

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

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

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2015

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

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

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Community Development Authority of the City of Madison, a component unit of the City of Madison, Wisconsin, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Community Development Authority of the City of Madison's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Monona Shores or the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Monona Shores and aggregate discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Monona Shores and the aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*.

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

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Community Development Authority of the City of Madison, Wisconsin, as of December 31, 2015 and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the Community Development Authority of the City of Madison adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective January 1, 2015. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2016 on our consideration of the Community Development Authority of the City of Madison's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Community Development Authority of the City of Madison's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
July 15, 2016

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS For Year Ended December 31, 2015

The Community Development Authority of the City of Madison's (the "CDA") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the CDA's financial activity, (c) identify changes in the CDA's financial position (its ability to address the next and subsequent years' challenges), and (d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the CDA's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

CDA-WIDE FINANCIAL STATEMENTS

The CDA-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into columns, which add to a total for the entire CDA.

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

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

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

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

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

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Year Ended December 31, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

CDA-WIDE FINANCIAL STATEMENTS (cont.)

The CDA-wide financial statements also include a Statement of Activities, which includes a functional breakdown of revenues and expenditures. The CDA's functions for this statement are Housing Projects and General Government (Planning and Community and Economic Development).

FUND FINANCIAL STATEMENTS

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than fund types. The CDA consists exclusively of Proprietary Funds. Proprietary funds utilize the full accrual basis of accounting. The Proprietary method of accounting is similar to accounting utilized in private sector accounting.

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

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

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

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

THE CDA'S FUNDS

General Operating Fund-This fund accounts for the operation of the CDA's programs and tools to promote neighborhood revitalization, economic development, downtown revitalization, redevelop, rehabilitate, and construct housing properties, and issue tax-exempt housing revenue and redevelopment bonds. The tax-exempt revenue bonds are used to construct or rehabilitate buildings for rental housing. The tax-exempt bonds are issued through public offering or private placement. Twenty percent of the units are set-aside for lower income households. While the bonds are issued in the CDA's name, the bonds are limited obligations of the CDA, and except to the extent payable from bond proceeds or from credit enhancements described, the bonds are payable solely from, and secured by, revenues derived from payments made under a project contract and mortgage note and related security documents delivered by each developer undertaking a project. The CDA issues lease revenue bonds in the context of TIF, where the CDA owns the property that is then leased to the City which then leases it to a private developer.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Year Ended December 31, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

THE CDA'S FUNDS (cont.)

The lease revenue bonds are limited obligations of the CDA secured by the City's lease payments. A \$3,000 application fee is charged and a one-half of one percent fee of the aggregate amount of the bond issue is collected at bond closing. If the applicant applies for redevelopment bonds, which require the creation of a redevelopment district to accommodate the bond issue, then the above described \$3,000 fee shall be \$5,000. These fees are deposited in the General Operating Fund and will be used, in part, to defray any expenses, including staff time, incurred by the CDA and the City in consideration and issuance of the bonds.

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

The Villager Fund- This fund accounts for the activities of The Village on Park, a retail center located on Madison's South Side that was purchased by the CDA in 2004.

Monona Shores Fund- This fund accounts for the activities of Monona Shores apartments. This was a tax credit project that resided on the financial statements as a component unit until the end of 2014. The property was acquired by the CDA per the agreements put in place in 1995 when the project was established.

Allied Drive Fund- This fund accounts for the activities in the neighborhood revitalization project in the Allied Drive area.

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

Karabis Fund: This fund accounts for activities related to a 20-unit housing project for disabled individuals ("Karabis"). HUD subsidizes the rents through monthly housing assistance payments.

Parkside Fund: This fund accounts for activities related to a 95-unit housing project for elderly and disabled individuals ("Parkside"). HUD subsidizes the rents through monthly housing assistance payments. The Wisconsin Housing and Economic Development Authority (WHEDA) holds the mortgage on the project. The CDA has a cooperation agreement with WHEDA for the operation of the project.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Year Ended December 31, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

THE CDA'S FUNDS (cont.)

HUD Projects Fund-East: This fund is part of the Conventional Public Housing Program and accounts for 168 housing units in multiple locations on the City's east side. Under the Conventional Public Housing Program, the CDA rents units that it owns to low-income households.

The Conventional Public Housing Program is operated under an Annual Contributions Contract with HUD, and HUD provides an Operating Subsidy to enable the CDA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the CDA's properties.

HUD Projects Fund-West: This fund is part of the Conventional Public Housing Program and accounts for the operation of 293 housing units in multiple locations on the City's west side. Under the Conventional Public Housing Program, the CDA rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract with HUD, and HUD provides an Operating Subsidy to enable the Authority to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the CDA's properties.

HUD Projects Fund-Triangle: This fund is part of the Conventional Public Housing Program and accounts for the operation of 221 housing units in the City's central area. Under the Conventional Public Housing Program, the CDA rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract with HUD, and HUD provides an Operating Subsidy to enable the CDA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Year Ended December 31, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

THE CDA'S FUNDS (cont.)

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

Internal Service Fund-In addition to the major and non-major funds above, the CDA also maintains the following internal service fund.

Central Cost Center: This fund was created as part of the 2008 adaptation of HUD's asset management program. The Central Cost Center contains the costs and revenues associated with managing the Conventional Public Housing Program, the Section 8 Voucher Program, Karabis, and Parkside.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Year Ended December 31, 2015

FINANCIAL HIGHLIGHTS AND ANALYSIS

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

	Business-type Activities 2015	Business-type Activities 2014
Current and Other Assets	\$ 23,283,969	\$ 23,686,599
Capital Assets	<u>37,894,453</u>	<u>39,406,525</u>
Total Assets	<u>61,178,422</u>	<u>63,093,124</u>
Deferred Outflows of Resources	<u>403,938</u>	<u>-</u>
Long-term Liabilities	20,926,114	26,331,657
Other Liabilities	<u>7,823,167</u>	<u>4,401,976</u>
Total Liabilities	<u>28,749,281</u>	<u>30,773,633</u>
Deferred Inflows of Resources	<u>85</u>	<u>-</u>
Net Position		
Net Investment in Capital Assets	24,946,331	25,532,069
Restricted	837,969	351,987
Unrestricted	<u>7,048,694</u>	<u>6,475,435</u>
Total Net Position	<u>\$ 32,832,994</u>	<u>\$ 32,359,491</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Year Ended December 31, 2015

FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

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

	<u>Business-type Activities 2015</u>	<u>Business-type Activities 2014 *</u>
Revenues		
Program Revenues		
Charges for services	\$ 5,692,646	\$ 4,515,296
Operating grants and contributions	15,329,264	15,294,395
Capital grants and contributions	425,977	849,966
General Revenues		
Investment income	361,743	179,105
Interest on capital leases	519,705	299,836
Transfer from LLC upon dissolution	-	2,863,366
Miscellaneous	38,935	70,549
Total Revenues	<u>22,368,270</u>	<u>24,072,513</u>
Expenses		
Community Development	2,410,521	5,984,772
Housing projects	20,269,175	18,962,240
Total Expenses	<u>22,679,696</u>	<u>24,947,012</u>
Decrease in Net Position	(311,426)	(874,499)
Beginning Net Position (As Restated)	<u>33,144,420</u>	<u>33,233,990</u>
Ending Net Position	<u>\$ 32,832,994</u>	<u>\$ 32,359,491</u>

* The 2014 column has not been restated.

The CDA's total Net Position decreased by \$311,426 during 2015. Since the CDA engages only in Business-type Activities, the decrease is all in the category of Business-type Net Position. Net Position was \$32.3 million and \$32.8 million for 2014 and 2015, respectively. There was a restatement of net position of \$784,929 for the addition of the net pension asset with the introduction of GASB 68. The financial highlights of each project are discussed below:

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Year Ended December 31, 2015

FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

General Operating Fund- There was an increase in Net Position in the amount of \$263,969, due mostly to the acquisition of land on West Broadway that was funded with City of Madison Capital Project money.

Allied Drive Neighborhood- In May 2006, the City of Madison purchased approximately 11.5 acres of land and buildings on Allied Drive in the Allied neighborhood ("Allied Drive Property"). In January 2008, the Common Council authorized a cooperative agreement between the City and the CDA which documents the terms of a master development agreement between the two parties. With significant neighborhood and community involvement a master plan for the 11.5 acres was created. The master plan includes the construction of affordable apartments and owner occupied housing at varying levels of affordability.

The CDA has developed a 49 unit apartment building on Allied Drive that is owned by Allied Drive Redevelopment, LLC ("Revival Ridge"). The CDA is the managing member of Allied Drive Redevelopment, LLC. As part of the development, the CDA made a loan in the amount of \$1.3 million to Allied Drive Redevelopment, LLC to fund construction. The loan is secured by a first mortgage on the property. The CDA borrowed \$1.3 million from a local bank and used the proceeds to fund its loan to Allied Drive Redevelopment, LLC. The principal and interest payments from Allied Drive Redevelopment, LLC are used to make the contractual payments on the loan from the local bank to the CDA. Allied Drive Redevelopment, LLC is reported as a component unit of the CDA; however, the debt from Allied Drive Redevelopment, LLC to the CDA is reported as an asset in the CDA's financial statements and the loan from the local bank is reported as a liability on the CDA financial statements. See the Allied Drive Fund. The loan from the local bank matured in 2014 and was extended for three years with a maturity of December 30, 2017. Annually, excess cash flow as described in the Allied Drive Redevelopment, LLC Amended Operating Agreement is distributed. The CDA's portion of excess cash flow is applied to accrued interest and principal on subordinated cash flow loans from the CDA to the LLC as well as accrued asset management fees.

In 2015, the CDA received a cash distribution from 2014 operations in the amount of \$75,435. The cash flow distribution was applied to accrued interest on a subordinated cash flow loan from the CDA to the LLC. *See the Allied Drive Redevelopment, LLC audited financial statements for more detailed financial information.*

During 2015, the CDA continued work on the development of 25 single family homes at the south end of the Allied Drive Property ("Mosaic Ridge"). In addition to opening a sales office and completing site work associated with the sales office, the CDA contracted for and began construction of a model home.

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Year Ended December 31, 2015

FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

The Villager The Village on Park is a 125,000 square foot retail/commercial property in south Madison. It was purchased by the CDA in 2004 for \$9 million with the objective of providing stability and an opportunity for community and economic development. In addition to the existing building, the site contained three out lots for future development. Since the purchase, the CDA has created a master plan for the revitalization of the property, sold an out lot to the Urban League of Greater Madison, sold an out lot to Access Community Health, and completed the first and second phase of renovations. The property is approximately 77% leased. The majority of the vacancy is in the north building and is not available for lease. Major tenants include the University of Wisconsin, Madison Area Technical College, Dane County Human Services, Public Health, Access Community Health, Head Start, Lanes Bakery, Uncle Joes Urban Wear, and an Asian grocery.

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

No significant capital improvements or changes in operations occurred during 2014 or 2015.

Truax Park Redevelopment- In 2011, the CDA renovated 71 units of low rent public housing at the Truax Park Public Housing Site. The property is owned by Truax Park Redevelopment Phase I, LLC and the CDA is a .01% managing member. Construction and lease up were completed in 2011. Forty-seven (47) of the apartments continue to be rented as public housing units with residents paying 30% of their income in rent. Twenty-four (24) of the renovated apartments have project based Section 8 Vouchers ("PBVs") and the residents pay 30% of their income in rent as well; however, HUD rental assistance will make up the difference between the listed rents and the residents payment. Truax Park Redevelopment Phase 1, LLC is reported as a component unit of the CDA. *See the Truax Park Redevelopment Phase I, LLC audited financial statements for more detailed financial information.*

In November of 2014, the CDA closed on the financing for Truax Park Redevelopment, Phase 2 ("Phase 2") and commenced construction. Phase 2 is an \$8.8 Million transaction comprised of the development of 48 apartments. Forty (40) are low rent public housing replacement and eight (8) are operated as permanent supportive housing for individuals experiencing homelessness. The property is owned by Truax Park Development, Phase 2, LLC in which the CDA is the managing member and US Bank CDC is the tax credit investor. Low Income Housing Tax Credits awarded by WHEDA in 2013 provided the primary funding. US Bank provided a construction loan. Other financing is being provided by the CDA, the City of Madison, and the Federal Home Loan Bank. Construction was completed during the fourth quarter of 2015 and is fully leased. Truax Park Redevelopment Phase 2, LLC is reported as a component unit of the CDA. *See the Truax Park Redevelopment, Phase 2, LLC audited financial statements for more detailed financial information.*

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Year Ended December 31, 2015

FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

Burr Oaks Senior Housing- In 2011, the CDA completed construction of fifty (50) units of affordable housing for senior citizens in the Badger/Anne Redevelopment District ("Burr Oaks Senior Housing"). Burr Oaks Senior Housing is owned by Burr Oaks Senior Housing, LLC and the CDA is a .01% managing member. The property continues to be well occupied and meet its obligations. Burr Oaks Senior Housing, LLC is reported as a component unit of the CDA. The CDA receives approximately \$7,500 per year in asset management fees from Burr Oaks Senior Housing, LLC. *See the Burr Oaks Senior Housing, LLC audited financial statements for more detailed financial information.*

Monona Shores Apartments-- Monona Shores Apartments is an affordable, housing development containing 104 rent and income restricted apartments on the City's south side. It was redeveloped in 1999 with the use of Low Income Housing Tax Credits. The property was owned by an LLC of which Madison Revitalization and Community Development Corporation (MRCDC), a non-profit wholly owned by the CDA, was the Managing Member. In 2014, MRCDC acquired the investor member interests in the LLC, transferred the property to the CDA, and dissolved the LLC. *See Monona Shores audited financial statements for more detailed financial information about the property*

- HUD Projects East AMP-The net position of the East AMP Fund decreased by \$311,750. The total net position is \$3,777,549.
- HUD Projects West AMP-The net position of the West AMP Fund decreased by \$231,148 to a total of \$3,532,198. The decrease was an improvement of more than \$100,000 from the previous year.
- HUD Projects Triangle AMP-The net position of the Triangle AMP Fund decreased by \$91,066 to a total of \$1,805,111. The decrease was approximately \$100,000 less than the previous year.
- HUD Projects Central Cost Center-The net position of the Central Cost Center Fund increased by \$68,115 to a total of \$741,812.
- HUD Projects Fund Capital Fund Grant Program – In 2015, \$754,416 was received under this grant program. These funds were used for Public Housing physical and management improvements.
- HUD Projects Fund Service Coordinator Grant – \$149,782 was received in 2015 under this grant program. This program provides for a contracted services coordinator who assists elderly and disabled CDA residents in accessing services which will help to keep them in Public Housing units.
- Karabis – The net position of the Karabis Fund increased by \$22,041 in 2015. The net position in this fund is \$1,409,811. The increase was due to increased efficiencies in operations, and investment income from the advance to Parkside.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Year Ended December 31, 2015

FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

- Parkside – The net position of the Parkside Fund increased by \$92,385 in 2015. This increased the net asset total to \$730,487. The increase was due to increased efficiencies in operations.
- Section 8 Program – The net position of the Housing Choice Voucher program decreased by \$183,922, to a total of \$955,844. Intergovernmental grants from the Department of Housing and Urban Development to support the program increased from \$11.8 million in 2014 to \$12.2 million in 2015. This program supported an average of 1,620 housing units per month in 2015. In 2014, the program supported an average of 1,605 housing units per month.

