bakertilly

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, 2019

COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF MADISON
(A Component Unit of the City of Madison, Wisconsin)

TABLE OF CONTENTS
As of and for the Year Ended December 31, 2019

Independent Auditors' Report	i – iii
Required Supplementary Information	
Management's Discussion and Analysis	iv – xv
Financial Statements	
Statement of Net Position	1 – 2
Statement of Activities	3
Statement of Net Position – Proprietary Funds	4 – 5
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	6
Statement of Cash Flows – Proprietary Funds	7 – 8
Combining Statement of Net Position – Component Units	9 – 10
Combining Statement of Revenues, Expenses, and Changes in Net Position – Component Units	11
Notes to Financial Statements	12 – 61
Required Supplementary Information	
Schedule of Proportionate Share of the Net Pension Liability (Asset)	62
Schedule of Employer Contributions	62
Schedule of Changes in Employer's Total OPEB Liability and Related Ratios	63
Notes to Required Supplementary Information	64
Supplementary Information	
Combining Statement of Net Position – Nonmajor Enterprise Funds	65 – 68
Combining Statement of Revenues, Expenses and Changes in Net Position – Nonmajor Enterprise Funds	69 – 70
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	71 – 74

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
City of Madison CDA
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, 2019, and the related notes to the financial statements, which collectively comprise the Community Development Authority of the City of Madison's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Monona Shores, a major fund, and CDA 95-1, a non-major fund which represents 13 percent, 9 percent, and 6 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 reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Monona Shores, CDA 95-1 and the aggregate discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Monona Shores, CDA 95-1 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.

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, 2019 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Community Development Authority of the City of Madison's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Community Development Authority of the City of Madison's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
July 22, 2020

COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Year Ended December 31, 2019

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

CDA-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

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 Community 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 and economic development; to redevelop, rehabilitate, and construct housing properties; and to 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.

OVERVIEW OF THE FINANCIAL STATEMENTS

THE CDA'S FUNDS (cont.)

The CDA issues lease revenue bonds in the context of TIF. The CDA owns the property that is then leased to the City, which the City then leases it to a private developer. The lease revenue bonds are limited obligations of the CDA secured by the City's lease payments. A $3,000 application fee is charged and a one-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 and commercial center located on Madison's south side that was purchased by the CDA in 2004 and substantially rehabilitated in 2009-2012.

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 from when the project was established in 1995.

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

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

Karabis Fund: This fund accounts for activities related to a 20-unit housing development for disabled individuals ("Karabis"). This property is operated pursuant to the HUD Multifamily program. HUD subsidizes the rents through monthly housing assistance payments pursuant to a project-based Section 8 contract with The Wisconsin Housing and Economic Development Authority (WHEDA).

Parkside Fund: This fund accounts for activities related to a 95-unit housing development for elderly and disabled individuals ("Parkside"). This property is operated pursuant to the HUD Multifamily program. HUD subsidizes the rents through monthly housing assistance payments pursuant to a project-based Section 8 contract with WHEDA.

OVERVIEW OF THE FINANCIAL STATEMENTS

THE CDA'S FUNDS (cont.)

HUD Projects Fund-East: This fund is part of the Low Rent Public Housing Program and accounts for 166 housing units in multiple locations on the City's east side. Under the Low Rent Public Housing Program, the CDA rents units that it owns to low-income households. The Low Rent 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 Low Rent Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to CDA properties operated as Low Rent Public Housing pursuant to contracts with HUD.

HUD Projects Fund-West: This fund is part of the Low Rent Public Housing Program and accounts for the operation of 297 housing units in multiple locations on the City's west side. Under the Low Rent Public Housing Program, the CDA rents units that it owns to low-income households. The Low Rent 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 Low Rent Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements properties CDA properties operating as Low Rent Public Housing pursuant to contracts with HUD.

HUD Projects Fund-Triangle: This fund is part of the Low Rent Public Housing Program and accounts for the operation of 224 housing units in the City's central area. Under the Low Rent Public Housing Program, the CDA rents units that it owns to low-income households. The Low Rent 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 Low Rent Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to CDA properties operated as Low Rent Public Housing pursuant to contracts with HUD.

OVERVIEW OF THE FINANCIAL STATEMENTS

THE CDA'S FUNDS (cont.)

HUD Subsidy: This fund is used as a pass-thru fund to move HUD subsidy from the CDA to Truax Park Redevelopment Phase 1, LLC ("Truax Phase 1") and Truax Park Development Phase 2, LLC ("Truax Phase 2). Truax Phase 1 (71 units) and Truax Phase 2 (48 units) were formerly operated as Low Rent Public Housing before they were redeveloped pursuant to mixed finance transactions approved by HUD that utilizing a Section 42 Low Income Housing Tax Credit allocation to fund the redevelopment/replacement of Low Rent Public Housing units in the East Amp. The properties reside on the CDA's financial statements as component units.

CDA 95-1: The CDA is the owner of thirty (30) apartments and a small amount of office space (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. Prior to 2013, the operations of CDA 95-1 were carried in the CDA's General Fund. In 2013, the operations were separated and reported separately in the CDA 95-1 Fund.

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

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

FINANCIAL HIGHLIGHTS AND ANALYSIS

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

	Business-type Activities 2019	Business-type Activities 2018
Current and Other Assets	$ 18,587,474	$ 18,367,240
Capital Assets	31,657,417	32,889,086
Total Assets	50,244,891	51,256,326
Deferred Outflows of Resources	1,683,848	892,616
Long-term Liabilities	14,253,431	16,610,588
Other Liabilities	4,303,270	3,804,008
Total Liabilities	18,556,701	20,414,596
Deferred Inflows of Resources	908,572	987,496
Net Position		
Net Investment in Capital Assets	22,048,768	21,893,510
Restricted	-	481,564
Unrestricted	10,414,698	8,371,776
Total Net Position	$ 32,463,466	$ 30,746,850

FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

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

	Business-type Activities 2019	Business-type Activities 2018
Revenues		
Program Revenues		
Charges for services	$ 6,519,532	$ 6,137,675
Operating grants and contributions	19,763,724	16,276,070
Capital grants and contributions	-	-
General Revenues		
Investment income	233,446	291,007
Interest on capital leases	100,799	210,148
Miscellaneous	65,583	32,802
Total Revenues	26,683,084	22,947,702
Expenses		
Community Development	1,989,714	2,163,275
Housing projects	22,976,574	21,769,789
Total Expenses	24,966,468	23,933,064
Increase/Decrease in Net Position	1,716,616	(985,365)
Beginning Net Position (As Restated)*	30,746,850	31,732,212*
Ending Net Position	$ 32,463,466	$ 30,746,850

The CDA's total Net Position increased by $1,716,616 during 2019. Since the CDA engages only in Business-type Activities, the increase is all in the category of Business-type Net Position. Net Position was $30.7 million and $32.4 million for 2018 and 2019, respectively. The financial highlights of each project are discussed below:

FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

General Operating Fund- There was an increase in Net Position in the amount of $180,829. There was limited operational activity in this fund in 2019 consisting of normal operations and debt payments.

The CDA sold a property on Tree Lane for $550,000 as part of a development program for senior housing. The property was original purchased using a combination of CDA reserves ($550,000) and City land acquisition funds ($250,000) in 2016 (Legistar File 42905). There are no outstanding CDA liabilities associated with this property following the sale.

The CDA Board authorized fund transfers to the CDA General Operating Fund from the Allied Drive Fund ($176,000) and the Village on Park ($10,000). The purpose of the transfers was to account for an anticipated cash shortfall in the 2020 budget as a result of closing a debt service reserve ($525,000), paying a note to the City of Madison associated with CDA 95-1 ($371,000), and higher personnel costs. Transfers to the General Fund are permitted, with Board approval, under Policy 500.67.

Allied Drive Fund- 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.

The property continues to be well occupied and perform in accordance with expectations

During 2019, the CDA continued to develop single-family homes at the south end of Allied Drive ("Mosaic Ridge"). There were originally 24 lots in the development, but two lots were combined resulting in 23 lots. At the end of 2019, 9 lots had been sold, 2 lots were being used for model homes, and 12 lots were unsold. It is unclear what effect COVID-19 and the associated economic impacts will have on lot sales in 2020.

The Village on Park- 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. Three adjacent parcels were added to the property. The property was substantially renovated between 2009 and 2012. The renovations were funded through GO borrowing from the City, which is being repaid from property operations.

FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

The majority of the vacancy is in the north building and is not available for lease due to parking constraints. Major tenants include the University of Wisconsin, Dane County Human Services, Madison Dane County Public Health, Dane County Parent Council (aka Reach Dane), Lanes Bakery, Uncle Joes, and Yue Wah Foods.

After giving notice, Madison College vacated its roughly 12,000 square foot space at the end of 2019 to move into its new campus. A new lease has been signed with UW-Madison for the former Madison College space. UW-Madison will begin to occupy the space in 2020 after improvements have been completed in July 2020. Securing a tenant for this significant space has added stability to the property's outlook.

Reach Dane occupies roughly 12,000 square feet in the roughly 30,000 square foot north building of the property. Reach Dane has acquired a building in south Madison in 2020 and will be leaving the north building at the end of the year. The mechanical, electrical, and plumbing systems in the north building are near the end of their useful life and could require significant capital investments to keep the building open. The CDA anticipates having a discussion about the future of the north building this year.

Repayment to the City of Madison for funds used in the redevelopment of the property continues to be a significant expense at the Village on Park. In 2020, the debt service payments are budgeted at $783,597, which is 44 percent of anticipated property income. Annual debt service payments are expected to drop to $600,000 in 2023 when one of the loans is retired.

Monona Shores Apartments- Monona Shores Apartments is a 104-unit apartment development on the City's south side. The CDA is the sole owner of the property and entered into a PILOT agreement with the City of Madison in 2015, under which the CDA agrees to make annual PILOT payment to the City in the approximate amount of $40,000. The property was 97% occupied as of December 31, 2019 and reported a net operating income of $49,634 and cash flow after debt service of $728,621. See Monona Shores audited financial statements for more detailed financial information.

FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

- HUD Projects East AMP- The net position of the East AMP Fund decreased by $268,401. The total net position is $3,431,500. There was approximately $32,000 in Capital assets created through Capital grant funding. Average occupancy for the year was 95%.

- HUD Projects West AMP- The net position of the West AMP Fund increased by $234,258 to a total of $2,893,921. The increase was a result of a slight increase in revenues and a slight decrease in costs. There were approximately $435,000 in capital assets created through Capital grant funding. Average occupancy for the year was 96%.

- HUD Projects Triangle AMP- The net position of the Triangle AMP Fund increased by $174,572 to a total of $2,027,490. The increase was an improvement of $78,000 from the previous year, which was primarily due to an increase in federal grant awards. Average occupancy for the year was 98%.

- HUD Projects Central Cost Center- The net position of the Central Cost Center Fund increased by $318,480 to a total of $1,125,149.

- HUD Projects Fund Capital Fund Grant Program- In 2019, $1,122,886 was received under this grant program. These funds were used for public housing physical improvements and permitted operating expenses.

- HUD Projects Fund Service Coordinator Grants- $245,979 was received in 2019 under this grant program. These programs provide service coordination services to CDA residents to help them improve their economic self-sufficiency and move out of Public Housing or help them age safely in place.

- Karabis- The net position of the Karabis Fund increased by $22,546 in 2019. The net position in this fund is $1,402,218. The increase was due to increased revenues in operations.

- Parkside – The net position of the Parkside Fund increased by $157,461 in 2019. This increased the net asset total to $1,159,985. The increase was due to increased efficiencies in operations.

- Section 8 Program – The net position of the Housing Choice Voucher program increased by $977,710 to a total of $1,051,929. Intergovernmental grants from the Department of Housing and Urban Development to support the program increased from $13.2 million in 2018 to $16.3 million in 2019. The Section 8 Voucher program supported an average of 1,709 Households per month at an average housing assistance payment of $675 per unit in 2019. In 2018, the program supported an average of 1,702 housing units per month at an average housing assistance payment of $658 per unit. In 2019, the CDA followed the advice of HUD and took a conservative approach to managing the HCV utilization.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

At the end of 2019, the CDA had $31.6 million invested in a variety of capital assets as reflected in the following schedule. This represents a net decrease (additions, deductions and depreciation) of $1,231,669 or 3.7% from the end of the previous year.

CDA-WIDE
CHANGE IN CAPITAL ASSETS

	2019	2018
Beginning Balance	$ 32,889,086	$ 34,301,291
Additions	1,898,167	1,641,529
Deletions and Adjustments	(1,238,893)	(1,451,388)
Depreciation	(1,890,943)	(1,602,346)
Ending Balance	$ 31,657,417	$ 32,889,086

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

Long-Term Debt

During 2019, the CDA's long-term debt decreased by $1.9 million due to principal payoffs on existing debt.

CDA-WIDE
CHANGE IN OUTSTANDING DEBT – 2019

	Beginning Balance	Increases	Decreases	Ending Balance
Revenue bonds	$ 4,720,000	$ -	$ 1,530,000	$ 3,190,000
Mortgage notes	3,190,849	-	258,527	2,932,322
Other loans/notes	2,703,731	-	99,030	2,604,701
Premiums	90,190	-	45,095	45,095
Total Long-Term Debt	$ 10,704,770	$ -	$ 1,932,652	$ 8,772,118

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

ECONOMIC FACTORS

Significant economic factors affecting the CDA are as follows:

- Federal funding from the Department of Housing and Urban Development for Conventional Public Housing operating subsidy, Capital Improvements, Section 8 Voucher administrative costs, and Section 8 Voucher Housing Assistance Payments greatly affects Housing operations and related capital assets is set by the Federal government on an annual basis. Cuts in these programs would have a significant impact on the CDA and the residents it serves. HUD funding for Low Rent Public Housing operating subsidy, Capital Improvements Funds, Section 8 Voucher Administration, and Section 8 Voucher Housing Assistance Payments was stable in 2019.
- In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including to areas impacting the CDA. The CDA's evaluation of the effects of these events is ongoing; however we anticipate this situation could impact investment valuations and decreased investment income, declines in revenues such as federal/state aids, rental income, increase in delinquencies or uncollectible accounts receivable or loans receivable, increased costs related to pensions, insurance, labor (sick time or overtime), etc.

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, 2019

	Primary Government Business-type Activities	Component Units
ASSETS		
Current Assets		
Cash and investments	$ 7,870,100	$ 477,404
Accounts receivable	77,381	299,766
Interest receivable	29,064	-
Current portion of leases receivable from primary government - City of Madison	1,570,000	-
Due from other governmental units	175,493	-
Prepaid items	1,198,912	419,692
Restricted Assets		
Cash and investments	-	2,015,635
Total Current Assets	10,920,950	3,212,497
Noncurrent Assets		
Capital Assets		
Land	10,042,461	862,243
Construction in progress	457,889	-
Land improvements	985,202	741,023
Buildings and improvements	70,127,118	34,653,980
Machinery and equipment	1,940,718	1,234,390
Intangibles	43,937	-
Less: Accumulated depreciation	(51,939,908)	(10,145,942)
Net Capital Assets	31,657,417	27,345,694
Other Assets		
Restricted Assets		
Cash and investments	1,022,176	-
Deposits	14,000	-
Long-term receivables	3,688,848	-
Leases receivable	2,941,500	-
Financing costs, net	-	82,032
Tax credit fees, net	-	214,516
Total Other Assets	7,666,524	296,548
Total Noncurrent Assets	39,323,941	27,642,242
Total Assets	50,244,891	30,854,739
DEFERRED OUTFLOWS OF RESOURCES		
Other post employment benefit amounts	33,955	-
Pension related amounts	1,649,893	-
Total Deferred Outflows of Resources	1,683,848	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 51,928,739	$ 30,854,739

See accompanying notes to financial statements.

	Primary Government	
	Business-type Activities	Component Units
LIABILITIES		
Current Liabilities		
Accounts payable	$ 257,883	$ 58,234
Accrued liabilities	419,134	1,575,000
Unearned revenue	170,801	539,252
Current portion of long-term debt	2,279,775	124,538
Current portion of advances from primary government - City of Madison	694,709	-
Accrued compensated absences	93,105	-
Other liabilities	387,863	514,194
Development fee payable	-	171,676
Total Current Liabilities	4,303,270	2,982,894
Long-Term Liabilities Net of Current Maturities		
Mortgage notes	2,664,195	8,585,116
Revenue bonds	1,620,000	-
Other loans	2,163,053	-
Net Pension Liability	584,975	
Accrued compensated absences	413,201	-
Unamortized premium	45,095	-
Other postemployment benefits	618,835	-
Advance from primary government - City of Madison	6,144,077	-
Total Long-Term Liabilities Net of Current Maturities	14,253,431	8,585,116
Total Liabilities	18,556,701	11,568,010
DEFERRED INFLOWS OF RESOURCES		
Other post employment benefit amounts	59,953	-
Pension related amounts	848,619	-
Total Deferred Inflows of Resources	908,572	-
NET POSITION		
Net investment in capital assets	22,048,768	18,636,040
Unrestricted	10,414,698	650,689
Total Net Position	32,463,466	19,286,729
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 51,928,739	$ 30,854,739

See accompanying notes to financial statements.

COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF MADISON

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

		Program Revenues			Primary Government	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position	Component Units
Primary Government						
Business-type activities						
Community development	$ 1,989,714	$ 1,791,522	$ -	$ -	$ (198,192)	$ -
Housing projects	22,976,754	4,728,010	19,763,724	-	1,514,980	-
Total Business-type Activities	$ 24,966,468	$ 6,519,532	$ 19,763,724	$ -	1,316,788	-
Component Units -						
Housing Projects	$ 3,349,407	$ 1,754,212	$ 410,677	$ -	-	(1,184,518)
General revenues						
Investment income					233,446	4,976
Interest on capital leases					100,799	-
Miscellaneous					65,583	-
Total General Revenues					399,828	4,976
Change in net position					1,716,616	(1,179,542)
NET POSITION – Beginning of Year					30,746,850	20,466,271
NET POSITION – END OF YEAR					$ 32,463,466	$ 19,286,729

See accompanying notes to financial statements.

COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF MADISON

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of December 31, 2019

	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	Totals	Central Cost Center Fund
ASSETS								
Current Assets								
Cash and investments	$ 334,693	$ 429,448	$ 660,755	$ 380,171	$ 659,092	$ 4,104,959	$ 6,569,118	$ 1,300,982
Accounts receivable	-	-	2,237	-	37,116	38,028	77,381	-
Interest receivable	26,464	-	-	2,600	-	-	29,064	-
Current portion of leases receivable from primary government - City of Madison	1,570,000	-	-	-	-	-	1,570,000	-
Due from other governmental units	-	39,230	-	-	-	136,263	175,493	-
Prepaid items	95	1,114,784	6,549	58	32,511	42,899	1,196,896	2,016
Total Current Assets	1,931,252	1,583,462	669,541	382,829	728,719	4,322,149	9,617,952	1,302,998
Noncurrent Assets								
Property, Plant and Equipment								
Land	576,512	-	4,580,151	2,254,453	173,501	2,457,844	10,042,461	-
Construction in progress	-	-	-	420,889	-	37,000	457,889	-
Land improvements	-	-	-	-	580,129	405,073	985,202	-
Buildings and improvements	-	-	18,834,835	-	10,921,469	40,370,814	70,127,118	-
Machinery and equipment	-	61,018	-	-	560,033	1,312,273	1,933,324	7,394
Intangibles	-	-	-	-	-	43,937	43,937	-
Less: Accumulated depreciation	-	(38,171)	(6,693,408)	-	(7,997,105)	(37,203,830)	(51,932,514)	(7,394)
Net Property, Plant and Equipment	576,512	22,847	16,721,578	2,675,342	4,238,027	7,423,111	31,657,417	-
Other Assets								
Restricted Assets								
Cash and investments	524,500	30,012	-	-	69,529	398,135	1,022,176	-
Deposits	-	-	-	-	10,500	3,500	14,000	-
Long-term receivables	1,270,622	-	-	2,418,226	-	-	3,688,848	-
Leases receivable	1,095,500	-	-	-	-	1,846,000	2,941,500	-
Total Other Assets	2,890,622	30,012	-	2,418,226	80,029	2,247,635	7,666,524	-
Total Noncurrent Assets	3,467,134	52,859	16,721,578	5,093,568	4,318,056	9,670,746	39,323,941	-
Total Assets	$ 5,398,386	$ 1,636,321	$ 17,391,119	$ 5,476,397	$ 5,046,775	$ 13,992,895	$ 48,941,893	$ 1,302,998
DEFERRED OUTFLOWS OF RESOURCES								
Other post employment benefit amounts	-	13,462	-	-	-	18,413	31,875	2,080
Pension related amounts	131,411	445,477	12,930	5,216	-	902,560	1,497,594	152,299
Total Deferred outflows of Resources	131,411	458,939	12,930	5,216	-	920,973	1,529,469	154,379

See accompanying notes to financial statements.

