

**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, 2016

**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, 2016, 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 which represents 10 percent, 8 percent and 5 percent, respectively, of the assets, net position and revenues of the business-type activities or the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Monona Shores and the aggregate discretely presented component units, is based solely on the report 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*.

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

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

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

Opinions

In our opinion, based on our audit and the report 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, 2016 and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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.

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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2017 on our consideration of the Community Development Authority of the City of Madison's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Community Development Authority of the City of Madison's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
June 28, 2017

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Year Ended December 31, 2016

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 "Noncurrent."

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (noncapital) 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, 2016

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, 2016

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 2015. 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 Nonmajor Funds - In addition to the major funds above, the CDA also maintains the following nonmajor funds.

| | |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>Karabis Fund:</u> | This fund accounts for activities related to a 20-unit housing project for disabled individuals ("Karabis"). HUD subsidizes the rents through monthly housing assistance payments. |
| <u>Parkside Fund:</u> | This fund accounts for activities related to a 95-unit housing project for elderly and disabled individuals ("Parkside"). HUD subsidizes the rents through monthly housing assistance payments. The Wisconsin Housing and Economic Development Authority (WHEDA) holds the mortgage on the project. The CDA has a cooperation agreement with WHEDA for the operation of the project. |

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Year Ended December 31, 2016

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 166 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 298 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 224 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-through 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, 2016

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 nonprofit 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 nonmajor 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, 2016

FINANCIAL HIGHLIGHTS AND ANALYSIS

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

| | <u>Business-type Activities 2016</u> | <u>Business-type Activities 2015</u> |
|----------------------------------|----------------------------------------------|----------------------------------------------|
| Current and other assets | \$ 22,870,246 | \$ 23,283,969 |
| Capital assets | <u>35,966,732</u> | <u>37,894,453</u> |
| Total Assets | <u>58,836,978</u> | <u>61,178,422</u> |
| Deferred outflows of resources | <u>1,457,933</u> | <u>403,938</u> |
| Long-term liabilities | 20,291,865 | 20,926,114 |
| Other liabilities | <u>7,331,934</u> | <u>7,823,167</u> |
| Total Liabilities | <u>27,623,799</u> | <u>28,749,281</u> |
| Deferred inflows of resources | <u>554,837</u> | <u>85</u> |
| Net Position | | |
| Net investment in capital assets | 23,955,513 | 24,946,331 |
| Restricted | 445,727 | 837,969 |
| Unrestricted | <u>7,715,035</u> | <u>7,048,694</u> |
| Total Net Position | <u>\$ 32,116,275</u> | <u>\$ 32,832,994</u> |

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Year Ended December 31, 2016

FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

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

| | <u>Business-type Activities 2016</u> | <u>Business-type Activities 2015 *</u> |
|--------------------------------------|----------------------------------------------|------------------------------------------------|
| Revenues | | |
| Program Revenues | | |
| Charges for services | \$ 5,905,409 | \$ 5,692,646 |
| Operating grants and contributions | 16,983,756 | 15,329,264 |
| Capital grants and contributions | 50,000 | 425,977 |
| General Revenues | | |
| Investment income | 207,375 | 361,743 |
| Interest on capital leases | 456,000 | 519,705 |
| Miscellaneous | 20,433 | 38,935 |
| Total Revenues | <u>23,622,973</u> | <u>22,368,270</u> |
| Expenses | | |
| Community Development | 2,509,942 | 2,410,521 |
| Housing projects | 21,895,019 | 20,269,175 |
| Total Expenses | <u>24,404,961</u> | <u>22,679,696</u> |
| Increase/Decrease in Net Position | (781,988) | (311,426) |
| Beginning Net Position (As Restated) | <u>32,898,263</u> | <u>33,144,420</u> |
| Ending Net Position | <u>\$ 32,116,275</u> | <u>\$ 32,832,994</u> |

* The 2015 column has not been restated.

The CDA's total Net Position decreased by \$781,988 during 2016. Since the CDA engages only in Business-type Activities, the decrease is all in the category of Business-type Net Position. Net Position was \$32.8 million and \$32.1 million for 2015 and 2016, respectively. There was a restatement of net position of \$65,269 for the correction of a previous error at the Monona Shores property. 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, 2016

FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

General Operating Fund - There was a decrease in Net Position in the amount of \$40,555. There was limited activity in this fund in 2016 consisting of normal operations and debt payments. There were no major acquisitions or capital projects.

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 2016, the CDA received a cash distribution from 2015 operations in the amount of \$32,269. 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 2016, the CDA continued work on the development of 24 single-family homes at the south end of the Allied Drive Property ("Mosaic Ridge"). During the year, four single-family homes were sold. In addition, the CDA contracted for and completed construction of a model home. A portion of excess land at the site was sold to the City of Madison for the creation of a park at a price of \$350,000. The sale of land was recorded as a loss; however, provided for an increase in cash in the Allied Fund. Additionally, the CDA's outstanding mortgage and note with the City of Madison were released at a price of \$0.

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Year Ended December 31, 2016

FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

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, 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.

In May of 2016, a significant rain caused flooding in the lower level which gave rise to a loss of approximately \$200,000. With the exception of a \$25,000 deductible, the loss is being covered by insurance.

No significant capital improvements or changes in operations occurred during 2016.

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 1, LLC and the CDA is a .01% managing member. Construction and leases 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, and 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. During 2016, final equity contributions made by the investor were used to repay a construction loan from US Bank and the final installment of consultant fees. In addition, \$400,000 of cash collateral held by the investor was returned to the CDA General Fund in 2016. Financing provided by the CDA, the City of Madison, and the Federal Home Loan Bank remains outstanding. *See the Truax Park Development, 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, 2016

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 a 104-unit apartment development 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 nonprofit 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. In 2016, the loan from US Bank matured and was refinanced at a lower interest rate with a local bank for five years with a maturity of August 26, 2021. Annually, excess cash flow is distributed to the CDA general fund.

At the time that the LLC was dissolved and the CDA took full ownership, the CDA entered into a PILOT agreement with the City of Madison, under which the CDA agrees to make annual PILOT payment to the City in the amount of \$40,000 beginning in 2015. In 2016, the CDA was billed and paid approximately \$92,800 in 2015 property taxes. The 2015 real estate taxes should not have been recorded as an expense for the year ended December 31, 2015 as it was known that the amount would be refunded in 2016. Excess cash of \$52,803 was transferred from Monona Shores to the CDA General Fund in 2016.

See Monona Shores 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, 2016

FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

- HUD Projects East AMP - The net position of the East AMP Fund increased by \$271,234. The total net position is \$4,048,783. There was approximately \$500,000 in Capital assets created through Capital grant funding.
- HUD Projects West AMP -The net position of the West AMP Fund decreased by \$423,904 to a total of \$3,108,294. The decrease was a result of flat revenues, and a slight increase in costs.
- HUD Projects Triangle AMP - The net position of the Triangle AMP Fund decreased by \$59,101 to a total of \$1,746,010. The decrease was approximately \$30,000 less than the previous year.
- HUD Projects Central Cost Center - The net position of the Central Cost Center Fund decreased by \$54,950 to a total of \$686,862.
- HUD Projects Fund Capital Fund Grant Program - In 2016, \$1,192,208 was received under this grant program. These funds were used for Public Housing physical and management improvements.
- HUD Projects Fund Service Coordinator Grant - \$78,202 was received in 2016 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 decreased by \$11,652 in 2016. The net position in this fund is \$1,398,159. The decrease was due to increased costs in operations.
- Parkside - The net position of the Parkside Fund increased by \$62,769 in 2016. This increased the net asset total to \$793,256. The increase was due to increased efficiencies in operations.
- Section 8 Program - The net position of the Housing Choice Voucher program decreased by \$351,659, to a total of \$604,185. Intergovernmental grants from the Department of Housing and Urban Development to support the program increased from \$12.2 million in 2015 to \$13.6 million in 2016. This program supported an average of 1,709 housing units per month in 2016. In 2015, the program supported an average of 1,620 housing units per month.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Year Ended December 31, 2016

CAPITAL ASSETS AND LONG-TERM DEBT

CAPITAL ASSETS

At the end of 2016, the CDA had \$35.9 million invested in a variety of capital assets as reflected in the following schedule. This represents a net decrease (additions, deductions and depreciation) of \$1,927,721 or 5.1% from the end of the previous year. The largest capital asset addition by the CDA in 2016 was the maintenance services building at the East Amp. The schedule below summarizes the capital asset activity:

**CDA-WIDE
CHANGE IN CAPITAL ASSETS**

| | 2016 | 2015 |
|---------------------------|---------------|---------------|
| Beginning balance | \$ 37,894,453 | \$ 39,406,525 |
| Additions | 887,730 | 593,819 |
| Deletions and adjustments | (854,464) | (94,609) |
| Depreciation | (1,960,987) | (2,011,282) |
| Ending Balance | \$ 35,966,732 | \$ 37,894,453 |

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

LONG-TERM DEBT

During 2016, the CDA's long-term debt decreased by \$1.9 million due to principal payoffs on existing debt.

**CDA-WIDE
CHANGE IN OUTSTANDING DEBT – 2016**

| | Beginning Balance | Increases | Decreases | Ending Balance |
|----------------------|----------------------|--------------|--------------|-------------------|
| Revenue bonds | \$ 9,870,000 | \$ - | \$ 1,390,000 | \$ 8,480,000 |
| Mortgage notes | 4,420,370 | 3,000,000 | 3,339,659 | 4,080,711 |
| Other loans/notes | 2,646,537 | - | 125,661 | 2,520,876 |
| (Discount)/Premiums | 146,327 | - | 49,165 | 97,162 |
| Total Long-Term Debt | \$ 17,083,234 | \$ 3,000,000 | \$ 4,904,485 | \$ 15,178,749 |

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Year Ended December 31, 2016