CAPITAL ASSETS AND LONG-TERM DEBT

CAPITAL ASSETS

At the end of 2015, the CDA had \$37.9 million invested in a variety of capital assets as reflected in the following schedule. This represents a net decrease (additions, deductions and depreciation) of \$1,512,072 or 3.8% from the end of the previous year. There were no major capital asset addition by the CDA in 2015. The schedule below summarizes the capital asset activity:

**CDA-WIDE
CHANGE IN CAPITAL ASSETS**

	2015	2014
Beginning Balance	\$ 39,406,525	\$ 34,101,929
Additions	593,819	883,813
Deletions and Adjustments	(94,609)	11,635,826
Depreciation	(2,011,282)	(7,215,043)
Ending Balance	\$ 37,894,453	\$ 39,406,525

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Year Ended December 31, 2015

CAPITAL ASSETS AND LONG-TERM DEBT (cont.)

LONG-TERM DEBT

During 2015, the CDA's long-term debt decreased by \$1.8 million due to principal payoffs on existing debt.

**CDA-WIDE
CHANGE IN OUTSTANDING DEBT – 2015**

	Beginning Balance	Increases	Decreases	Ending Balance
Revenue bonds	\$ 11,170,000	\$ -	\$ 1,300,000	\$ 9,870,000
Mortgage notes	4,771,480	-	351,110	4,420,370
Other loans/notes	2,748,884	-	102,347	2,646,537
(Discount)/Premiums	205,327	-	59,000	146,327
Total Long-Term Debt	\$ 18,895,691	\$ -	\$ 1,812,457	\$ 17,083,234

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

ECONOMIC FACTORS

Significant economic factors affecting the CDA are as follows:

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

REQUESTS FOR INFORMATION

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

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

STATEMENT OF NET POSITION
As of December 31, 2015

	CDA		Component
ASSETS	Business- type Activities	-	Units
Current Assets			
Cash and investments	\$ 3,806,746	\$	482,920
Accounts receivable (net)	293,508		399,141
Interest receivable	150,782		-
Current portion of leases receivable from primary government - City of Madison	1,390,000		-
Due from other governmental units	259,678		-
Prepaid items	1,091,987		420,891
Restricted Assets			
Cash and investments	28,901		1,469,947
Total Current Assets	7,021,602		2,772,899
Noncurrent Assets			
Capital Assets			
Land	11,655,000		862,243
Construction in progress	208,539		-
Land improvements	861,437		732,831
Buildings and improvements	67,837,636		34,615,416
Machinery and equipment	1,999,386		1,080,113
Intangibles	43,937		-
Less: Accumulated depreciation	(44,711,482)		(5,393,474)
Net Capital Assets	37,894,453		31,897,129
Other Assets			
Restricted Assets			
Cash and investments	2,197,496		-
Due from other governmental units	535,797		-
Net pension asset	392,785		-
Other post-employment benefits asset	34,544		-
Long-term receivables	3,863,660		-
Leases receivable	9,238,085		-
Financing costs, net	-		105,473
Tax credit fees, net	-		341,147
Total Other Assets	16,262,367		446,620
Total Noncurrent Assets	54,156,820		32,343,749
Total Assets	61,178,422		35,116,648
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	403,938		-
Total Deferred Outflows of Resources	403,938		-

	<u>CDA</u>	
	Business- type Activities	Component Units
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 547,205	\$ 265,868
Accrued liabilities	399,081	1,099,277
Unearned revenue	306,670	626,155
Due to primary government - City of Madison pooled cash and investments	796,655	-
Current portion of long-term debt	4,786,958	5,768,825
Current portion of advances from primary government - City of Madison	569,216	-
Accrued compensated absences	112,077	-
Other liabilities	305,305	210,131
Development fee payable	-	171,676
Total Current Liabilities	<u>7,823,167</u>	<u>8,141,932</u>
Long-Term Liabilities Net of Current Maturities		
Mortgage notes	1,119,193	9,027,562
Revenue bonds	8,480,000	-
Other loans	2,550,756	-
Unamortized premiums	146,327	-
Accrued compensated absences	448,314	-
Other post-employment benefits	210,655	-
Net pension liability	661	-
Advance from primary government - City of Madison	7,970,208	-
Total Long-Term Liabilities Net of Current Maturities	<u>20,926,114</u>	<u>9,027,562</u>
Total Liabilities	<u>28,749,281</u>	<u>17,169,494</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related amounts	85	-
Total Deferred Outflows of Resources	<u>85</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	24,946,331	17,100,742
Restricted for debt	445,184	-
Restricted for pension	392,785	-
Unrestricted	<u>7,048,694</u>	<u>846,412</u>
TOTAL NET POSITION	<u>\$ 32,832,994</u>	<u>\$ 17,947,154</u>

See accompanying notes to financial statements.

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

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>CDA</u>	<u>Component Units</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Position</u>	
CDA						
Business-type activities						
Community development	\$ 2,410,521	\$ 1,543,228	\$ -	\$ 425,977	\$ (441,316)	\$ -
Housing projects	20,269,175	4,149,418	15,329,264	-	(790,493)	-
Total Business-type Activities	<u>\$ 22,679,696</u>	<u>\$ 5,692,646</u>	<u>\$ 15,329,264</u>	<u>\$ 425,977</u>	<u>(1,231,809)</u>	<u>-</u>
Component Units - Housing Projects	<u>\$ 2,758,718</u>	<u>\$ 1,401,410</u>	<u>\$ 165,454</u>	<u>\$ 1,073,665</u>	<u>-</u>	<u>(118,189)</u>
General revenues						
Investment income					361,743	1,175
Interest on capital leases					519,705	-
Miscellaneous					38,935	-
Gain from extinguishment of debt					-	-
Transfer to CDA upon dissolution					-	-
Transfer from LLC upon dissolution					#REF!	-
Total General Revenues					<u>#REF!</u>	<u>1,175</u>
Change in net position					#REF!	(117,014)
NET POSITION – Beginning of Year (as restated)					<u>33,144,420</u>	<u>18,064,168</u>
NET POSITION – END OF YEAR					<u>#REF!</u>	<u>\$ 17,947,154</u>

See accompanying notes to financial statements.

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of December 31, 2015

	Business-type Activities - Enterprise Funds						Totals	Business- type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	Villager Fund	Allied Drive Fund	Monona Shores Fund	Nonmajor Enterprise Funds		Central Cost Center Fund
ASSETS								
Current Assets								
Cash and investments	\$ -	\$ 162,225	\$ -	\$ 223,835	\$ 289,319	\$ 2,473,404	\$ 3,148,783	\$ 657,963
Accounts receivable (net)	-	-	212,152	3,218	59,222	18,916	293,508	-
Interest receivable	150,048	-	-	-	-	734	150,782	-
Current portion of advances to other funds	-	-	-	-	-	50,000	50,000	-
Current portion of leases receivable from primary government - City of Madison	1,390,000	-	-	-	-	-	1,390,000	-
Due from other governmental units	-	-	-	-	-	259,678	259,678	-
Prepaid items	3,127	1,055,437	303	125	-	27,687	1,086,679	5,308
Restricted assets								
Cash and investments	28,901	-	-	-	-	-	28,901	-
Total Current Assets	1,572,076	1,217,662	212,455	227,178	348,541	2,830,419	6,408,331	663,271
Noncurrent Assets								
Property, Plant and Equipment								
Land	1,007,937	-	4,580,151	3,426,962	173,501	2,466,449	11,655,000	-
Construction in progress	2,500	-	-	206,039	-	-	208,539	-
Land improvements	-	-	-	-	580,129	281,308	861,437	-
Buildings and improvements	-	-	18,078,816	-	10,823,949	38,678,336	67,581,101	256,535
Machinery and equipment	-	43,025	-	-	427,040	1,253,629	1,723,694	275,692
Intangibles	-	-	-	-	-	43,937	43,937	-
Less: Accumulated depreciation	-	(43,025)	(4,191,180)	-	(6,278,064)	(33,763,187)	(44,275,456)	(436,026)
Net Property, Plant and Equipment	1,010,437	-	18,467,787	3,633,001	5,726,555	8,960,472	37,798,252	96,201
Other Assets								
Restricted Assets								
Cash and investments	1,924,516	-	-	-	62,466	210,514	2,197,496	-
Due from other governmental units	-	-	-	-	-	535,797	535,797	-
Net pension asset	40,131	93,437	-	-	-	198,274	331,842	60,943
Other post-employment benefits asset	-	-	-	-	-	-	-	34,544
Long-term receivables	1,280,569	-	-	2,583,091	-	-	3,863,660	-
Leases receivable	7,392,085	-	-	-	-	1,846,000	9,238,085	-
Total Other Assets	10,637,301	93,437	-	2,583,091	62,466	2,790,585	16,166,880	95,487
Total Noncurrent Assets	11,647,738	93,437	18,467,787	6,216,092	5,789,021	11,751,057	53,965,132	191,688
Total Assets	13,219,814	1,311,099	18,680,242	6,443,270	6,137,562	14,581,476	60,373,463	854,959
DEFERRED OUTFLOWS OF RESOURCES								
Pension related amounts	43,374	111,315	-	-	-	210,121	364,810	39,128
Total Deferred Outflows of Resources	43,374	111,315	-	-	-	210,121	364,810	39,128

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds						Totals	Business- type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	Villager Fund	Allied Drive Fund	Monona Shores Fund	Nonmajor Enterprise Funds		Central Cost Center Fund
LIABILITIES								
Current Liabilities								
Accounts payable	\$ 25,808	\$ 28,823	\$ 105	\$ 10,218	\$ 11,947	\$ 466,255	\$ 543,156	\$ 4,049
Accrued liabilities	145,676	21,960	43,765	293	119,638	53,192	384,524	14,557
Unearned revenue	-	-	210,000	-	41,048	55,622	306,670	-
Due to primary government - City of Madison pooled cash and investments	729,067	-	67,588	-	-	-	796,655	-
Current portion of mortgage notes	-	-	-	-	3,031,030	270,147	3,301,177	-
Current portion of revenue bonds	1,390,000	-	-	-	-	-	1,390,000	-
Current portion of other loans	68,333	-	-	27,448	-	-	95,781	-
Current portion of advances from other funds	-	-	-	-	-	50,000	50,000	-
Current portion of advances from primary government - City of Madison	-	-	567,483	-	-	1,733	569,216	-
Accrued compensated absences	2,511	37,026	468	468	-	58,545	99,018	13,059
Other liabilities	-	24,430	-	-	64,297	216,578	305,305	-
Total Current Liabilities	<u>2,361,395</u>	<u>112,239</u>	<u>889,409</u>	<u>38,427</u>	<u>3,267,960</u>	<u>1,172,072</u>	<u>7,841,502</u>	<u>31,665</u>
Long-Term Debt Net of Current Maturities								
Mortgage notes	-	-	-	-	213,067	906,126	1,119,193	-
Revenue bonds	8,480,000	-	-	-	-	-	8,480,000	-
Other loans	1,068,335	-	-	819,550	-	662,871	2,550,756	-
Unamortized premium	146,327	-	-	-	-	-	146,327	-
Accrued compensated absences	10,042	148,106	1,870	1,870	-	234,190	396,078	52,236
Other post-employment benefits obligation	8,307	94,504	-	-	-	107,844	210,655	-
Net pension liability	-	-	-	-	-	661	661	-
Advances from primary government - City of Madison	238,000	111,697	7,297,398	-	-	254,746	7,901,841	68,367
Total Long-Term Debt	<u>9,951,011</u>	<u>354,307</u>	<u>7,299,268</u>	<u>821,420</u>	<u>213,067</u>	<u>2,166,438</u>	<u>20,805,511</u>	<u>120,603</u>
Total Liabilities	<u>12,312,406</u>	<u>466,546</u>	<u>8,188,677</u>	<u>859,847</u>	<u>3,481,027</u>	<u>3,338,510</u>	<u>28,647,013</u>	<u>152,268</u>
DEFERRED INFLOWS OF RESOURCES								
Pension related amounts	9	24	-	-	-	45	78	7
Total Deferred Inflows of Resources	<u>9</u>	<u>24</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45</u>	<u>78</u>	<u>7</u>
NET POSITION								
Net investment in capital assets	1,010,437	-	10,602,906	3,633,001	2,482,458	7,121,328	24,850,130	96,201
Restricted for debt	-	26,280	-	-	-	418,904	445,184	-
Restricted for pension	40,131	93,437	-	-	-	198,274	331,842	60,943
Unrestricted (deficit)	(99,795)	836,127	(111,341)	1,950,422	174,077	3,714,536	6,464,026	584,668
TOTAL NET POSITION	<u>\$ 950,773</u>	<u>\$ 955,844</u>	<u>\$ 10,491,565</u>	<u>\$ 5,583,423</u>	<u>\$ 2,656,535</u>	<u>\$ 11,453,042</u>	<u>\$ 32,091,182</u>	<u>\$ 741,812</u>

See accompanying notes to financial statements.