	General Operating Fund	Housing Voucher Fund	Villager Fund	Allied Drive Fund	Monona Shores	Nonmajor Enterprise Funds	Totals	Business-type Activities - Internal Service Fund: Central Cost Center Fund
	Business-type Activities - Enterprise Funds							
LIABILITIES								
Current Liabilities								
Accounts payable	$ 169	$ 13,541	$ 2,412	$ 84	$ 27,752	$ 205,999	$ 249,957	$ 7,926
Accrued liabilities	24,753	49,150	61,804	322	59,646	139,088	334,763	84,371
Due to other funds	-	-	-	-		-	-	
Unearned revenue	-	-	70,000	-	25,421	75,380	170,801	-
Current portion of mortgage notes	-	-	-	-	173,205	94,922	268,127	-
Current portion of revenue bonds	1,570,000	-	-	-	-	-	1,570,000	-
Current portion of other loans	68,333	-	-	28,315	-	345,000	441,648	-
Current portion of advances from primary government - City of Madison	5,002	12,076	642,509	-	-	27,730	687,317	7,392
Accrued compensated absences	823	41,644	-	-	-	46,066	88,533	4,572
Other liabilities	-	31,690	15,780	-	69,507	270,886	387,863	-
Total Current Liabilities	1,669,080	148,101	792,505	28,721	355,531	1,205,071	4,199,009	104,261
Long-Term Debt Net of Current Maturities								
Mortgage notes	-	-	-	-	2,516,240	147,955	2,664,195	-
Revenue bonds	1,620,000	-	-	-	-	-	1,620,000	
Other loans	795,003	-	-	711,621	-	656,429	2,163,053	-
Net pension liability	51,716	155,044	4,865	2,080	-	316,524	530,229	54,746
Accrued compensated absences	3,654	184,816	-	-	-	204,440	392,910	20,291
Unamortized premium	45,095	-	-	-	-	-	45,095	-
Other post-employment benefits	-	245,345	-	-	-	335,585	580,930	37,905
Due to other funds	-	-	-	-	-	-	-	-
Advances from primary government - City of Madisor	277,997	61,066	5,627,414	-	-	140,222	6,106,699	37,378
Total Long-Term Debt	2,793,465	646,271	5,632,279	713,701	2,516,240	1,801,155	14,103,111	150,320
Total Liabilities	4,462,545	794,372	6,424,784	742,422	2,871,771	3,006,226	18,302,120	254,581
DEFERRED INFLOWS OF RESOURCES								
Other post employment benefit amounts	-	23,768	-	-	-	32,515	56,283	3,670
Pension related amounts	86,666	225,191	4,383	1,874	-	456,528	774,642	73,977
Total Deferred Inflows of Resources	86,666	248,959	4,383	1,874	-	489,043	830,925	77,647
NET POSITION								
Net investment in capital assets	576,512	22,847	11,046,680	2,675,342	1,548,582	6,178,805	22,048,768	-
Unrestricted (deficit)	404,074	1,029,082	(71,798)	2,061,975	626,422	5,239,794	9,289,549	1,125,149
TOTAL NET POSITION	$ 980,586	$ 1,051,929	$ 10,974,882	$ 4,737,317	$ 2,175,004	$ 11,418,599	$ 31,338,317	$ 1,125,149

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, 2019

	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	Totals	Central Cost Center Fund
OPERATING REVENUES								
Charges for services	$ -	$ -	$ 1,775,204	$ -	$ 1,197,490	$ 3,328,662	$ 6,301,356	$ 572,893
Other revenue	-	-	16,318	-	42,633	159,225	218,176	-
Total Operating Revenues	-	-	1,791,522	-	1,240,123	3,487,887	6,519,532	572,893
OPERATING EXPENSES								
Operation and maintenance	120,363	15,354,157	594,133	17,906	744,474	4,960,856	21,791,889	483,679
Depreciation	-	2,539	647,628	-	446,015	794,761	1,890,943	-
Taxes	-	-	70,000	-	-	218,586	288,586	-
Total Operating Expenses	120,363	15,356,696	1,311,761	17,906	1,190,489	5,974,203	23,971,418	483,679
Operating Income (Loss)	(120,363)	(15,356,696)	479,761	(17,906)	49,634	(2,486,316)	(17,451,886)	89,214
NONOPERATING REVENUES (EXPENSES)								
Investment income	29,157	18,347	8,639	59,463	845	88,235	204,686	28,760
Interest on capital lease	100,799	-	-	-	-	-	100,799	-
Interest and amortization	(70,955)	(3,147)	(152,660)	(38,007)	(89,601)	(35,644)	(390,014)	(1,926)
Intergovernmental grants	-	16,312,469	-	-	-	3,117,862	19,430,331	333,393
Loss on sale of assets	(2,085)	-	-	(275,977)	-	-	(278,062)	-
Miscellaneous revenues	58,276	6,737	-	-	-	-	65,013	570
Miscellaneous expenses	-	-	-	-	-	(282,731)	(282,731)	(131,531)
Total Nonoperating Revenue (Expenses)	115,192	16,334,406	(144,021)	(254,521)	(88,756)	2,887,722	18,850,022	229,266
Income (Loss) Before Transfers	(5,171)	977,710	335,740	(272,427)	(39,122)	401,406	1,398,136	318,480
TRANSFERS IN	186,000	-	-	-	-	-	186,000	-
TRANSFERS OUT	-	-	(10,000)	(176,000)	-	-	(186,000)	-
CHANGE IN NET POSITION	180,829	977,710	325,740	(448,427)	(39,122)	401,406	1,398,136	318,480
NET POSITION – Beginning of Year	799,757	74,219	10,649,142	5,185,744	2,214,126	11,017,193	29,940,181	806,669
NET POSITION – END OF YEAR	$ 980,586	$ 1,051,929	$ 10,974,882	$ 4,737,317	$ 2,175,004	$ 11,418,599	$ 31,338,317	$ 1,125,149

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, 2019

	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	Totals	Central Cost Center Fund
CASH FLOWS FROM OPERATING ACTIVITIES								
Received from customers	$ -	$ -	$1,795,737	$ -	$1,247,518	$ 3,506,076	$ 6,549,331	$ 572,893
Paid to suppliers for goods and services	(42,082)	(14,246,647)	(574,293)	(14,370)	(784,603)	(2,988,650)	(18,650,645)	(188,181)
Paid to employees for services	(32,949)	(961,567)	(27,694)	(7,215)	-	(1,791,524)	(2,820,949)	(304,617)
Paid to city for tax equivalent	-	-	(70,000)	-	-	(218,586)	(288,586)	-
Net Cash Flows From Operating Activities	(75,031)	(15,208,214)	1,123,750	(21,585)	462,915	(1,492,684)	(15,210,849)	80,095
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Deposits (refunds)	-	(1,531)	15,780	-	-	9,075	23,324	-
Intergovernmental grants	-	16,273,939	-	-	-	3,040,434	19,314,373	333,393
Deficit cash implicitly financed (repaid)	(536,800)	(622,724)	-	-	-	1,159,524	-	-
Collection of long-term receivable	-	-	-	44,030	-	-	44,030	-
Debt retired	(1,598,333)	-	-	-	-	-	(1,598,333)	-
Repayment of advance from primary government	(5,000)	(11,003)	-	-		(25,263)	(41,266)	(6,734)
Interest paid	(127,736)	(3,147)	-	-	-	(7,929)	(138,812)	(1,926)
Lease payment received	1,530,000	-	-	-	-	-	1,530,000	-
Interest on lease received	112,561	-	-	-	-	-	112,561	-
Transfers in (out)	331,351	-	(10,000)	(176,000)	-	-	145,351	-
Other nonoperating items	126,014	6,736	(9,967)	-	-	(283,264)	(160,481)	(130,958)
Net Cash Flows From Noncapital Financing Activities	(167,943)	15,642,270	(4,187)	(131,970)	-	3,892,577	19,230,747	193,775
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Debt retired	-	-	-	(29,391)	(167,444)	(92,389)	(289,224)	-
Interest paid	-	-	(155,746)	(37,842)	(90,587)	(19,090)	(303,265)	-
Acquisition and construction of capital assets	-	(25,386)	(28,175)	(538,790)	-	(716,784)	(1,309,135)	-
Sale of assets	548,218	-	-	373,594	-	-	921,812	-
Repayment of advance from primary government	-	-	(642,509)	-	-	-	(642,509)	-
Net Cash Flows From Capital and Related Financing Activities	548,218	(25,386)	(826,430)	(232,429)	(258,031)	(828,263)	(1,622,321)	-
CASH FLOWS FROM INVESTING ACTIVITIES								
Investment income	29,449	18,347	8,639	59,463	845	88,235	204,978	28,760
Net Cash Flows From Investing Activities	29,449	18,347	8,639	59,463	845	88,235	204,978	28,760
Net Increase (Decrease) in Cash and Cash Equivalents	334,693	427,017	301,772	(326,521)	205,729	1,659,865	2,602,555	302,630
CASH AND CASH EQUIVALENTS - Beginning of Year	524,500	32,443	358,983	706,692	522,892	2,843,229	4,988,739	998,352
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 859,193	$ 459,460	$ 660,755	$ 380,171	$ 728,621	$ 4,503,094	$ 7,591,294	$ 1,300,982