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, 2016

| | Primary Government | | Business- type Activities | | Component Units |
|-----------------------------------------------------------------------------------|-----------------------|--------------|---------------------------------|-------------|--------------------|
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash and investments | \$ | 5,448,788 | \$ | 495,829 | |
| Accounts receivable | | 286,567 | | 403,727 | |
| Interest receivable | | 140,453 | | - | |
| Current portion of leases receivable from primary government - City of Madison | | 1,445,000 | | - | |
| Due from other governmental units | | 324,412 | | - | |
| Prepaid items | | 1,103,872 | | 423,217 | |
| Other Assets | | 31,572 | | - | |
| Restricted Assets | | | | | |
| Cash and investments | | 28,901 | | 1,741,590 | |
| Total Current Assets | | 8,809,565 | | 3,064,363 | |
| Noncurrent Assets | | | | | |
| Capital Assets | | | | | |
| Land | | 10,800,536 | | 862,243 | |
| Construction in progress | | 555,308 | | - | |
| Land improvements | | 865,122 | | 732,831 | |
| Buildings and improvements | | 68,346,719 | | 34,615,416 | |
| Machinery and equipment | | 2,027,579 | | 1,121,999 | |
| Intangibles | | 43,937 | | - | |
| Less: Accumulated depreciation | | (46,672,469) | | (6,594,506) | |
| Net Capital Assets | | 35,966,732 | | 30,737,983 | |
| Other Assets | | | | | |
| Restricted Assets | | | | | |
| Cash and investments | | 1,849,757 | | - | |
| Due from primary government - City of Madison | | - | | - | |
| Due from other governmental units | | 601,136 | | - | |
| Long-term receivables | | 3,816,703 | | - | |
| Leases receivable | | 7,793,085 | | - | |
| Financing costs, net | | - | | 99,501 | |
| Tax credit fees, net | | - | | 309,489 | |
| Total Other Assets | | 14,060,681 | | 408,990 | |
| Total Noncurrent Assets | | 50,027,413 | | 31,146,973 | |
| Total Assets | | 58,836,978 | | 34,211,336 | |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Pension related amounts | | 1,457,933 | | - | |
| Total Deferred Outflows of Resources | | 1,457,933 | | - | |

| | <u>Primary Government</u> | |
|----------------------------------------------------------------------------|---------------------------------|----------------------|
| | Business- type Activities | Component Units |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable | \$ 674,369 | \$ 89,737 |
| Accrued liabilities | 389,183 | 1,153,928 |
| Due to primary government - City of Madison pooled cash and investments | 654,610 | - |
| Unearned revenue | 1,423,202 | 598,824 |
| Current portion of long-term debt | 3,146,366 | 110,202 |
| Current portion of advances from primary government - City of Madison | 603,259 | - |
| Accrued compensated absences | 108,659 | - |
| Other liabilities | 332,286 | 386,497 |
| Development fee payable | - | 171,676 |
| Total Current Liabilities | <u>7,331,934</u> | <u>2,510,864</u> |
| Long-Term Liabilities Net of Current Maturities | | |
| Mortgage notes | 3,638,109 | 8,944,991 |
| Revenue bonds | 7,035,000 | - |
| Other loans | 1,262,112 | - |
| Unamortized premium | 97,162 | - |
| Net Pension Liability | 262,120 | - |
| Accrued compensated absences | 434,637 | - |
| Other postemployment benefits | 226,790 | - |
| Advance from primary government - City of Madison | 7,335,935 | - |
| Total Long-Term Liabilities Net of Current Maturities | <u>20,291,865</u> | <u>8,944,991</u> |
| Total Liabilities | <u>27,623,799</u> | <u>11,455,855</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pension related amounts | <u>554,837</u> | - |
| Total Deferred Inflows of Resources | <u>554,837</u> | - |
| NET POSITION | | |
| Net investment in capital assets | 23,955,513 | 21,682,790 |
| Restricted for: | | |
| Residual receipts | 44,401 | - |
| Asset replacement/maintenance | 378,067 | - |
| Real estate taxes | 23,259 | - |
| Unrestricted | <u>7,715,035</u> | <u>1,072,691</u> |
| Total Net Position | <u>32,116,275</u> | <u>22,755,481</u> |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 60,294,911</u> | <u>\$ 34,211,336</u> |

See accompanying notes to financial statements.

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

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

| Functions/Programs | Expenses | Program Revenues | | Primary Government | Component Units | |
|------------------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|----------------------|-----------------------------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | | Net (Expenses) Revenues and Changes in Net Position |
| Primary Government | | | | | | |
| Business-type activities | | | | | | |
| Community development | \$ 2,509,942 | \$ 1,597,870 | \$ - | \$ 50,000 | \$ (862,072) | \$ - |
| Housing projects | 21,895,019 | 4,307,539 | 16,983,756 | - | (603,724) | - |
| Total Business-type Activities | <u>\$ 24,404,961</u> | <u>\$ 5,905,409</u> | <u>\$ 16,983,756</u> | <u>\$ 50,000</u> | <u>(1,465,796)</u> | <u>-</u> |
| Component Units - Housing Projects | <u>\$ 3,207,460</u> | <u>\$ 1,611,707</u> | <u>\$ 335,745</u> | <u>\$ 6,065,968</u> | <u>-</u> | <u>4,805,960</u> |
| General revenues | | | | | | |
| Investment income | | | | | 207,375 | 2,367 |
| Interest on capital leases | | | | | 456,000 | - |
| Miscellaneous | | | | | 20,433 | - |
| Total General Revenues | | | | | <u>683,808</u> | <u>2,367</u> |
| Change in net position | | | | | | |
| NET POSITION – Beginning of Year (as restated) | | | | | | |
| | | | | | <u>32,898,263</u> | <u>17,947,154</u> |
| NET POSITION – END OF YEAR | | | | | | |
| | | | | | <u>\$ 32,116,275</u> | <u>\$ 22,755,481</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, 2016

| | Business-type Activities - Enterprise Funds | | | | | | Business- type Activities - Internal Service Fund | |
|-----------------------------------------------------------------------------------|------------------------------------------------|----------------------------|-------------------|-------------------------|------------------|---------------------------------|---------------------------------------------------------------|----------------|
| | General Operating Fund | Housing Voucher Fund | Villager Fund | Allied Drive Fund | Monona Shores | Nonmajor Enterprise Funds | Central Cost Center Fund | |
| | | | | | | Totals | | |
| ASSETS | | | | | | | | |
| Current Assets | | | | | | | | |
| Cash and investments | \$ - | \$ 850,385 | \$ - | \$ 642,362 | \$ 499,264 | \$ 2,799,760 | \$ 4,791,771 | \$ 657,017 |
| Accounts receivable | 964 | - | 199,615 | - | 52,013 | 33,975 | 286,567 | - |
| Interest receivable | 131,194 | - | - | 9,259 | - | - | 140,453 | - |
| Current portion of leases receivable from primary government - City of Madison | 1,445,000 | - | - | - | - | - | 1,445,000 | - |
| Due from other governmental units | - | 97,319 | - | - | - | 227,093 | 324,412 | - |
| Prepaid items | 1,681 | 1,077,637 | 124 | 112 | - | 21,634 | 1,101,188 | 2,684 |
| Other post-employment benefits asset | - | - | - | - | - | - | - | 31,572 |
| Restricted assets | | | | | | | | |
| Cash and investments | 28,901 | - | - | - | - | - | 28,901 | - |
| Total Current Assets | <u>1,607,740</u> | <u>2,025,341</u> | <u>199,739</u> | <u>651,733</u> | <u>551,277</u> | <u>3,082,462</u> | <u>8,118,292</u> | <u>691,273</u> |
| Noncurrent Assets | | | | | | | | |
| Property, Plant and Equipment | | | | | | | | |
| Land | 1,007,937 | - | 4,580,151 | 2,572,498 | 173,501 | 2,466,449 | 10,800,536 | - |
| Construction in progress | 52,500 | - | - | 502,808 | - | - | 555,308 | - |
| Land improvements | - | - | - | - | 580,129 | 284,993 | 865,122 | - |
| Buildings and improvements | - | - | 18,078,816 | - | 10,823,949 | 39,187,419 | 68,090,184 | 256,535 |
| Machinery and equipment | - | 43,025 | - | - | 438,633 | 1,270,229 | 1,751,887 | 275,692 |
| Intangibles | - | - | - | - | - | 43,937 | 43,937 | - |
| Less: Accumulated depreciation | - | (43,025) | (4,803,314) | - | (6,702,513) | (34,674,764) | (46,223,616) | (448,853) |
| Net Property, Plant and Equipment | <u>1,060,437</u> | <u>-</u> | <u>17,855,653</u> | <u>3,075,306</u> | <u>5,313,699</u> | <u>8,578,263</u> | <u>35,883,358</u> | <u>83,374</u> |
| Other Assets | | | | | | | | |
| Restricted Assets | | | | | | | | |
| Cash and investments | 1,524,500 | 35,714 | - | - | 69,085 | 220,458 | 1,849,757 | - |
| Due from primary government - City of Madison | - | - | - | - | - | - | - | - |
| Due from other governmental units | - | - | - | - | - | 601,136 | 601,136 | - |
| Long-term receivables | 1,265,558 | - | - | 2,551,145 | - | - | 3,816,703 | - |
| Leases receivable | 5,947,085 | - | - | - | - | 1,846,000 | 7,793,085 | - |
| Total Other Assets | <u>8,737,143</u> | <u>35,714</u> | <u>-</u> | <u>2,551,145</u> | <u>69,085</u> | <u>2,667,594</u> | <u>14,060,681</u> | <u>-</u> |
| Total Noncurrent Assets | <u>9,797,580</u> | <u>35,714</u> | <u>17,855,653</u> | <u>5,626,451</u> | <u>5,382,784</u> | <u>11,245,857</u> | <u>49,944,039</u> | <u>83,374</u> |
| Total Assets | <u>11,405,320</u> | <u>2,061,055</u> | <u>18,055,392</u> | <u>6,278,184</u> | <u>5,934,061</u> | <u>14,328,319</u> | <u>58,062,331</u> | <u>774,647</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | | |
| Pension related amounts | 177,755 | 393,143 | - | - | - | 774,999 | 1,345,897 | 112,036 |
| Total Deferred Outflows of Resources | <u>177,755</u> | <u>393,143</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>774,999</u> | <u>1,345,897</u> | <u>112,036</u> |

