Madison)

### STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years ended December 31, 2022 and 2021

	2022	2021
Operating revenues:		
Rental income	\$ 312,660	\$ 318,929
Vacancies and concessions	(11,190)	0
Other revenues	5,708	4,932
Total operating revenues	307,178	323,861
Operating expenses:		
Rent and administrative	48,166	47,687
Utilities	24,630	26,347
Operating and maintenance	97,631	98,673
PILOT, taxes and insurance	15,326	38,486
Depreciation	51,772	56,535
Total operating expenses	237,525	267,728
Operating income	69,653	56,133
Non-operating revenues (expenses)		
Interest income	107	223
Interest expense	(567)	(21,378)
Forgiveness of debt	69,125	0
Gain on sale of property	254,959	0
Total non-operating revenues (expenses)	323,624	(21,155)
Change in net position	393,277	34,978
Net position, beginning	594,701	559,723
Net position, ending	\$ 987,978	\$ 594,701

The accompanying notes are an integral part of these financial statements.

**CDA 95-1**

(A Business-Type Activity-Enterprise Fund of the Community Development Authority of the City of Madison)

**STATEMENTS OF CASH FLOWS**

Years ended December 31, 2022 and 2021

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from customers	\$ 286,843	\$ 333,719
Paid to suppliers for goods and services	<u>(187,898)</u>	<u>(207,995)</u>
Net cash provided by operating activities	98,945	125,724
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Debt retired	(505,857)	(98,655)
Interest paid	(567)	(4,128)
Sale of capital assets	345,000	0
Acquisition of capital assets	<u>(111,040)</u>	<u>(41,660)</u>
Net cash used in financing activities	(272,464)	(144,443)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	<u>107</u>	<u>223</u>
Change in cash and cash equivalents	(173,412)	(18,496)
Cash and cash equivalents:		
Beginning	<u>277,885</u>	<u>296,381</u>
Ending	<u><u>\$ 104,473</u></u>	<u><u>\$ 277,885</u></u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>		
Cash and cash equivalents	\$ 81,209	\$ 79,863
Restricted cash	<u>23,264</u>	<u>198,022</u>
Cash and cash equivalents, ending	<u><u>\$ 104,473</u></u>	<u><u>\$ 277,885</u></u>
<b>RECONCILIATION OF CHANGE IN OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 69,653	\$ 56,133
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	51,772	56,535
Change in assets and liabilities:		
Accounts receivable	(15,829)	3,530
Accounts payable	(1,008)	(3,999)
Accrued expenses	(1,137)	7,197
Unearned revenue	(4,156)	6,605
Tenants' security deposits payable	<u>(350)</u>	<u>(277)</u>
Net cash provided by operating activities	<u><u>\$ 98,945</u></u>	<u><u>\$ 125,724</u></u>

The accompanying notes are an integral part of these financial statements.



## CDA 95-1

(A Business -Type Activity-Enterprise Fund of the Community Development Authority of the City of Madison)  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

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### NOTE A -- Summary of significant accounting policies

#### Reporting entity

CDA 95-1 (the fund) is a business-type activity-enterprise fund of the Community Development Authority of the City of Madison (CDA). The CDA is a component unit of the City of Madison. The fund consists of a 29-unit, low-income housing project called The Reservoir and consisted of a 2-unit, low-income housing project called Two Flats, located in Madison, Wisconsin, and was placed in service in 1987. On January 13, 2022, one of the properties (601 S. Baldwin Street which is the two-unit building) was sold to an unrelated third-party.

#### Measurement focus, basis of accounting and basis of presentation

The financial statements of the fund have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the fund are described below.

The accounts of the fund are organized and operated on the basis of a proprietary fund.

The fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's operations. The principal operating revenues of the fund include activities that have characteristics of exchange transactions, mainly rental income. Operating expenses for the fund include the cost of services provided, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Non-operating revenue includes activities that have characteristics of non-exchange transactions such as most federal, state, and local grants and subsidies. Non-operating revenue also includes interest income.

**Proprietary Fund** - The proprietary fund is an *Enterprise Fund* used to account for those operations that are financed and operated in a manner similar to private business or where the CDA has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

**Enterprise Funds** are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All assets and liabilities associated with the operation of this fund are included on the statement of net position. The enterprise fund is used to account for the activities of the low-rent housing program. Under the low-rent housing program, the CDA owns and operates housing units. Financing for the acquisition and rehabilitation of this property was obtained through long-term debt issues. The operations and maintenance are funded principally through tenant rent.