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds							Business-type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	Villager Fund	Allied Drive Fund	Monona Shores	Nonmajor Enterprise Funds	Totals	Central Cost Center Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES								
Operating income (loss)	$ (120,363)	$ (15,356,696)	$ 479,761	$ (17,906)	$ 49,634	$ (2,486,316)	$ (17,451,886)	$ 89,214
Adjustments to reconcile operating income (loss) to net cash flows from operating activities								
Depreciation	-	2,539	647,628	-	446,015	794,761	1,890,943	-
Change in assets, deferred outflows, liabilities and deferred inflows								
Receivables	-	-	4,215	-	8,755	(6,284)	6,686	-
Prepaid items and other assets	275	19,614	(6,397)	21	(32,511)	(3,087)	(22,085)	(611)
Accounts payable	(631)	(58)	2,092	(731)	(1,456)	(1,426)	(2,210)	(4,350)
Accrued liabilities	(5,617)	51,935	(1,296)	(2,318)	(4,219)	72,817	111,302	(13,216)
Other post employment benefit	-	27,141	-	-	-	22,870	50,011	(2,136)
Pension related amounts	51,305	47,311	(2,253)	(651)	-	89,498	185,210	11,194
Unearned revenue	-	-	-	-	(3,303)	24,483	21,180	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ (75,031)	$ (15,208,214)	$ 1,123,750	$ (21,585)	$ 462,915	$ (1,492,684)	$ (15,210,849)	$ 80,095
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION								
Cash and investments	$ 334,693	$ 429,448	$ 660,755	$ 380,171	$ 659,092	$ 4,104,959	$ 6,569,118	$ 1,300,982
Restricted cash and investments - current and noncurrent	524,500	30,012	-	-	69,529	398,135	1,022,176	-
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 859,193	$ 459,460	$ 660,755	$ 380,171	$ 728,621	$ 4,503,094	$ 7,591,294	$ 1,300,982

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

None

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, 2019

	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	$ 119,623	$ -	$ 334,713	$ 23,068	$ 477,404
Accounts receivable	418	146,568	2,766	150,014	299,766
Prepaid items	358,276	12,081	8,535	40,800	419,692
Restricted assets					
Cash and investments	461,584	775,486	459,949	318,616	2,015,635
Total Current Assets	939,901	934,135	805,963	532,498	3,212,497
Noncurrent Assets					
Property, Plant and Equipment					
Land	401,396	71,000	302,980	86,867	862,243
Land improvements	165,436	191,117	253,476	130,994	741,023
Buildings and improvements	8,181,766	13,100,047	5,641,276	7,730,891	34,653,980
Machinery and equipment	455,763	240,052	319,634	218,941	1,234,390
Less: Accumulated depreciation	(3,603,961)	(3,994,459)	(1,612,573)	(934,949)	(10,145,942)
Net Property, Plant and Equipment	5,600,400	9,607,757	4,904,793	7,232,744	27,345,694
Other Assets					
Financing costs, net	-	-	34,967	47,065	82,032
Tax credit fees, net	29,529	63,792	35,572	85,623	214,516
Total Other Assets	29,529	63,792	70,539	132,688	296,548
Total Noncurrent Assets	5,629,929	9,671,549	4,975,332	7,365,432	27,642,242
TOTAL ASSETS	$ 6,569,830	$ 10,605,684	$ 5,781,295	$ 7,897,930	$ 30,854,739

See accompanying notes to financial statements.

	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	$	14,381	$	11,932	$	300	$	31,621	$	58,234
Accrued liabilities		212,627		1,190,902		110,496		60,975		1,575,000
Unearned revenue		41,823		470,580		18,704		8,145		539,252
Current portion of mortgage notes		46,053		57,022		21,463		-		124,538
Other liabilities		312,158		135,291		19,511		47,234		514,194
Development fee payable		-		58,735		-		112,941		171,676
Total Current Liabilities		627,042		1,924,462		170,474		260,916		2,982,894
Long-Term Debt Net of Current Maturities										
Mortgage notes		2,372,185		3,278,542		1,415,101		1,519,288		8,585,116
Total Long-Term Debt Net of Current Maturities		2,372,185		3,278,542		1,415,101		1,519,288		8,585,116
Total Liabilities		2,999,227		5,203,004		1,585,575		1,780,204		11,568,010
NET POSITION										
Net investment in capital assets		3,182,162		6,272,193		3,468,229		5,713,456		18,636,040
Unrestricted (deficit)		388,441		(869,513)		727,491		404,270		650,689
Total Net Position		3,570,603		5,402,680		4,195,720		6,117,726		19,286,729
TOTAL LIABILITIES AND NET POSITION	$	6,569,830	$	10,605,684	$	5,781,295	$	7,897,930	$	30,854,739

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, 2019

	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	$ 618,021	$ 399,594	$ 433,645	$ 230,045	$ 1,681,305
Other revenue	11,562	47,009	8,621	5,715	72,907
Total Operating Revenues	629,583	446,603	442,266	235,760	1,754,212
OPERATING EXPENSES					
Operation and maintenance	480,095	564,488	355,757	404,142	1,804,482
Depreciation	341,864	442,132	176,151	221,033	1,181,180
Total Operating Expenses	821,959	1,006,620	531,908	625,175	2,985,662
Operating Loss	(192,376)	(560,017)	(89,642)	(389,415)	(1,231,450)
NONOPERATING REVENUES (EXPENSES)					
Investment income	2,453	890	351	1,282	4,976
Interest and amortization	(111,238)	(166,568)	(74,725)	(11,214)	(363,745)
Intergovernmental grants	-	226,374	-	184,303	410,677
Total Nonoperating Revenue (Expenses)	(108,785)	60,696	(74,374)	174,371	51,908
CHANGE IN NET POSITION	(301,161)	(499,321)	(164,016)	(215,044)	(1,179,542)
NET POSITION – Beginning of Year	3,871,764	5,902,001	4,359,736	6,332,770	20,466,271
NET POSITION – END OF YEAR	$ 3,570,603	$ 5,402,680	$ 4,195,720	$ 6,117,726	$ 19,286,729

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, 2019

NOTE			Page
I.	Summary of Significant Accounting Policies		13
	A.	Reporting Entity	13
	B.	Basic Financial Statements	16
	C.	Measurement Focus, Basis of Accounting, and Financial Statement Presentation	17
	D.	Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	18
		1. Deposits and Investments	18
		2. Receivables	19
		3. Prepaid Items	19
		4. Restricted Assets	20
		5. Capital Assets	20
		6. Property Held for Resale	21
		7. Other Assets	21
		8. Deferred Outflows of Resources	21
		9. Compensated Absences	22
		10. Unearned Revenue	22
		11. Long-Term Obligations/Conduit Debt	22
		12. Deferred Inflows of Resources	22
		13. Equity Classifications	23
		14. Pension	23
		15. Other Post-employment Benefits Other Than Pensions (OPEB)	23
II.	Detailed Notes on All Funds		24
	A.	Deposits and Investments	24
	B.	Receivables	27
	C.	Restricted Assets	28
		1. General Operating Fund	28
		2. Housing Voucher Fund	28
		3. Monona Shores Fund	28
		4. Nonmajor Funds	28
	D.	Capital Assets	29
	E.	Interfund Transfers	32
	F.	Long-Term Obligations	33
	G.	Lease Disclosures	42
	H.	Net Position	42
III.	Other Information		43
	A.	Employees' Retirement System	43
	B.	Risk Management	48
	C.	Commitments and Contingencies	48
	D.	Other Postemployment Benefits	53
	E.	Related Parties	56
	F.	Involuntary Conversion	61
	G.	Effect of New Accounting Standards on Current-Period Financial Statements	61

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.

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, 2019. 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.

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, Wells Fargo 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.

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

B. BASIC FINANCIAL STATEMENTS

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

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

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

a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenses of that individual enterprise fund are at least 10% of the corresponding total for all funds of that category or type.

b. In addition, any other enterprise fund that the CDA believes is particularly important to financial statement users may be reported as a major fund.

Enterprise funds may be used to report any activity for which a fee is charged to external uses 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.

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.

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

B. BASIC FINANCIAL STATEMENTS (cont.)

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.

In March 2018, the GASB issued statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019.

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.

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.

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. 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.

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 acquisition 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/amortization 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/ amortization reflected in the statement of net position. Depreciation/amortization is provided over the assets' estimated useful lives using the straight-line and declining-balance methods of depreciation/ amortization. The range of estimated useful lives by type of asset is as follows:

	Years
Land Improvements	15
Buildings and Improvements	20 - 40
Machinery and Equipment	5 - 10
Intangibles	2 - 10

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:

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

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. Property Held for Resale

Property held for resale consists of land and improvements and is valued at lower of cost of acquisition, demolition and site improvements, or fair value less cost to sell.

7. Other Assets

Long-term receivables include funds advanced to the component unit LLC's, notes receivable 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.

8. 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.

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. 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, 2019 are determined on the basis of current salary rates and include salary related payments.

10. 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.

11. 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, 2019 is approximately $189,224,033, made up of six series.

12. 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.

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. 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.

14. 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.

15. Other Post-employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OEPB, and OPEB expense, information about the fiduciary net position of the CDA OPEB Plan and additions to/deductions from the CDA OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the City OPEB Plan. For this purpose, the CDA OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

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	$ 8,892,276	$ 8,948,043	Custodial credit
Total Cash and Investments	$ 8,892,276	$ 8,948,043	

Reconciliation to financial statements	
Per statement of net position	
Unrestricted cash and investments	$ 7,870,100
Restricted cash and investment - noncurrent	1,022,176
Total Cash and Investments	$ 8,892,276

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

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

Custodial Credit Risk

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

As of December 31, 2019, the CDA had $519,194 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.