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds						Totals	Business- type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	Villager Fund	Allied Drive Fund	Monona Shores Fund	Nonmajor Enterprise Funds		Central Cost Center Fund
OPERATING REVENUES								
Charges for services	\$ -	\$ -	\$ 1,520,375	\$ -	\$ 1,003,413	\$ 2,917,776	\$ 5,441,564	\$ 510,990
Other revenue	-	-	22,853	-	43,566	184,663	251,082	-
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>1,543,228</u>	<u>-</u>	<u>1,046,979</u>	<u>3,102,439</u>	<u>5,692,646</u>	<u>510,990</u>
OPERATING EXPENSES								
Operation and maintenance	262,789	12,616,443	690,517	32,891	586,080	4,963,729	19,152,449	433,558
Depreciation	-	1,656	612,134	-	426,093	958,572	1,998,455	12,827
Taxes	-	-	70,000	-	-	186,872	256,872	-
Total Operating Expenses	<u>262,789</u>	<u>12,618,099</u>	<u>1,372,651</u>	<u>32,891</u>	<u>1,012,173</u>	<u>6,109,173</u>	<u>21,407,776</u>	<u>446,385</u>
Operating Income (Loss)	<u>(262,789)</u>	<u>(12,618,099)</u>	<u>170,577</u>	<u>(32,891)</u>	<u>34,806</u>	<u>(3,006,734)</u>	<u>(15,715,130)</u>	<u>64,605</u>
NONOPERATING REVENUES (EXPENSES)								
Investment income	87,449	3,064	-	246,565	126	20,612	357,816	3,927
Interest on capital lease	519,705	-	-	-	-	-	519,705	-
Interest and amortization expenses	(528,877)	(3,999)	(182,770)	(30,523)	(241,763)	(103,748)	(1,091,680)	(2,448)
Intergovernmental grants	-	12,420,712	-	-	-	2,908,552	15,329,264	-
Miscellaneous revenues	22,504	14,400	-	-	-	-	36,904	2,031
Miscellaneous expenses	-	-	(20)	-	-	(242,377)	(242,397)	-
Total Nonoperating Revenue (Expenses)	<u>100,781</u>	<u>12,434,177</u>	<u>(182,790)</u>	<u>216,042</u>	<u>(241,637)</u>	<u>2,583,039</u>	<u>14,909,612</u>	<u>3,510</u>
Income (Loss) Before Contributions	<u>(162,008)</u>	<u>(183,922)</u>	<u>(12,213)</u>	<u>183,151</u>	<u>(206,831)</u>	<u>(423,695)</u>	<u>(805,518)</u>	<u>68,115</u>
CAPITAL CONTRIBUTIONS	425,977	-	-	-	-	-	425,977	-
CHANGE IN NET POSITION	263,969	(183,922)	(12,213)	183,151	(206,831)	(423,695)	(379,541)	68,115
NET POSITION – Beginning of Year (as restated)	<u>686,804</u>	<u>1,139,766</u>	<u>10,503,778</u>	<u>5,400,272</u>	<u>2,863,366</u>	<u>11,876,737</u>	<u>32,470,723</u>	<u>673,697</u>
NET POSITION – END OF YEAR	<u>\$ 950,773</u>	<u>\$ 955,844</u>	<u>\$ 10,491,565</u>	<u>\$ 5,583,423</u>	<u>\$ 2,656,535</u>	<u>\$ 11,453,042</u>	<u>\$ 32,091,182</u>	<u>\$ 741,812</u>

See accompanying notes to financial statements.

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds						Totals	Business- type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	Villager Fund	Allied Drive Fund	Monona Shores Fund	Nonmajor Enterprise Funds		Central Cost Center Fund
CASH FLOWS FROM OPERATING ACTIVITIES								
Received from customers	\$ -	\$ -	\$ 1,690,234	\$ -	\$ 1,077,017	\$ 3,097,685	\$ 5,864,936	\$ 510,990
Paid to suppliers for goods and services	(424,724)	(11,862,374)	(648,792)	(20,370)	(586,953)	(2,977,943)	(16,521,156)	(42,911)
Paid to employees for services	(145,297)	(884,316)	(26,810)	(11,170)	-	(1,616,661)	(2,684,254)	(427,859)
Paid to city for tax equivalent	-	-	(70,000)	-	-	(186,872)	(256,872)	-
Net Cash Flows From Operating Activities	<u>(570,021)</u>	<u>(12,746,690)</u>	<u>944,632</u>	<u>(31,540)</u>	<u>490,064</u>	<u>(1,683,791)</u>	<u>(13,597,346)</u>	<u>40,220</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Deposits (refunds)	-	-	-	-	-	(42,655)	(42,655)	-
Deposits (refunds) with governmental agencies	-	-	-	-	-	(66,917)	(66,917)	-
Intergovernmental grants	-	12,420,712	-	-	-	2,977,788	15,398,500	-
Deficit cash implicitly financed (repaid)	542,853	-	(155,866)	-	-	-	386,987	-
Collection of long-term receivable	9,144	-	-	36,789	-	-	45,933	-
Debt retired	(1,368,333)	-	-	-	-	-	(1,368,333)	-
Interest paid	(605,295)	-	-	-	-	-	(605,295)	-
Repayment of advance from primary government	-	(7,633)	(567,483)	-	-	(17,529)	(592,645)	(4,672)
Collection of advance to other funds	-	-	-	-	-	45,000	45,000	-
Lease payments received	1,836,868	-	-	-	-	-	1,836,868	-
Other nonoperating items	72,523	14,400	(35,020)	-	-	(147,518)	(95,615)	2,031
Net Cash Flows From Noncapital Financing Activities	<u>487,760</u>	<u>12,427,479</u>	<u>(758,369)</u>	<u>36,789</u>	<u>-</u>	<u>2,748,169</u>	<u>14,941,828</u>	<u>(2,641)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Debt retired	-	-	-	(26,273)	(96,451)	(262,401)	(385,125)	-
Interest paid	-	(4,000)	(186,263)	(29,114)	(242,395)	(104,409)	(566,181)	(2,448)
Acquisition and construction of capital assets	(431,425)	-	-	(57,200)	(50,747)	(54,695)	(594,067)	-
Repayment of advance from other funds	-	-	-	-	-	(45,000)	(45,000)	-
Capital contributions	425,977	-	-	-	-	-	425,977	-
Net Cash Flows From Capital and Related Financing Activities	<u>(5,448)</u>	<u>(4,000)</u>	<u>(186,263)</u>	<u>(112,587)</u>	<u>(389,593)</u>	<u>(466,505)</u>	<u>(1,164,396)</u>	<u>(2,448)</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Investment income	87,709	3,064	-	246,565	126	21,273	358,737	3,927
Net Cash Flows From Investing Activities	<u>87,709</u>	<u>3,064</u>	<u>-</u>	<u>246,565</u>	<u>126</u>	<u>21,273</u>	<u>358,737</u>	<u>3,927</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	(320,147)	-	139,227	100,597	619,146	538,823	39,058
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,953,417</u>	<u>482,372</u>	<u>-</u>	<u>84,608</u>	<u>251,188</u>	<u>2,064,772</u>	<u>4,836,357</u>	<u>618,905</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,953,417</u>	<u>\$ 162,225</u>	<u>\$ -</u>	<u>\$ 223,835</u>	<u>\$ 351,785</u>	<u>\$ 2,683,918</u>	<u>\$ 5,375,180</u>	<u>\$ 657,963</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds						Totals	Business- type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	Villager Fund	Allied Drive Fund	Monona Shores Fund	Nonmajor Enterprise Funds		Central Cost Center Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES								
Operating income (loss)	\$ (262,789)	\$ (12,618,099)	\$ 170,577	\$ (32,891)	\$ 34,806	\$ (3,006,734)	\$ (15,715,130)	\$ 64,605
Adjustments to reconcile operating income (loss) to net cash flows from operating activities								
Depreciation	-	1,656	612,134	-	426,093	958,572	1,998,455	12,827
Change in assets and liabilities								
Receivables	-	-	147,006	-	4,744	(9,065)	142,685	-
Prepaid items and other assets	2,310	(207,811)	10,466	(125)	7,237	47,872	(140,051)	(2,206)
Accounts payable	(283,792)	32,417	1,400	(1,155)	1,189	209,453	(40,488)	(1,701)
Accrued liabilities	(24,545)	48,326	3,049	2,631	1,098	118,678	149,237	(32,446)
Pension related amounts	(1,205)	(3,179)	-	-	-	(5,805)	(10,189)	(859)
Unearned revenue	-	-	-	-	14,897	3,238	18,135	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ (570,021)	\$ (12,746,690)	\$ 944,632	\$ (31,540)	\$ 490,064	\$ (1,683,791)	\$ (13,597,346)	\$ 40,220

**RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE
STATEMENT OF NET POSITION**

Cash and investments	\$ -	\$ 162,225	\$ -	\$ 223,835	\$ 289,319	\$ 2,473,404	\$ 3,148,783	\$ 657,963
Restricted cash and investments - current and noncurrent	1,953,417	-	-	-	62,466	210,514	2,226,397	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,953,417	\$ 162,225	\$ -	\$ 223,835	\$ 351,785	\$ 2,683,918	\$ 5,375,180	\$ 657,963

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

None

See accompanying notes to financial statements.

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

STATEMENT OF NET POSITION
COMPONENT UNITS
As of December 31, 2015

	Allied Drive Redevelopment, LLC	Truax Park Redevelopment, Phase I, LLC	Burr Oaks Senior Housing, LLC	Truax Park Development, Phase 2, LLC	Totals
ASSETS					
Current Assets					
Cash and investments	\$ 112,712	\$ -	\$ 353,036	\$ 17,172	\$ 482,920
Accounts receivable	2,089	321,030	3,119	72,903	399,141
Prepaid items	373,500	-	5,509	41,882	420,891
Restricted assets					
Cash and investments	489,735	582,478	392,832	4,902	1,469,947
Total Current Assets	<u>978,036</u>	<u>903,508</u>	<u>754,496</u>	<u>136,859</u>	<u>2,772,899</u>
Noncurrent Assets					
Property, Plant and Equipment					
Land	401,396	71,000	302,980	86,867	862,243
Land improvements	160,936	191,117	249,784	130,994	732,831
Buildings and improvements	8,181,766	13,086,097	5,619,578	7,727,975	34,615,416
Machinery and equipment	301,486	240,052	319,634	218,941	1,080,113
Less: Accumulated depreciation	<u>(2,262,847)</u>	<u>(2,212,173)</u>	<u>(865,733)</u>	<u>(52,721)</u>	<u>(5,393,474)</u>
Net Property, Plant and Equipment	<u>6,782,737</u>	<u>11,376,093</u>	<u>5,626,243</u>	<u>8,112,056</u>	<u>31,897,129</u>
Other Assets					
Financing costs, net	-	-	53,016	52,457	105,473
Tax credit fees, net	59,057	106,319	55,898	119,873	341,147
Total Other Assets	<u>59,057</u>	<u>106,319</u>	<u>108,914</u>	<u>172,330</u>	<u>446,620</u>
Total Noncurrent Assets	<u>6,841,794</u>	<u>11,482,412</u>	<u>5,735,157</u>	<u>8,284,386</u>	<u>32,343,749</u>
Total Assets	<u>\$ 7,819,830</u>	<u>\$ 12,385,920</u>	<u>\$ 6,489,653</u>	<u>\$ 8,421,245</u>	<u>\$ 35,116,648</u>

See accompanying notes to financial statements.

	Allied Drive Redevelopment, LLC	Truax Park Redevelopment, Phase I, LLC	Burr Oaks Senior Housing, LLC	Truax Park Development, Phase 2, LLC	Totals
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 11,091	\$ 77,505	\$ 1,223	\$ 176,049	\$ 265,868
Accrued liabilities	354,770	640,207	90,301	13,999	1,099,277
Unearned revenue	32,960	569,292	16,208	7,695	626,155
Current portion of mortgage notes	38,495	50,545	16,793	5,662,992	5,768,825
Other liabilities	40,755	133,285	17,938	18,153	210,131
Development fee payable	-	58,735	-	112,941	171,676
Total Current Liabilities	<u>478,071</u>	<u>1,529,569</u>	<u>142,463</u>	<u>5,991,829</u>	<u>8,141,932</u>
Long-Term Debt Net of Current Maturities					
Mortgage notes	<u>2,544,596</u>	<u>3,498,088</u>	<u>1,493,590</u>	<u>1,491,288</u>	<u>9,027,562</u>
Total Long-Term Debt Net of Current Maturities	<u>2,544,596</u>	<u>3,498,088</u>	<u>1,493,590</u>	<u>1,491,288</u>	<u>9,027,562</u>
Total Liabilities	<u>3,022,667</u>	<u>5,027,657</u>	<u>1,636,053</u>	<u>7,483,117</u>	<u>17,169,494</u>
NET POSITION					
Net investment in capital assets	4,199,646	7,827,460	4,115,860	957,776	17,100,742
Unrestricted (deficit)	<u>597,517</u>	<u>(469,197)</u>	<u>737,740</u>	<u>(19,648)</u>	<u>846,412</u>
Total Net Position	<u>4,797,163</u>	<u>7,358,263</u>	<u>4,853,600</u>	<u>938,128</u>	<u>17,947,154</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 7,819,830</u>	<u>\$ 12,385,920</u>	<u>\$ 6,489,653</u>	<u>\$ 8,421,245</u>	<u>\$ 35,116,648</u>

See accompanying notes to financial statements.