#### Use of estimates

The preparation of financial statements 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.

## CDA 95-1

(A Business -Type Activity-Enterprise Fund of the Community Development Authority of the City of Madison)  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

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### NOTE A -- Summary of significant accounting policies (Continued)

#### Cash and cash equivalents

For purposes of reporting cash flows, the fund considers all investments purchased with a maturity of three months or less to be cash equivalents, with the exception of cash not available to the fund due to restrictions placed on it.

#### Accounts receivable and revenue recognition

The fund utilizes the direct write-off method of accounting for bad debts. The use of this method has no material effect on the financial statements.

Accounts receivable are not interest bearing. A receivable is considered past due if payments have not been received by the fund after 5 days. Accounts receivable are written-off when management determines an account is uncollectible, based on its history of past write-offs, collections, and current credit conditions. Accounts receivable are written-off only after the tenant vacates the unit. A late payment fee of \$30 or \$35 is charged for accounts 5 days past due.

Rental revenue is recognized when earned. The fund leases apartments to eligible applicants under operating leases which are substantially all on a yearly basis. Other revenue consists of various tenant charges and other services and is recognized when the service is complete.

#### Capital assets

Capital assets are stated at cost. Depreciation of capital assets is computed using straight-line and declining-balance methods based upon the following estimated useful lives of the assets:

	<u>Years</u>
Land improvements	15
Buildings and improvements	27.5 - 40
Furnishings and equipment	5 - 7

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

All purchases of capital assets in excess of \$5,000, and/or extends the useful life will be capitalized.

#### Impairment of long-lived assets

The fund reviews long-lived assets, including rental property, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

## CDA 95-1

(A Business -Type Activity-Enterprise Fund of the Community Development Authority of the City of Madison)  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

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### NOTE A -- Summary of significant accounting policies (Continued)

#### Net position

The fund's net position is subdivided into two categories: 1) net investment in capital assets, and 2) unrestricted. Each component of net position is reported separately on the statements of net position. Net investment in capital assets represents the balance of land, land improvements, buildings and improvements, and furnishings and equipment less accumulated depreciation, net of any related debt incurred in the acquisition of capital assets. The remaining net position, not related to capital assets, is reported as unrestricted.

#### Subsequent events

These financial statements have not been updated for subsequent events occurring after May 5, 2023, which is the date these financial statements were available to be issued. The fund has no responsibility to update these financial statements for events and circumstances occurring after this date.

### NOTE B -- Cash and cash equivalents and restricted cash

The fund's cash and cash equivalents and restricted cash as of December 31, 2022 were comprised of the following:

	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Associated Risks</u>
Deposits	\$ 104,473	\$ 101,105	Custodial credit risk
Cash held by WHEDA	<u>0</u>	<u>0</u>	N/A
Total cash and cash equivalents and restricted cash	<u>\$ 104,473</u>	<u>\$ 101,105</u>	

#### Reconciliation to financial statements:

Per statement of net position

Cash and cash equivalents	\$ 81,209
Restricted cash – tenants' security deposits	<u>23,264</u>

Total cash and cash equivalents and restricted cash	<u>\$ 104,473</u>
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## CDA 95-1

(A Business -Type Activity-Enterprise Fund of the Community Development Authority of the City of Madison)  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

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### NOTE B -- Cash and cash equivalents and restricted cash (Continued)

The fund's cash and cash equivalents and restricted cash as of December 31, 2021 were comprised of the following:

	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Associated Risks</u>
Deposits	\$ 103,115	\$ 103,027	Custodial credit risk
Cash held by WHEDA	<u>174,770</u>	<u>174,770</u>	N/A
Total cash and cash equivalents and restricted cash	<u>\$ 277,885</u>	<u>\$ 277,797</u>	

Reconciliation to financial statements:

Per statement of net position

Cash and cash equivalents	\$ 79,863
Restricted cash – tenants' security deposits	23,252
Restricted cash – replacement reserve	<u>174,770</u>

Total cash and cash equivalents and restricted cash \$ 277,885

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts, which, at times, may exceed federally insured limits. The fund has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash and cash equivalents.

