

**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, 2023

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

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As of and for the Year Ended December 31, 2023

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## **Independent Auditors' Report**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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 (the CDA), a component unit of the City of Madison, Wisconsin as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the CDA's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the CDA as of December 31, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Village on Park, major fund, or CDA 95-1, Monona Shores and MRCDC, non-major funds, which represent 57%, 48% and 14%, 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 opinions, insofar as it relates to the amounts included for Monona Shores, Village on Park, MRCDC, CDA 95-1 and the aggregate discretely presented component units are based solely on the reports of the other auditors.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CDA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Monona Shores, Village on Park, MRCDC, CDA 95-1 and the aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*.

#### ***Emphasis of Matter***

As discussed in Note 1, the CDA adopted the provisions of GASB Statement No. 96, effective January 1, 2023. Our opinions are not modified with respect to this matter.

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

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

### ***Required Supplementary Information***

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 is the responsibility of management and, 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 CDA'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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above and the report of the other auditors, 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 June 26, 2024 on our consideration of the CDA'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 CDA'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 CDA's internal control over financial reporting and compliance.



Madison, Wisconsin  
June 26, 2024

# COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For Year Ended December 31, 2023

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.

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### OVERVIEW OF THE FINANCIAL STATEMENTS

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#### ***CDA-WIDE FINANCIAL STATEMENTS***

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

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

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

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

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

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

# COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2023

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## OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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### *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.

# COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2023

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## OVERVIEW OF THE FINANCIAL STATEMENTS

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### *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 Village on Park 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.

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.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2023

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**OVERVIEW OF THE FINANCIAL STATEMENTS**

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***THE CDA'S FUNDS*** (cont.)

HUD Projects Fund-East: This fund is part of the Low Rent Public Housing Program and accounts for 162 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 265 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2023

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**OVERVIEW OF THE FINANCIAL STATEMENTS**

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*THE CDA'S FUNDS* (cont.)

<u>Allied Drive Fund:</u>	This fund accounts for the activities in the neighborhood revitalization project in the Allied Drive area.
<u>Monona Shores Fund:</u>	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.
<u>HUD Subsidy:</u>	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.
<u>CDA 95-1:</u>	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 is financed with one loan 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.
<u>MRCDC Fund:</u>	This fund accounts for the activities of the properties sold by the CDA through HUD's disposition process for redevelopment purposes. MRCDC functions as the non-profit arm of the CDA.

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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2023

**FINANCIAL HIGHLIGHTS AND ANALYSIS**

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

	Business-type Activities 2023	Business-type Activities 2022
Current and Other Assets	\$ 27,390,563	\$ 29,820,457
Capital Assets	<u>28,314,800</u>	<u>27,545,248</u>
Total Assets	<u>55,705,363</u>	<u>57,365,705</u>
Deferred Outflows of Resources	<u>3,970,429</u>	<u>3,003,857</u>
Long-term Liabilities	9,786,901	8,839,274
Other Liabilities	<u>3,113,511</u>	<u>2,807,944</u>
Total Liabilities	<u>12,900,412</u>	<u>11,647,218</u>
Deferred Inflows of Resources	<u>11,423,222</u>	<u>13,557,728</u>
Net Position		
Net Investment in Capital Assets	20,641,431	20,496,442
Restricted	-	1,572,369
HUD-restricted Funds	456,130	-
Unrestricted	<u>14,254,597</u>	<u>13,095,805</u>
Total Net Position	<u>\$ 35,352,158</u>	<u>\$ 35,164,616</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2023

**FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)**

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

	<u>Business-type Activities 2023</u>	<u>Business-type Activities 2022</u>
Revenues		
Program Revenues		
Charges for services	\$ 7,090,377	\$ 7,011,523
Operating grants and contributions	24,446,952	23,765,762
General Revenues		
Investment income	547,659	272,530
Interest on capital leases	-	22,140
Gain on disposal of assets	1,870	209,174
Miscellaneous	157,135	1,312,177
Total Revenues	<u>32,243,993</u>	<u>32,593,306</u>
Expenses		
Community Development	2,351,593	1,872,933
Housing projects	29,704,858	26,906,079
Total Expenses	<u>32,056,451</u>	<u>28,779,012</u>
Change in Net Position	187,542	3,814,294
Beginning Net Position	<u>35,164,616</u>	<u>31,350,322</u>
Ending Net Position	<u>\$ 35,352,158</u>	<u>\$ 35,164,616</u>

The CDA's total Net Position increased by \$187,542 during 2023. Since the CDA engages only in Business-type Activities, the increase is all in the category of Business-type Net Position. Net Position was \$35.2 million and \$35.4 million for 2022 and 2023, respectively. The financial highlights of each project are discussed below:

# COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2023

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## FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

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**General Operating Fund-** There was a decrease in Net Position in the amount of \$499,222. There was limited operational activity in this fund in 2023 consisting of normal operations and debt payments. Most of the decrease was due to a loss on the sale of a land parcel at 2405 Cypress way. The loss totaled \$460,510. MRCDC's modernization began in 2021 and continues into 2023. In 2023 cash transfers at both Monona Shores and the Village on Park to the Redevelopment General Fund became part of a monthly process to achieve predictable budget performance, comprehensive view of liquidity, and consistent funding as part of a strategic financial plan.

**Housing Voucher Fund** – The net position of the Housing Choice Voucher program decreased by \$305,111 to a total of \$1,598,134. Intergovernmental grants from the Department of Housing and Urban Development to support the program remained steady at \$18.9 million in 2023. The Section 8 Voucher program supported an average of 1,812 Households per month at an average housing assistance payment of \$790 per unit in 2023. In 2022, the program supported an average of 1,786 housing units per month at an average housing assistance payment of \$778 per unit.

**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. Repayment of these funds continue to be a significant expense. Annual debt service payments dropped to approximately \$600,000 in 2023 when one of the loans was retired.