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

A. DEPOSITS AND INVESTMENTS (cont.)

Component Units

For financial reporting purposes, the component units consider all investments purchased with a maturity of three months or less to be cash equivalents, with the exception of cash not available to the partnerships due to restrictions placed on it. The cash balances for the component units as of December 31, 2019, are as follows:

Allied Drive Redevelopment, LLC

Cash and Investments	
Unrestricted	$ 119,623
Restricted	
Tenants' security deposits	45,181
Replacement reserve	19,622
Mortgage escrow deposits	5,287
Operating reserve	391,494
Total Cash and Investments	$ 581,207

Truax Park Redevelopment, Phase I, LLC

Cash and Investments	
Restricted	
Operating and ACC Reserve	$ 775,486
Total Cash and Investments	$ 775,486

Burr Oaks Senior Housing, LLC

Cash and Investments	
Unrestricted	$ 334,713
Restricted	
Tenants' security deposits	20,535
Real estate tax escrow	45,998
Insurance escrow	6,575
Operating reserve	249,584
Replacement reserve	137,257
Total Cash and Investments	$ 794,662

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

A. DEPOSITS AND INVESTMENTS (cont.)

Component Units (cont.)

Truax Park Development, Phase 2, LLC

Cash and Investments		
Unrestricted	$	23,068
Restricted		
Tenants' security deposits		6,000
Replacement reserve		54,100
Operating reserve		158,057
ACC reserve		100,459
Total Cash and Investments	$	341,684
Total Component Unit's Cash and Investments	$	2,493,039

Reconciliation to Financial Statements		
Per Statement of Net Position		
Cash and investments	$	477,404
Restricted cash and investments		2,015,635
Total Cash and Investments	$	2,493,039

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

B. RECEIVABLES

Accounts Receivable

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

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

		Unearned
Villager Fund		
Rent payments received not yet due	$	70,000
Monona Shores Fund		
Rent payments received not yet due		25,421
Nonmajor Enterprise Funds		
Rent payments received not yet due		75,380
Total Unearned Revenue	$	170,801

Long-Term Receivables

The long-term receivables consist of the following:

General Operating Fund		
Notes receivable – Truax Park Redevelopment, Phase I, LLC	$	622,622
Notes receivable – Burr Oaks, LLC		385,000
Notes receivable – Movin' Out Mortgage		200,000
Notes receivable		63,000
Total	$	1,270,622
Allied Drive Fund		
Notes receivable – Allied Drive Redevelopment, LLC	$	2,418,226

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

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

C. RESTRICTED ASSETS

1. GENERAL OPERATING FUND

Debt Service Reserve Account, Series 2013

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

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

Debt service reserve account, Series 2013	$ 524,500

2. HOUSING VOUCHER FUND

At December 31, 2019, Housing voucher fund held tenant funds for self-sufficiency program as restricted cash in the amount of $30,012.

3. MONONA SHORES FUND

At December 31, 2019, Monona Shores held tenant security deposits as restricted cash in the amount of $69,529.

4. NONMAJOR FUNDS

At December 31, 2019, CDA 95-1 maintained the following restricted escrow deposit as required by the agreement with Wisconsin Housing and Economic Development Authority (WHEDA).

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 2019.

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

Cash and Investments	
Tenants' security deposits	$ 222,636
Due From Other Governmental Units	
Replacement account	175,499
Total	$ 398,135

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

C. RESTRICTED ASSETS (cont.)

4. NONMAJOR FUNDS (cont.)

Component Units

Following is a list of restricted assets at December 31, 2019:

Tenants' security deposits	$ 71,716
Tax and insurance escrow	52,573
Operating and ACC reserve	1,675,080
Replacement reserve	210,979
Mortgage escrow deposits	5,287
Total Restricted Assets	$ 2,015,635

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

CDA

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated/amortized				
Land	$ 10,225,150	$ 467,172	$ (649,861)	$ 10,042,461
Construction in progress	612,831	434,090	(589,032)	457,889
Total Capital Assets Not Being Depreciated/Amortized	10,837,981	901,262	(1,238,893)	10,500,350
Capital assets being depreciated/amortized				
Land improvements	985,202	-	-	985,202
Buildings and improvements	69,165,345	961,773	-	70,127,118
Machinery and equipment	1,905,586	35,132	-	1,940,718
Intangible assets	43,937	-	-	43,937
Total Capital Assets Being Depreciated/Amortized	72,100,070	996,905	-	73,096,975
Less: Accumulated depreciation for				
Land improvements	(797,114)	(24,642)	-	(821,756)
Buildings and improvements	(47,525,058)	(1,785,802)	-	(49,310,860)
Machinery and equipment	(1,682,856)	(80,499)	-	(1,763,355)
Intangible assets	(43,937)	-	-	(43,937)
Total Accumulated Depreciation	(50,048,965)	(1,890,943)		(51,939,908)
Total Capital Assets Being Depreciated/Amortized	22,051,105	(894,038)	-	21,157,067
Total Capital Assets	$ 32,889,086	$ 7,224	$ (1,238,893)	$ 31,657,417

COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS (cont.)

CDA (cont.)

Depreciation/amortization expense was charged to functions as follows:

Proprietary Funds

Community development	$ 647,628
Housing projects	1,243,315
Total	$ 1,890,943
Enterprise funds	$ 1,890,943

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	165,436	-	-	165,436
Buildings	8,181,766	-	-	8,181,766
Furnishings and equipment	413,341	42,422	-	455,763
Total Capital Assets Being Depreciated	8,760,543	42,422	-	8,802,965
Less: Accumulated depreciation	(3,262,097)	(341,864)	-	(3,603,961)
Total Capital Assets Being Depreciated	5,498,446	(299,442)	-	5,199,004
Total Capital Assets	$ 5,899,842	$ (299,442)	$ -	$ 5,600,400

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

D. CAPITAL ASSETS (cont.)

Component Units (cont.)

Truax Park Redevelopment, Phase I, LLC

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	$ 71,000	$ -	$ -	$ 71,000
Capital Assets Not Being Depreciated	71,000	-	-	71,000
Capital assets being depreciated				
Land improvements	191,117	-	-	191,117
Buildings and improvements	13,100,047	-	-	13,100,047
Furnishings and equipment	240,052	-	-	240,052
Total Capital Assets Being Depreciated	13,531,216	-	-	13,531,216
Less: Accumulated depreciation	(3,552,327)	(442,132)	-	(3,994,459)
Total Capital Assets Being Depreciated	9,978,889	(442,132)	-	9,536,757
Total Capital Assets	$ 10,049,889	$ (442,132)	$ -	$ 9,607,757

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	3,692	-	253,476
Buildings and improvements	5,622,663	18,613	-	5,641,276
Furnishings and equipment	319,634	-	-	319,634
Total Capital Assets Being Depreciated	6,192,081	22,305	-	6,214,386
Less: Accumulated depreciation	(1,436,422)	(176,151)	-	(1,612,573)
Total Capital Assets Being Depreciated	4,755,659	(153,846)	-	4,601,813
Total Capital Assets	$ 5,058,639	$ (153,846)	$ -	$ 4,904,793

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

D. CAPITAL ASSETS (cont.)

Component Units (cont.)

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	2,916	-	7,730,891
Furnishings and equipment	218,941	-	-	218,941
Total Capital Assets Being Depreciated	8,077,910	2,916	-	8,080,826
Less: Accumulated depreciation	(717,651)	(221,033)	3,735	(934,949)
Total Capital Assets Being Depreciated	7,360,259	(218,117)	3,735	7,145,877
Total Capital Assets	$ 7,447,126	$ (218,117)	$ 3,735	$ 7,232,744

E. INTERFUND TRANSFERS

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General operating	Allied drive	$ 176,000	Cover future deficit balances
General operating	Villager	10,000	Cover future deficit balances
	Total Fund Financial Statements	186,000	
	Less: Fund eliminations	186,000	
Total Government-wide Statement of Activities		$ -	

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019 was as follows:

CDA

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds and Notes Payable:					
Revenue bonds	$ 4,720,000	$ -	$ 1,530,000	$ 3,190,000	$ 1,570,000
Mortgage notes - direct	3,190,849	-	258,527	2,932,322	268,127
Other loans/notes* - direct	2,703,731	-	99,030	2,604,701	441,648
Premiums	90,190	-	45,095	45,095	-
Subtotal	10,704,770	-	1,932,652	8,772,118	2,279,775
Accrued compensated absences	444,817	156,950	95,461	506,306	93,105
Advances from primary government – City of Madison	7,529,295	-	690,509	6,838,786	694,709
Total Long-Term Liabilities	$ 18,678,882	$ 156,950	$ 2,718,622	$ 16,117,210	$ 3,067,589

*Beginning balance was adjusted to reclassify $26,000 of accrued interest.

In addition to the liabilities above, information on the net pension liability (asset) is provided in Note III.A and information on the total OPEB liability (asset) is provided in Note III.D.

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 2013 and 2019. 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 65% of gross revenues. Total principal and interest remaining to be paid on the bonds is $3,327,835. Principal and interest paid excluding refunded portion for the current year and total revenues were $1,642,853 and $1,718,232, respectively.

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2019 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/19
General Operating Fund					
Lease revenue bonds	1/1/13	3/1/20	3.00%	$ 5,245,000	$ 785,000
Lease revenue refunding bonds	2/26/19	10/1/22	2.0-2.7%	3,960,000	2,405,000
Total Revenue Debt					$ 3,190,000

Debt service requirements to maturity are as follows:

	Revenue Debt	
Years	Principal	Interest
2020	$ 1,570,000	$ 73,155
2021	800,000	42,540
2022	820,000	22,140
Totals	$ 3,190,000	$ 137,835

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, 2019 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Indebted-ness	Balance 12/31/19
CDA 95-1 Fund					
Housing mortgage note	6/1/92	6/1/22	4.00%	$ 2,283,492	$ 242,877
Monona Shores					
Housing mortgage note	5/17/01	5/1/31	N/A	213,067	213,067
Housing mortgage note	8/26/16	9/1/21	3.48%	3,000,000	2,476,378
Total Monona Shores					2,689,445
Total Mortgage Notes					$ 2,932,322

Debt service requirements to maturity are as follows:

	Mortgage Notes – Direct Borrowing	
Years	Principal	Interest
2020	$ 268,127	$ 92,688
2021	2,401,962	62,151
2022	49,166	498
2023	15,536	-
2024	26,633	-
2025 - 2029	133,165	-
2030 - 2031	37,733	-
Totals	$ 2,932,322	$ 155,337

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Loans/Notes

The following loans and notes are payable to the City of Madison related to the Madison Mutual Housing Association (“MMHA”) 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.