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
COMPONENT UNITS
For the Year Ended December 31, 2015

	Allied Drive Redevelopment, LLC	Truax Park Redevelopment, Phase I, LLC	Burr Oaks Senior Housing, LLC	Truax Park Development, Phase 2, LLC	Totals
OPERATING REVENUES					
Charges for services	\$ 521,854	\$ 374,672	\$ 403,264	\$ 41,456	\$ 1,341,246
Other revenue	10,239	39,896	7,096	2,933	60,164
Total Operating Revenues	<u>532,093</u>	<u>414,568</u>	<u>410,360</u>	<u>44,389</u>	<u>1,401,410</u>
OPERATING EXPENSES					
Operation and maintenance	420,705	479,746	300,242	118,963	1,319,656
Depreciation	322,228	471,039	196,296	52,721	1,042,284
Total Operating Expenses	<u>742,933</u>	<u>950,785</u>	<u>496,538</u>	<u>171,684</u>	<u>2,361,940</u>
Operating Income (Loss)	<u>(210,840)</u>	<u>(536,217)</u>	<u>(86,178)</u>	<u>(127,295)</u>	<u>(960,530)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	930	172	73	-	1,175
Interest and amortization	(118,506)	(158,030)	(79,435)	(40,807)	(396,778)
Intergovernmental grants	-	132,889	-	32,565	165,454
Gain from extinguishment of debt	-	-	-	-	-
Transfer to CDA upon dissolution	-	-	-	-	-
Total Nonoperating Revenue (Expenses)	<u>(117,576)</u>	<u>(24,969)</u>	<u>(79,362)</u>	<u>(8,242)</u>	<u>(230,149)</u>
Income (Loss) Before Contributions	<u>(328,416)</u>	<u>(561,186)</u>	<u>(165,540)</u>	<u>(135,537)</u>	<u>(1,190,679)</u>
CAPITAL CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,073,665</u>	<u>1,073,665</u>
CHANGE IN NET POSITION	<u>(328,416)</u>	<u>(561,186)</u>	<u>(165,540)</u>	<u>938,128</u>	<u>(117,014)</u>
NET POSITION – Beginning of Year	<u>5,125,579</u>	<u>7,919,449</u>	<u>5,019,140</u>	<u>-</u>	<u>18,064,168</u>
NET POSITION – END OF YEAR	<u>\$ 4,797,163</u>	<u>\$ 7,358,263</u>	<u>\$ 4,853,600</u>	<u>\$ 938,128</u>	<u>\$ 17,947,154</u>

See accompanying notes to financial statements.

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

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As of and for the Year Ended December 31, 2015

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

This report includes all of the funds of the CDA.

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

The reporting entity consists of the CDA and its component units. Component units are legally separate organizations for which the CDA is financially accountable or other organizations for which the nature and significance of their relationship with the CDA are such that their exclusion would cause the reporting entity's financial statements to be misleading. The CDA is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the CDA, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the CDA. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the CDA, its component units, or its constituents; (2) the CDA or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the CDA, or its component units, is entitled to, or has the ability to otherwise access, are significant to the CDA.

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

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Units

The CDA is the managing member in four real estate limited liability companies (LLC) as of December 31, 2015. The investor membership interests are held by third parties unrelated to the CDA. As the managing member, the CDA has certain rights and responsibilities which enable it to impose its will on the investor memberships. Additionally, the CDA is financially accountable for the investor memberships as the CDA is legally obligated to fund operating deficits in accordance with terms of the membership agreements. The investor memberships do not serve the CDA exclusively, or almost exclusively and, therefore, are shown as discretely presented component units.

Allied Drive Redevelopment, LLC

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

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

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

Truax Park Redevelopment, Phase I, LLC

Truax Park Redevelopment, Phase I, LLC was organized on March 24, 2009, as a limited liability company under the Wisconsin Limited Liability Company Act (the Act). The company was formed to acquire, rehabilitate, and operate a six building, 71-unit apartment complex located in Madison, Wisconsin, called Truax Park Apartments (the project). The project qualifies for low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code (IRC). The original property, including the buildings, common area and land, was acquired under a capital lease dated October 29, 2010. Truax Park Redevelopment, Phase I, LLC completed rehabilitation of the six buildings on various dates from March through December of 2011.

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

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

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Units (cont.)

Burr Oaks Senior Housing, LLC

Burr Oaks Senior Housing, LLC, a limited liability company, was organized on August 9, 2010, under the Wisconsin Limited Liability Company Act (the Act). It has constructed and is operating a 50-unit project called Burr Oaks Senior Housing (the project) located in Madison, Wisconsin. The project qualifies for low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code (IRC). The project was placed in service July 27, 2011.

Burr Oaks Senior Housing, LLC consists of one managing member, the CDA, and one investor member, Wachovia Affordable Housing Community Development Corporation, and a to-be designated corporation as the special member, with rights, preferences and privileges as described in the operating agreement. Each member's liability for the debts and obligations of the company shall be limited to the maximum extent permitted by the Act and other applicable laws. The CDA has a .01% interest in Burr Oaks Senior Housing, LLC.

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

Truax Park Development Phase 2, LLC

Truax Park Development, Phase 2, LLC was organized on January 18, 2012, as a limited liability company under the Wisconsin Limited Liability Company Act (the Act). The company was formed to construct and operate a three building, 48-unit apartment complex for low-income families which includes approximately 1,500 square feet of office space. The office space is utilized by the CDA for which there is no lease agreement and no rent exchanged for the use of the space. The project, located in Madison, Wisconsin, is called Truax Park Development, Phase 2 and qualifies for low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code (IRC). The buildings were placed in service from July 2015 through October 2015.

Truax Park Development, Phase 2, LLC consists of one managing member, the CDA, and one investor member, with rights, preferences and privileges as described in the operating agreement. Each member's liability for the debts and obligations of the company shall be limited to the maximum extent permitted by the Act and other applicable laws. The CDA has a .01% interest in Truax Park Development, Phase 2, LLC.

Separately issued financial statements of the Truax Park Development, Phase 2, LLC may be obtained from Truax Park Development, Phase 2, LLC's office.

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

B. BASIC FINANCIAL STATEMENTS

In June 2012, the GASB issued Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. These standards were implemented January 1, 2015.

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

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

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

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

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

The CDA reports the following major enterprise funds:

Major Enterprise Funds

General Operating Fund – used to account for and report the CDA's primary operating activities.

Housing Voucher Fund – used to account for and report the operations of the Housing Voucher program.

Villager Fund – used to account for and report the operations of Villager Mall project.

Allied Drive Fund – used to account for and report the operations of the Allied Drive project.

Monona Shores Fund – used to account for and report the operations of the New Monona Shores project.

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

B. BASIC FINANCIAL STATEMENTS (cont.)

The CDA reports the following nonmajor enterprise funds:

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

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

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

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

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

The enterprise funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the CDA are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, 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
As of and for the Year Ended December 31, 2015

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

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

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

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

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

Custodial Credit Risk

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

Credit Risk

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

- > Limiting investments to the types of securities listed elsewhere in the Investment Policy.

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Credit Risk (cont.)

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

Interest Rate Risk

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

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

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

See Note II.A. for further information.

2. Receivables

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

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

3. Prepaid Items

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

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

4. Restricted Assets

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

5. Capital Assets

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

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of revenues, expenses, and changes in net position, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line and declining-balance methods 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
Intangibles	2 – 10	Years

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

5. Capital Assets (cont.)

Rental property of Allied Drive Redevelopment, LLC, Truax Park Redevelopment, Phase I, LLC, Burr Oaks Senior Housing, LLC, and Truax Park Development, Phase 2, LLC is stated at cost. Depreciation of rental property is computed principally by the straight-line and declining balance methods based upon the following estimated useful lives of the assets:

Improvements	15 – 20	Years
Buildings	27.5 – 98	Years
Furnishings and Equipment	5 – 12	Years

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

6. Other Assets

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

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

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

7. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

8. 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, 2015 are determined on the basis of current salary rates and include salary related payments.

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

9. Unearned Revenue

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

10. Long-Term Obligations/Conduit Debt

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

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

The CDA has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the CDA. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at December 31, 2015 is approximately \$199,523,114, made up of seven series.

11. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

12. Equity Classifications

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE II – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balance	Associated Risks
Deposits	\$ 4,207,037	\$ 4,207,037	Custodial credit
Collateralized investment contract	1,000,000	1,000,000	Credit, concentration of
Mutual funds	28,901	28,901	credit
Petty cash	550	-	Credit
	\$ 5,236,488	\$ 5,235,938	N/A
Total Cash and Investments			
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 3,806,746		
Restricted cash and investments - current	28,901		
Restricted cash and investment - noncurrent	2,197,496		
Pooled cash and investments – due to the City of Madison	(796,655)		
Total Cash and Investments	\$ 5,236,488		

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

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

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.

As of December 31, 2015, the CDA had \$150,016 uninsured and uncollateralized.

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

Credit Risk

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

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

As of December 31, 2015, the CDA's investments were rated as follows:

Investment Type	Moody's Investor Service
Mutual funds	AAA

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

Collateralized Investment Contract

Concentration of Credit Risk

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

At December 31, 2015, the collateralized investment contract was 97% of the CDA's investment portfolio.

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

Component Units

For financial reporting purposes, the component units consider all investments purchased with a maturity of three months or less to be cash equivalents, with the exception of cash not available to the partnerships due to restrictions placed on it. The cash balances for the component units as of December 31, 2015, are as follows:

Allied Drive Redevelopment, LLC

Cash and Investments	
Unrestricted	\$ 112,712
Restricted	
Tenants' security deposits	40,812
Replacement reserve	57,544
Mortgage escrow deposits	5,330
Operating reserve	386,049
Total Cash and Investments	\$ 602,447

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

A. DEPOSITS AND INVESTMENTS (cont.)

Component Units (cont.)

Truax Park Redevelopment, Phase I, LLC

Cash and Investments	
Restricted	
Operating and ACC Reserve	\$ 582,478
Total Cash and Investments	<u>\$ 582,478</u>

Burr Oaks Senior Housing, LLC

Cash and Investments	
Unrestricted	\$ 353,036
Restricted	
Tenants' security deposits	20,387
Real estate tax escrow	47,132
Insurance escrow	7,684
Operating reserve	249,768
Replacement reserve	<u>67,861</u>
Total Cash and Investments	<u>\$ 745,868</u>

Truax Park Development, Phase 2, LLC

Cash and Investments	
Unrestricted	\$ 17,172
Restricted	
Tenants' security deposits	4,502
Replacement reserve	<u>400</u>
Total Cash and Investments	<u>\$ 22,074</u>

Total Component Unit's Cash and Investments	<u>\$ 1,952,867</u>
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**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

A. DEPOSITS AND INVESTMENTS (cont.)

Component Units (cont.)

Reconciliation to Financial Statements	
Per Statement of Net Position	
Cash and investments	\$ 482,920
Restricted cash and investments	<u>1,469,947</u>
Total Cash and Investments	<u>\$ 1,952,867</u>

B. RECEIVABLES

Accounts Receivable

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

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

	Unearned
Villager Fund	
Rent payments received not yet due	\$ 210,000
Monona Shores Fund	
Rent payments received not yet due	41,048
Nonmajor Enterprise Funds	
Rent payments received not yet due	<u>55,622</u>
Total Unearned Revenue	<u>\$ 306,670</u>

Long-Term Receivables

The long-term receivables consist of the following:

General Operating Fund	
Notes receivable – Truax Park Redevelopment, Phase I, LLC	\$ 835,691
Notes receivable – Burr Oaks, LLC	385,000
Parkside settlement receivable	29,656
Notes receivable	<u>30,222</u>
Total	<u>\$ 1,280,569</u>
Allied Drive Fund	
Notes receivable – Allied Drive Redevelopment, LLC	<u>\$ 2,583,091</u>

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

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

C. RESTRICTED ASSETS

1. GENERAL OPERATING FUND

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

Bond Account

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

Debt Service Reserve Account, Series 1999C

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

Debt Service Reserve Account, Series 2013

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

Truax Park Development, Phase 2, LLC Escrow Account

Pursuant to an agreement with the lender for Truax Park Development, Phase 2, LLC, the CDA is to maintain an escrow account in the event Truax Park Development, Phase 2, LLC fails to make loan payments.

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

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

Bond account, Series 1999C	\$ 28,901
Debt service reserve account, Series 1999C	1,000,000
Debt service reserve account, Series 2013	524,500
Escrow account	400,016
Net pension asset	<u>40,131</u>
Total	<u>\$ 1,993,548</u>

2. HOUSING VOUCHER FUND

\$93,437 of restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

C. RESTRICTED ASSETS (cont.)

3. MONONA SHORES FUND

At December 31, 2015, Monona Shores held tenant security deposits as restricted cash in the amount of \$62,466.

4. NONMAJOR FUNDS

At December 31, 2015, Parkside and CDA 95-1 maintained the following restricted escrow deposits as required by the Parkside Project Fund Regulatory Agreement with Wisconsin Housing and Economic Development Authority (WHEDA).

Real Estate Tax Escrow Account

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

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 2015.

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.

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

At December 31, 2015, Karabis, Parkside, East Housing, West Housing, Triangle Housing and CDA 95-1 held tenant security deposits as restricted cash.