Major tenants at the Village on Park ("VOP") during 2023 included City of Madison IT, Madison Dane County Public Health, the University of Wisconsin, Yue Wah Foods, and Lane's Bakery. The owners of Lane's Bakery retired at the end of 2023, and, since they were unable to find a buyer before year-end, Lane's Bakery closed in December 2023, leaving the space vacant.

The CDA demolished the North Building in 2022 and plan to replace it with a surface parking lot as part of the first phase of the redevelopment of the VOP. Redevelopment continues into 2023. As construction costs have accelerated faster than predicted, the final phases, including the parking structure, have been separated into smaller phases.

As part of the redevelopment, a new multi-level parking structure is planned for the south end of the site. This structure will serve the tenants, employees, and visitors of the VOP; the South Madison Condo building; and the planned Urban League retail and office building (a/k/a the "Hub") at the corner of S. Park Street and Hughes Place. Construction of The Hub has concluded, and the CDA sold the land underneath the building to Urban League for \$1 as a continued investment in the future of South Madison.

Redevelopment capital projects at the VOP were originally funded solely by \$18 million in City transfers from TID 42. In 2023, an additional \$3.2 million of potential funding from TID 42, VOP reserves, and GO Borrowing was approved for construction costs. A strategic plan was developed to split the parking structure from the site work and will be re-bid by the end of 2024. The net position of the Village on Park fund increased by \$946,977 to a total of \$14,067,784 mostly due to TID funding.

# COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2023

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## FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

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- HUD Projects East AMP- The net position of the East AMP Fund increased by \$510,418, primarily due to a cash transfer from the Central Cost Center and insurance proceeds. The total net position is \$1,409,387. There was approximately \$322,707 in Capital assets created through Capital grant funding. Average occupancy for the year was 96.97%.
- HUD Projects West AMP- The net position of the West AMP Fund increased by \$176,511 to a total of \$2,061,866. There were approximately \$82,112 in capital assets created through Capital grant funding. Average occupancy for the year was 95.53%.
- HUD Projects Triangle AMP- The net position of the Triangle AMP Fund decreased by \$395,331 to a total of \$1,417,548. There were no capital assets created through Capital grant funding. Capital funding at the Triangle remains on hold, except for emergency items, as the first phase of redevelopment is submitted for Tax Credits in 2023. If the application for tax credits is successful, the Capital Grant Fund will be used to fund the reserve accounts as outlined in the HUD Capital Fund Guidebook. Average occupancy for the year was 95.50%.
- 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 was 94% occupied as of December 31, 2023 and has performed in accordance with expectations.

During 2023, the CDA concluded its development of single-family homes at the south end of Allied Drive ("Mosaic Ridge"). There were originally 25 residential lots in the development, with two were combined resulting in 24 lots. As of December 2023, two lots remain undeveloped as the CDA plans to sell or transfer these remaining properties to a nonprofit partner to develop homes for low to moderate-income households. The net position of the Allied Drive Fund increased by \$29,383 to a total of \$4,083,488, primarily due to interest income.

- 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, 2023 and reported a decrease in net position of \$305,623 to a total of \$1,277,343. See Monona Shores audited financial statements for more detailed financial information.

## COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2023

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### FINANCIAL HIGHLIGHTS AND ANALYSIS (cont.)

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- HUD Projects Central Cost Center- The net position of the Central Cost Center Fund decreased by \$111,591 to a total of \$1,368,923.
- HUD Projects Fund Capital Fund Grant Program- In 2023, \$2,314,098 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- \$255,788 was received in 2023 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 \$35,186 in 2023. The net position in this fund is \$1,415,254.
- Parkside- The net position of the Parkside Fund decreased by \$113,974 in 2023. This decreased the total net position to \$1,052,652.
- Reservoir (CDA 95-1)- The Reservoir is comprised of 6 buildings containing 28 affordable housing units, 1 historic commercial spaced zoned for use by a non-profit agency, and 1 two-flat. The CDA is the sole owner of the property as of 1995 previously owned by the Madison Mutual Housing Association and Cooperative. The property was funded by a WHEDA loan, which contains clauses for affordability as well as compliance overview by WHEDA. The Reservoir maintained an average of 96% occupancy of the residential units in 2023, whereas the commercial space remained vacant for all of 2023. The CDA has developed plans to convert the commercial space into two residential units due to lack of demand for the commercial space. With the WHEDA loan payment the property is now 100% owned by the CDA. The net position of the Reservoir increased by \$36,260 to a total of \$1,024,238.
- MRCDC- In 2022 MRCDC acquired 32 units in 10 buildings from Public Housing, comprising of duplexes & four-plexes. Twenty-eight of the units are located on the west side of Madison and four on the east. All units were entered into a Section 8 PBV contract. All units are 3rd party managed and will be modernized. In 2023 five units remained vacant from the time of the sale throughout the year as funding was secured for large-scale modernization. Modernization is being achieved through a multi-phased approach in which current tenants are offered the modernized units until either all units are modernized or tenants no longer have interest in moving. If units are not captured in the current modernization, the units will be modernized when it naturally becomes vacant. At the end of 2023 11 units had been remodeled. The CDA is providing Asset Management services to MRCDC and receiving reimbursement of staff time for that service. The property reported an increase in net position of \$183,659 to a total of \$743,143.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2023

**CAPITAL ASSETS AND LONG-TERM DEBT**

***CAPITAL ASSETS***

At the end of 2023, the CDA had \$28.3 million invested in a variety of capital assets as reflected in the following schedule. This represents a net increase (additions, deductions and depreciation) of \$769,552 or 2.8% from the end of the previous year.

**CDA-WIDE  
CHANGE IN CAPITAL ASSETS**

	2023	2022
Beginning Balance	\$ 27,545,248	\$ 25,574,152
Additions	4,772,376	5,517,028
Deletions and Adjustments	(2,288,234)	(4,579,148)
Depreciation	(1,714,590)	(1,033,216)
Ending Balance	\$ 28,314,800	\$ 27,545,248

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

***LONG-TERM DEBT***

During 2023, the CDA's long-term debt increased by \$1,046,532 primarily due to a mortgage note entered into by the MR CDC fund.