Other loans/notes payable at December 31, 2019 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/19
General Operating Fund					
CDBG Home loan (1)	12/14/10	N/A	N/A	$ 385,000	$ 385,000
Affordable Housing trust loan (1)	10/29/10	12/15/26	Variable*	1,025,000	478,336
			Total General Operating Fund		863,336
Allied Drive Fund					
Promissory note (3)	12/30/11	5/1/37	4.0%	1,255,000	739,936
Parkside Project Fund					
Promissory note (2)	8/28/18	N/A	N/A	400,000	400,000
West Housing Fund					
Promissory note (2)	10/20/97	N/A	N/A	60,000	60,000
CDA 95-1					
Section 17 loans	Various	N/A	N/A	103,000	85,000
UDAG loan	6/5/87	6/20	5.0%	345,000	345,000
WHEDA WRAP note	Unknown	6/22	N/A	Unknown	111,429
			Total CDA 95-1		541,429
Total Other Loans/Notes					$ 2,604,701

* 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.

(1) – Contains clauses that in the event of default, entire balance shall become immediately due and payable and a delinquency charge equal to 12% per annum on unpaid balance will be applicable.

(2) – Contains clauses that in the event of default, a delinquency charge equal to 12% per annum on unpaid balance will be applicable.

(3) – Contains clauses that in the event of default, interest rate shall be increased by adding 5% point margin and borrower shall be charged 5% of the unpaid portion.

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Loans/Notes (cont.)

Debt service requirements to maturity are as follows:

Years	Other Loans/Notes – Direct Borrowing Principal	Interest
2020	$ 441,648	$ 33,899
2021	98,085	32,461
2022	210,923	31,053
2023	100,968	29,578
2024	102,432	28,115
2025 – 2029	333,340	114,400
2030 – 2034	247,853	63,215
2035 – 2037	139,452	8,377
Totals	$ 1,674,701	$ 341,098

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 $523,864. A repayment schedule for the advances to the Villager Fund in the original amount of $8,650,000, $1,350,000 and $750,000, and for an advance to the General Operating Fund in the original amount of $50,000 have been established.

Years	Principal	Interest
2020	$ 647,511	$ 142,738
2021	647,511	125,568
2022	647,511	109,748
2023	512,482	93,926
2024	512,482	82,157
2025 – 2029	2,482,425	239,046
2030 – 2031	865,000	25,710
Totals	$ 6,314,922	$ 818,893

Other Debt Information

Estimated payments of the compensated absences liability, are not included in the debt service repayment schedules. The compensated absences liability, 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 repayment schedules. These debts are subject to various redemption provisions.

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

F. Long-Term Obligations (cont.)

Component Units

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Allied Drive Redevelopment, LLC Mortgage notes	$ 2,462,268	$ -	$ 44,030	$ 2,418,238	$ 46,053
Truax Park Redevelopment, Phase I, LLC Mortgage notes	3,391,216	-	55,652	3,335,564	57,022
Burr Oaks Senior Housing, LLC Mortgage notes	1,456,750	-	20,186	1,436,564	21,463
Truax Park Development, Phase 2, LLC Mortgage notes	1,519,288	-	-	1,519,288	-
Totals	$ 8,829,522	$ -	$ 119,868	$ 8,709,654	$ 124,538

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 $2,600 as of December 31, 2019; interest expense totaled $32,117 for the year ended December 31, 2019.	$ 693,374
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, 2019.	392,000

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

F. LONG-TERM OBLIGATIONS (cont.)

Component Units (cont.)

Allied Drive Redevelopment, LLC (cont.)

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 in 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 $210,027 as of December 31, 2019; interest expense totaled $59,979 for the year ended December 31, 2019.	$ 1,332,864
Totals	$ 2,418,238

Truax Park Redevelopment, Phase I, LLC

Mortgage notes payable consist of the following:

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 $799,823 as of December 31, 2019; interest expense totaled $101,762 for the period ended December 31, 2019.	$ 1,846,000
CDA; nonrecourse mortgage payable; due in annual installments of $76,000 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 $3,269 as of December 31, 2019; interest expense totaled $20,056.	622,622
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 $137,949 as of December 31, 2019; interest expense was $15,440.	400,000

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

F. LONG-TERM OBLIGATIONS (cont.)

Component Units (cont.)

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

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 $129,187 as of December 31, 2019; interest expense was $18,678.	$ 466,942
Totals	$ 3,335,564

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.	$ 1,051,564
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	$ 1,436,564

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

F. LONG-TERM OBLIGATIONS (cont.)

Component Units (cont.)

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
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 $4,748 as of December 31, 2019; interest expense totaled $1,265 for the period ended December 31, 2019.		40,000
Totals	$	1,519,288

Debt service principal requirements to maturity are as follows:

Years		
2020	$	124,538
2021		129,746
2022		135,189
2023		140,880
2024		146,830
Thereafter		8,032,471
Totals	$	8,709,654

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

G. LEASE DISCLOSURES

General Operating Fund

The CDA is leasing a parking structure to the City of Madison. The annual lease payments to be received are equal to the CDA's annual debt service payments on the Taxable Redevelopment Lease Revenue Bonds, Series 2018A.

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, 2019.

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

	2018 Issue		2013 Issue	
	Principal	Interest	Principal	Interest
2020	$ 785,000	$ 61,380	$ 260,500	11,775
2021	800,000	42,540	-	-
2022	820,000	22,140	-	-
Totals	$ 2,405,000	$ 126,060	$ 260,500	$ 11,775

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, 2019 includes the following:

Business-Type Activities

Net investment in capital assets	
Land	$ 10,042,461
Construction in progress	457,889
Other capital assets, net of accumulated depreciation	21,157,067
Less: Capital related long-term debt outstanding	(9,608,649)
Total	$ 22,048,768

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 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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 executive service retirement participants, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings period. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

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
2009	(2.1)	(42.0)
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

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. Starting January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. 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 $171,829 in contributions from the CDA.

NOTE III – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contributions (cont.)

Contribution rates for the plan year reported as of December 31, 2019 are:

Employee Category	Employee	Employer
General (Executives & Elected Officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At December 31, 2019, the CDA reported a liability of $584,975 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. 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, 2018, the CDA's proportion was 0.016442567%, which was an increase of .000001001% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the CDA recognized pension expense of $392,153.

At December 31, 2019, 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	$ 470,422	$ 838,647
Changes of actuarial assumptions	109,675	-
Net differences between projected and actual earnings on pension plan investments	889,052	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	9,972
Employer contributions subsequent to the measurement date	180,744	-
Totals	$ 1,649,893	$ 848,619

NOTE III – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

$180,744 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, 2019. 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 and Deferred Inflows of Resources (net)
2020	$ 224,273
2021	54,435
2022	98,298
2023	243,524

Actuarial assumptions. The total pension asset in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset)	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*:	1.9%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% 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 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The total pension liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

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 %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49%	8.1%	5.5%
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
Variable Fund Asset Class			
U.S. Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.5%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single discount rate. A single discount rate of 7.00% 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 7.00% and a long term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% 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.

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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
CDA's proportionate share of the net pension liability (asset)	$ 2,324,752	$ 584,975	$ (708,684)

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, 2019, 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.

The CDA was assigned and has assumed a LURA with WHEDA as a condition to receiving an allocation of low-income housing tax credits for Monona Shores. Under this agreement, the fund 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. The CDA is obligated to certify tenant eligibility.

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 renews every September 1, provides for maximum annual assistance payments of $393,985. Total assistance payments received from WHEDA were $393,985 during 2019.

The CDA was assigned and has assumed a regulatory agreement with WHEDA for the CDA95-1 fund, which places occupancy restrictions on rents charged and the minimum set aside of units which shall be occupied by individuals or families whose income meets the requirements as described in the regulatory agreement. The agreement expires when the WHEDA and WHEDA WRAP loans are paid in full.

The CDA was assigned and has assumed a regulatory agreement with the City of Madison for the CDA95-1 fund, which places occupancy restrictions on rents charged and the minimum set aside of units which shall be occupied by individuals or families whose income meets the requirements as described in the regulatory agreement. The CDA is obligated to certify tenant eligibility.

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

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 $37,087 for the year ended December 31, 2019.

NOTE III – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Component Units (cont.)

Truax Park Redevelopment, Phase I, LLC

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

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

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

Burr Oaks Senior Housing, LLC

Burr Oaks Senior Housing, LLC entered into a property management agreement with a third party. A management fee in the amount of 8% of the effective gross income (rental and other incidental income received on a cash basis) is payable on a monthly basis. A portion of the monthly management fee equal to 2% of effective gross income shall be deferred without interest and payable only out of available cash flow as defined in the operating agreement. The deferred management fee shall not exceed an annual amount of $7,500. Management fees incurred under this agreement totaled $34,036 for the period ended December 31, 2019. Of this amount, $7,500 has been deferred as of December 31, 2019.

NOTE III – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Component Units (cont.)

Burr Oaks Senior Housing, LLC (cont.)

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

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

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

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.

NOTE III – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Component Units (cont.)

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

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.

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 $6,000 for the period ended December 31, 2019.

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.

NOTE III – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS

General Information About the OPEB Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year (880 hours teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their average earnings, and creditable service.

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.