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

#### Custodial credit risk

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

As of December 31, 2022 and 2021, none of the fund's total bank balance of \$101,105 and \$277,797, respectively, was exposed to custodial credit risk as uninsured and uncollateralized.

## CDA 95-1

(A Business -Type Activity-Enterprise Fund of the Community Development Authority of the City of Madison)  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

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### NOTE B -- Cash and cash equivalents and restricted cash (Continued)

#### Replacement reserve

In connection with the WHEDA mortgage note described in Note D, the fund had entered into a replacement reserve and security agreement with WHEDA that required the fund to make monthly deposits of \$583 (or such amount as may be required by WHEDA pursuant to the agreement) into a replacement reserve. Withdrawals from the reserve required the consent of WHEDA.

As discussed in Note F, WHEDA required the fund to remit one-half of all cash remaining, if any, after the establishment of all required escrows and reserves and the payment of all expenses to the reserve for replacements on an annual basis.

On June 1, 2022, the WHEDA mortgage note was paid off in full and there is no longer a replacement reserve requirement.

### NOTE C -- Capital assets, net

The balance of and changes in capital assets as of and for the year ended December 31, 2022 is summarized as follows:

	December 31, 2021	Additions	*Deletions	December 31, 2022
Capital assets not being depreciated				
Land	\$ 241,689	\$ 0	\$ (28,702)	\$ 212,987
Total capital assets not being depreciated	241,689	0	(28,702)	212,987
Capital assets being depreciated:				
Buildings and improvements	1,883,962	111,040	(178,442)	1,816,560
Land improvements	35,495	0	0	35,495
Furniture and equipment	126,037	0	0	126,037
Total capital assets being depreciated	2,045,494	111,040	(178,442)	1,978,092
Accumulated depreciation	(1,260,257)	(51,772)	117,103	(1,194,926)
Total capital assets being depreciated, net	785,237	59,268	(61,339)	783,166
Total capital assets, net	\$ 1,026,926	\$ 59,268	\$ (90,041)	\$ 996,153

\*On January 13, 2022, one of the properties (601 S. Baldwin Street which is the two-unit building) was sold to an unrelated third-party for \$345,000.

## CDA 95-1

(A Business -Type Activity-Enterprise Fund of the Community Development Authority of the City of Madison)

### NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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#### NOTE C -- Capital assets, net (Continued)

The balance of and changes in capital assets as of and for the year ended December 31, 2021 is summarized as follows:

	December 31, 2020	Additions	Deletions	December 31, 2021
Capital assets not being depreciated				
Land	\$ 241,689	\$ 0	\$ 0	\$ 241,689
Total capital assets not being depreciated	241,689	0	0	241,689
Capital assets being depreciated:				
Buildings and improvements	1,842,302	41,660	0	1,883,962
Land improvements	35,495	0	0	35,495
Furniture and equipment	126,037	0	0	126,037
Total capital assets being depreciated	2,003,834	41,660	0	2,045,494
Accumulated depreciation	(1,203,722)	(56,535)	0	(1,260,257)
Total capital assets being depreciated, net	800,112	(14,875)	0	785,237
Total capital assets, net	\$ 1,041,801	\$ (14,875)	\$ 0	\$ 1,026,926

# CDA 95-1

(A Business -Type Activity-Enterprise Fund of the Community Development Authority of the City of Madison)  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2022

## NOTE D -- Long-term debt

	Beginning Balance 2021	Increases	Decreases	Ending Balance 2022	Amounts Due Within One Year
Mortgage notes payable:					
WHEDA	\$ 49,428	\$ 0	\$ 49,428	\$ 0	\$ 0
WHEDA WRAP	111,429	0	111,429	0	0
UDAG	345,000	0	345,000	0	0
Section 17	85,000	0	0	85,000	0
Total long-term debt	<u>\$ 590,857</u>	<u>\$ 0</u>	<u>\$ 505,857</u>	<u>\$ 85,000</u>	<u>\$ 0</u>
	Beginning Balance 2020	Increases	Decreases	Ending Balance 2021	Amounts Due Within One Year
Mortgage notes payable:					
WHEDA	\$ 148,083	\$ 0	\$ 98,655	\$ 49,428	\$ 49,428
WHEDA WRAP	111,429	0	0	111,429	111,429
UDAG	345,000	0	0	345,000	345,000
Section 17	85,000	0	0	85,000	0
Total long-term debt	<u>\$ 689,512</u>	<u>\$ 0</u>	<u>\$ 98,655</u>	<u>\$ 590,857</u>	<u>\$ 505,857</u>