**CDA-WIDE  
CHANGE IN OUTSTANDING DEBT – 2023**

	Beginning Balance	Increases	Decreases	Ending Balance
Mortgage notes	2,161,410	1,343,130	211,085	3,293,455
Other loans/notes	1,856,308	-	85,513	1,770,795
Total Long-Term Debt	\$ 4,017,718	\$ 1,343,130	\$ 296,598	\$ 5,064,250

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



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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For Year Ended December 31, 2023

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**ECONOMIC FACTORS**

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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 substantially impacts Housing operations is set by the Federal government on an annual basis. Cuts in these programs and delays in Federal budget approval 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 allocated funding remained stable in 2023.
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**REQUESTS FOR INFORMATION**

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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, 2023

	Primary Government	Component Units
	Business-type Activities	Units
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and investments	\$ 10,138,181	\$ 260,319
Accounts receivable	181,055	631,016
Interest receivable	3,870	-
Current portion of leases receivable from primary government - City of Madison	1,140,620	-
Due from other governmental units	434,660	-
Prepaid items	1,688,037	417,281
<b>Restricted Assets</b>		
Cash and investments	-	2,168,510
<b>Total Current Assets</b>	<b>13,586,423</b>	<b>3,477,126</b>
<b>Noncurrent Assets</b>		
<b>Capital Assets</b>		
Land	8,501,816	862,243
Construction in progress	657,933	-
Land improvements	3,226,284	761,548
Buildings and improvements	68,775,023	34,899,897
Machinery and equipment	2,354,866	1,371,896
Intangibles	51,585	-
Less: Accumulated depreciation/amortization	(55,252,707)	(15,310,617)
<b>Net Capital Assets</b>	<b>28,314,800</b>	<b>22,584,967</b>
<b>Other Assets</b>		
<b>Restricted Assets</b>		
Cash and investments	347,729	-
Deposits	14,000	-
Long-term receivables	3,251,739	-
Lease receivable (non-current)	8,344,672	-
Note receivable	1,846,000	-
Financing costs, net	-	59,972
Tax credit fees, net	-	87,883
<b>Total Other Assets</b>	<b>13,804,140</b>	<b>147,855</b>
<b>Total Noncurrent Assets</b>	<b>42,118,940</b>	<b>22,732,822</b>
<b>Total Assets</b>	<b>55,705,363</b>	<b>26,209,948</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Other post-employment benefits related amounts	140,320	-
Pension related amounts	3,830,109	-
<b>Total Deferred Outflows of Resources</b>	<b>3,970,429</b>	<b>-</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 59,675,792</b>	<b>\$ 26,209,948</b>

See accompanying notes to financial statements.

	Primary Government	
	Business-type Activities	Component Units
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 428,269	\$ 364,534
Accrued Liabilities	543,746	2,437,169
Unearned revenues	125,622	439,221
Current portion of SBITA	1,917	-
Current portion of long-term debt	932,631	147,063
Current portion of advances from primary government - City of Madison	577,373	-
Accrued compensated absences	126,531	-
Other liabilities	377,422	646,818
Development fee payable	-	171,676
Total Current Liabilities	3,113,511	4,206,481
<b>Long-Term Liabilities Net of Current Maturities</b>		
Mortgage notes	3,064,948	8,031,137
Other loans	1,066,671	-
Long-term portion of SBITA	4,000	-
Net pension liability	1,010,497	-
Compensated absences	517,201	-
Other post-employment benefits	776,159	-
Advances from primary government - City of Madison	3,347,425	-
Total Long-Term Liabilities Net of Current Maturities	9,786,901	8,031,137
Total Liabilities	12,900,412	12,237,618
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows - leases	9,117,612	-
Other post-employment benefits related amounts	203,660	-
Pension related amounts	2,101,950	-
Total Deferred Inflows of Resources	11,423,222	-
<b>NET POSITION</b>		
Net investment in capital assets	20,641,431	14,406,767
HUD restricted funds	456,130	-
Unrestricted (deficit)	14,254,597	(434,437)
Total Net Position	35,352,158	\$ 13,972,330
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 59,675,792</b>	<b>\$ 26,209,948</b>

See accompanying notes to financial statements.

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

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2023

<u>Functions/Programs</u>	<u>Program Revenues</u>				Primary Government	Component Units
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	Net (Expense) Revenues and Changes in Net Position	
Primary Government						
Business-type activities						
Community development	\$ 2,351,593	\$ 1,888,098	\$ 556,276	\$ -	\$ 92,781	\$ -
Housing projects	29,704,858	5,202,279	23,890,676	-	(611,903)	-
Total Business-type Activities	<u>\$ 32,056,451</u>	<u>\$ 7,090,377</u>	<u>\$ 24,446,952</u>	<u>\$ -</u>	<u>(519,122)</u>	<u>-</u>
Component Units -						
Housing Projects	<u>\$ 3,719,329</u>	<u>\$ 2,025,756</u>	<u>\$ 377,759</u>	<u>\$ -</u>	<u>-</u>	<u>(1,315,814)</u>
General Revenues						
Investment income					547,659	17,369
Interest on capital leases					-	-
Miscellaneous					157,135	136,747
Gain on disposal of assets					1,870	-
Total General Revenues					<u>706,664</u>	<u>154,116</u>
<b>Change in Net Postion</b>					187,542	(1,161,698)
Net Position - Beginning of Year					<u>35,164,616</u>	<u>15,134,028</u>
<b>NET POSITION - END OF YEAR</b>					<u>\$ 35,352,158</u>	<u>\$ 13,972,330</u>

See accompanying notes to financial statements.