Employees covered by benefit terms. At December 31, 2019, the following employees were covered by the benefit terms:

Plan members	31
Inactive plan members or beneficiaries currently receiving benefit payments	4
	35

NOTE III – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS

Total OPEB Liability

The CDA's total liability of $618,835 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.70%
Salary increases	3.20%
Healthcare cost trend rates	7.50% Initially reduced by decrements to an ultimate of 4.5% after 7 years
Retirees' share of benefit-related costs	100%
Discount rate	3.26%

The discount rate was based on the yield for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018.

Other assumptions are based on a city-determined analysis of past trends and future expectations.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at January 1, 2019	$ 570,966
Changes for the year:	
Service cost	33,038
Interest	24,250
Changes of benefit terms	-
Changes in assumptions	38,805
Differences between expected and actual experience	(19,977)
Benefit payments	(28,247)
Net changes	47,869
Balances at December 31, 2019	$ 618,835

NOTE III – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Changes in the Total OPEB Liability (cont.)

Changes of assumptions and other inputs reflect a change in the discount rate from 4.11 percent in 2018 to 3.26 percent in 2019.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the CDA, as well as what the CDA's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26%) or 1-percentage-point higher (4.26%) than the current discount rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
CDA's Total OPEB liability	$ 668,869	$ 618,835	$ 573,512

Sensitivity of the CDA's total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the CDA, as well as what the CDA's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.5% decreasing to 6.5%) or 1-percentage-point higher (7.5% increasing to 8.5%) than the current healthcare cost trend rates:

	1% Decrease (7.50% Decreasing to 6.50%)	Healthcare Cost Trend Rates	1% Increase (7.50% Increasing to 8.50%)
CDA Total OPEB liability	$ 558,257	$ 618,835	$ 690,724

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

CDA Information

For the year ended December 31, 2019, the CDA recognized OPEB expense of $56,754. At December 31, 2019, the CDA reported deferred inflows and deferred outflows of resources related to OPEB from the following sources:

	Deferred outflows of Resources	Deferred inflows of Resources
Differences between expected and actual experience	$ -	$ 51,216
Changes of assumptions	33,955	8,737
Total	$ 33,955	$ 59,953

NOTE III – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Changes in the Total OPEB Liability (cont.)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended December 30:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2020	$ (4,726)
2021	(4,726)
2022	(4,726)
2023	(4,726)
2024	(4,726)
Thereafter	(2,368)

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 2019 from Public Health – Madison and Dane County, a related party, were $424,027.

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 $347,667 as of December 31, 2019. The ground lease expense totaled $4,000 for the year ended December 31, 2019.

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 $256,161 as of December 31, 2019. Managing member management fees expensed totaled $26,879 for the year ended December 31, 2019.

NOTE III – OTHER INFORMATION (cont.)

E. RELATED PARTIES (cont.)

Component Units (cont.)

Allied Drive Redevelopment, LLC (cont.)

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 $6,451 as of December 31, 2019. Asset management fees expenses totaled $6,451 for the year ended December 31, 2019.

Truax Park Redevelopment, Phase I, LLC

Accounts Receivable

Included in accounts receivable are amounts due from the CDA for reimbursable expenses related to the service coordinator totaling $1,099 as of December 31, 2019.

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 regard 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 $226,374 were earned during the year ended December 31, 2019. Included in accounts receivable are related party operating subsidies receivable of $142,662 as of December 31, 2019.

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, 2019.

NOTE III – OTHER INFORMATION (cont.)

E. RELATED PARTIES (cont.)

Component Units (cont.)

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

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, 2019.

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 $19,980 for the period ended December 31, 2019.

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 $65,361 as of December 31, 2019. Asset management fees incurred totaled $8,994 for the year ended December 31, 2019.

Burr Oaks Senior Housing, LLC

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 $9,225 for the year ended December 31, 2019. Accrued asset management fees included in other accrued expenses on the balance sheet were $9,225 as of December 31, 2019.

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 $9,225 for the year ended December 31, 2019. Accrued asset management fees included in other accrued expenses on the balance sheet were $9,225 as of December 31, 2019.

NOTE III – OTHER INFORMATION (cont.)

E. RELATED PARTIES (cont.)

Component Units (cont.)

Burr Oaks Senior Housing, LLC (cont.)

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 regard 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 $184,303 were earned during the year ended December 31, 2019. Included in accounts receivable are related party operating subsidies receivable of $136,367 as of December 31, 2019.

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, 2019.

NOTE III – OTHER INFORMATION (cont.)

E. RELATED PARTIES (cont.)

Component Units (cont.)

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

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, 2019.

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 $11,293 during the period ended December 31, 2019.

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 $20,520 as of December 31, 2019. Asset management fees incurred totaled $4,800 for the year ended December 31, 2019.

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 of (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, 2019.

NOTE III – OTHER INFORMATION (cont.)

E. RELATED PARTIES (cont.)

Component Units (cont.)

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

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. INVOLUNTARY CONVERSION

In 2019, Truax Park Development, Phase 2, LLC received insurance proceeds totaling $29,781 for fire damage to one building. The remaining insurance proceeds to be received in 2020 total $10,818 and are included in accounts receivable as of December 31, 2019. This event resulted in the involuntary conversion of part of the building to cash proceeds received from the insurance company to cover the loss. The difference between the proceeds received from the insurance company and the net book value of the damaged building resulted in a gain on involuntary conversion of $1,651 for the year ended December 31, 2019. The total cost to repair the damaged building was $45,599 which was capitalized into rental property during 2019.

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

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

- > Statement No. 87, *Leases*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 90, *Majority Equity Interests*
- > Statement No. 91, *Conduit Debt Obligations*
- > Statement No. 92, *Omnibus*
- > Statement No. 93, *Replacement of Interbank Offered Rates*
- > Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Gui*dance, with the exception of Statement No. 87 which was postponed by one and a half years.

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

REQUIRED SUPPLEMENTARY INFOMATION

COMMUNITY DEVELOPMENT AUTHORITY

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2019

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%
12/31/17	0.01611899%	132,859	2,220,313	5.98%	99.12%
12/31/18	0.01621912%	(481,564)	2,271,038	21.20%	102.93%
12/31/19	0.01644257%	584,975	2,301,605	25.42%	96.45%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2019

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	$ 157,204	$ 157,204	$ -	$ 2,237,306	7.03%
12/31/16	157,746	157,746	-	2,220,313	7.10%
12/31/17	169,849	169,849	-	2,271,038	7.48%
12/31/18	173,813	173,813	-	2,301,605	7.55%
12/31/19	180,744	180,744	-	2,560,588	7.06%

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

COMMUNITY DEVELOPMENT AUTHORITY

SCHEDULE OF CHANGES IN EMPLOYER'S TOTAL OTHER POST EMPLOYMENT BENEFITS
LIABILITY AND RELATED RATIOS
December 31, 2019

Total OPEB Liability	**2019**	**2018**
Service cost	$ 33,038	$ 40,885
Interest	24,250	22,021
Changes of benefit terms	-	-
Differences between expected and actual experience	(19,977)	(45,317)
Changes of assumptions	38,805	(11,735)
Benefit payments	(28,247)	(24,971)
Net Change in Total OPEB Liability	47,869	(19,117)
Total OPEB Liability - Beginning	570,966	590,083
Total OPEB Liability - Ending	$ 618,835	$ 570,966
Covered payroll	$ 2,489,055	$ 2,750,141
Total OPEB liability as a percentage of covered payroll	24.86%	20.76%

Notes to Schedule:

Benefit changes. There were no changes of benefit terms.

Change of assumptions **:**

Discount Rate - The discount rate has been updated from 4.11% to 3.26% in the December 31, 2019 valuation.

Health Care and Subsidy Trend Rates - An update in the health care and subsidy trend rates from an initial rate of 8.00% decreasing by 0.50% annually to an ultimate rate of 4.50% to an initial rate of 7.50% decreasing by 0.50% annually to an ultimate rate of 4.50% for the December 31, 2019 valuation.

Valuation date:
January 1, 2019 with results actuarially projected on a "no gain/no loss" basis to get to the December 31, 2019 measurement date. Liabilities as of January 1, 2019 are based on actuarial valuation date of January 1, 2019 with no adjustments

Methods and assumptions used to determine total OPEB liability:

Actuarial cost method	Entry age normal
Amortization method	Average remaining member service life
Amortization period	8 years
Asset valuation method	Not applicable
Inflation	2.7 percent
Healthcare cost trend rates	7.5 percent initial, decreasing 0.5 percent every year to an ultimate rate of 4.5 percent
Salary increases	3.20 percent average, including inflation
Investment rate of return	Not applicable
Retirement age	Based upon rates from the December 31, 2017 actuarial valuation for the Wisconsin Retirement System (WRS)
Mortality	Assumed life expectancies were based on RPH-2018 Total Dataset Mortality Table fully generational using scale MP-2018

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Other Information:
The CDA implemented GASB Statement No. 75 in 2018. Information prior to 2018 is not available.