| | Business-type Activities - Enterprise Funds | | | | | | Business- type Activities - Internal Service Fund | |
|-----------------------------------------------------------------------|------------------------------------------------|----------------------------|----------------------|-------------------------|---------------------|---------------------------------|---------------------------------------------------------------|-------------------|
| | General Operating Fund | Housing Voucher Fund | Villager Fund | Allied Drive Fund | Monona Shores | Nonmajor Enterprise Funds | Central Cost Center Fund | |
| | | | | | | Totals | | |
| LIABILITIES | | | | | | | | |
| Current Liabilities | | | | | | | | |
| Accounts payable | \$ 3,635 | \$ 13,451 | \$ 1,490 | \$ 883 | \$ 5,267 | \$ 638,600 | \$ 663,326 | \$ 11,043 |
| Accrued liabilities | 137,494 | 40,963 | 40,449 | 540 | 56,448 | 100,426 | 376,320 | 12,863 |
| Due to primary government - City of Madison | | | | | | | | |
| pooled cash and investments | 520,616 | - | 49,216 | - | - | 84,778 | 654,610 | - |
| Unearned revenue | - | 1,181,752 | 175,000 | - | 30,681 | 34,540 | 1,421,973 | 1,229 |
| Current portion of mortgage notes | - | - | - | - | 155,979 | 286,623 | 442,602 | - |
| Current portion of revenue bonds | 1,445,000 | - | - | - | - | - | 1,445,000 | - |
| Current portion of other loans | 68,333 | - | - | 819,431 | - | 371,000 | 1,258,764 | - |
| Current portion of advances from primary government - City of Madison | - | 9,156 | 567,483 | - | - | 21,018 | 597,657 | 5,602 |
| Accrued compensated absences | 3,442 | 30,306 | 524 | 524 | - | 64,097 | 98,893 | 9,766 |
| Other liabilities | - | 35,714 | - | - | 69,548 | 227,024 | 332,286 | - |
| Total Current Liabilities | <u>2,178,520</u> | <u>1,311,342</u> | <u>834,162</u> | <u>821,378</u> | <u>317,923</u> | <u>1,828,106</u> | <u>7,291,431</u> | <u>40,503</u> |
| Long-Term Debt Net of Current Maturities | | | | | | | | |
| Mortgage notes | - | - | - | - | 3,018,607 | 619,502 | 3,638,109 | - |
| Revenue bonds | 7,035,000 | - | - | - | - | - | 7,035,000 | - |
| Other loans | 1,000,002 | - | - | - | - | 262,110 | 1,262,112 | - |
| Unamortized premium | 97,162 | - | - | - | - | - | 97,162 | - |
| Net Pension Liability | 32,654 | 69,709 | - | - | - | 139,666 | 242,029 | 20,091 |
| Accrued compensated absences | 13,769 | 121,223 | 2,097 | 2,097 | - | 256,387 | 395,573 | 39,064 |
| Other postemployment benefits | 8,630 | 106,020 | - | - | - | 112,140 | 226,790 | - |
| Advances from primary government - City of Madison | 238,000 | 94,163 | 6,729,915 | - | - | 216,221 | 7,278,299 | 57,636 |
| Total Long-Term Debt | <u>8,425,217</u> | <u>391,115</u> | <u>6,732,012</u> | <u>2,097</u> | <u>3,018,607</u> | <u>1,606,026</u> | <u>20,175,074</u> | <u>116,791</u> |
| Total Liabilities | <u>10,603,737</u> | <u>1,702,457</u> | <u>7,566,174</u> | <u>823,475</u> | <u>3,336,530</u> | <u>3,434,132</u> | <u>27,466,505</u> | <u>157,294</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | |
| Pension related amounts | 69,120 | 147,556 | - | - | - | 295,634 | 512,310 | 42,527 |
| Total Deferred Inflows of Resources | <u>69,120</u> | <u>147,556</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>295,634</u> | <u>512,310</u> | <u>42,527</u> |
| NET POSITION | | | | | | | | |
| Net investment in capital assets | 1,060,437 | - | 10,558,255 | 3,075,306 | 2,139,113 | 7,039,028 | 23,872,139 | 83,374 |
| Restricted for: | | | | | | | | |
| Residual receipts | - | - | - | - | - | 44,401 | 44,401 | - |
| Asset replacement/maintenance | - | - | - | - | - | 378,067 | 378,067 | - |
| Real estate taxes | - | - | - | - | - | 23,259 | 23,259 | - |
| Unrestricted (deficit) | (150,219) | 604,185 | (69,037) | 2,379,403 | 458,418 | 3,888,797 | 7,111,547 | 603,488 |
| TOTAL NET POSITION | <u>\$ 910,218</u> | <u>\$ 604,185</u> | <u>\$ 10,489,218</u> | <u>\$ 5,454,709</u> | <u>\$ 2,597,531</u> | <u>\$ 10,995,485</u> | <u>\$ 31,429,413</u> | <u>\$ 686,862</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, 2016

| | 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 | Nonmajor Enterprise Funds | | Central Cost Center Fund |
| OPERATING REVENUES | | | | | | | | |
| Charges for services | \$ - | \$ - | \$ 1,514,237 | \$ - | \$ 1,068,277 | \$ 2,989,765 | \$ 5,572,279 | \$ 518,750 |
| Other revenue | - | - | 83,633 | - | 36,568 | 212,929 | 333,130 | - |
| Total Operating Revenues | - | - | 1,597,870 | - | 1,104,845 | 3,202,694 | 5,905,409 | 518,750 |
| OPERATING EXPENSES | | | | | | | | |
| Operation and maintenance | 210,892 | 14,069,741 | 749,969 | 27,560 | 538,482 | 5,143,339 | 20,739,983 | 570,008 |
| Depreciation | - | - | 612,133 | - | 424,449 | 911,578 | 1,948,160 | 12,827 |
| Taxes | - | - | 70,000 | - | - | 188,506 | 258,506 | - |
| Total Operating Expenses | 210,892 | 14,069,741 | 1,432,102 | 27,560 | 962,931 | 6,243,423 | 22,946,649 | 582,835 |
| Operating Income (Loss) | (210,892) | (14,069,741) | 165,768 | (27,560) | 141,914 | (3,040,729) | (17,041,240) | (64,085) |
| NONOPERATING REVENUES (EXPENSES) | | | | | | | | |
| Investment income | 90,384 | 7,186 | 609 | 82,460 | 19 | 21,158 | 201,816 | 5,559 |
| Interest on capital lease | 456,000 | - | - | - | - | - | 456,000 | - |
| Interest and amortization | (487,050) | (3,865) | (168,724) | (29,466) | (191,900) | (84,171) | (965,176) | (2,366) |
| Debt issuance costs | - | - | - | - | (21,503) | - | (21,503) | - |
| Intergovernmental grants | - | 13,708,470 | - | - | - | 3,275,286 | 16,983,756 | - |
| Gain (loss) on sale of assets | - | - | - | (154,148) | - | - | (154,148) | 1,794 |
| Miscellaneous revenues | 8,200 | 6,291 | - | - | - | - | 14,491 | 4,148 |
| Miscellaneous expenses | - | - | - | - | - | (251,034) | (251,034) | - |
| Total Nonoperating Revenue (Expenses) | 67,534 | 13,718,082 | (168,115) | (101,154) | (213,384) | 2,961,239 | 16,264,202 | 9,135 |
| Income (Loss) Before Contributions and Transfers | (143,358) | (351,659) | (2,347) | (128,714) | (71,470) | (79,490) | (777,038) | (54,950) |
| CAPITAL CONTRIBUTIONS | 50,000 | - | - | - | - | - | 50,000 | - |
| TRANSFERS IN (OUT) | 52,803 | - | - | - | (52,803) | - | - | - |
| CHANGE IN NET POSITION | (40,555) | (351,659) | (2,347) | (128,714) | (124,273) | (79,490) | (727,038) | (54,950) |
| NET POSITION – Beginning of Year (as restated) | 950,773 | 955,844 | 10,491,565 | 5,583,423 | 2,721,804 | 11,453,042 | 32,156,451 | 741,812 |
| NET POSITION – END OF YEAR | <u>\$ 910,218</u> | <u>\$ 604,185</u> | <u>\$ 10,489,218</u> | <u>\$ 5,454,709</u> | <u>\$ 2,597,531</u> | <u>\$ 11,373,552</u> | <u>\$ 31,429,413</u> | <u>\$ 686,862</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, 2016

| | Business-type Activities - Enterprise Funds | | | | | | Business-type Activities - Internal Service Fund | |
|-----------------------------------------------------------------|---------------------------------------------|----------------------|------------------|-------------------|-------------------|---------------------------|--------------------------------------------------|-------------------|
| | General Operating Fund | Housing Voucher Fund | Villager Fund | Allied Drive Fund | Monona Shores | Nonmajor Enterprise Funds | Central Cost Center Fund | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | | |
| Received from customers | \$ - | \$ - | \$ 1,610,408 | \$ - | \$ 1,212,207 | \$ 3,177,591 | \$ 6,000,206 | \$ 518,750 |
| Paid to suppliers for goods and services | (70,162) | (13,302,904) | (726,675) | (25,163) | (637,374) | (3,202,076) | (17,964,354) | (49,789) |
| Paid to city for tax equivalent | - | - | (70,000) | - | - | (188,506) | (258,506) | - |
| Paid to employees for services | (146,172) | (803,072) | (21,270) | (11,190) | - | (1,614,812) | (2,596,516) | (473,916) |
| Net Cash Flows From Operating Activities | <u>(216,334)</u> | <u>(14,105,976)</u> | <u>792,463</u> | <u>(36,353)</u> | <u>574,833</u> | <u>(1,827,803)</u> | <u>(14,819,170)</u> | <u>(4,955)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | | | |
| Deposits (refunds) | - | 35,714 | - | - | - | (27,914) | 7,800 | - |
| Deposits (refunds) with governmental agencies | - | - | - | - | - | (27,110) | (27,110) | - |
| Intergovernmental grants | - | 14,792,903 | - | - | - | 3,307,873 | 18,100,776 | - |
| Deficit cash implicitly financed (repaid) | (208,451) | - | (18,372) | - | - | 84,778 | (142,045) | - |
| Debt retired | (1,458,333) | - | - | - | - | - | (1,458,333) | - |
| Interest paid | (547,186) | - | - | - | - | - | (547,186) | - |
| Lease payments received | 1,864,587 | - | - | - | - | - | 1,864,587 | - |
| Collection of long-term receivable | 7,996 | - | - | 31,946 | - | - | 39,942 | - |
| Repayment of advance from primary government | - | (8,379) | (567,483) | - | - | (19,240) | (595,102) | (5,128) |
| Collection of advance to other funds | - | - | - | - | - | 50,000 | 50,000 | - |
| Transfers in (out) | 52,803 | - | - | - | (52,803) | - | - | - |
| Other nonoperating items | 14,251 | 6,291 | (35,000) | - | - | (261,994) | (276,452) | 4,148 |
| Net Cash Flows From Noncapital Financing Activities | <u>(274,333)</u> | <u>14,826,529</u> | <u>(620,855)</u> | <u>31,946</u> | <u>(52,803)</u> | <u>3,106,393</u> | <u>17,016,877</u> | <u>(980)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | | | |
| Debt retired | - | - | - | (27,567) | (3,069,511) | (299,909) | (3,396,987) | - |
| Proceeds from long-term debt | - | - | - | - | 3,000,000 | - | 3,000,000 | - |
| Interest paid | - | (3,865) | (172,217) | (35,507) | (202,878) | (84,905) | (499,372) | (2,366) |
| Debt issuance costs paid | - | - | - | - | (21,503) | - | (21,503) | - |
| Acquisition and construction of capital assets | - | - | - | (296,769) | (11,593) | (529,369) | (837,731) | - |
| Sale of assets held for resale | - | - | - | 700,317 | - | - | 700,317 | 1,794 |
| Collection of advance to other funds | - | - | - | - | - | - | - | - |
| Repayment of advance from other funds | - | - | - | - | - | (50,000) | (50,000) | - |
| Net Cash Flows From Capital and Related Financing Activities | <u>-</u> | <u>(3,865)</u> | <u>(172,217)</u> | <u>340,474</u> | <u>(305,485)</u> | <u>(964,183)</u> | <u>(1,105,276)</u> | <u>(572)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | |
| Investment income | 90,651 | 7,186 | 609 | 82,460 | 19 | 21,893 | 202,818 | 5,561 |
| Net Cash Flows From Investing Activities | <u>90,651</u> | <u>7,186</u> | <u>609</u> | <u>82,460</u> | <u>19</u> | <u>21,893</u> | <u>202,818</u> | <u>5,561</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (400,016) | 723,874 | - | 418,527 | 216,564 | 336,300 | 1,295,249 | (946) |
| CASH AND CASH EQUIVALENTS - Beginning 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> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 1,553,401 | \$ 886,099 | \$ - | \$ 642,362 | \$ 568,349 | \$ 3,020,218 | \$ 6,670,429 | \$ 657,017 |

| | 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 | Nonmajor Enterprise Funds | | Central Cost Center Fund |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES | | | | | | | | |
| Operating income (loss) | \$ (210,892) | \$ (14,069,741) | \$ 165,768 | \$ (27,560) | \$ 141,914 | \$ (3,040,729) | \$ (17,041,240) | \$ (64,085) |
| Adjustments to reconcile operating income (loss) to net cash flows from operating activities | | | | | | | | |
| Depreciation | - | - | 612,133 | - | 424,449 | 911,578 | 1,948,160 | 12,827 |
| Change in assets and liabilities | | | | | | | | |
| Receivables | - | - | 12,537 | - | 103,492 | (4,100) | 111,929 | - |
| Prepaid items and other assets | 1,446 | (22,200) | 180 | 13 | - | 6,002 | (14,559) | 2,622 |
| Accounts payable | (22,174) | (39,801) | 1,385 | (9,336) | (1,429) | 172,473 | 101,118 | 6,994 |
| Accrued liabilities | 7,771 | (3,084) | 460 | 530 | (92,212) | 80,066 | (6,469) | (15,188) |
| Pension related amounts | 7,515 | 28,850 | - | - | - | 67,989 | 104,354 | 51,875 |
| Unearned revenue | - | - | - | - | (1,381) | (21,082) | (22,463) | - |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | \$ (216,334) | \$ (14,105,976) | \$ 792,463 | \$ (36,353) | \$ 574,833 | \$ (1,827,803) | \$ (14,819,170) | \$ (4,955) |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION | | | | | | | | |
| Cash and investments | \$ - | \$ 850,385 | \$ - | \$ 642,362 | \$ 499,264 | \$ 2,799,760 | \$ 4,791,771 | \$ 657,017 |
| Restricted cash and investments - current and noncurrent | 1,553,401 | 35,714 | - | - | 69,085 | 220,458 | 1,878,658 | - |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 1,553,401 | \$ 886,099 | \$ - | \$ 642,362 | \$ 568,349 | \$ 3,020,218 | \$ 6,670,429 | \$ 657,017 |
| NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES | | | | | | | | |
| Contributed capital assets | \$ 50,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