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

C. RESTRICTED ASSETS (cont.)

4. NONMAJOR FUNDS (cont.)

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

Cash and Investments	
Tenants' security deposits	\$ 210,514
Due From Other Governmental Units	
Real estate tax escrow account	24,853
Replacement account	350,196
Residual receipts account	43,855
Replacement account	116,893
Net pension asset – Nonmajor Enterprise Funds	198,274
Net pension asset – Internal Service Fund	<u>60,943</u>
Total	<u>\$ 1,005,528</u>

Component Units

Following is a list of restricted assets at December 31, 2015:

Tenants' security deposits	\$ 65,701
Tax and insurance escrow	54,816
Operating reserve	1,218,295
Replacement reserve	125,805
Mortgage escrow deposits	<u>5,330</u>
Total Restricted Assets	<u>\$ 1,469,947</u>

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

CDA	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 11,263,575	\$ 431,425	\$ 40,000	\$ 11,655,000
Construction in progress	151,339	57,200	-	208,539
Total Capital Assets Not Being Depreciated	<u>11,414,914</u>	<u>488,625</u>	<u>40,000</u>	<u>11,863,539</u>
Capital assets being depreciated				
Land improvements	861,437	-	-	861,437
Buildings and improvements	68,245,128	-	407,492	67,837,636
Machinery and equipment	1,929,361	105,194	35,169	1,999,386
Intangible assets	43,937	-	-	43,937
Total Capital Assets Being Depreciated	<u>71,079,863</u>	<u>105,194</u>	<u>442,661</u>	<u>70,742,396</u>
Less: Accumulated depreciation for				
Land improvements	(709,782)	(20,429)	-	(730,211)
Buildings and improvements	(40,605,864)	(1,892,119)	352,634	(42,145,349)
Machinery and equipment	(1,728,669)	(98,734)	35,418	(1,791,985)
Intangible assets	(43,937)	-	-	(43,937)
Total Accumulated Depreciation	<u>(43,088,252)</u>	<u>(2,011,282)</u>	<u>388,052</u>	<u>(44,711,482)</u>
Total Capital Assets Being Depreciated	<u>27,991,611</u>	<u>(1,906,088)</u>	<u>54,609</u>	<u>26,030,914</u>
Total Capital Assets	<u>\$ 39,406,525</u>	<u>\$ (1,417,463)</u>	<u>\$ 94,609</u>	<u>\$ 37,894,453</u>

Depreciation expense was charged to functions as follows:

Proprietary Funds

Housing projects	<u>\$ 2,011,282</u>
Enterprise funds	\$ 1,998,455
Internal service fund	<u>12,827</u>
Total	<u>\$ 2,011,282</u>

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

D. CAPITAL ASSETS (cont.)

Component Units

Allied Drive Redevelopment, LLC

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 401,396	\$ -	\$ -	\$ 401,396
Capital assets being depreciated				
Land improvements	157,636	3,300	-	160,936
Buildings	8,181,766	-	-	8,181,766
Furnishings and equipment	288,842	12,644	-	301,486
Total Capital Assets Being Depreciated	8,628,244	15,944	-	8,644,188
Less: Accumulated depreciation	(1,940,619)	(322,228)	-	(2,262,847)
Total Capital Assets Being Depreciated	6,687,625	(306,284)	-	6,381,341
Total Capital Assets	\$ 7,089,021	\$ (306,284)	\$ -	\$ 6,782,737

Truax Park Redevelopment, Phase I, LLC

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 71,000	\$ -	\$ -	\$ 71,000
Capital Assets Not Being Depreciated	71,000	-	-	71,000
Capital assets being depreciated				
Land improvements	191,117	-	-	191,117
Buildings and improvements	13,086,097	-	-	13,086,097
Furnishings and equipment	240,052	-	-	240,052
Total Capital Assets Being Depreciated	13,517,266	-	-	13,517,266
Less: Accumulated depreciation	(1,741,134)	(471,039)	-	(2,212,173)
Total Capital Assets Being Depreciated	11,776,132	(471,039)	-	11,305,093
Total Capital Assets	\$ 11,847,132	\$ (471,039)	\$ -	\$ 11,376,093

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

D. CAPITAL ASSETS (cont.)

Component Units (cont.)

Burr Oaks Senior Housing, LLC

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 302,980	\$ -	\$ -	\$ 302,980
Capital assets being depreciated				
Land improvements	279,784	-	-	279,784
Buildings and improvements	5,619,578	-	-	5,619,578
Furnishings and equipment	319,634	-	-	319,634
Total Capital Assets Being Depreciated	6,188,996	-	-	6,188,996
Less: Accumulated depreciation	(669,437)	(196,296)	-	(865,733)
Total Capital Assets Being Depreciated	5,519,559	(196,296)	-	5,323,263
Total Capital Assets	\$ 5,822,539	\$ (196,296)	\$ -	\$ 5,626,243

Truax Park Development, Phase 2, LLC

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ -	\$ 86,867	\$ -	\$ 86,867
Capital assets being depreciated				
Land improvements	-	130,994	-	130,994
Buildings and improvements	-	7,727,975	-	7,727,975
Furnishings and equipment	-	218,941	-	218,941
Total Capital Assets Being Depreciated	-	8,077,910	-	8,077,910
Less: Accumulated depreciation	-	(52,721)	-	(52,721)
Total Capital Assets Being Depreciated	-	8,025,189	-	8,025,189
Total Capital Assets	\$ -	\$ 8,112,056	\$ -	\$ 8,112,056

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

E. INTERFUND ADVANCES

Advances

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

The following is a schedule of interfund advances:

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2015 was as follows:

CDA

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds and Notes Payable:					
Revenue bonds	\$ 11,170,000	\$ -	\$ 1,300,000	\$ 9,870,000	\$ 1,390,000
Mortgage notes	4,771,480	-	351,110	4,420,370	3,301,177
Other loans/notes	2,748,884	-	102,347	2,646,537	95,781
Premiums	<u>205,327</u>	-	<u>59,000</u>	<u>146,327</u>	<u>-</u>
Subtotal	<u>18,895,691</u>	<u>-</u>	<u>1,812,457</u>	<u>17,083,234</u>	<u>4,786,958</u>
Accrued compensated absences	515,253	148,189	103,051	560,391	112,077
Other post-employment benefits	198,160	30,565	18,070	210,655	-
Advances from primary government – City of Madison	<u>9,136,741</u>	<u>-</u>	<u>597,317</u>	<u>8,539,424</u>	<u>569,216</u>
Total Long-Term Liabilities	<u>\$ 28,745,845</u>	<u>\$ 178,754</u>	<u>\$ 2,530,895</u>	<u>\$ 26,393,704</u>	<u>\$ 5,468,251</u>

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt

Revenue bonds are payable only from revenues derived from the operation of the responsible fund and from lease payments received from the primary government (see Note II.G.).

The CDA has pledged future lease revenues to repay lease revenue bonds issued in 1999 and 2013. Proceeds from the bonds provided financing for various projects of the City of Madison. The bonds are payable solely from lease revenues and are payable through 2022. Annual principal and interest payments on the bonds are expected to require 78% of net revenues. Total principal and interest remaining to be paid on the bonds is \$12,051,653. Principal and interest paid for the current year and total revenues were \$1,894,670 and \$1,929,658, respectively.

Revenue debt payable at December 31, 2015 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12/31/15
<u>General Operating Fund</u>					
Lease revenue bonds	4/1/99	10/1/22	5.50 – 7.10%	\$ 10,870,000	\$ 6,070,000
Lease revenue bonds	1/1/13	3/1/20	3.00%	5,245,000	<u>3,800,000</u>
Total Revenue Debt					<u>\$ 9,870,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,390,000	\$ 533,170
2017	1,445,000	466,770
2018	1,485,000	395,495
2019	1,635,000	320,025
2020	1,755,000	234,787
2021 - 2022	<u>2,160,000</u>	<u>231,406</u>
Totals	<u>\$ 9,870,000</u>	<u>\$ 2,181,653</u>

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

Mortgage Notes

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

Mortgage notes payable at December 31, 2015 consists of the following:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12/31/15</u>
<u>Parkside Project Fund</u>					
Housing mortgage note	8/12/77	12/1/18	6.75%	\$ 3,085,241	<u>\$ 589,905</u>
<u>CDA 95-1 Fund</u>					
Housing mortgage note	6/1/92	6/1/22	4.00%	2,283,492	<u>586,368</u>
<u>Monona Shores</u>					
Housing mortgage note	5/17/01	5/1/31	N/A	213,067	213,067
Housing mortgage note	5/9/01	6/1/16	7.86%	3,900,000	<u>3,031,030</u>
Total Monona Shores					<u>3,244,097</u>
Total Mortgage Notes					<u><u>\$ 4,420,370</u></u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Mortgage Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 3,301,177	\$ 174,306
2017	286,623	39,540
2018	285,542	22,012
2019	91,083	11,701
2020	94,794	7,990
2021 – 2025	216,886	4,694
2026 – 2030	133,165	-
2031	11,100	-
Totals	<u><u>\$ 4,420,370</u></u>	<u><u>\$ 260,243</u></u>

Other Loans/Notes

The following loans and notes are payable to the City of Madison related to the Madison Mutual Housing Association property acquired by the CDA in 1996, to the City of Madison related to the Romnes apartments, to the City of Madison related to Truax Park redevelopment and to the City of Madison related to the Burr Oaks Apartments.

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Loans/Notes (cont.)

Other loans/notes payable at December 31, 2015 consists of the following:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12/31/15</u>
<u>General Operating Fund</u>					
CDBG Home loan	12/14/10	N/A	N/A	\$ 385,000	\$ 385,000
Affordable Housing trust loan	10/29/10	12/15/26	Variable*	1,025,000	751,668
			Total General Operating Fund		<u>1,136,668</u>
<u>Allied Drive Fund</u>					
Promissory note	12/30/11	12/30/14	4.0%	1,255,000	<u>846,998</u>
<u>West Housing Fund</u>					
Promissory note	10/20/97	N/A	N/A	60,000	<u>60,000</u>
<u>CDA 95-1</u>					
Section 17 loans	Various	N/A	N/A	103,000	85,000
UDAG loan	6/5/87	N/A	5.0%	371,000	371,000
WHEDA WRAP note	Unknown	6/22	N/A	Unknown	146,871
			Total CDA 95-1		<u>602,871</u>
Total Other Loans/Notes					<u>\$ 2,646,537</u>

* Interest is based on the rates of the City of Madison's investment portfolio yield plus 25 basis points, as calculated using the average yield for the previous 12 months.

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Other Loans/Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 95,781	\$ 29,348
2017	887,883	28,133
2018	68,333	-
2019	68,333	-
2020	68,333	-
2021 – 2025	488,536	-
2026	<u>68,338</u>	<u>-</u>
Totals	<u>\$ 1,745,537</u>	<u>\$ 57,481</u>

**COMMUNITY DEVELOPMENT AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

Advances from Primary Government – City of Madison

The City of Madison is advancing funds to the CDA for various purposes. No repayment schedule has been established for outstanding advances in the amount of \$674,543. A repayment schedule for the advances to the Villager Fund in the original amount of \$8,650,000 and \$1,350,000 have been established.

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 567,483	\$ 172,217
2017	567,483	158,247
2018	567,483	144,278
2019	567,483	130,308
2020	567,483	116,339
2021 – 2025	2,432,466	397,801
2026 – 2030	2,162,500	171,401
2031	<u>432,500</u>	<u>8,570</u>
Totals	<u>\$ 7,864,881</u>	<u>\$ 1,299,161</u>

Other Debt Information

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

Component Units

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Allied Drive Redevelopment, LLC Mortgage notes	\$ 2,619,880	\$ -	\$ 36,789	\$ 2,583,091	\$ 38,495
Truax Park Redevelopment, Phase I, LLC Mortgage notes	3,598,079	-	49,446	3,548,633	50,545
Burr Oaks Senior Housing, LLC Mortgage notes	1,526,176	-	15,793	1,510,383	16,793
Truax Park Development, Phase 2, LLC Mortgage notes	-	7,154,280	-	7,154,280	5,662,992
Totals	<u>\$ 7,744,135</u>	<u>\$ 7,154,280</u>	<u>\$ 102,028</u>	<u>\$ 14,796,387</u>	<u>\$ 5,768,825</u>

**COMMUNITY DEVELOPMENT AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

Component Units (cont.)

Allied Drive Redevelopment, LLC

Mortgage notes payable consist of the following:

CDA; original amount of \$1,255,091; recourse until the three-year anniversary of the expiration of the compliance period; monthly interest-only payments at 4.50%; monthly payments of \$6,359, including interest at 4.50%; commence on the first day of the month immediately following the date the company satisfies the conversion requirements (conversion date) listed in operating agreements; due 30 years from the conversion date or any earlier date on which the entire note balance is required to be paid in full, by acceleration or otherwise; the note may be repaid, in whole or in part, at any time; collateralized by a subordinated mortgage on the project's rental property including the assignment of rents and security agreement; accrued interest was \$3,218 as of December 31, 2015; interest expense totaled \$39,385 for the year ended December 31, 2015. \$ 858,227

CDA; original amount of \$760,006; recourse until the three-year anniversary of the expiration of the compliance period; monthly simple interest-only payments at 3.00%; balloon payment of principal and unpaid interest due 30 years from the date of the project reaches established occupancy, or any earlier date on which the entire note balance is required to be paid in full, by acceleration or otherwise; the note may be repaid, in whole or in part, at any time; collateralized by a subordinated mortgage on the project's rental property including the assignments of rents and security agreement; interest expense totaled \$11,760 for the year ended December 31, 2015. 392,000

CDA; original amount of \$1,705,426; recourse until the three-year anniversary of the expiration of the compliance period; monthly interest payments at 4.50% to the extent that there is excess cash flow available; monthly principal and interest payments commence on the date the project reaches stabilized occupancy to the extent that there is excess cash flow available; due 30 years from the date the project reaches stabilized occupancy, or any earlier on which the entire note balance is required to be paid in full, by acceleration or otherwise; the note may be repaid, in whole or in part, at any time; collateralized by a subordinated mortgage on the project's rental property including the assignment of rents and security agreement; accrued interest was \$189,113 as of December 13, 2015; interest expense totaled \$59,979 for the year ended December 31, 2015. 1,332,864

Totals \$ 2,583,091

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

Component Units (cont.)