COMMUNITY DEVELOPMENT AITHORITY
OF THE CITY OF MADISON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2019

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. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

SUPPLEMENTARY INFORMATION

COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF MADISON

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
As of December 31, 2019

ASSETS	Karabis Fund	Parkside Project Fund	East Housing Fund
Current Assets			
Cash and investments	$ 1,220,765	$ 515,514	$ 485,128
Accounts receivable	8	5,048	8,111
Due from other governmental units	5,761	27,442	39,616
Prepaid items	1,685	10,746	4,659
Total Current Assets	1,228,219	558,750	537,514
Property, Plant and Equipment			
Land	22,698	200,271	310,162
Land improvements	162,843	86,875	119,860
Buildings and improvements	955,112	4,532,825	10,340,269
Machinery and equipment	17,484	112,944	409,833
Intangibles	-	19,683	8,084
Construction In progress	-	-	32,050
Less: Accumulated depreciation	(967,869)	(3,862,046)	(9,816,633)
Net Property, Plant and Equipment	190,268	1,090,552	1,403,625
Other Assets			
Restricted cash and investments	5,551	24,007	53,404
Deposits	-	-	-
Lease receivable	-	-	1,846,000
Total Other Assets	5,551	24,007	1,899,404
Total Assets	1,424,038	1,673,309	3,840,543
DEFERRED OUTFLOWS OF RESOURCES			
Other post employment benefit related amounts	234	36	7,440
Pension related amounts	86,691	156,253	205,174
Total Deferred Outflows of Resources	86,925	156,289	212,614

West Housing Fund	Triangle Housing Fund	CDA 95-1	Totals
$ 670,621	$ 1,139,350	$ 73,581	$ 4,104,959
7,348	5,605	11,908	38,028
35,057	28,387	-	136,263
15,105	10,704	-	42,899
728,131	1,184,046	85,489	4,322,149
1,200,372	482,652	241,689	2,457,844
-	-	35,495	405,073
12,972,375	9,727,931	1,842,302	40,370,814
382,467	263,508	126,037	1,312,273
8,084	8,086	-	43,937
-	4,950	-	37,000
(11,969,903)	(9,442,562)	(1,144,817)	(37,203,830)
2,593,395	1,044,565	1,100,706	7,423,111
89,469	50,205	175,499	398,135
-	-	3,500	3,500
-	-	-	1,846,000
89,469	50,205	178,999	2,247,635
3,410,995	2,278,816	1,365,194	13,992,895
6,594	4,109	-	18,413
299,393	155,049	-	902,560
305,987	159,158	-	920,973

COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF MADISON

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
As of December 31, 2019

LIABILITIES	Karabis Fund	Parkside Project Fund	East Housing Fund
Current Liabilities			
Accounts payable	$ 6,125	$ 17,402	$ 67,536
Accrued liabilities	5,997	15,883	18,933
Unearned revenue	1,274	13,248	15,525
Current portion of mortgage notes	-	-	-
Current portion of other loans	-	-	-
Current portion of advances from primary government - City of Madison	457	2,498	7,933
Accrued compensated absences	2,183	4,819	20,036
Other liabilities	5,551	31,799	53,401
Total Current Liabilities	21,587	85,649	183,364
Long-Term Debt Net of Current Maturities			
Mortgage notes	-	-	-
Other loans	-	400,000	-
Net pension liability	32,505	59,662	66,144
Accrued compensated absences	9,687	21,387	88,921
Other post-employment benefits	4,261	660	135,596
Advances from primary government - City of Madison	2,310	12,632	40,117
Total Long-Term Debt	48,763	494,341	330,778
Total Liabilities	70,350	579,990	514,142
DEFERRED INFLOWS OF RESOURCES			
Other post employment benefit related amounts	411	63	13,141
Pension related amounts	37,984	89,560	94,374
Total Deferred Inflows of Resources	38,395	89,623	107,515
NET POSITION			
Net investment in capital assets	190,268	690,552	1,403,625
Unrestricted	1,211,950	469,433	2,027,875
TOTAL NET POSITION	$ 1,402,218	$ 1,159,985	$ 3,431,500

West Housing Fund	Triangle Housing Fund	CDA 95-1	Totals
$ 65,993	$ 44,288	$ 4,655	$ 205,999
33,842	17,340	47,093	139,088
21,379	21,545	2,409	75,380
-	-	94,922	94,922
-	-	345,000	345,000
12,035	4,807	-	27,730
14,300	4,728	-	46,066
93,820	63,069	23,246	270,886
241,369	155,777	517,325	1,205,071
-	-	147,955	147,955
60,000	-	196,429	656,429
106,844	51,369	-	316,524
63,463	20,982	-	204,440
120,188	74,880	-	335,585
60,857	24,306	-	140,222
411,352	171,537	344,384	1,801,155
652,721	327,314	861,709	3,006,226
11,644	7,256	-	32,515
158,696	75,914	-	456,528
170,340	83,170	-	489,043
2,533,395	1,044,565	316,400	6,178,805
360,526	982,925	187,085	5,239,794
$ 2,893,921	$ 2,027,490	$ 503,485	$ 11,418,599

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, 2019

	Karabis Fund	Parkside Project Fund	East Housing Fund
OPERATING REVENUES			
Charges for services	$ 88,524	$ 401,732	$ 648,003
Other revenue	4,525	12,577	22,451
Total Operating Revenues	93,049	414,309	670,454
OPERATING EXPENSES			
Operation and maintenance	299,622	641,671	1,162,795
Depreciation	17,766	65,554	228,571
Taxes	5,450	30,795	43,794
Total Operating Expenses	322,838	738,020	1,435,160
Operating Income (Loss)	(229,789)	(323,711)	(764,706)
NONOPERATING REVENUES (EXPENSES)			
Investment income	25,048	11,581	11,628
Interest and amortization	(119)	(677)	(2,282)
Intergovernmental grants	227,406	470,268	486,959
Miscellaneous expenses	-	-	-
Total Nonoperating Revenue (Expenses)	252,335	481,172	496,305
CHANGE IN NET POSITION	22,546	157,461	(268,401)
NET POSITION – Beginning of Year	1,379,672	1,002,524	3,699,901
NET POSITION – END OF YEAR	$ 1,402,218	$ 1,159,985	$ 3,431,500

West Housing Fund	Triangle Housing Fund	HUD Subsidy Fund	CDA 95-1	Totals
$ 1,087,637	$ 794,723	$ -	$ 308,043	$ 3,328,662
65,632	48,738	-	5,302	159,225
1,153,269	843,461	-	313,345	3,487,887
1,751,812	954,720	-	150,236	4,960,856
302,466	120,872	-	59,532	794,761
81,932	56,615	-	-	218,586
2,136,210	1,132,207	-	209,768	5,974,203
(982,941)	(288,746)	-	103,577	(2,486,316)
13,516	21,354	-	5,108	88,235
(3,555)	(1,296)	-	(27,715)	(35,644)
1,207,238	443,260	282,731	-	3,117,862
-	-	(282,731)	-	(282,731)
1,217,199	463,318	-	(22,607)	2,887,722
234,258	174,572	-	80,970	401,406
2,659,663	1,852,918	-	422,515	11,017,193
$ 2,893,921	$ 2,027,490	$ -	$ 503,485	$ 11,418,599

COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF MADISON

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2019

	Karabis Fund	Parkside Project Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	$ 93,183	$ 418,095
Paid to suppliers for goods and services	(203,677)	(300,547)
Paid to employees for services	(101,820)	(309,512)
Paid to city for tax equivalent	(5,450)	(30,795)
Net Cash Flows From Operating Activities	(217,764)	(222,759)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Deposits (refunds)	478	(1,470)
Intergovernmental grants	233,793	451,963
Deficit cash implicitly financed	1,159,524	-
Repayment of advance to primary government	(416)	(2,276)
Interest on advance	(119)	(677)
Other nonoperating items	-	(421)
Net Cash Flows From Noncapital Financing Activities	1,393,260	447,119
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Debt retired	-	-
Interest paid	-	-
Acquisition and construction of capital assets	-	(225,815)
Net Cash Flows From Capital and Related Financing Activities	-	(225,815)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	25,048	11,581
Net Cash Flows From Investing Activities	25,048	11,581
Net Increase (Decrease) in Cash and Cash Equivalents	1,200,544	10,126
CASH AND CASH EQUIVALENTS - Beginning of Year	25,772	529,395
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,226,316	$ 539,521

East Housing Fund	West Housing Fund	Triangle Housing Fund	HUD Subsidy Fund	CDA 95-1	Totals
$684,971	$1,161,356	$847,281	$ -	$301,190	$ 3,506,076
(740,613)	(957,707)	(648,260)	-	(137,846)	(2,988,650)
(409,132)	(694,297)	(276,763)	-	-	(1,791,524)
(43,794)	(81,932)	(56,615)	-	-	(218,586)
(508,568)	(572,580)	(134,357)	-	163,344	(1,492,684)
6,899	3,869	(701)	-	-	9,075
448,546	1,175,797	447,604	282,731	-	3,040,434
-	-	-	-	-	1,159,524
(7,228)	(10,964)	(4,379)	-	-	(25,263)
(2,282)	(3,555)	(1,296)	-	-	(7,929)
-	-	(112)	(282,731)	-	(283,264)
445,935	1,165,147	441,116	-	-	3,892,577
-	-	-	-	(92,389)	(92,389)
-	-	-	-	(19,090)	(19,090)
(32,050)	(435,207)	(4,950)	-	(18,762)	(716,784)
(32,050)	(435,207)	(4,950)	-	(130,241)	(828,263)
11,628	13,516	21,354	-	5,108	88,235
11,628	13,516	21,354	-	5,108	88,235
(83,055)	170,876	323,163	-	38,211	1,659,865
621,587	589,214	866,392	-	210,869	2,843,229
$ 538,532	$ 760,090	$ 1,189,555	$ -	$ 249,080	$ 4,503,094

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2019

	Karabis Fund	Parkside Project Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES		
Operating income (loss)	$ (229,789)	$ (323,711)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Depreciation	17,766	65,554
Change in assets, deferred outflows, liabilities and deferred inflows		
Accounts receivable	(8)	(4,404)
Prepaid items	(130)	(151)
Accounts payable	(489)	1,990
Accrued liabilities	(5,398)	(866)
Other post employment benefits related amounts	1,135	660
Pension related amounts	(997)	29,978
Unearned revenue	146	8,191
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ (217,764)	$ (222,759)

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

None

East Housing Fund	West Housing Fund	Triangle Housing Fund	HUD Subsidy Fund	CDA 95-1	Totals
$ (764,706)	$ (982,941)	$ (288,746)	$ -	$ 103,577	$ (2,486,316)
228,571	302,466	120,872	-	59,532	794,761
10,267	(1,103)	425	-	(11,461)	(6,284)
(1,345)	(649)	(812)	-	-	(3,087)
(9,176)	23,981	(21,154)	-	3,422	(1,426)
32,167	21,039	16,907	-	8,968	72,817
(7,393)	14,808	13,660	-	-	22,870
(1,207)	40,633	21,091	-	-	89,498
4,254	9,186	3,400	-	(694)	24,483
$ (508,568)	$ (572,580)	$ (134,357)	$ -	$ 163,344	$ (1,492,684)