See accompanying notes to financial statements.

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

COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
As of December 31, 2016

| | Allied Drive Redevelopment, LLC | Truax Park Redevelopment, Phase I, LLC | Burr Oaks Senior Housing, LLC | Truax Park Redevelopment, Phase 2, LLC | Totals |
|--------------------------------------|---------------------------------------|----------------------------------------------|-------------------------------------|----------------------------------------------|--------------------|
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash and investments | \$ 144,890 | \$ - | \$ 335,268 | \$ 15,671 | \$ 495,829 |
| Accounts receivable | 1,967 | 277,875 | 5,324 | 118,561 | 403,727 |
| Prepaid items | 371,309 | 2,281 | 10,096 | 39,531 | 423,217 |
| Restricted assets | | | | | |
| Cash and investments | <u>467,833</u> | <u>582,536</u> | <u>407,882</u> | <u>283,339</u> | <u>1,741,590</u> |
| Total Current Assets | <u>985,999</u> | <u>862,692</u> | <u>758,570</u> | <u>457,102</u> | <u>3,064,363</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 | 343,372 | 240,052 | 319,634 | 218,941 | 1,121,999 |
| Less: Accumulated depreciation | <u>(2,591,451)</u> | <u>(2,668,062)</u> | <u>(1,060,628)</u> | <u>(274,365)</u> | <u>(6,594,506)</u> |
| Net Property, Plant and Equipment | <u>6,496,019</u> | <u>10,920,204</u> | <u>5,431,348</u> | <u>7,890,412</u> | <u>30,737,983</u> |
| Other Assets | | | | | |
| Financing costs, net | - | - | 48,392 | 51,109 | 99,501 |
| Tax credit fees, net | <u>51,675</u> | <u>95,687</u> | <u>50,817</u> | <u>111,310</u> | <u>309,489</u> |
| Total Other Assets | <u>51,675</u> | <u>95,687</u> | <u>99,209</u> | <u>162,419</u> | <u>408,990</u> |
| Total Noncurrent Assets | <u>6,547,694</u> | <u>11,015,891</u> | <u>5,530,557</u> | <u>8,052,831</u> | <u>31,146,973</u> |
| Total Assets | <u>7,533,693</u> | <u>11,878,583</u> | <u>6,289,127</u> | <u>8,509,933</u> | <u>34,211,336</u> |

| | Allied Drive Redevelopment, LLC | Truax Park Redevelopment, Phase I, LLC | Burr Oaks Senior Housing, LLC | Truax Park Redevelopment, Phase 2, LLC | Totals |
|------------------------------------------------|---------------------------------------|----------------------------------------------|-------------------------------------|----------------------------------------------|----------------------|
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Accounts payable | \$ 9,680 | \$ 58,715 | \$ 3,539 | \$ 17,803 | \$ 89,737 |
| Accrued liabilities | 262,192 | 750,865 | 95,376 | 45,495 | 1,153,928 |
| Unearned revenue | 33,672 | 543,584 | 17,778 | 3,790 | 598,824 |
| Current portion of mortgage notes | 40,264 | 52,083 | 17,855 | - | 110,202 |
| Other liabilities | 186,971 | 132,960 | 18,603 | 47,963 | 386,497 |
| Development fee payable | - | 58,735 | - | 112,941 | 171,676 |
| Total Current Liabilities | <u>532,779</u> | <u>1,596,942</u> | <u>153,151</u> | <u>227,992</u> | <u>2,510,864</u> |
| Long-Term Debt Net of Current Maturities | | | | | |
| Mortgage notes | 2,504,347 | 3,445,621 | 1,475,735 | 1,519,288 | 8,944,991 |
| Total Long-Term Debt Net of Current Maturities | <u>2,504,347</u> | <u>3,445,621</u> | <u>1,475,735</u> | <u>1,519,288</u> | <u>8,944,991</u> |
| Total Liabilities | <u>3,037,126</u> | <u>5,042,563</u> | <u>1,628,886</u> | <u>1,747,280</u> | <u>11,455,855</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | 3,951,408 | 7,422,500 | 3,937,758 | 6,371,124 | 21,682,790 |
| Unrestricted (deficit) | 545,159 | (586,480) | 722,483 | 391,529 | 1,072,691 |
| Total Net Position | <u>4,496,567</u> | <u>6,836,020</u> | <u>4,660,241</u> | <u>6,762,653</u> | <u>22,755,481</u> |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 7,533,693</u> | <u>\$ 11,878,583</u> | <u>\$ 6,289,127</u> | <u>\$ 8,509,933</u> | <u>\$ 34,211,336</u> |

See accompanying notes to financial statements.

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

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
COMPONENT UNITS
For the Year Ended December 31, 2016

| | Allied Drive Redevelopment, LLC | Truax Park Redevelopment, Phase I, LLC | Burr Oaks Senior Housing, LLC | Truax Park Redevelopment, Phase 2, LLC | Totals |
|-----------------------------------------|---------------------------------------|----------------------------------------------|-------------------------------------|----------------------------------------------|----------------------|
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 556,676 | \$ 393,998 | \$ 399,405 | \$ 205,413 | \$ 1,555,492 |
| Other revenue | 9,269 | 38,668 | 7,149 | 1,129 | 56,215 |
| Total Operating Revenues | <u>565,945</u> | <u>432,666</u> | <u>406,554</u> | <u>206,542</u> | <u>1,611,707</u> |
| OPERATING EXPENSES | | | | | |
| Operation and maintenance | 422,089 | 534,992 | 326,758 | 313,079 | 1,596,918 |
| Depreciation | 328,604 | 455,889 | 194,895 | 221,644 | 1,201,032 |
| Total Operating Expenses | <u>750,693</u> | <u>990,881</u> | <u>521,653</u> | <u>534,723</u> | <u>2,797,950</u> |
| Operating Loss | <u>(184,748)</u> | <u>(558,215)</u> | <u>(115,099)</u> | <u>(328,181)</u> | <u>(1,186,243)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Investment income | 962 | 1,294 | 102 | 9 | 2,367 |
| Interest and amortization | (116,810) | (159,996) | (78,362) | (54,342) | (409,510) |
| Intergovernmental grants | - | 194,574 | - | 141,171 | 335,745 |
| Total Nonoperating Revenue (Expenses) | <u>(115,848)</u> | <u>35,872</u> | <u>(78,260)</u> | <u>86,838</u> | <u>(71,398)</u> |
| Loss Before Contributions | <u>(300,596)</u> | <u>(522,343)</u> | <u>(193,359)</u> | <u>(241,343)</u> | <u>(1,257,641)</u> |
| CAPITAL CONTRIBUTIONS | <u>-</u> | <u>100</u> | <u>-</u> | <u>6,065,868</u> | <u>6,065,968</u> |
| CHANGE IN NET POSITION | <u>(300,596)</u> | <u>(522,243)</u> | <u>(193,359)</u> | <u>5,824,525</u> | <u>4,808,327</u> |
| NET POSITION – Beginning 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> |
| NET POSITION – END OF YEAR | <u>\$ 4,496,567</u> | <u>\$ 6,836,020</u> | <u>\$ 4,660,241</u> | <u>\$ 6,762,653</u> | <u>\$ 22,755,481</u> |

See accompanying notes to financial statements.

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

INDEX TO NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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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, 2016

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, 2016

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, 2016. 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, 2016

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, 2016

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

B. BASIC FINANCIAL STATEMENTS

In February 2015, the GASB issued Statement No. 72 – *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard was implemented January 1, 2016.

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, 2016

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, 2016

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, 2016

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 methods and inputs as outlined in Note. II.A. 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, 2016

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 \$10,000 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, 2016

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, 2016 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, 2016

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, 2016 is approximately \$198,913,260, 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, 2016

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.)

13. 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.

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 | \$ 5,643,935 | \$ 5,655,292 | Custodial credit |
| Collateralized investment contract | 1,000,000 | 1,000,000 | Credit, concentration of |
| Mutual funds – money market | 28,901 | 28,901 | Credit |
| Total Cash and Investments | \$ 6,672,836 | \$ 6,684,193 | |
| Reconciliation to financial statements | | | |
| Per statement of net position | | | |
| Unrestricted cash and investments | \$ 5,448,788 | | |
| Restricted cash and investments - current | 28,901 | | |
| Restricted cash and investment - noncurrent | 1,849,757 | | |
| Pooled cash and investments – due to the City of Madison | (654,610) | | |
| Total Cash and Investments | \$ 6,672,836 | | |

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.

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

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.