Truax Park Redevelopment, Phase I, LLC

Mortgage notes payable consist of the following:

<p>CDA; non-recourse mortgage note payable under a capital lease with the CDA; due in one installment on October 29, 2050, together with interest at 4.00% per annum; collateralized by a mortgage on the project's rental property; accrued interest was \$415,662 as of December 31, 2015; interest expense totaled \$86,987 for the period ended December 31, 2015.</p>	<p>\$ 1,846,000</p>
<p>CDA; non-recourse mortgage payable; due in annual installments of \$76,000 beginning in October 29, 2012 through October 29, 2025, with a balloon payment of all outstanding principal and accrued interest due on October 28, 2026, together with interest at 3.00% per annum; collateralized by a mortgage on the project's rental property; accrued interest totaled \$4,387 as of December 31, 2015; interest expense totaled \$26,294.</p>	<p>835,691</p>
<p>CDA; non-recourse mortgage note payable in the amount of \$400,000; due to the extent and priority provided in the operating agreement with the remainder of all outstanding principal and accrued interest due in one installment on October 29, 2050, together with interest at 4.00% per annum; collateralized by a mortgage on the project's rental property; accrued interest was \$76,188 as of December 31, 2015; interest expense was \$15,440.</p>	<p>400,000</p>
<p>CDA; non-recourse mortgage note payable in the amount of \$466,942; due to the extent and priority provided in the operating agreement with the remainder of all outstanding principal and accrued interest due in one installment on October 29, 2050, together with interest at 4.00% per annum; collateralized by a mortgage on the project's rental property; accrued interest was \$54,476 as of December 31, 2015; interest expense was \$18,677.</p>	<p><u>466,942</u></p>
<p>Totals</p>	<p><u><u>\$ 3,548,633</u></u></p>

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

Component Units (cont.)

Burr Oaks Senior Housing, LLC

Mortgage notes payable consist of the following:

Impact C.I.L., LLC (Impact), originally funded by Wells Fargo but assigned to Impact on November 27, 2012; permanent mortgage note payable; loan amount of \$1,170,000; beginning January 1, 2013, monthly payments of \$7,128, including interest at 6.15% per annum; due December 1, 2028; non-recourse; subject to a prepayment premium; collateralized by a mortgage, security agreement and fixture financing statement on the rental property, including the assignment of rents and leases	\$ 1,125,383
CDA; HOME loan; in an amount not to exceed \$385,000; subordinated second mortgage note payable; non-interest bearing loan; due the earliest of December 31, 2040 or the sale, transfer, or discontinuance of the permitted use of the property; non-recourse; collateralized by a mortgage on the rental property, including the assignment of rents thereon.	<u>385,000</u>
Totals	<u><u>\$ 1,510,383</u></u>

Truax Park Development, Phase 2, LLC

Mortgage notes payable consist of the following:

Construction loan with U.S. Bank National Association, an affiliate of the investor member; recourse; monthly interest-only payments at an annual rate equal to the one month LIBOR rate plus 1.95% plus .19% liquidity charge (2.39% as of December 31, 2015); due on September 4, 2016; guaranteed by the managing member; collateralized by a mortgage on the project's rental property including a security agreement and assignment of leases and rents and fixture filing; accrued interest was \$11,524 as of December 31, 2015; interest expense totaled \$30,304 for the period ended December 31, 2015; interest capitalized into the basis of the building was \$35,072 for the period ended December 31, 2015.	\$ 5,662,992
CDA; non-recourse, non-interest bearing mortgage note payable in the amount of \$911,288 due to the extent and priority provided in the operating agreement with the remainder of all outstanding principal due in one installment on December 3, 2054; collateralized by a mortgage on the project's rental property.	911,288

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

Component Units (cont.)

Truax Park Development, Phase 2, LLC (cont.)

CDA (AHP loan); non-recourse, non-interest bearing mortgage note payable in the amount of \$288,000; due to the extent and priority provided in the operating agreement with the remainder of all outstanding principal due in one installment on December 3, 2054; collateralized by a mortgage on the project's rental property.	\$ 288,000
City of Madison (HOME loan), an affiliate of the managing member; non-recourse, non-interest bearing mortgage note payable in the amount not to exceed \$280,000; due November 21, 2054; collateralized by a mortgage on the project's rental property.	252,000
CDA; non-recourse mortgage note payable under a land lease; due to the extent and priority provided in the operating agreement with the remainder of all outstanding principal and accrued interest due in one installment on December 3, 2054, together with interest at 2.91%, compounded annually; collateralized by a mortgage on the project's rental property; accrued interest was \$1,155 as of December 31, 2015; interest expense totaled \$1,155 for the period ended December 31, 2015.	<u>40,000</u>
Totals	<u><u>\$ 7,154,280</u></u>

Debt service principal requirements to maturity are as follows:

<u>Years</u>	
2016	\$ 5,768,825
2017	110,202
2018	114,766
2019	119,533
2020	124,516
Thereafter	<u>8,558,545</u>
Totals	<u><u>\$ 14,796,387</u></u>

G. LEASE DISCLOSURES

General Operating Fund

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

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

G. LEASE DISCLOSURES (cont.)

General Operating Fund (cont.)

The CDA is leasing its one-third ownership of the Monona Terrace Convention Center to the City of Madison. The annual lease payments to be received are equal to the CDA's annual debt service payments on the Lease Revenue Refunding Bonds, Series 2013.

The CDA does not have any other material capital or operating leases at December 31, 2015.

The annual lease payments by the City of Madison to the CDA on the leases are as follows:

	1999 Issue		2013 Issue	
	Principal	Interest	Principal	Interest
2016	\$ 625,000	\$ 430,645	\$ 765,000	\$ 102,525
2017	700,000	386,895	745,000	79,875
2018	745,000	337,895	740,000	57,600
2019	870,000	285,000	765,000	35,025
2020	970,000	223,013	260,500	11,775
2021	1,075,000	153,900	-	-
2022	521,585	37,163	-	-
	<u>\$ 5,506,585</u>	<u>\$ 1,854,511</u>	<u>\$ 3,275,500</u>	<u>\$ 286,800</u>
Totals	<u>\$ 5,506,585</u>	<u>\$ 1,854,511</u>	<u>\$ 3,275,500</u>	<u>\$ 286,800</u>

East Housing Fund – Nonmajor Fund

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

H. NET POSITION

Net position reported on the government-wide statement of net position at December 31, 2015 includes the following:

Business-Type Activities

Net investment in capital assets	
Land	\$ 11,655,000
Construction in progress	208,539
Other capital assets, net of accumulated depreciation	26,030,914
Less: Capital related long-term debt outstanding	<u>(12,948,122)</u>
Total	<u>\$ 24,946,331</u>

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

I. RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension asset and related deferred outflows and deferred inflows if any, to be reported in the financial statements. The details of this restatement are as follows:

	Business-type Activities	General Operating Fund	Housing Voucher Fund	Nonmajor Enterprise Funds	Central Cost Center Fund
Net Position – December 31, 2014 (as reported)	\$ 32,359,491	\$ 604,513	\$ 938,217	\$ 11,474,853	\$ 574,492
Add: Net pension asset	626,436	65,675	160,852	320,736	79,173
Add: Deferred outflows related to pensions	<u>158,493</u>	<u>16,616</u>	<u>40,697</u>	<u>81,148</u>	<u>20,032</u>
Net Position – December 31, 2014 (as restated)	<u>\$ 33,144,420</u>	<u>\$ 686,804</u>	<u>\$ 1,139,766</u>	<u>\$ 11,876,737</u>	<u>\$ 673,697</u>

NOTE III – OTHER INFORMATION

A. EMPLOYEES’ RETIREMENT SYSTEM

Summary of Significant Accounting Policies

Pension. For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS’ fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information About the Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee’s date of hire are eligible to participate in the WRS.

**COMMUNITY DEVELOPMENT AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE III – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

General Information About the Pension Plan (cont.)

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. 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 participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

Post-retirement adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

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NOTES TO FINANCIAL STATEMENTS
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NOTE III – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

General Information About the Pension Plan (cont.)

Year	Core Fund Adjustment	Variable Fund Adjustment
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$158,833 in contributions from the CDA.

Contribution rates as of December 31, 2015 are:

Employee Category	Employee	Employer
General	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

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NOTES TO FINANCIAL STATEMENTS
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NOTE III – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Pension Assets, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2015, the CDA reported an asset of \$392,124 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The CDA's proportion of the net pension asset was based on the CDA's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the CDA's proportion was 0.015964256%, which was an increase of 0.000074905% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the CDA recognized pension expense of \$147,909.

At December 31, 2015, the CDA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 56,848	\$ -
Net differences between projected and actual earnings on pension plan investments	189,886	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	85
Employer contributions subsequent to the measurement date	<u>157,204</u>	<u>-</u>
Totals	<u>\$ 403,938</u>	<u>\$ 85</u>

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

NOTES TO FINANCIAL STATEMENTS
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NOTE III – OTHER INFORMATION (cont.)

A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)

\$157,204 reported as deferred outflows related to pension resulting from the WRS Employer’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 60,432	\$ 19
2017	60,432	19
2018	60,432	19
2019	60,432	19
2020	5,004	8

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

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

NOTES TO FINANCIAL STATEMENTS
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NOTE III – OTHER INFORMATION (cont.)

A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)

Long-term expected return on plan assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Real Rate of Return	Target Allocation
US Equities	5.3%	21%
International Equities	5.7	23
Fixed Income	1.7	36
Inflation Sensitive Assets	2.3	20
Real Estate	4.2	7
Private Equity/Debt	6.9	7
Multi-Asset	3.9	6
Cash	0.9	-20

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**COMMUNITY DEVELOPMENT AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
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NOTE III – OTHER INFORMATION (cont.)

A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)

Sensitivity of the CDA’s proportionate share of the net pension asset to changes in the discount rate. The following presents the CDA’s proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the CDA’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
CDA’s proportionate share of the net pension asset/(liability)	\$(1,106,254)	\$392,124	\$1,575,486

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

At December 31, 2015, the CDA reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

The CDA participates in the same risk pools as the City of Madison. Information related specifically to the CDA is unavailable. See the risk management note in the City of Madison’s financial statements for further details.

C. COMMITMENTS AND CONTINGENCIES

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

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

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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 \$421,527. Total assistance payments received from WHEDA were \$421,527 during 2015.

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

Component Units

Allied Drive Redevelopment Authority, LLC

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

Allied Drive Redevelopment Authority, LLC has entered into a management agreement with Stone House Development, Inc. Under the agreement, Allied Drive Redevelopment, LLC is obligated to pay a management fee of 6% of gross project rents collected. Management fees incurred totaled \$31,376 for the year ended December 31, 2015.

Truax Park Redevelopment, Phase I, LLC

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

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE III – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Component Units (cont.)

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

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

Truax Park Redevelopment, Phase I, LLC entered into a Project Based Housing Assistance Payments Contract (the Agreement) with the CDA. The CDA has entered into a Consolidated Annual Contributions Contract with HUD allowing its participation in HUD's Section 8 Project Based Housing Assistance Payments Program (the Program). The Agreement, approved by HUD, authorizes the CDA to set aside on a long-term basis 24 certificates for future residents of the project. Under terms of the Program, each household that holds a certificate pays 30% of its annual income for rents and utilities, provided that the rent and utilities do not exceed the applicable fair market rents (FMR). The agreement may be terminated upon at least 30 days notice if it is determined that the contract units were not meeting HUD requirements. The length of the initial term of the contract is 15 years.

Burr Oaks Senior Housing, LLC

Burr Oaks Senior Housing, LLC entered into a property management agreement with a third party. A management fee in the amount of 8% of the effective gross income (rental and other incidental income received on a cash basis) is payable on a monthly basis. A portion of the monthly management fee equal to 2% of effective gross income shall be deferred without interest and payable only out of available cash flow as defined in the operating agreement. The deferred management fee shall not exceed an annual amount of \$7,500. Management fees incurred under this agreement totaled \$32,122 for the period ended December 31, 2015. Of this amount, \$7,500 has been deferred as of December 31, 2015.

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

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE III – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Component Units (cont.)

Burr Oaks Senior Housing, LLC (cont.)

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

Burr Oaks Senior Housing, LLC entered into a Project Based Housing Assistance Payments Contract (the Agreement) with the managing member. The managing member has entered into a Consolidated Annual Contributions Contract with HUD allowing its participation of HUD's Section 8 Project Based Housing Assistance Payments Program (the Program). The Agreement, approved by HUD, authorizes the CDA to set aside certificates for future residents of the project. Under terms of the Program, each household that holds a certificate pays 30% of its annual income for rents and utilities, provided that the rent and utilities do not exceed the CDA's payment standards.

Truax Park Development, Phase 2, LLC

Truax Park Development, Phase 2, LLC anticipates entering into a LURA with WHEDA as a condition to receiving an allocation of low-income housing tax credits. Under this agreement, Truax Park Development, Phase 2, LLC must continuously comply with IRC Section 42 and other applicable sections of the IRC. The agreement places occupancy restrictions on rents and the minimum percent of units which shall be occupied by individuals or families whose income meets the requirements set under the IRC Section 42. If Truax Park Development, Phase 2, LLC fails to comply with this agreement or with the IRC, it may be ineligible for low-income housing tax credits and the members may be required to recapture a portion of the tax credits previously claimed on their income tax returns. In addition, noncompliance may require an adjustment to the contributed capital of the investor members. Truax Park Development, Phase 2, LLC is obligated to certify tenant eligibility.

In connection with the mortgage note payable to the City of Madison, Truax Park Development, Phase 2, LLC is subject to a HOME loan development agreement and LURA which specifies that there shall be eight (8) HOME-assisted units in the project. Occupancy of these units is restricted to tenants whose income does not exceed a certain percentage of the published County Median Income (CMI) for Dane County, Wisconsin, adjusted for family size. Certain rent limits also apply to these units. The HOME loan development agreement and LURA are in force until 20 years after the date of project completion.

In connection with the AHP loan with the CDA, Truax Park Development, Phase 2, LLC is subject to an AHP Retention/Recapture Agreement that requires the project to maintain certain affordability requirements for 48 units for a period of 15 years. Certain rent limits also apply to these units. Of these 48 units, 29 are restricted to tenants whose annual income is equal to or less than 50% of area median income and remaining 19 units are restricted to tenants whose annual income is equal to or less than 60% of area median income.

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE III – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Component Units (cont.)

Truax Park Development, Phase 2, LLC (cont.)