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

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
As of December 31, 2023

	Business-type Activities - Enterprise Funds				Totals	Business- type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	Village on Park Fund	Nonmajor Enterprise Funds		Central Cost Center Fund
<b>ASSETS</b>						
Current Assets						
Cash and investments	\$ 1,481,445	\$ 352,188	\$ 1,131,607	\$ 5,655,205	\$ 8,620,445	\$ 1,517,736
Accounts receivable	28,240	-	6,253	146,562	181,055	-
Interest receivable	2,010	-	-	1,860	3,870	-
Due from other governmental units	-	6,608	107,743	320,309	434,660	-
Prepaid items	6,469	1,621,416	7,297	45,304	1,680,486	7,551
Leases receivable	-	-	1,140,620	-	1,140,620	-
Total Current Assets	<u>1,518,164</u>	<u>1,980,212</u>	<u>2,393,520</u>	<u>6,169,240</u>	<u>12,061,136</u>	<u>1,525,287</u>
Noncurrent Assets						
Property, Plant and Equipment						
Land	-	-	4,580,151	3,921,665	8,501,816	-
Construction in progress	-	-	657,933	-	657,933	-
Land improvements	-	-	1,520,335	1,705,949	3,226,284	-
Buildings and improvements	-	-	18,004,631	50,770,392	68,775,023	-
Machinery and equipment	-	53,624	-	2,301,242	2,354,866	-
Intangibles	7,648	-	-	43,937	51,585	-
Less: Accumulated depreciation	<u>(1,912)</u>	<u>(51,085)</u>	<u>(8,376,346)</u>	<u>(46,823,364)</u>	<u>(55,252,707)</u>	<u>-</u>
Net Property, Plant and Equipment	<u>5,736</u>	<u>2,539</u>	<u>16,386,704</u>	<u>11,919,821</u>	<u>28,314,800</u>	<u>-</u>
Other Assets						
Restricted assets						
Cash and investments	-	17,988	-	329,741	347,729	-
Deposits	-	-	-	14,000	14,000	-
Long-term receivables	1,030,811	-	-	2,220,928	3,251,739	-
Lease receivable	-	-	8,344,672	-	8,344,672	-
Note receivable	-	-	-	1,846,000	1,846,000	-
Total Other Assets	<u>1,030,811</u>	<u>17,988</u>	<u>8,344,672</u>	<u>4,410,669</u>	<u>13,804,140</u>	<u>-</u>
Total Noncurrent Assets	<u>1,036,547</u>	<u>20,527</u>	<u>24,731,376</u>	<u>16,330,490</u>	<u>42,118,940</u>	<u>-</u>
Total Assets	<u>2,554,711</u>	<u>2,000,739</u>	<u>27,124,896</u>	<u>22,499,730</u>	<u>54,180,076</u>	<u>1,525,287</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Other post-employment benefits related amounts	-	43,696	-	86,679	130,375	9,945
Pension related amounts	344,999	957,478	-	2,113,149	3,415,626	414,483
Total Deferred Outflows of Resources	<u>344,999</u>	<u>1,001,174</u>	<u>-</u>	<u>2,199,828</u>	<u>3,546,001</u>	<u>424,428</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds					Business- type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	Village on Park Fund	Nonmajor Enterprise Funds	Totals	Central Cost Center Fund
	<b>LIABILITIES</b>					
Current Liabilities						
Accounts payable	\$ 150	\$ 5,427	\$ 9,240	\$ 409,054	\$ 423,871	\$ 4,398
Accrued liabilities	8,974	83,666	69,339	276,539	438,518	105,228
Unearned revenues	-	-	7,648	117,974	125,622	-
Current portion of mortgage notes	-	-	-	228,507	228,507	-
Current portion of other loans	68,333	-	-	635,791	704,124	-
Current portion of advances from primary government - City of Madison	4,999	16,602	507,483	38,126	567,210	10,163
Current portion of SBITA	1,917	-	-	-	1,917	-
Current maturities of compensated absences	8,574	23,394	-	78,482	110,450	16,081
Other liabilities	1,500	17,988	18,360	339,574	377,422	-
Total Current Liabilities	<u>94,447</u>	<u>147,077</u>	<u>612,070</u>	<u>2,124,047</u>	<u>2,977,641</u>	<u>135,870</u>
Long-Term Debt Net of Current Maturities						
Mortgage notes	-	-	-	3,064,948	3,064,948	-
Due to other governments	521,671	-	-	545,000	1,066,671	-
Long-term portion of SBITA	4,000	-	-	-	4,000	-
Net pension liability	57,977	261,264	-	586,507	905,748	104,749
Accrued compensated absences	34,514	94,170	-	323,786	452,470	64,731
Other post-employment benefits	-	278,089	-	447,082	725,171	50,988
Advances from primary government - City of Madison	19,995	-	3,327,430	-	3,347,425	-
Total Long-Term Debt	<u>638,157</u>	<u>633,523</u>	<u>3,327,430</u>	<u>4,967,323</u>	<u>9,566,433</u>	<u>220,468</u>
Total Liabilities	<u>732,604</u>	<u>780,600</u>	<u>3,939,500</u>	<u>7,091,370</u>	<u>12,544,074</u>	<u>356,338</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows - leases	-	-	9,117,612	-	9,117,612	-
Other post-employment benefits related amounts	-	89,154	-	102,961	192,115	11,545
Pension related amounts	180,708	534,025	-	1,174,308	1,889,041	212,909
Total Deferred Inflows of Resources	<u>180,708</u>	<u>623,179</u>	<u>9,117,612</u>	<u>1,277,269</u>	<u>11,198,768</u>	<u>224,454</u>
<b>NET POSITION</b>						
Net investment in capital assets	5,736	2,539	12,551,791	8,081,365	20,641,431	-
HUD restricted funds	-	456,130	-	-	456,130	-
Unrestricted	1,980,662	1,139,465	1,515,993	8,249,554	12,885,674	1,368,923
Total Net Position	<u>\$ 1,986,398</u>	<u>\$ 1,598,134</u>	<u>\$ 14,067,784</u>	<u>\$ 16,330,919</u>	<u>\$ 33,983,235</u>	<u>\$ 1,368,923</u>

See accompanying notes to financial statements.