The CDA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation method for recurring fair value measurement is as follows:

- > \$1 per share

| Investment Type | December 31, 2016 | | | Total |
|-----------------------------|-------------------|-----------|---------|-----------|
| | Level 1 | Level 2 | Level 3 | |
| Mutual Funds – Money Market | \$ - | \$ 28,901 | \$ - | \$ 28,901 |
| Totals | \$ - | \$ 28,901 | \$ - | \$ 28,901 |

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, 2016, the CDA had \$169,393 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, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

As of December 31, 2016, 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, 2016, 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, 2016, are as follows:

Allied Drive Redevelopment, LLC

| | |
|----------------------------|------------|
| Cash and Investments | |
| Unrestricted | \$ 144,890 |
| Restricted | |
| Tenants' security deposits | 42,303 |
| Replacement reserve | 33,395 |
| Mortgage escrow deposits | 5,306 |
| Operating reserve | 386,829 |
| Total Cash and Investments | \$ 612,723 |

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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 | \$ 582,536 |
| Total Cash and Investments | <u>\$ 582,536</u> |

Burr Oaks Senior Housing, LLC

| | |
|----------------------------|-------------------|
| Cash and Investments | |
| Unrestricted | \$ 335,268 |
| Restricted | |
| Tenants' security deposits | 20,408 |
| Real estate tax escrow | 47,128 |
| Insurance escrow | 6,319 |
| Operating reserve | 249,653 |
| Replacement reserve | <u>84,374</u> |
| Total Cash and Investments | <u>\$ 743,150</u> |

Truax Park Development, Phase 2, LLC

| | |
|----------------------------|-------------------|
| Cash and Investments | |
| Unrestricted | \$ 15,671 |
| Restricted | |
| Tenants' security deposits | 6,000 |
| Replacement reserve | 20,200 |
| Operating reserve | 157,178 |
| ACC reserve | <u>99,961</u> |
| Total Cash and Investments | <u>\$ 299,010</u> |

| | |
|---------------------------------------------|---------------------|
| Total Component Unit's Cash and Investments | <u>\$ 2,237,419</u> |
|---------------------------------------------|---------------------|

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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 | \$ | 495,829 |
| Restricted cash and investments | | <u>1,741,590</u> |
| Total Cash and Investments | \$ | <u><u>2,237,419</u></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 |
|-------------------------------------------------|----------------------------|
| Housing Voucher Fund | |
| Housing assistance payments received in advance | \$ 1,181,752 |
| Villager Fund | |
| Rent payments received not yet due | 175,000 |
| Monona Shores Fund | |
| Rent payments received not yet due | 30,681 |
| Nonmajor Enterprise Funds | |
| Rent payments received not yet due | 34,540 |
| Internal Service Fund | |
| Revenue received not yet due | <u>1,229</u> |
| Total Unearned Revenue | <u><u>\$ 1,423,202</u></u> |

Long-Term Receivables

The long-term receivables consist of the following:

| | |
|-----------------------------------------------------------|----------------------------|
| General Operating Fund | |
| Notes receivable – Truax Park Redevelopment, Phase I, LLC | \$ 784,762 |
| Notes receivable – Burr Oaks, LLC | 385,000 |
| Parkside settlement receivable | 20,696 |
| Notes receivable | <u>75,100</u> |
| Total | <u><u>\$ 1,265,558</u></u> |
| Allied Drive Fund | |
| Notes receivable – Allied Drive Redevelopment, LLC | <u><u>\$ 2,551,145</u></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, 2016

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.

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 | <u>524,500</u> |
| Total | <u>\$ 1,553,401</u> |

2. HOUSING VOUCHER FUND

At December 31, 2016, Housing voucher fund held tenant funds for self-sufficiency program as restricted cash in the amount of \$35,714.

3. MONONA SHORES FUND

At December 31, 2016, Monona Shores held tenant security deposits as restricted cash in the amount of \$69,085.

4. NONMAJOR FUNDS

At December 31, 2016, 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).

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

C. RESTRICTED ASSETS (cont.)

4. NONMAJOR FUNDS (cont.)

Real Estate Tax Escrow Account

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

Replacement Account

The replacement account is an account held in trust by WHEDA. Disbursements from this account are restricted to replacement of the building's structural elements or mechanical equipment and may be made only upon approval of WHEDA. Monthly deposits were made into this account in 2016.

Residual Receipts Account

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

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

| | |
|-----------------------------------|-------------------|
| Cash and Investments | |
| Tenants' security deposits | \$ 220,458 |
| Due From Other Governmental Units | |
| Real estate tax escrow account | 23,259 |
| Replacement account | 378,067 |
| Residual receipts account | 44,401 |
| Replacement account | <u>155,409</u> |
| Total | <u>\$ 821,594</u> |

Component Units

Following is a list of restricted assets at December 31, 2016:

| | |
|----------------------------|---------------------|
| Tenants' security deposits | \$ 68,711 |
| Tax and insurance escrow | 53,447 |
| Operating and ACC reserve | 1,476,157 |
| Replacement reserve | 137,969 |
| Mortgage escrow deposits | <u>5,306</u> |
| Total Restricted Assets | <u>\$ 1,741,590</u> |

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

| CDA | Beginning Balance | Additions | Deletions | Ending Balance |
|-----------------------------------------------|----------------------|-----------------------|-------------------|----------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 11,655,000 | \$ - | \$ 854,464 | \$ 10,800,536 |
| Construction in progress | 208,539 | 346,769 | - | 555,308 |
| Total Capital Assets Not Being Depreciated | <u>11,863,539</u> | <u>346,769</u> | <u>854,464</u> | <u>11,355,844</u> |
| Capital assets being depreciated | | | | |
| Land improvements | 861,437 | 3,685 | - | 865,122 |
| Buildings and improvements | 67,837,636 | 509,083 | - | 68,346,719 |
| Machinery and equipment | 1,999,386 | 28,193 | - | 2,027,579 |
| Intangible assets | 43,937 | - | - | 43,937 |
| Total Capital Assets Being Depreciated | <u>70,742,396</u> | <u>540,961</u> | <u>-</u> | <u>71,283,357</u> |
| Less: Accumulated depreciation for | | | | |
| Land improvements | (730,211) | (19,570) | - | (749,781) |
| Buildings and improvements | (42,145,349) | (1,843,083) | - | (43,988,432) |
| Machinery and equipment | (1,791,985) | (98,334) | - | (1,890,319) |
| Intangible assets | (43,937) | - | - | (43,937) |
| Total Accumulated Depreciation | <u>(44,711,482)</u> | <u>(1,960,987)</u> | <u>-</u> | <u>(46,672,469)</u> |
| Total Capital Assets Being Depreciated | <u>26,030,914</u> | <u>(1,420,026)</u> | <u>-</u> | <u>24,610,888</u> |
| Total Capital Assets | <u>\$ 37,894,453</u> | <u>\$ (1,073,257)</u> | <u>\$ 854,464</u> | <u>\$ 35,966,732</u> |

Depreciation expense was charged to functions as follows:

Proprietary Funds

| | |
|-----------------------|---------------------|
| Housing projects | <u>\$ 1,960,987</u> |
| Enterprise funds | \$ 1,948,160 |
| Internal service fund | <u>12,827</u> |
| Total | <u>\$ 1,960,987</u> |

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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 | 160,936 | - | - | 160,936 |
| Buildings | 8,181,766 | - | - | 8,181,766 |
| Furnishings and equipment | 301,486 | 41,886 | - | 343,372 |
| Total Capital Assets Being Depreciated | 8,644,188 | 41,886 | - | 8,686,074 |
| Less: Accumulated depreciation | (2,262,847) | (328,604) | - | (2,591,451) |
| Total Capital Assets Being Depreciated | 6,381,341 | (286,718) | - | 6,094,623 |
| Total Capital Assets | \$ 6,782,737 | \$ (286,718) | \$ - | \$ 6,496,019 |

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 | (2,212,173) | (455,889) | - | (2,668,062) |
| Total Capital Assets Being Depreciated | 11,305,093 | (455,889) | - | 10,849,204 |
| Total Capital Assets | \$ 11,376,093 | \$ (455,889) | \$ - | \$ 10,920,204 |

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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 | 249,784 | - | - | 249,784 |
| Buildings and improvements | 5,619,578 | - | - | 5,619,578 |
| Furnishings and equipment | 319,634 | - | - | 319,634 |
| Total Capital Assets Being Depreciated | 6,188,996 | - | - | 6,188,996 |
| Less: Accumulated depreciation | (865,733) | (194,895) | - | (1,060,628) |
| Total Capital Assets Being Depreciated | 5,323,263 | (194,895) | - | 5,128,368 |
| Total Capital Assets | \$ 5,626,243 | \$ (194,895) | \$ - | \$ 5,431,348 |

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) | (221,644) | - | (274,365) |
| Total Capital Assets Being Depreciated | 8,025,189 | (221,644) | - | 7,803,545 |
| Total Capital Assets | \$ 8,112,056 | \$ (221,644) | \$ - | \$ 7,890,412 |

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

E. INTERFUND TRANSFERS

Transfers

The following is a schedule of interfund transfers:

| <u>Fund Transferred To</u> | <u>Fund Transferred From</u> | <u>Amount</u> | <u>Principal Purpose</u> |
|-----------------------------------------------|---------------------------------|---------------|--------------------------|
| General operating | Monona Shores | \$ 52,803 | Move revenue |
| | Total Fund Financial Statements | 52,803 | |
| | Less: Fund eliminations | <u>52,803</u> | |
| Total Government-wide Statement of Activities | | <u>\$ -</u> | |

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2016 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 | \$ 9,870,000 | \$ - | \$ 1,390,000 | \$ 8,480,000 | \$ 1,445,000 |
| Mortgage notes | 4,420,370 | 3,000,000 | 3,339,659 | 4,080,711 | 442,602 |
| Other loans/notes | 2,646,537 | - | 125,661 | 2,520,876 | 1,258,764 |
| Premiums | 146,327 | - | 49,165 | 97,162 | - |
| Subtotal | <u>17,083,234</u> | <u>3,000,000</u> | <u>4,904,485</u> | <u>15,178,749</u> | <u>3,146,366</u> |
| Accrued compensated absences | 560,391 | 32,977 | 50,072 | 543,296 | 108,659 |
| Other post-employment benefits | 210,655 | 65,407 | 49,272 | 226,790 | - |
| Net pension liability | - | 262,120 | - | 262,120 | - |
| Advances from primary government – City of Madison | <u>8,539,424</u> | <u>-</u> | <u>600,230</u> | <u>7,939,194</u> | <u>603,259</u> |
| Total Long-Term Liabilities | <u>\$ 26,393,704</u> | <u>\$ 3,360,504</u> | <u>\$ 5,595,059</u> | <u>\$ 24,150,149</u> | <u>\$ 3,858,284</u> |

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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 74% of net revenues. Total principal and interest remaining to be paid on the bonds is \$10,128,483. Principal and interest paid for the current year and total revenues were \$1,923,170 and \$1,997,384, respectively.