Truax Park Development, Phase 2, LLC and the CDA entered into a sub-management agreement with Porchlight, Inc. Pursuant to the terms of the property management agreement between the company and the CDA, the CDA delegated certain management responsibilities with respect to the 8 units in a separate building to Porchlight, Inc. Truax Park Development, Phase 2, LLC is obligated to pay a monthly fee equal to the lesser of \$500 or the net cash flow received from the operation of the project. The agreement shall be in effect from October 1, 2015 until the 15th anniversary of the last day of the month in which first occupancy of the project shall occur. After the initial term and each successive renewal term, the agreement shall be deemed renewed automatically for a one-year period. There was no sub-management fee expense during the period ended December 31, 2015.

Truax Park Development, Phase 2, LLC entered into a Project Based Housing Assistance Payments Contract (the Agreement) with the CDA. The CDA has entered into a Consolidated Annual Contributions Contract with HUD allowing its participation in HUD's Section 8 Project Based Housing Assistance Payments Program (the Program). The Agreement, approved by HUD, authorizes the CDA to set aside on a long-term basis 8 certificates for future residents of the project. Under terms of the Program, each household that holds a certificate pays no more than 30% of its annual income for rents and utilities, provided that the rent and utilities do not exceed the applicable fair market rents (FMR). The agreement may be terminated upon at least 30 days notice if it is determined that the contract units were not meeting HUD requirements. The length of the initial term of the contract is 15 years.

Truax Park Development, Phase 2, LLC has entered into a consulting agreement with Dimension Development, LLC. The agreement provides for Truax Park Development, Phase 2, LLC to pay a consulting fee of \$276,986, of which \$182,019 has been capitalized into the cost of the buildings; \$47,483 has been capitalized into financing fees; and \$47,484 has been capitalized into tax credit fees. Consulting fee payable was \$41,548 as of December 31, 2015 and will be paid from proceeds of the investor member's final installment of capital contributions.

D. OTHER POSTEMPLOYMENT BENEFITS

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

E. RELATED PARTIES

The administration and operation of the CDA is performed by employees of the City of Madison. The CDA pays the City of Madison for these services, as well as other allocated costs.

Rental payments received during 2015 from Public Health – Madison and Dane County, a related party, were \$251,871.

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE III – OTHER INFORMATION (cont.)

E. RELATED PARTIES (cont.)

Component Units

Allied Drive Redevelopment, LLC

Ground Lease

Allied Drive Redevelopment, LLC entered into a ground lease with the managing member which required a one-time rental fee of \$392,000. The term of the lease began on December 4, 2008, and ends on December 3, 2106, unless terminated earlier in accordance with the ground lease agreement. The prepaid ground lease was \$363,667 as of December 31, 2015. The ground lease expense totaled \$4,000 for the year ended December 31, 2015.

Managing Member Management Fee

The operating agreement provides for Allied Drive Redevelopment, LLC to pay a cumulative annual managing member management fee to the managing member in the initial amount of \$20,000, increasing annually by 3%. The fee is payable out of cash flow as defined in the operating agreement. Accrued managing member management fees included in accrued expenses were \$153,252 as of December 31, 2015. Managing member management fees expensed totaled \$23,882 for the year ended December 31, 2015.

Asset Management Fee

The operating agreement provides for Allied Drive Redevelopment, LLC to pay a cumulative annual asset management fee to an affiliate of the investor member in the initial amount of \$4,800 increasing annually by 3%. The fee is payable out of cash flow as defined in the operating agreement. Accrued asset management fees included in accrued expenses were \$5,731 as of December 31, 2015. Asset management fees expenses totaled \$5,731 for the year ended December 31, 2015.

Truax Park Redevelopment, Phase I, LLC

Accounts Receivable

Included in accounts receivable are amounts due from the City of Madison, an affiliate of the managing member, for project funds paid by the City of Madison totaling \$318,009 as of December 31, 2015.

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE III – OTHER INFORMATION (cont.)

E. RELATED PARTIES (cont.)

Component Units (cont.)

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

Regulatory and Operating (R&O) Agreement

Truax Park Redevelopment, Phase I, LLC has entered into an R&O Agreement with the CDA. Provisions of the agreement require Truax Park Redevelopment, Phase I, LLC to maintain 47 units as public housing units. With regards to the public housing units, the CDA is to pay operating subsidies to Truax Park Redevelopment, Phase I, LLC equal to project expenses less project income. The operating subsidy shall terminate no later than January 1, 2051. The agreement will expire upon the earliest to occur of the expiration of 40 years from the date of first occupancy or at the option of the project at the close of the first project year of which the CDA ceases to pay operating subsidies. Operating subsidies totaling \$132,889 were earned during the year ended December 31, 2015. Included in accounts payable are related party operating subsidies payable of \$62,780 as of December 31, 2015.

Development Completion Guaranty

Under terms of the operating agreement, the managing member is obligated to complete the required rehabilitation of the project. In the event Truax Park Redevelopment, Phase 1, LLC lacks sufficient funds from the member capital contributions and proceeds from the construction and permanent mortgages to pay for the rehabilitation costs, the managing member is obligated to provide such funds to the company in the form of an unsecured loan. Any loans under this agreement shall not bear interest and shall be payable in accordance with the operating agreement. The development completion guaranty loan was \$112,586 as of December 31, 2015.

Development Fee

Truax Park Redevelopment, Phase I, LLC has entered into a development agreement with the CDA. The agreement provides for the payment of a development fee of \$1,314,342, which has been capitalized into the cost of the buildings. The unpaid portion of the development fee is payable from future capital contributions and available cash flow as defined in the operating agreement. If not paid in full by the twelfth year of the compliance period, it shall be paid from the proceeds of an additional capital contribution from the managing member to Truax Park Redevelopment, Phase I, LLC in an amount equal to the unpaid portion of the development fees, as defined in the operating agreement. The development fee payable was \$58,735 as of December 31, 2015.

Property Management Agreement

Truax Park Redevelopment, Phase I, LLC has entered into a property management agreement with CDA under which Truax Park Redevelopment Phase I, LLC is obligated to pay a property management fee equal to 5% of gross residential rents on a monthly basis. The agreement is automatically renewed from year to year unless otherwise terminated. Property management fees totaled \$18,734 for the period ended December 31, 2015.

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE III – OTHER INFORMATION (cont.)

E. RELATED PARTIES (cont.)

Component Units (cont.)

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

Asset Management Fee

Truax Park Redevelopment, Phase I, LLC is obligated to pay an affiliate of an investor member an annual asset management fee in the initial amount of \$7,100, increasing annually by 3%. The fee is payable only out of cash flow as defined in the operating agreement and shall be cumulative and accrued if not paid. Included in accrued expenses are accrued asset management fees of \$30,926 as of December 31, 2015. Asset management fees incurred totaled \$7,992 for the year ended December 31, 2015.

Operating Deficit Guaranty

The operating agreement provides for an operating deficit guaranty which requires the managing member to loan Truax Park Redevelopment, Phase I, LLC funds required to pay operating deficits incurred during the operating deficit period after funds from the operating reserve have been used. The operating deficit guaranty is limited to \$232,360. The operating deficit period begins on the date the project achieves established occupancy and expires on the later of the date the company achieves 36 consecutive months of a debt service coverage ratio of at least 1.15, five years from the achievement of established occupancy or five years after closing of the permanent loan. Any loans under this agreement shall not bear interest and shall be payable from net operating income or sale or refunding proceeds, as provided in the operating agreement. There were no operating deficit loans to Truax Park Redevelopment, Phase I, LLC as of December 31, 2015.

Burr Oaks Senior Housing, LLC

Operating Deficit Guaranty

Under the operating agreement, the managing member is required to fund operating deficits through operating deficit loans. At any time during a minimum of 5 years after receipt of the final equity installment (until November 2017), the managing member's obligation to fund operating deficits through loans continues at an aggregate amount not to exceed \$161,098 in the aggregate. If Burr Oaks Senior Housing, LLC maintains a debt service coverage ratio of 1.2 for any twelve month period commencing with the 4 year anniversary of receipt of the final equity installment, and the operating reserve is fully funded, the managing member's obligation to fund operating deficits will be terminated. All operating deficit loans shall bear interest at the prime rate, compounded annually and be payable from available cash flow as defined in the operating agreement. There were no operating deficit loans as of December 31, 2015.

Asset Management Fees

Burr Oaks Senior Housing, LLC is obligated to pay an annual cumulative asset management fee in the initial amount of \$7,500 to the managing member. The annual fee is payable from cash flow as defined in the operating agreement. The fee shall increase by 3% per annum. Asset management fees incurred totaled \$8,196 for the year ended December 31, 2015. Accrued asset management fees included in other accrued expenses on the balance sheet were \$8,196 as of December 31, 2015.

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE III – OTHER INFORMATION (cont.)

E. RELATED PARTIES (cont.)

Component Units (cont.)

Burr Oaks Senior Housing, LLC (cont.)

Asset Management Fees (cont.)

Burr Oaks Senior Housing, LLC is obligated to pay an annual cumulative asset management fee in the initial amount of \$7,500 to the investor member. The annual fee is payable from cash flow as defined in the operating agreement. The fee shall increase by 3% per annum. Asset management fees incurred totaled \$8,196 for the year ended December 31, 2015. Accrued asset management fees included in other accrued expenses on the balance sheet were \$8,196 as of December 31, 2015.

Purchase Option Agreement

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

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

Truax Park Development, Phase 2, LLC

Regulatory and Operating (R&O) Agreement

Truax Park Development, Phase 2, LLC has entered into an R&O Agreement with the CDA. Provisions of the agreement require Truax Park Development, Phase 2, LLC to maintain 40 units as public housing units. With regards to the public housing units, the CDA is to pay operating subsidies to Truax Park Development, Phase 2, LLC equal to project expenses less income received from tenants residing in the public housing units. The agreement will expire 40 years from the date the project first became available for occupancy, with the potential to be extended for an additional 10 years. Operating subsidies totaling \$32,565 were earned during the year ended December 31, 2015. Included in accounts payable are related party operating subsidies receivable of \$32,565 as of December 31, 2015.

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE III – OTHER INFORMATION (cont.)

E. RELATED PARTIES (cont.)

Component Units (cont.)

Truax Park Development, Phase 2, LLC (cont.)

Development Completion Guaranty

The operating agreement requires the managing member to fund operating deficits during the stabilization period, as defined in the operating agreement, in the form of interest-free development advances, repayable only from available cash flow as defined in the operating agreement. There were no development advances as of December 31, 2015.

Development Fee

Truax Park Development, Phase 2, LLC has entered into a development agreement with the CDA. The agreement provides for the payment of a development fee of \$112,941, which has been capitalized into the cost of the buildings. The fee is payable from future capital contributions and available cash flow as defined in the operating agreement. The unpaid balance of the development fee is to be paid by the managing member on the thirteenth anniversary of the project's completion date. The payment by the managing member is to be treated as a development fee advance and shall be non-interest bearing and payable solely from cash flow, capital proceeds or upon dissolution of Truax Park Development, Phase 2, LLC. Development fee payable was \$112,941 as of December 31, 2015.

Accounts Payable

Included in accounts payable are amounts due to the City of Madison, an affiliate of the managing member, for project funds paid by the City of Madison on behalf of the project totaling \$4,771 as of December 31, 2015.

Property Management Agreement

Truax Park Development, Phase 2, LLC has entered into a property management agreement with CDA under which Truax Park Development, Phase 2, LLC is obligated to pay a property management fee equal to 5% of gross residential rents on a monthly basis. The agreement is automatically renewed from year to year unless otherwise terminated. There was no property management fee expense during the period ended December 31, 2015.

Asset Management Fee

Truax Park Development, Phase 2, LLC is obligated to pay the investor member an annual asset management fee in the initial amount of \$4,800, increasing by 10% on each fifth anniversary (prorated fee of \$1,320 in the first year). The fee is payable only out of cash flow as defined in the operating agreement and shall be cumulative and accrued if not paid. Included in accrued expenses are accrued asset management fees of \$1,320 as of December 31, 2015. Asset management fees incurred totaled \$1,320 for the year ended December 31, 2015.

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE III – OTHER INFORMATION (cont.)

E. RELATED PARTIES (cont.)

Component Units (cont.)

Truax Park Development, Phase 2, LLC (cont.)

Operating Deficit Guaranty

Under the operating agreement, the managing member is required to fund operating deficits from and after stabilization period until the last to occur of (1) the fifth anniversary of the end of the lease-up period or (2) the fifth anniversary of the end of the stabilization period. The expiration of the managing member's obligation to make operating deficit advances shall be extended by one year for each fiscal year during the period when the project's required expense coverage ratio is less than 105% and thereafter until such time the operating reserve equals or exceeds \$145,267. During this period, operating deficit advances funded by the managing member are to be treated as capital contributions and are limited to \$270,000. Any such advances shall be non-interest bearing and are only repayable from available cash flow as defined in the operating agreement. There were no operating deficit advances as of December 31, 2015.

F. SUBSEQUENT EVENTS

In January 2016, Truax Park Development, Phase 2, LLC paid the final construction draw totaling \$109,246. Of this amount, \$89,763 was funded by the construction loan with U.S. Bank National Association and \$19,483 was funded by the HOME loan.

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

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

- > Statement No. 72, *Fair Value Measurement and Application*
- > Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- > Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
- > Statement No. 77, *Tax Abatement Disclosures*
- > Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*

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

REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2015

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Asset</u>	<u>Proportionate Share of the Net Pension Asset</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Asset</u>
12/31/15	0.01596426%	\$ 392,124	\$ 2,131,088	18.40%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2015

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 157,204	\$ 157,204	\$ -	\$ 2,237,306	7.03%

See independent auditors' report and accompanying notes to the required supplementary information.