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds					Business-type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	Village on Park Fund	Nonmajor Enterprise Funds	Totals	Central Cost Center Fund
<b>OPERATING REVENUES</b>						
Charges for services	\$ -	\$ -	\$ 1,575,503	\$ 5,075,267	\$ 6,650,770	\$ 666,860
Other revenue	-	-	312,595	127,012	439,607	-
Total Operating Revenues	-	-	1,888,098	5,202,279	7,090,377	666,860
<b>OPERATING EXPENSES</b>						
Operation and maintenance	300,514	19,377,596	739,126	8,377,947	28,795,183	825,141
Depreciation	1,912	5,077	700,745	1,006,856	1,714,590	-
Taxes	-	-	-	202,464	202,464	-
Total Operating Expenses	302,426	19,382,673	1,439,871	9,587,267	30,712,237	825,141
Operating Income (Loss)	(302,426)	(19,382,673)	448,227	(4,384,988)	(23,621,860)	(158,281)
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment income	68,141	75,516	117,603	211,963	473,223	74,436
Interest and amortization	(11,496)	(122)	(89,984)	(105,947)	(207,549)	(75)
Intergovernmental grants	1,145	18,993,636	555,131	4,424,790	23,974,702	472,250
Gain (loss) on sale of assets	(460,510)	-	-	(20,053)	(480,563)	-
Miscellaneous revenues	13,924	8,532	-	134,600	157,056	79
Miscellaneous expenses	-	-	-	(495,876)	(495,876)	-
Total Nonoperating Revenues (Expenses)	(388,796)	19,077,562	582,750	4,149,477	23,420,993	546,690
Income (Loss) Before Transfers	(691,222)	(305,111)	1,030,977	(235,511)	(200,867)	388,409
<b>TRANSFERS IN</b>	192,000	-	-	549,915	741,915	-
<b>TRANSFERS OUT</b>	-	-	(84,000)	(157,915)	(241,915)	(500,000)
<b>CHANGE IN NET POSITION</b>	(499,222)	(305,111)	946,977	156,489	299,133	(111,591)
NET POSITION - Beginning of Year	2,485,620	1,903,245	13,120,807	16,174,430	33,684,102	1,480,514
<b>NET POSITION - END OF YEAR</b>	<u>\$ 1,986,398</u>	<u>\$ 1,598,134</u>	<u>\$ 14,067,784</u>	<u>\$ 16,330,919</u>	<u>\$ 33,983,235</u>	<u>\$ 1,368,923</u>

See accompanying notes to financial statements.

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

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds					Business- type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	Village on Park Fund	NonMajor Enterprise Funds	Totals	Central Cost Center Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Received from customers	\$ (9,301)	\$ -	\$ 1,857,369	\$ 5,318,302	\$ 7,166,370	\$ 666,860
Paid to suppliers for goods and services	(22,858)	(18,273,657)	(798,707)	(5,209,057)	(24,304,279)	(568,783)
Paid to employees for services	(247,737)	(1,423,845)	-	(2,906,726)	(4,578,308)	(222,606)
Paid to city for tax equivalent	-	-	-	(197,226)	(197,226)	-
Net Cash Flows From Operating Activities	<u>(279,896)</u>	<u>(19,697,502)</u>	<u>1,058,662</u>	<u>(2,994,707)</u>	<u>(21,913,443)</u>	<u>(124,529)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Deposits (refunds)	-	(15,232)	-	(2,489)	(17,721)	-
Intergovernmental grants	1,145	19,006,353	-	4,186,201	23,193,699	472,249
Collection of long-term receivable	-	-	-	52,696	52,696	-
Debt repaid	(68,333)	-	-	-	(68,333)	-
Repayment of advance from primary government	(4,999)	(15,741)	-	(36,144)	(56,884)	(10,163)
Interest paid	(13,302)	(122)	-	(780)	(14,204)	(75)
Transfers in (out)	192,000	-	(84,000)	392,000	500,000	(500,000)
Other nonoperating items	76,561	8,532	-	(362,601)	(277,508)	81
Net Cash Flows From Noncapital Financing Activities	<u>183,072</u>	<u>18,983,790</u>	<u>(84,000)</u>	<u>4,228,883</u>	<u>23,311,745</u>	<u>(37,908)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Debt Retired	-	-	-	(228,265)	(228,265)	-
Interest Paid	-	-	(93,404)	(105,510)	(198,914)	-
Acquisition and construction of capital assets	-	-	(863,038)	(2,392,368)	(3,255,406)	-
Tax incremental district income from primary government	-	-	748,564	-	748,564	-
Repayment of advance from primary government	-	-	(506,955)	-	(506,955)	-
Loan proceeds	-	-	-	1,343,130	1,343,130	-
Net Cash Flows From Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(714,833)</u>	<u>(1,383,013)</u>	<u>(2,097,846)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment income	68,470	75,516	1,602	211,961	357,549	74,436
Net Cash Flows From Investing Activities	<u>68,470</u>	<u>75,516</u>	<u>1,602</u>	<u>211,961</u>	<u>357,549</u>	<u>74,436</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(28,354)</u>	<u>(638,196)</u>	<u>261,431</u>	<u>63,124</u>	<u>(341,995)</u>	<u>(88,001)</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	1,509,799	1,008,372	870,176	5,921,822	9,310,169	1,605,737
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,481,445</u>	<u>\$ 370,176</u>	<u>\$ 1,131,607</u>	<u>\$ 5,984,946</u>	<u>\$ 8,968,174</u>	<u>\$ 1,517,736</u>

See accompanying notes to financial statements.