Revenue debt payable at December 31, 2016 consists of the following:

| | <u>Date of Issue</u> | <u>Final Maturity</u> | <u>Interest Rates</u> | <u>Original Indebted- ness</u> | <u>Balance 12/31/16</u> |
|-------------------------------|--------------------------|---------------------------|---------------------------|----------------------------------------|-----------------------------|
| General Operating Fund | | | | | |
| Lease revenue bonds | 4/1/99 | 10/1/22 | 5.50 – 7.10% | \$ 10,870,000 | \$ 5,445,000 |
| Lease revenue bonds | 1/1/13 | 3/1/20 | 3.00% | 5,245,000 | <u>3,035,000</u> |
| Total Revenue Debt | | | | | <u>\$ 8,480,000</u> |

Debt service requirements to maturity are as follows:

| <u>Years</u> | <u>Revenue Debt</u> | |
|--------------|---------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 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 | 1,075,000 | 153,900 |
| 2022 | <u>1,085,000</u> | <u>77,506</u> |
| Totals | <u>\$ 8,480,000</u> | <u>\$ 1,648,483</u> |

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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, 2016 consists of the following:

| | <u>Date of Issue</u> | <u>Final Maturity</u> | <u>Interest Rates</u> | <u>Original Indebted- ness</u> | <u>Balance 12/31/16</u> |
|------------------------------|--------------------------|---------------------------|---------------------------|----------------------------------------|-----------------------------|
| <u>Parkside Project Fund</u> | | | | | |
| Housing mortgage note | 8/12/77 | 12/1/18 | 6.75% | \$ 3,085,241 | <u>\$ 400,557</u> |
| <u>CDA 95-1 Fund</u> | | | | | |
| Housing mortgage note | 6/1/92 | 6/1/22 | 4.00% | 2,283,492 | <u>505,568</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 | - |
| Housing mortgage note | 8/26/16 | 9/1/21 | 3.48% | 3,000,000 | <u>2,961,519</u> |
| Total Monona Shores | | | | | <u>3,174,586</u> |
| Total Mortgage Notes | | | | | <u>\$ 4,080,711</u> |

Debt service requirements to maturity are as follows:

| <u>Years</u> | <u>Mortgage Notes</u> | |
|--------------|-----------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2017 | \$ 442,602 | \$ 141,591 |
| 2018 | 447,114 | 118,470 |
| 2019 | 258,449 | 102,365 |
| 2020 | 267,919 | 92,896 |
| 2021 | 2,402,133 | 63,614 |
| 2022 - 2026 | 144,862 | 567 |
| 2027 - 2031 | <u>117,632</u> | <u>-</u> |
| Totals | <u>\$ 4,080,711</u> | <u>\$ 519,503</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, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Loans/Notes (cont.)

Other loans/notes payable at December 31, 2016 consists of the following:

| | <u>Date of Issue</u> | <u>Final Maturity</u> | <u>Interest Rates</u> | <u>Original Indebted- ness</u> | <u>Balance 12/31/16</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 | 683,335 |
| | | | Total General Operating Fund | | <u>1,068,335</u> |
| <u>Allied Drive Fund</u> | | | | | |
| Promissory note | 12/30/11 | 12/30/14 | 4.0% | 1,255,000 | <u>819,431</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 | 117,110 |
| | | | Total CDA 95-1 | | <u>573,110</u> |
| Total Other Loans/Notes | | | | | <u>\$ 2,520,876</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> |
| 2017 | \$ 887,764 | \$ 28,133 |
| 2018 | 68,333 | - |
| 2019 | 68,333 | - |
| 2020 | 68,333 | - |
| 2021 | 68,333 | - |
| 2022 – 2026 | <u>458,780</u> | <u>-</u> |
| Totals | <u>\$ 1,619,876</u> | <u>\$ 28,133</u> |

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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 \$641,796. 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> |
|--------------|---------------------|---------------------|
| 2017 | \$ 567,483 | \$ 158,247 |
| 2018 | 567,483 | 144,278 |
| 2019 | 567,483 | 130,308 |
| 2020 | 567,483 | 116,339 |
| 2021 | 567,483 | 102,370 |
| 2022 – 2026 | 2,297,483 | 346,852 |
| 2027 – 2031 | 2,162,500 | 128,551 |
| Totals | <u>\$ 7,297,398</u> | <u>\$ 1,126,945</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 | \$ 2,583,091 | \$ - | \$ 38,480 | \$ 2,544,611 | \$ 40,264 |
| Truax Park Redevelopment, Phase I, LLC Mortgage notes | 3,548,633 | - | 50,929 | 3,497,704 | 52,083 |
| Burr Oaks Senior Housing, LLC Mortgage notes | 1,510,383 | - | 16,793 | 1,493,590 | 17,855 |
| Truax Park Development, Phase 2, LLC Mortgage notes | 7,154,280 | 28,000 | 5,662,992 | 1,519,288 | - |
| Totals | <u>\$ 14,796,387</u> | <u>\$ 28,000</u> | <u>\$ 5,769,194</u> | <u>\$ 9,055,193</u> | <u>\$ 110,202</u> |

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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 payments of \$6,359, including interest at 4.50%; due January 1, 2042, 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 \$3,074 as of December 31, 2016; interest expense totaled \$37,689 for the year ended December 31, 2016. \$ 819,747

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, 2016. 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 \$216,823 as of December 13, 2016; interest expense totaled \$59,979 for the year ended December 31, 2016. 1,332,864

Totals \$ 2,544,611

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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; nonrecourse 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 \$506,127 as of December 31, 2016; interest expense totaled \$90,465 for the period ended December 31, 2016.</p> | <p>\$ 1,846,000</p> |
| <p>CDA; nonrecourse 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 \$4,120 as of December 31, 2016; interest expense totaled \$24,780.</p> | <p>784,762</p> |
| <p>CDA; nonrecourse 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 \$91,629 as of December 31, 2016; interest expense was \$15,441.</p> | <p>400,000</p> |
| <p>CDA; nonrecourse 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 \$73,154 as of December 31, 2016; interest expense was \$18,678.</p> | <p><u>466,942</u></p> |
| <p>Totals</p> | <p><u><u>\$ 3,497,704</u></u></p> |

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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; nonrecourse; 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. \$ 1,108,590

CDA; HOME loan; in an amount not to exceed \$385,000; subordinated second mortgage note payable; noninterest bearing loan; due the earliest of December 31, 2040 or the sale, transfer, or discontinuance of the permitted use of the property; nonrecourse; collateralized by a mortgage on the rental property, including the assignment of rents thereon. 385,000

Totals \$ 1,493,590

Truax Park Development, Phase 2, LLC

Mortgage notes payable consist of the following:

CDA; nonrecourse, noninterest 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

CDA (AHP loan); nonrecourse, noninterest 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

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

Component Units (cont.)

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

City of Madison (HOME loan), an affiliate of the managing member; nonrecourse, noninterest 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. \$ 280,000

CDA; nonrecourse 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 \$2,319 as of December 31, 2016; interest expense totaled \$1,164 for the period ended December 31, 2016. 40,000

Totals \$ 1,519,288

Debt service principal requirements to maturity are as follows:

| <u>Years</u> | |
|--------------|----------------------------|
| 2017 | \$ 110,202 |
| 2018 | 114,766 |
| 2019 | 119,533 |
| 2020 | 124,516 |
| 2021 | 129,723 |
| Thereafter | <u>8,456,453</u> |
| Totals | <u><u>\$ 9,055,193</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, 2016

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, 2016.

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 |
| 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>\$ 4,881,585</u> | <u>\$ 1,423,866</u> | <u>\$ 2,510,500</u> | <u>\$ 184,275</u> |
| Totals | | | | |

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, 2016 includes the following:

Business-Type Activities

| | |
|-------------------------------------------------------|----------------------|
| Net investment in capital assets | |
| Land | \$ 10,800,536 |
| Construction in progress | 555,308 |
| Other capital assets, net of accumulated depreciation | 24,610,888 |
| Less: Capital related long-term debt outstanding | <u>(12,011,219)</u> |
| Total | <u>\$ 23,955,513</u> |

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

I. RESTATEMENT OF NET POSITION

For Monona Shores, it was determined that the 2015 PILOT of \$40,000 should have been recorded as an expense and accrual as of December 31, 2015 based on the terms of the PILOT agreement. The 2015 real estate taxes of \$92,803 should not have been recorded as an expense for the year ended December 31, 2015 as it was known that the amount would be refunded in 2016. There should have been a receivable from the City of Madison totaling \$92,803 as of December 31, 2016.

It was also determined that accounts receivable (tenants) and prepaid rents were understated and overstated in the amount of \$3,480 and \$8,986, respectively, as of December 31, 2015 and the revenue was understated for the year ended December 31, 2015.

As a result, the fund has recorded a prior period adjustment to properly reflect the transactions noted above resulting in an increase in the 2015 net position of \$65,269.

The effects of the prior period adjustment on the 2016 financial statements are summarized as follows:

| | Business-type Activities | Monona Shores |
|------------------------------------------------|-----------------------------|------------------|
| Net Position – December 31, 2015 (as reported) | \$ 32,832,994 | \$ 2,656,535 |
| Add: Adjustment noted above | 65,269 | 65,269 |
| Net Position – December 31, 2015 (as restated) | \$ 32,898,263 | \$ 2,721,804 |

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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.

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III – OTHER INFORMATION (cont.)

A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)

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:

| Year | Core Fund Adjustment | Variable Fund Adjustment |
|------|----------------------|--------------------------|
| 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 |
| 2015 | 2.9 | 2 |

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 \$153,099 in contributions from the CDA.

Contribution rates as of December 31, 2016 are:

| Employee Category | Employee | Employer |
|------------------------------------|----------|----------|
| General | 6.6 % | 6.6% |
| Executives & Elected Officials | 6.6% | 6.6% |
| Protective with Social Security | 6.6% | 9.4% |
| Protective without Social Security | 6.6% | 13.2% |

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Pension Liability (Asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the CDA reported a liability of \$262,120 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. 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 liability was based on the CDA's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the CDA's proportion was 0.016130569%, which was an increase of .000166313% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the CDA recognized pension expense of \$315,815.

At December 31, 2016, the CDA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|------------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 43,608 | \$ 551,618 |
| Changes of actuarial assumptions | 183,390 | - |
| Net differences between projected and actual earnings on pension plan investments | 1,073,189 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | - | 3,219 |
| Employer contributions subsequent to the measurement date | 157,746 | - |
| Totals | \$ 1,457,933 | \$ 554,837 |

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

\$157,746 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, 2016. 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 |
|----------------------------|-----------------------------------|----------------------------------|
| 2017 | \$ 337,770 | \$ 134,296 |
| 2018 | 337,770 | 134,296 |
| 2019 | 337,770 | 134,296 |
| 2020 | 281,744 | 134,284 |
| 2021 | 5,133 | 17,665 |

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------------------------------|--------------------------------|
| Actuarial Valuation Date: | December 31, 2014 |
| Measurement Date of Net Pension Liability (Asset) | December 31, 2015 |
| 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% - 5.6% |
| 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, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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:

| Core Fund Asset Class | Current Asset Allocation % | Destination Target Asset Allocation % | Long-Term Expected Nominal Rate of Return % | Long-Term Expected Real Rate of Return % |
|----------------------------|-------------------------------|---------------------------------------------|------------------------------------------------------|------------------------------------------------|
| US Equities | 27% | 23% | 7.6% | 4.7% |
| International Equities | 24.5 | 22 | 8.5 | 5.6 |
| Fixed Income | 27.5 | 37 | 4.4 | 1.6 |
| Inflation Sensitive Assets | 10 | 20 | 4.2 | 1.4 |
| Real Estate | 7 | 7 | 6.5 | 3.6 |
| Private Equity/Debt | 7 | 7 | 9.4 | 6.5 |
| Multi-Asset | 4 | 4 | 6.7 | 3.8 |
| Total Core Fund | 107 | 120 | 7.4 | 4.5 |
| | | | | |
| Variable Fund Asset Class | | | | |
| U.S. Equities | 70 | 70 | 7.6 | 4.7 |
| International Equities | 30 | 30 | 8.5 | 5.6 |
| Total Variable Fund | 100 | 100 | 7.9 | 5.0 |

New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.75%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

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.

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NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III – OTHER INFORMATION (cont.)

A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)

Sensitivity of the CDA’s proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the CDA’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the CDA’s proportionate share of the net pension liability (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 liability (asset) | \$ 1,838,505 | \$ 262,120 | \$ (969,067) |

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://etf.wi.gov/publications/cafr.htm>.