Mortgage notes payable consist of the following:

	2022	2021
Wisconsin Housing and Economic Development Authority (WHEDA); monthly payments of \$8,565, including interest at 4.0%; due June 2022; collateralized by a first mortgage on the rental property and the assignment of leases, rentals, issues, profits, and proceeds; prepayment of the note in full is allowed. The note was paid off in full on June 1, 2022.	\$ 0	\$ 49,428
WHEDA WRAP; nonrecourse; non-interest bearing; mortgage note payable requiring 50% of the fund's annual surplus cash as defined in the agreement to be applied to the outstanding principal. The note is due June 2022; collateralized by a first mortgage on the rental property and the assignment of leases, rentals, issues, profits, and proceeds; prepayment of the note in full is allowed. The note was paid off in full on June 1, 2022.	0	111,429
Balance carried forward	0	160,857

## CDA 95-1

(A Business -Type Activity-Enterprise Fund of the Community Development Authority of the City of Madison)  
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December 31, 2022

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### NOTE D -- Long-term debt (Continued)

	<u>2022</u>	<u>2021</u>
Balance brought forward	\$ 0	\$ 160,857
City of Madison Urban Development Action Grant (UDAG) Capital Revolving Fund; nonrecourse; monthly payments of interest only at 5.0%; originally due in June 2020 and was extended in 2020 to June 2022; the note is secured by the fund's rental property and is subordinated to the fund's notes payable to WHEDA; principal due in full in June 2022 (originally due in June 2020 and was subsequently extended). Interest expense was \$0 and \$17,250 for the years ended December 31, 2022 and 2021, respectively; accrued interest was \$0 and \$69,125 as of December 31, 2022 and 2021, respectively. The mortgage note was paid off in full on January 13, 2022. The unpaid interest of \$69,125 was forgiven by the City of Madison on January 13, 2022, and is shown as forgiveness of debt on the statements of revenues, expenses and changes in net position.	0	345,000
City of Madison Section 17; four mortgage notes payable; nonrecourse; non-interest bearing; due upon sale of the property or assignment of owner's investment in the rental property; the note is secured by the rental property.	<u>85,000</u>	<u>85,000</u>
Total long-term debt	85,000	590,857
Less current maturities of long-term debt	<u>0</u>	<u>505,857</u>
Total long-term debt, less current maturities	<u>\$ 85,000</u>	<u>\$ 85,000</u>



## **CDA 95-1**

(A Business -Type Activity-Enterprise Fund of the Community Development Authority of the City of Madison)  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

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### **NOTE E -- Commitments and contingencies**

#### **Regulatory Agreement**

The CDA was assigned and had assumed a Regulatory Agreement with WHEDA which placed occupancy restrictions on rents charged and the minimum set aside of units which shall be occupied by individuals or families whose income meets the requirements as described in the Regulatory Agreement. The agreement expired on June 1, 2022, when the WHEDA and WHEDA WRAP loans (Note D) are paid in full.

#### **Payment in Lieu of Taxes (PILOT)**

The CDA has entered into a PILOT Agreement with the City of Madison, Wisconsin (the City), under which the CDA agrees to make annual PILOT payments to the City in the amount of \$10,000 beginning in 2019 and ending with 2029. The PILOT Agreement shall terminate on the day before the respective January 1st of the year during which the City determines that CDA 95-1 no longer qualifies for property tax exemption or termination of ownership of CDA 95-1 by the CDA. PILOT expense totaled \$10,000 for each of the years ended December 31, 2022 and 2021.

### **NOTE F -- Cash flow restriction**

Pursuant to the debt agreements described in Note D, the fund was prohibited from paying any distributions to the owner. At the end of each fiscal year, the fund was required to deposit one-half of its surplus cash, as defined in the regulatory agreement, into the reserve for replacements. The balance of the surplus cash was applied to the outstanding balance of the WHEDA WRAP note payable described in Note D. On June 1, 2022, the WHEDA and WHEDA WRAP loans were paid in full and there is no longer a cash flow restriction.