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

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds				Totals	Business- type Activities - Internal Service Fund
	General Operating Fund	Housing Voucher Fund	Village on Park Fund	NonMajor Enterprise Funds		Central Cost Center Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ (302,426)	\$ (19,382,673)	\$ 448,227	\$ (4,384,988)	\$ (23,621,860)	\$ (158,281)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities						
Depreciation	1,912	5,077	700,745	1,006,856	1,714,590	-
Adjustment for lease income over rental receipts	-	-	(66,851)	-	(66,851)	-
Bad debt expense	-	-	-	67,619	67,619	-
Change in assets, deferred outflows, liabilities and deferred inflows						
Receivables	(9,301)	-	36,997	23,036	50,732	-
Prepaid items and other assets	390	(313,753)	12	10,390	(302,961)	(1,738)
Accounts payable	19	(7,175)	(6,531)	79,155	65,468	(11,488)
Accrued liabilities	3,067	(82,612)	(53,062)	31,499	(101,108)	24,152
Other post-employment benefit	-	23,939	-	99,481	123,420	11,616
Pension related amounts	26,443	59,695	-	99,598	185,736	11,210
Unearned revenue	-	-	(875)	(27,353)	(28,228)	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ (279,896)</u>	<u>\$ (19,697,502)</u>	<u>\$ 1,058,662</u>	<u>\$ (2,994,707)</u>	<u>\$ (21,913,443)</u>	<u>\$ (124,529)</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>						
Cash and investments	1,481,445	352,188	1,131,607	5,655,205	8,620,445	1,517,736
Restricted cash and investments - current and noncurrent	-	17,988	-	329,741	347,729	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,481,445</u>	<u>\$ 370,176</u>	<u>\$ 1,131,607</u>	<u>\$ 5,984,946</u>	<u>\$ 8,968,174</u>	<u>\$ 1,517,736</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>						
Accounts payable capitalized into capital assets	\$ -	\$ -	\$ -	\$ 15,937	\$ 15,937	\$ -
Interest income - leases	\$ -	\$ -	\$ 116,001	\$ -	\$ 116,001	\$ -

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, 2023

	Allied Drive Redevelopment, LLC	Truax Park Redevelopment, Phase I, LLC	Burr Oaks Senior Housing, LLC	Truax Park Redevelopment, Phase II, LLC	Totals
<b>ASSETS</b>					
Current Assets					
Cash and investments	\$ 44,499	\$ -	\$ 117,273	\$ 98,547	\$ 260,319
Accounts receivable	24,188	307,030	8,715	291,083	631,016
Prepaid items	340,192	22,047	18,714	36,328	417,281
Restricted Assets					
Cash and investments	458,264	826,946	573,123	310,177	2,168,510
Total Current Assets	<u>867,143</u>	<u>1,156,023</u>	<u>717,825</u>	<u>736,135</u>	<u>3,477,126</u>
Noncurrent Assets					
Property, Plant and Equipment					
Land	401,396	71,000	302,980	86,867	862,243
Land improvements	185,961	191,117	253,476	130,994	761,548
Buildings and improvements	8,187,651	13,313,450	5,667,905	7,730,891	34,899,897
Machinery and equipment	554,982	240,052	324,679	252,183	1,371,896
Less: Accumulated depreciation	<u>(4,960,455)</u>	<u>(6,239,072)</u>	<u>(2,288,870)</u>	<u>(1,822,220)</u>	<u>(15,310,617)</u>
Net Property, Plant and Equipment	<u>4,369,535</u>	<u>7,576,547</u>	<u>4,260,170</u>	<u>6,378,715</u>	<u>22,584,967</u>
Other Assets					
Financing costs, net	-	-	18,299	41,673	59,972
Tax credit fees, net	-	21,264	15,245	51,374	87,883
Total Other Assets	-	21,264	33,544	93,047	147,855
Total Noncurrent Assets	<u>4,369,535</u>	<u>7,597,811</u>	<u>4,293,714</u>	<u>6,471,762</u>	<u>22,732,822</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,236,678</u>	<u>\$ 8,753,834</u>	<u>\$ 5,011,539</u>	<u>\$ 7,207,897</u>	<u>\$ 26,209,948</u>

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, 2023

	Allied Drive Redevelopment, LLC	Truax Park Redevelopment, Phase I, LLC	Burr Oaks Senior Housing, LLC	Truax Park Redevelopment, Phase II, LLC	Totals
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable	\$ 20,840	\$ 248,875	\$ 926	\$ 93,893	\$ 364,534
Accrued liabilities	421,253	1,819,338	112,128	84,450	2,437,169
Unearned revenues	37,107	370,955	26,053	5,106	439,221
Current portion of mortgage notes	55,116	64,516	27,431	-	147,063
Other liabilities	442,300	136,629	20,228	47,661	646,818
Development fee payable	-	58,735	-	112,941	171,676
Total Current Liabilities	<u>976,616</u>	<u>2,699,048</u>	<u>186,766</u>	<u>344,051</u>	<u>4,206,481</u>
Long-Term Debt Net of Current Maturities					
Mortgage notes	<u>2,165,825</u>	<u>3,031,237</u>	<u>1,314,787</u>	<u>1,519,288</u>	<u>8,031,137</u>
Total Long-Term Debt Net of Current Maturities	<u>2,165,825</u>	<u>3,031,237</u>	<u>1,314,787</u>	<u>1,519,288</u>	<u>8,031,137</u>
Total Liabilities	<u>3,142,441</u>	<u>5,730,285</u>	<u>1,501,553</u>	<u>1,863,339</u>	<u>12,237,618</u>
<b>NET POSITION</b>					
Net investment in capital assets	2,148,594	4,480,794	2,917,952	4,859,427	14,406,767
Unrestricted (deficit)	<u>(54,357)</u>	<u>(1,457,245)</u>	<u>592,034</u>	<u>485,131</u>	<u>(434,437)</u>
Total Net Position	<u>2,094,237</u>	<u>3,023,549</u>	<u>3,509,986</u>	<u>5,344,558</u>	<u>13,972,330</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 5,236,678</u>	<u>\$ 8,753,834</u>	<u>\$ 5,011,539</u>	<u>\$ 7,207,897</u>	<u>\$ 26,209,948</u>

See accompanying notes to financial statements.