At December 31, 2016, 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
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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 \$416,126. Total assistance payments received from WHEDA were \$416,126 during 2016.

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 \$33,491 for the year ended December 31, 2016.

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, 2016

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 \$31,893 for the period ended December 31, 2016. Of this amount, \$7,500 has been deferred as of December 31, 2016.

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, 2016

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, 2016

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. Sub-management fees incurred totaled \$7,500 for the period ended December 31, 2016.

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 \$0 as of December 31, 2016.

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 2016 from Public Health – Madison and Dane County, a related party, were \$341,584.

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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 \$359,667 as of December 31, 2016. The ground lease expense totaled \$4,000 for the year ended December 31, 2016.

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 \$177,850 as of December 31, 2016. Managing member management fees expensed totaled \$24,598 for the year ended December 31, 2016.

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 \$5,903 as of December 31, 2016. Asset management fees expenses totaled \$5,903 for the year ended December 31, 2016.

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 \$273,677 as of December 31, 2016.

**COMMUNITY DEVELOPMENT AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
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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 \$194,574 were earned during the year ended December 31, 2016. Included in accounts payable are related party operating subsidies payable of \$47,127 as of December 31, 2016.

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, 2016.

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, 2016.

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 \$19,700 for the period ended December 31, 2016.

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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 \$39,157 as of December 31, 2016. Asset management fees incurred totaled \$8,231 for the year ended December 31, 2016.

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, 2016.

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, 2016.

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III – OTHER INFORMATION (cont.)

E. RELATED PARTIES (cont.)

Component Units (cont.)

Burr Oaks Senior Housing, LLC (cont.)

Asset Management Fees

Burr Oaks Senior Housing, LLC is obligated to pay an annual cumulative asset management fee in the initial amount of \$7,500 to the managing member. 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 \$8,442 for the year ended December 31, 2016. Accrued asset management fees included in other accrued expenses on the balance sheet were \$8,442 as of December 31, 2016.

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 \$8,442 for the year ended December 31, 2016. Accrued asset management fees included in other accrued expenses on the balance sheet were \$8,442 as of December 31, 2016.

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 \$141,171 were earned during the year ended December 31, 2016. Included in accounts payable are related party operating subsidies receivable of \$70,556 as of December 31, 2016.

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III – OTHER INFORMATION (cont.)

E. RELATED PARTIES (cont.)

Component Units (cont.)

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

Accounts Receivable

Included in accounts receivable, related party are amounts due from the City of Madison, an affiliate of the managing member, for project funds held by the City of Madison totaling \$37,995 as of December 31, 2016.

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. The development completion guaranty loan was \$26,552 as of December 31, 2016.

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, 2016.

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. Property management fee expense totaled \$6,794 during the period ended December 31, 2016.

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 \$6,120 as of December 31, 2016. Asset management fees incurred totaled \$4,800 for the year ended December 31, 2016.

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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, 2016.

Sale Administration Fee

In accordance with the operating agreement, the sale administration fee is to be payable to the managing member in lieu of a third-party broker fee for providing services related to arranging and executing a sale of the project to an unrelated third-party buyer. The fee amount would be an amount mutually agreed upon by the managing member and the investor member.

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

The Governmental Accounting Standards Board (GASB) has approved Statement No. 73 through Statement No. 75 and Statement No.80 through Statement No. 85 that are not yet effective. When they become effective, application of these standards may restate portions of these financial statements.

- > Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 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. 80, Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14
- > Statement No. 81, Irrevocable Split-Interest Agreements

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III – OTHER INFORMATION (cont.)

F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS (cont.)

- > Statement No. 82, Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73
- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 85, *Omnibus 2017*
- > Statement No. 86, *Certain Debt Extinguishment Issues*

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

REQUIRED SUPPLEMENTARY INFORMATION

COMMUNITY DEVELOPMENT AUTHORITY

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2016

| <u>Fiscal Year Ending</u> | <u>Proportion of the Net Pension Liability (Asset)</u> | <u>Proportionate Share of the Net Pension Liability (Asset)</u> | <u>Covered Payroll</u> | <u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u> |
|---------------------------|--------------------------------------------------------|-----------------------------------------------------------------|------------------------|----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| 12/31/15 | 0.01596426% | \$ (392,124) | \$ 2,131,088 | 18.40% | 102.74% |
| 12/31/16 | 0.01613057% | 262,120 | 2,237,306 | 11.72% | 98.20% |

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2016

| <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% |
| 12/31/16 | 157,746 | 157,746 | - | 2,220,313 | 7.10% |

See independent auditor's report and accompanying notes to required supplementary information.

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2016

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, 2016

| ASSETS | Karabis Fund | Parkside Project Fund | East Housing Fund |
|---------------------------------------|------------------|-----------------------------|-------------------------|
| Current Assets | | | |
| Cash and investments | \$ 1,305,492 | \$ - | \$ 752,216 |
| Accounts receivable | 11 | 4,145 | 22,981 |
| Due from other governmental units | - | - | 64,538 |
| Prepaid items | 808 | 4,901 | 4,427 |
| Total Current Assets | <u>1,306,311</u> | <u>9,046</u> | <u>844,162</u> |
| Property, Plant and Equipment | | | |
| Land | 22,698 | 200,271 | 310,162 |
| Land improvements | 63,343 | 79,125 | 119,860 |
| Buildings and improvements | 955,112 | 4,043,450 | 10,113,578 |
| Machinery and equipment | 17,484 | 112,944 | 354,391 |
| Intangibles | - | 19,683 | 8,084 |
| Less: Accumulated depreciation | <u>(908,966)</u> | <u>(3,582,193)</u> | <u>(9,000,013)</u> |
| Net Property, Plant and Equipment | <u>149,671</u> | <u>873,280</u> | <u>1,906,062</u> |
| Other Assets | | | |
| Restricted assets | | | |
| Cash and Investments | 4,572 | 22,978 | 37,692 |
| Due from other governmental units | - | 445,727 | - |
| Lease receivable | <u>-</u> | <u>-</u> | <u>1,846,000</u> |
| Total Other Assets | <u>4,572</u> | <u>468,705</u> | <u>1,883,692</u> |
| Total Assets | <u>1,460,554</u> | <u>1,351,031</u> | <u>4,633,916</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension related amounts | <u>38,001</u> | <u>152,338</u> | <u>159,836</u> |
| Total Deferred Outflows of Resources | <u>38,001</u> | <u>152,338</u> | <u>159,836</u> |

| West Housing Fund | Triangle Housing Fund | CDA 95-1 | Totals |
|-------------------------|-----------------------------|------------------|---------------------|
| \$ 348,947 | \$ 381,853 | \$ 11,252 | \$ 2,799,760 |
| 1,763 | 3,826 | 1,249 | 33,975 |
| 42,557 | 119,998 | - | 227,093 |
| 8,518 | 2,980 | - | 21,634 |
| <u>401,785</u> | <u>508,657</u> | <u>12,501</u> | <u>3,082,462</u> |
| 1,208,977 | 482,652 | 241,689 | 2,466,449 |
| - | - | 22,665 | 284,993 |
| 12,549,435 | 9,727,931 | 1,797,913 | 39,187,419 |
| 393,382 | 293,086 | 98,942 | 1,270,229 |
| 8,084 | 8,086 | - | 43,937 |
| <u>(11,112,759)</u> | <u>(9,101,504)</u> | <u>(969,329)</u> | <u>(34,674,764)</u> |
| <u>3,047,119</u> | <u>1,410,251</u> | <u>1,191,880</u> | <u>8,578,263</u> |
| 85,187 | 45,653 | 24,376 | 220,458 |
| - | - | 155,409 | 601,136 |
| - | - | - | 1,846,000 |
| <u>85,187</u> | <u>45,653</u> | <u>179,785</u> | <u>2,667,594</u> |
| <u>3,534,091</u> | <u>1,964,561</u> | <u>1,384,166</u> | <u>14,328,319</u> |
| <u>278,938</u> | <u>145,886</u> | <u>-</u> | <u>774,999</u> |
| <u>278,938</u> | <u>145,886</u> | <u>-</u> | <u>774,999</u> |

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

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
As of December 31, 2016

| LIABILITIES | <u>Karabis Fund</u> | <u>Parkside Project Fund</u> | <u>East Housing Fund</u> |
|-----------------------------------------------------|-------------------------|--------------------------------------|----------------------------------|
| Current Liabilities | | | |
| Accounts payable | \$ 50,047 | \$ 18,602 | \$ 404,559 |
| Accrued liabilities | 5,172 | 15,963 | 17,405 |
| Unearned revenue | - | 2,190 | 5,661 |
| Due to primary government - City of Madison | | | |
| pooled cash and investments | - | 84,778 | - |
| Current portion of mortgage notes | - | 202,532 | - |
| Current portion of other loans | - | - | - |
| Current portion of advances from primary government | | | |
| - City of Madison | 346 | 1,893 | 6,014 |
| Accrued compensated absences | 2,922 | 9,138 | 14,648 |
| Other liabilities | 4,572 | 29,984 | 37,692 |
| Total Current Liabilities | <u>63,059</u> | <u>365,080</u> | <u>485,979</u> |
| Long-Term Debt Net of Current Maturities | | | |
| Mortgage notes | - | 198,025 | - |
| Other loans | - | - | - |
| Net Pension Liability | 7,087 | 29,190 | 28,346 |
| Accrued compensated absences | 11,688 | 36,552 | 58,591 |
| Other post-employment benefits | - | - | 50,192 |
| Advances from primary government - City of Madison | 3,562 | 19,479 | 61,859 |
| Total Long-Term Debt | <u>22,337</u> | <u>283,246</u> | <u>198,988</u> |
| Total Liabilities | <u>85,396</u> | <u>648,326</u> | <u>684,967</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension related amounts | <u>15,000</u> | <u>61,787</u> | <u>60,002</u> |
| Total Deferred Inflows of Resources | <u>15,000</u> | <u>61,787</u> | <u>60,002</u> |
| NET POSITION | | | |
| Net investment in capital assets | 149,671 | 472,723 | 1,906,062 |
| Restricted for: | | | |
| Residual receipts | - | 44,401 | - |
| Asset replacement/maintenance | - | 378,067 | - |
| Real estate taxes | - | 23,259 | - |
| Unrestricted (deficit) | <u>1,248,488</u> | <u>(125,194)</u> | <u>2,142,721</u> |
| TOTAL NET POSITION | <u>\$ 1,398,159</u> | <u>\$ 793,256</u> | <u>\$ 4,048,783</u> |