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2015

WISCONSIN RETIREMENT SYSTEM

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The CDA is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in Assumptions. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

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

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
As of December 31, 2015

ASSETS	Karabis Fund	Parkside Project Fund	East Housing Fund
Current Assets			
Cash and investments	\$ 1,243,011	\$ 8,656	\$ 592,950
Accounts receivable	28	1,905	8,161
Interest receivable	734	-	-
Current portion of advances to other funds	50,000	-	-
Due from other governmental units	-	-	131,933
Prepaid items	1,634	6,041	3,810
Total Current Assets	<u>1,295,407</u>	<u>16,602</u>	<u>736,854</u>
Property, Plant and Equipment			
Land	22,698	200,271	310,162
Land improvements	63,343	79,125	119,860
Buildings and improvements	911,362	4,043,450	9,663,387
Machinery and equipment	17,484	112,944	354,391
Intangibles	-	19,683	8,084
Less: Accumulated depreciation	(881,082)	(3,457,101)	(8,778,269)
Net Property, Plant and Equipment	<u>133,805</u>	<u>998,372</u>	<u>1,677,615</u>
Other Assets			
Restricted assets			
Cash and investments	4,872	21,620	34,285
Due from other governmental units	-	418,904	-
Net pension asset	-	3,164	41,991
Leases receivable	-	-	1,846,000
Total Other Assets	<u>4,872</u>	<u>443,688</u>	<u>1,922,276</u>
Total Assets	<u>1,434,084</u>	<u>1,458,662</u>	<u>4,336,745</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	6,338	22,456	46,239
Total Deferred Outflows of Resources	<u>6,338</u>	<u>22,456</u>	<u>46,239</u>

West Housing Fund	Triangle Housing Fund	CDA 95-1	Totals
\$ 362,913	\$ 204,070	\$ 61,804	\$ 2,473,404
6,402	1,402	1,018	18,916
-	-	-	734
-	-	-	50,000
38,018	89,727	-	259,678
9,168	7,034	-	27,687
<u>416,501</u>	<u>302,233</u>	<u>62,822</u>	<u>2,830,419</u>
1,208,977	482,652	241,689	2,466,449
-	-	18,980	281,308
12,549,435	9,727,931	1,782,771	38,678,336
393,382	293,086	82,342	1,253,629
8,084	8,086	-	43,937
<u>(10,801,114)</u>	<u>(8,929,003)</u>	<u>(916,618)</u>	<u>(33,763,187)</u>
<u>3,358,764</u>	<u>1,582,752</u>	<u>1,209,164</u>	<u>8,960,472</u>
79,104	46,300	24,333	210,514
-	-	116,893	535,797
76,968	76,151	-	198,274
-	-	-	1,846,000
<u>156,072</u>	<u>122,451</u>	<u>141,226</u>	<u>2,790,585</u>
<u>3,931,337</u>	<u>2,007,436</u>	<u>1,413,212</u>	<u>14,581,476</u>
<u>73,574</u>	<u>61,514</u>	<u>-</u>	<u>210,121</u>
<u>73,574</u>	<u>61,514</u>	<u>-</u>	<u>210,121</u>

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

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
As of December 31, 2015

<i>LIABILITIES</i>	Karabis Fund	Parkside Project Fund	East Housing Fund
Current Liabilities			
Accounts payable	\$ 4,536	\$ 5,283	\$ 366,802
Accrued liabilities	1,635	6,177	8,953
Unearned revenue	292	5,770	9,560
Current portion of mortgage notes	-	189,348	-
Current portion of advances from other funds	-	50,000	-
Current portion of advances from primary government			
- City of Madison	-	1,733	-
Accrued compensated absences	2,877	8,435	13,034
Other liabilities	<u>4,872</u>	<u>28,211</u>	<u>34,285</u>
Total Current Liabilities	<u>14,212</u>	<u>294,957</u>	<u>432,634</u>
Long-Term Debt Net of Current Maturities			
Mortgage notes	-	400,557	-
Other loans	-	-	-
Accrued compensated absences	11,511	33,739	52,136
Other post-employment benefits obligation	-	-	47,278
Net pension liability	661	-	-
Advances from primary government - City of Madison	<u>4,225</u>	<u>21,372</u>	<u>73,377</u>
Total Long-Term Debt	<u>16,397</u>	<u>455,668</u>	<u>172,791</u>
Total Liabilities	<u>30,609</u>	<u>750,625</u>	<u>605,425</u>
<i>DEFERRED INFLOWS OF RESOURCES</i>			
Pension related amounts	<u>2</u>	<u>6</u>	<u>10</u>
Total Deferred Inflows of Resources	<u>2</u>	<u>6</u>	<u>10</u>
<i>NET POSITION</i>			
Net investment in capital assets (deficit)	133,805	408,467	1,677,615
Restricted for debt	-	418,904	-
Restricted for pension	-	3,164	41,991
Unrestricted (deficit)	<u>1,276,006</u>	<u>(100,048)</u>	<u>2,057,943</u>
TOTAL NET POSITION	<u>\$ 1,409,811</u>	<u>\$ 730,487</u>	<u>\$ 3,777,549</u>

West Housing Fund	Triangle Housing Fund	CDA 95-1	Totals
\$ 42,376	\$ 46,905	\$ 353	\$ 466,255
13,597	20,902	1,928	53,192
23,209	16,791	-	55,622
-	-	80,799	270,147
-	-	-	50,000
-	-	-	1,733
22,469	11,730	-	58,545
79,104	46,300	23,806	216,578
<u>180,755</u>	<u>142,628</u>	<u>106,886</u>	<u>1,172,072</u>
-	-	505,569	906,126
60,000	-	602,871	662,871
89,880	46,924	-	234,190
30,750	29,816	-	107,844
-	-	-	661
111,313	44,459	-	254,746
<u>291,943</u>	<u>121,199</u>	<u>1,108,440</u>	<u>2,166,438</u>
<u>472,698</u>	<u>263,827</u>	<u>1,215,326</u>	<u>3,338,510</u>
<u>15</u>	<u>12</u>	<u>-</u>	<u>45</u>
<u>15</u>	<u>12</u>	<u>-</u>	<u>45</u>
3,298,764	1,582,752	19,925	7,121,328
-	-	-	418,904
76,968	76,151	-	198,274
<u>156,466</u>	<u>146,208</u>	<u>177,961</u>	<u>3,714,536</u>
<u>\$ 3,532,198</u>	<u>\$ 1,805,111</u>	<u>\$ 197,886</u>	<u>\$ 11,453,042</u>

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

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2015

	Karabis Fund	Parkside Project Fund	East Housing Fund
OPERATING REVENUES			
Charges for services	\$ 67,171	\$ 372,634	\$ 458,404
Other revenue	6,174	18,470	17,472
Total Operating Revenues	<u>73,345</u>	<u>391,104</u>	<u>475,876</u>
OPERATING EXPENSES			
Operation and maintenance	170,778	520,066	1,171,329
Depreciation	26,256	123,980	226,065
Taxes	3,973	28,708	26,534
Total Operating Expenses	<u>201,007</u>	<u>672,754</u>	<u>1,423,928</u>
Operating Income (Loss)	<u>(127,662)</u>	<u>(281,650)</u>	<u>(948,052)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	10,585	4,101	2,367
Interest and amortization	(228)	(51,593)	(2,639)
Intergovernmental grants	139,346	421,527	731,433
Miscellaneous expenses	-	-	(94,859)
Total Nonoperating Revenue (Expenses)	<u>149,703</u>	<u>374,035</u>	<u>636,302</u>
CHANGE IN NET POSITION	22,041	92,385	(311,750)
NET POSITION – Beginning of Year (as restated)	<u>1,387,770</u>	<u>638,102</u>	<u>4,089,299</u>
NET POSITION – END OF YEAR	<u>\$ 1,409,811</u>	<u>\$ 730,487</u>	<u>\$ 3,777,549</u>

West Housing Fund	Triangle Housing Fund	HUD Subsidy Fund	CDA 95-1	Totals
\$ 971,967	\$ 739,798	\$ -	\$ 307,802	\$ 2,917,776
<u>79,103</u>	<u>58,748</u>	<u>-</u>	<u>4,696</u>	<u>184,663</u>
<u>1,051,070</u>	<u>798,546</u>	<u>-</u>	<u>312,498</u>	<u>3,102,439</u>
1,655,005	1,320,292	-	126,259	4,963,729
316,894	216,357	-	49,020	958,572
<u>74,366</u>	<u>53,291</u>	<u>-</u>	<u>-</u>	<u>186,872</u>
<u>2,046,265</u>	<u>1,589,940</u>	<u>-</u>	<u>175,279</u>	<u>6,109,173</u>
<u>(995,195)</u>	<u>(791,394)</u>	<u>-</u>	<u>137,219</u>	<u>(3,006,734)</u>
1,817	721	-	1,021	20,612
(4,747)	(2,144)	-	(42,397)	(103,748)
766,977	701,751	147,518	-	2,908,552
<u>-</u>	<u>-</u>	<u>(147,518)</u>	<u>-</u>	<u>(242,377)</u>
<u>764,047</u>	<u>700,328</u>	<u>-</u>	<u>(41,376)</u>	<u>2,583,039</u>
(231,148)	(91,066)	-	95,843	(423,695)
<u>3,763,346</u>	<u>1,896,177</u>	<u>-</u>	<u>102,043</u>	<u>11,876,737</u>
<u>\$ 3,532,198</u>	<u>\$ 1,805,111</u>	<u>\$ -</u>	<u>\$ 197,886</u>	<u>\$ 11,453,042</u>

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

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2015

	Karabis Fund	Parkside Project Fund	East Housing Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 73,632	\$ 394,053	\$ 470,800
Paid to suppliers for goods and services	(118,422)	(315,125)	(452,374)
Paid to employees for services	(46,586)	(218,696)	(367,623)
Paid to city for tax equivalent	(3,973)	(28,708)	(26,534)
Net Cash Flows From Operating Activities	<u>(95,349)</u>	<u>(168,476)</u>	<u>(375,731)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Deposits (refunds)	112	(472)	(12,396)
Deposits (refunds) with governmental agencies	-	(66,917)	-
Intergovernmental grants	139,346	421,527	805,462
Repayment of advance from primary government	(289)	(1,579)	(5,015)
Collection of advance to other funds	45,000	-	-
Other nonoperating items	-	-	-
Net Cash Flows From Noncapital Financing Activities	<u>184,169</u>	<u>352,559</u>	<u>788,051</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt retired	-	(177,023)	-
Interest paid	(228)	(52,254)	(2,639)
Acquisition and construction of capital assets	(5,340)	(13,302)	-
Repayment of advance from other funds	-	(45,000)	-
Net Cash Flows From Capital and Related Financing Activities	<u>(5,568)</u>	<u>(287,579)</u>	<u>(2,639)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>11,246</u>	<u>4,101</u>	<u>2,367</u>
Net Cash Flows From Investing Activities	<u>11,246</u>	<u>4,101</u>	<u>2,367</u>
Net Increase (Decrease) in Cash and Cash Equivalents	94,498	(99,395)	412,048
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,153,385</u>	<u>129,671</u>	<u>215,187</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,247,883</u>	<u>\$ 30,276</u>	<u>\$ 627,235</u>

<u>West Housing Fund</u>	<u>Triangle Housing Fund</u>	<u>HUD Subsidy Fund</u>	<u>CDA 95-1</u>	<u>Totals</u>
\$ 1,048,393	\$ 797,194	\$ -	\$ 313,613	\$ 3,097,685
(1,066,878)	(896,446)	-	(128,698)	(2,977,943)
(560,887)	(422,869)	-	-	(1,616,661)
(74,366)	(53,291)	-	-	(186,872)
<u>(653,738)</u>	<u>(575,412)</u>	<u>-</u>	<u>184,915</u>	<u>(1,683,791)</u>
(2,900)	(11,285)	-	(15,714)	(42,655)
-	-	-	-	(66,917)
816,944	646,991	147,518	-	2,977,788
(7,607)	(3,039)	-	-	(17,529)
-	-	-	-	45,000
-	-	(147,518)	-	(147,518)
<u>806,437</u>	<u>632,667</u>	<u>-</u>	<u>(15,714)</u>	<u>2,748,169</u>
-	-	-	(85,378)	(262,401)
(4,747)	(2,144)	-	(42,397)	(104,409)
-	(36,053)	-	-	(54,695)
-	-	-	-	(45,000)
<u>(4,747)</u>	<u>(38,197)</u>	<u>-</u>	<u>(127,775)</u>	<u>(466,505)</u>
<u>1,817</u>	<u>721</u>	<u>-</u>	<u>1,021</u>	<u>21,273</u>
<u>1,817</u>	<u>721</u>	<u>-</u>	<u>1,021</u>	<u>21,273</u>
149,769	19,779	-	42,447	619,146
<u>292,248</u>	<u>230,591</u>	<u>-</u>	<u>43,690</u>	<u>2,064,772</u>
<u>\$ 442,017</u>	<u>\$ 250,370</u>	<u>\$ -</u>	<u>\$ 86,137</u>	<u>\$ 2,683,918</u>

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

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2015

	Karabis Fund	Parkside Project Fund	East Housing Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (127,662)	\$ (281,650)	\$ (948,052)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities			
Depreciation	26,256	123,980	226,065
Change in assets and liabilities			
Accounts receivable	(5)	3	(5,076)
Prepaid items	(8)	2,869	14,877
Accounts payable	(4,678)	(39,756)	308,186
Accrued liabilities	10,692	23,918	29,560
Pension related amounts	(236)	(786)	(1,291)
Unearned revenue	292	2,946	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ (95,349)	\$ (168,476)	\$ (375,731)

<u>West Housing Fund</u>	<u>Triangle Housing Fund</u>	<u>HUD Subsidy Fund</u>	<u>CDA 95-1</u>	<u>Totals</u>
\$ (995,195)	\$ (791,394)	\$ -	\$ 137,219	\$ (3,006,734)
316,894	216,357	-	49,020	958,572
(2,677)	(1,352)	-	42	(9,065)
18,916	11,218	-	-	47,872
(15,605)	(36,255)	-	(2,439)	209,453
25,890	27,545	-	1,073	118,678
(1,961)	(1,531)	-	-	(5,805)
-	-	-	-	3,238
<u>\$ (653,738)</u>	<u>\$ (575,412)</u>	<u>\$ -</u>	<u>\$ 184,915</u>	<u>\$ (1,683,791)</u>