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

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
COMPONENT UNITS

For the Year Ended December 31, 2023

	Allied Drive Redevelopment, LLC	Truax Park Redevelopment, Phase I, LLC	Burr Oaks Senior Housing, LLC	Truax Park Redevelopment, Phase II, LLC	Totals
<b>OPERATING REVENUES</b>					
Charges for services	\$ 640,793	\$ 510,410	\$ 472,464	\$ 312,802	\$ 1,936,469
Other revenue	26,780	49,204	10,414	2,889	89,287
Total Operating Revenues	<u>667,573</u>	<u>559,614</u>	<u>482,878</u>	<u>315,691</u>	<u>2,025,756</u>
<b>OPERATING EXPENSES</b>					
Operation and maintenance	638,901	653,789	420,740	424,411	2,137,841
Depreciation	342,132	495,237	162,549	222,124	1,222,042
Total Operating Expenses	<u>981,033</u>	<u>1,149,026</u>	<u>583,289</u>	<u>646,535</u>	<u>3,359,883</u>
Operating Income (Loss)	<u>(313,460)</u>	<u>(589,412)</u>	<u>(100,411)</u>	<u>(330,844)</u>	<u>(1,334,127)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	5,100	3,542	8,159	568	17,369
Interest and amortization	(102,540)	(176,832)	(68,704)	(11,370)	(359,446)
Intergovernmental grants	-	196,028	-	181,731	377,759
Miscellaneous revenues	-	136,747	-	-	136,747
Total Nonoperating Revenues (Expenses)	<u>(97,440)</u>	<u>159,485</u>	<u>(60,545)</u>	<u>170,929</u>	<u>172,429</u>
<b>CHANGE IN NET POSITION</b>	(410,900)	(429,927)	(160,956)	(159,915)	(1,161,698)
NET POSITION - Beginning of Year	<u>2,505,137</u>	<u>3,453,476</u>	<u>3,670,942</u>	<u>5,504,473</u>	<u>15,134,028</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 2,094,237</u>	<u>\$ 3,023,549</u>	<u>\$ 3,509,986</u>	<u>\$ 5,344,558</u>	<u>\$ 13,972,330</u>

See accompanying notes to financial statements.

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

INDEX TO NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

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# COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

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## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

---

### ***A. Reporting Entity***

The accounting policies of the Community Development Authority ("CDA") of the City of Madison, WI 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.

### **Discretely Presented Component Units**

The CDA is the managing member in four real estate limited liability companies (LLC) as of December 31, 2023. 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.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

---

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

---

**A. Reporting Entity (cont.)**

**Discretely Presented Component Units (cont.)**

*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 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.

*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.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

---

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

---

***A. Reporting Entity (cont.)***

***Discretely Presented Component Units (cont.)***

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.

*Financial Statement Presentation*

All four LLCs report under FASB standards. As such, certain revenue recognition and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the LLCs' financial information in the CDA's financial reporting entity for these differences.



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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

---

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

---

***B. Basic Financial Statements***

In May 2020, the GASB issued statement No. 96, Subscription-Based Information Technology Arrangements. This statement establishes accounting and financial reporting requirements related to subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. This standard was implemented January 1, 2023.

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

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

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

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

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

The City reports the following major governmental 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.

Village on Park Fund – used to account for and report the operations of Village Mall 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.

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

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

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

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**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

---

***B. Basic Financial Statements (cont.)***

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.

Madison Revitalization and Community Development Corporation (MRCDC) Fund - used to account for and report the operations of the 32 units previously managed by the East and West locations that were sold to the MRCDC fund in order to comply with HUD's Faircloth Limit.

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.

***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.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

---

**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.)**

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. The CDA was not in compliance with this policy.

***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.
- > 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.

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NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

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**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

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***D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (cont.)***

**1. Deposits and Investments (cont.)**

***Interest Rate Risk***

The City 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 of municipal accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

See Note 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.

**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.

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NOTES TO FINANCIAL STATEMENTS  
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---

**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. Leases**

The CDA is a lessor because it leases capital assets to other entities. As a lessor, the CDA reports a lease receivable and corresponding deferred inflow of resources in both the fund financial statements and government-wide financial statements. The CDA continues to report and depreciate the capital assets being leased as capital assets of the primary government. The CDA follows the City policy to recognize leases over \$10,000 as a lease receivable.

**6. Subscription Liabilities**

The CDA reports a subscription liability and an intangible right-to-use capital asset (known as the subscription asset) on the government-wide financial statements and proprietary fund statements. The CDA follows the City's policy to recognize subscriptions over \$10,000 as a subscription liability and intangible capital asset.

**7. Capital Assets**

Capital assets are reported in the financial statements. Capital assets are defined by the CDA as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated 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, and overhead. 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:

	<u>Years</u>
Land Improvements	15
Buildings and Improvements	20 - 40
Machinery and Equipment	5 - 10
Intangibles	2 - 10

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NOTES TO FINANCIAL STATEMENTS  
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---

**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.)***

**7. 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:

	<u>Years</u>
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.

**8. Other Assets**

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

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.

**9. Deferred Outflows of Resources**

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

**10. 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, 2023 are determined on the basis of current salary rates, and include salary related payments.

**11. 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.

# COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

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## 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.)*

#### **12. 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, 2023 is approximately \$33,430,342 made up of four series.

#### **13. Deferred Inflows of Resources**

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

#### **14. Equity Classifications**

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

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.

Restricted net position – Consists of net position with constraints placed on their 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.

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.

#### **15. Pension**

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

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

**COMMUNITY DEVELOPMENT AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
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**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.)***

**15. Pension (cont.)**

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they were reported by the 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.

**16. Other Post-employment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, 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	<u>\$ 10,485,910</u>	<u>\$ 10,561,517</u>	Custodial credit
Total Cash and Investments	<u>\$ 10,485,910</u>	<u>\$ 10,561,517</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 10,138,181		
Restricted cash and investment - noncurrent	<u>347,729</u>		
Total Cash and Investments	<u>\$ 10,485,910</u>		

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.