| West Housing Fund | Triangle Housing Fund | CDA 95-1 | Totals |
|-------------------------|-----------------------------|-------------------|----------------------|
| \$ 95,915 | \$ 68,852 | \$ 625 | \$ 638,600 |
| 29,969 | 30,040 | 1,877 | 100,426 |
| 13,487 | 13,202 | - | 34,540 |
| - | - | - | 84,778 |
| - | - | 84,091 | 286,623 |
| - | - | 371,000 | 371,000 |
| 9,123 | 3,642 | - | 21,018 |
| 25,049 | 12,340 | - | 64,097 |
| 85,187 | 45,653 | 23,936 | 227,024 |
| <u>258,730</u> | <u>173,729</u> | <u>481,529</u> | <u>1,828,106</u> |
| - | - | 421,477 | 619,502 |
| 60,000 | - | 202,110 | 262,110 |
| 50,893 | 24,150 | - | 139,666 |
| 100,194 | 49,362 | - | 256,387 |
| 33,351 | 28,597 | - | 112,140 |
| 93,840 | 37,481 | - | 216,221 |
| <u>338,278</u> | <u>139,590</u> | <u>623,587</u> | <u>1,606,026</u> |
| <u>597,008</u> | <u>313,319</u> | <u>1,105,116</u> | <u>3,434,132</u> |
| <u>107,727</u> | <u>51,118</u> | - | <u>295,634</u> |
| <u>107,727</u> | <u>51,118</u> | - | <u>295,634</u> |
| 2,987,119 | 1,410,251 | 113,202 | 7,039,028 |
| - | - | - | 44,401 |
| - | - | - | 378,067 |
| - | - | - | 23,259 |
| <u>121,175</u> | <u>335,759</u> | <u>165,848</u> | <u>3,888,797</u> |
| <u>\$ 3,108,294</u> | <u>\$ 1,746,010</u> | <u>\$ 279,050</u> | <u>\$ 11,373,552</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, 2016

| | Karabis Fund | Parkside Project Fund | East Housing Fund |
|-----------------------------------------|---------------------|-----------------------------|-------------------------|
| OPERATING REVENUES | | | |
| Charges for services | \$ 63,648 | \$ 372,791 | \$ 496,412 |
| Other revenue | <u>7,566</u> | <u>23,097</u> | <u>56,432</u> |
| Total Operating Revenues | <u>71,214</u> | <u>395,888</u> | <u>552,844</u> |
| OPERATING EXPENSES | | | |
| Operation and maintenance | 220,323 | 656,738 | 1,139,374 |
| Depreciation | 27,884 | 125,092 | 221,744 |
| Taxes | <u>3,309</u> | <u>28,585</u> | <u>28,941</u> |
| Total Operating Expenses | <u>251,516</u> | <u>810,415</u> | <u>1,390,059</u> |
| Operating Income (Loss) | <u>(180,302)</u> | <u>(414,527)</u> | <u>(837,215)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment income | 9,474 | 5,071 | 1,659 |
| Interest and amortization | (253) | (36,341) | (2,757) |
| Intergovernmental grants | 159,429 | 508,566 | 1,109,547 |
| Miscellaneous Expenses | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Nonoperating Revenue (Expenses) | <u>168,650</u> | <u>477,296</u> | <u>1,108,449</u> |
| CHANGE IN NET POSITION | (11,652) | 62,769 | 271,234 |
| NET POSITION – Beginning of Year | <u>1,409,811</u> | <u>730,487</u> | <u>3,777,549</u> |
| NET POSITION – END OF YEAR | <u>\$ 1,398,159</u> | <u>\$ 793,256</u> | <u>\$ 4,048,783</u> |

| West Housing Fund | Triangle Housing Fund | HUD Subsidy Fund | CDA 95-1 | Totals |
|-------------------------|-----------------------------|------------------------|-------------------|----------------------|
| \$ 997,397 | \$ 748,108 | \$ - | \$ 311,409 | \$ 2,989,765 |
| <u>71,134</u> | <u>49,698</u> | <u>-</u> | <u>5,002</u> | <u>212,929</u> |
| <u>1,068,531</u> | <u>797,806</u> | <u>-</u> | <u>316,411</u> | <u>3,202,694</u> |
| 1,845,903 | 1,135,901 | - | 145,100 | 5,143,339 |
| 311,645 | 172,502 | - | 52,711 | 911,578 |
| <u>74,366</u> | <u>53,305</u> | <u>-</u> | <u>-</u> | <u>188,506</u> |
| <u>2,231,914</u> | <u>1,361,708</u> | <u>-</u> | <u>197,811</u> | <u>6,243,423</u> |
| <u>(1,163,383)</u> | <u>(563,902)</u> | <u>-</u> | <u>118,600</u> | <u>(3,040,729)</u> |
| 1,959 | 1,197 | - | 1,798 | 21,158 |
| (3,956) | (1,630) | - | (39,234) | (84,171) |
| 741,476 | 505,234 | 251,034 | - | 3,275,286 |
| <u>-</u> | <u>-</u> | <u>(251,034)</u> | <u>-</u> | <u>(251,034)</u> |
| <u>739,479</u> | <u>504,801</u> | <u>-</u> | <u>(37,436)</u> | <u>2,961,239</u> |
| (423,904) | (59,101) | - | 81,164 | (79,490) |
| <u>3,532,198</u> | <u>1,805,111</u> | <u>-</u> | <u>197,886</u> | <u>11,453,042</u> |
| <u>\$ 3,108,294</u> | <u>\$ 1,746,010</u> | <u>\$ -</u> | <u>\$ 279,050</u> | <u>\$ 11,373,552</u> |

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

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2016

| | <u>Karabis Fund</u> | <u>Parkside Project Fund</u> |
|-----------------------------------------------------------------|-------------------------|--------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Received from customers | \$ 70,939 | \$ 390,068 |
| Paid to suppliers for goods and services | (126,974) | (319,103) |
| Paid to city for tax equivalent | (3,309) | (28,585) |
| Paid to employees for services | <u>(53,493)</u> | <u>(344,886)</u> |
| Net Cash Flows From Operating Activities | <u>(112,837)</u> | <u>(302,506)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Deposits (refunds) | (300) | 2,059 |
| Deposits (refunds) with governmental agencies | - | (27,110) |
| Intergovernmental grants | 159,429 | 508,566 |
| Deficit cash implicitly financed (repaid) | - | 84,778 |
| Repayment of advance to primary government | (317) | (1,733) |
| Collection of advance from other funds | 50,000 | - |
| Other nonoperating items | - | - |
| Net Cash Flows From Noncapital Financing Activities | <u>208,812</u> | <u>566,560</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Debt retired | - | (189,348) |
| Interest paid | (253) | (37,075) |
| Repayment of advance from other funds | - | (50,000) |
| Acquisition and construction of capital assets | <u>(43,750)</u> | <u>-</u> |
| Net Cash Flows From Capital and Related Financing Activities | <u>(44,003)</u> | <u>(276,423)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investment income | <u>10,209</u> | <u>5,071</u> |
| Net Cash Flows From Investing Activities | <u>10,209</u> | <u>5,071</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 62,181 | (7,298) |
| CASH AND CASH EQUIVALENTS - Beginning of Year | <u>1,247,883</u> | <u>30,276</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 1,310,064</u> | <u>\$ 22,978</u> |

| East Housing Fund | West Housing Fund | Triangle Housing Fund | HUD Subsidy Fund | CDA 95-1 | Totals |
|-------------------------|-------------------------|-----------------------------|------------------------|------------------|---------------------|
| \$ 545,085 | \$ 1,063,448 | \$ 791,793 | \$ - | \$ 316,258 | \$ 3,177,591 |
| (734,562) | (1,126,408) | (750,202) | - | (144,827) | (3,202,076) |
| (28,941) | (74,366) | (53,305) | - | - | (188,506) |
| (331,506) | (603,230) | (281,697) | - | - | (1,614,812) |
| <u>(549,924)</u> | <u>(740,556)</u> | <u>(293,411)</u> | <u>-</u> | <u>171,431</u> | <u>(1,827,803)</u> |
| 3,407 | 6,083 | (647) | - | (38,516) | (27,914) |
| - | - | - | - | - | (27,110) |
| 1,176,943 | 736,937 | 474,964 | 251,034 | - | 3,307,873 |
| - | - | - | - | - | 84,778 |
| (5,504) | (8,350) | (3,336) | - | - | (19,240) |
| - | - | - | - | - | 50,000 |
| (10,960) | - | - | (251,034) | - | (261,994) |
| <u>1,163,886</u> | <u>734,670</u> | <u>470,981</u> | <u>-</u> | <u>(38,516)</u> | <u>3,106,393</u> |
| - | - | - | - | (110,561) | (299,909) |
| (2,757) | (3,956) | (1,630) | - | (39,234) | (84,905) |
| - | - | - | - | - | (50,000) |
| (450,192) | - | - | - | (35,427) | (529,369) |
| <u>(452,949)</u> | <u>(3,956)</u> | <u>(1,630)</u> | <u>-</u> | <u>(185,222)</u> | <u>(964,183)</u> |
| 1,660 | 1,959 | 1,196 | - | 1,798 | 21,893 |
| <u>1,660</u> | <u>1,959</u> | <u>1,196</u> | <u>-</u> | <u>1,798</u> | <u>21,893</u> |
| 162,673 | (7,883) | 177,136 | - | (50,509) | 336,300 |
| <u>627,235</u> | <u>442,017</u> | <u>250,370</u> | <u>-</u> | <u>86,137</u> | <u>2,683,918</u> |
| <u>\$ 789,908</u> | <u>\$ 434,134</u> | <u>\$ 427,506</u> | <u>\$ -</u> | <u>\$ 35,628</u> | <u>\$ 3,020,218</u> |

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

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2016

| | <u>Karabis Fund</u> | <u>Parkside Project Fund</u> |
|-------------------------------------------------------------------------------------------------|-------------------------|--------------------------------------|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES | | |
| Operating income (loss) | \$ (180,302) | \$ (414,527) |
| Adjustments to reconcile operating income (loss) to net cash flows from operating activities | | |
| Depreciation | 27,884 | 125,092 |
| Change in assets and liabilities | | |
| Accounts receivable | 17 | (2,240) |
| Prepaid items | 826 | 1,140 |
| Accounts payable | 45,511 | 13,319 |
| Accrued liabilities | 3,759 | 14,036 |
| Pension related amounts | (10,240) | (35,746) |
| Unearned revenue | <u>(292)</u> | <u>(3,580)</u> |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | <u>\$ (112,837)</u> | <u>\$ (302,506)</u> |
| NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES | | |
| None | | |

| <u>East Housing Fund</u> | <u>West Housing Fund</u> | <u>Triangle Housing Fund</u> | <u>HUD Subsidy Fund</u> | <u>CDA 95-1</u> | <u>Totals</u> |
|----------------------------------|----------------------------------|--------------------------------------|---------------------------------|---------------------|-----------------------|
| \$ (837,215) | \$ (1,163,383) | \$ (563,902) | \$ - | \$ 118,600 | \$ (3,040,729) |
| 221,744 | 311,645 | 172,502 | - | 52,711 | 911,578 |
| (3,860) | 4,639 | (2,424) | - | (232) | (4,100) |
| (617) | 650 | 4,054 | - | (51) | 6,002 |
| 37,756 | 53,539 | 21,945 | - | 403 | 172,473 |
| 19,436 | 31,867 | 10,968 | - | - | 80,066 |
| 16,731 | 30,209 | 67,035 | - | - | 67,989 |
| <u>(3,899)</u> | <u>(9,722)</u> | <u>(3,589)</u> | <u>-</u> | <u>-</u> | <u>(21,082)</u> |
| <u>\$ (549,924)</u> | <u>\$ (740,556)</u> | <u>\$ (293,411)</u> | <u>\$ -</u> | <u>\$ 171,431</u> | <u>\$ (1,827,803)</u> |