**COMMUNITY DEVELOPMENT AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

**NOTE II -DETAILED NOTES ON ALL FUNDS (CONT.)**

**A. DEPOSITS AND INVESTMENTS (CONT.)**

As of December 31, 2023, the CDA had \$1,185,194 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.

**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, 2023, are as follows:

*Allied Drive Redevelopment, LLC*

Cash and Investments	
Unrestricted	\$ 44,499
Restricted	
Tenants' security deposits	45,491
Replacement Reserve	70,743
Mortgage escrow deposits	7,050
Operating reserve	<u>334,980</u>
Total Cash and Investments	<u>\$ 502,763</u>

*Truax Park Redevelopment, Phase I, LLC*

Cash and Investments	
Restricted	
Operating and ACC Reserve	<u>\$ 826,946</u>
Total Cash and Investments	<u>\$ 826,946</u>

*Burr Oaks Senior Housing, LLC*

Cash and Investments	
Cash and investments	\$ 117,273
Restricted	
Tenants' security deposits	23,231
Real estate tax escrow	64,411
Insurance escrow	14,893
Operating reserve	256,368
Replacement reserve	<u>214,220</u>
Total Cash and Investments	<u>\$ 690,396</u>

**COMMUNITY DEVELOPMENT AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

**NOTE II -DETAILED NOTES ON ALL FUNDS (CONT.)**

**A. DEPOSITS AND INVESTMENTS (CONT.)**

*Truax Park Development, Phase 2, LLC*

Cash and Investments	
Unrestricted	\$ 98,547
Restricted	
Tenants' security deposits	6,000
Replacement reserve	113,298
Operating reserve	158,525
ACC reserve	<u>32,354</u>
Total Cash and Investments	<u><u>408,724</u></u>
Reconciliation to Financial Statements	
Per Statement of Net Position	
Cash and investments	\$ 260,319
Restricted cash and investments	<u>2,168,510</u>
Total Cash and Investments	<u><u>\$ 2,428,829</u></u>

**B. RECEIVABLES**

***Accounts Receivable***

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

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

	Unearned
Village on Park Fund	
Rent payments received not yet due	7,648
Nonmajor Enterprise Funds	
Rent payments received not yet due	<u>117,974</u>
Total Unearned Revenue	<u><u>125,622</u></u>

**COMMUNITY DEVELOPMENT AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

**NOTE II -DETAILED NOTES ON ALL FUNDS (CONT.)**

***B. RECEIVABLES (CONT.)***

***Accounts Receivable (cont.)***

***Long-Term Receivables***

The long-term receivables consist of the following:

General Operating Fund	
Notes receivable - Truax Park Redevelopment, Phase I, LLC	\$ 382,811
Notes receivable - Burr Oaks, LLC	385,000
Notes receivable - Movin' Out Mortgage	200,000
Notes receivable	63,000
Total	<u>\$ 1,030,811</u>
Nonmajor Funds	
Notes receivable - Allied Drive Redevelopment, LLC	\$ 2,220,928
Note receivable - HUD Subsidy Fund	1,846,000
Total	<u>\$ 4,066,928</u>

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

***C. RESTRICTED ASSETS***

***1. Housing Voucher Fund***

At December 31, 2023, Housing voucher fund held tenant funds for self-sufficiency program as restricted cash in the amount of \$17,988.

**COMMUNITY DEVELOPMENT AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

**NOTE II -DETAILED NOTES ON ALL FUNDS (CONT.)**

**C. RESTRICTED ASSETS (CONT.)**

**2. Nonmajor Funds**

**Security Deposits**

As of December 31, 2023, the CDA nonmajor funds held security deposits from tenants as shown in the below table.

**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 2023.

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

Cash and Investments	
Tenants' security deposits	\$ 313,740
Replacement reserve	<u>16,001</u>
Total	<u><u>\$ 329,741</u></u>

**Component Units**

Following is a list of restricted assets at December 31, 2023:

Tenants' security deposits	\$ 74,722
Tax and insurance escrow	79,304
Operating and ACC reserve	1,609,173
Replacement reserve	398,261
Mortgage escrow deposits	<u>7,050</u>
Total Restricted Assets	<u><u>\$ 2,168,510</u></u>

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

**NOTE II -DETAILED NOTES ON ALL FUNDS (CONT.)**

**D. CAPITAL ASSETS**

**CDA**

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated/amortized				
Land	\$ 8,984,249	\$ 49,919	\$ (532,352)	\$ 8,501,816
Construction in progress	2,078,677	335,138	(1,755,882)	657,933
Total Capital Assets Not Being Depreciated/Amortized	<u>11,062,926</u>	<u>385,057</u>	<u>(2,288,234)</u>	<u>9,159,749</u>
Capital assets being depreciated				
Land improvements	1,574,514	1,651,770	-	3,226,284
Buildings and improvements	66,425,511	2,479,268	(129,756)	68,775,023
Machinery and equipment	2,184,745	248,633	(78,512)	2,354,866
Intangible assets	43,937	7,648	-	51,585
Total Capital Assets Being Depreciated	<u>70,228,707</u>	<u>4,387,319</u>	<u>(208,268)</u>	<u>74,407,758</u>
Less accumulated depreciation for				
Land improvements	(964,210)	(64,130)	-	(1,028,340)
Buildings and improvements	(50,793,554)	(1,527,677)	129,756	(52,191,475)
Machinery and equipment	(1,944,684)	(120,871)	78,512	(1,987,043)
Intangible assets	(43,937)	(1,912)	-	(45,849)
Total Accumulated Depreciation	<u>(53,746,385)</u>	<u>(1,714,590)</u>	<u>208,268</u>	<u>(55,252,707)</u>
Total Capital Assets Being Depreciated/Amortized	<u>16,482,322</u>	<u>2,672,729</u>	<u>-</u>	<u>19,155,051</u>
Total Capital Assets	<u>\$ 27,545,248</u>	<u>\$ 3,057,786</u>	<u>\$ (2,288,234)</u>	<u>\$ 28,314,800</u>

Depreciation expenses were charged to functions as follows:

**Proprietary Funds:**

Community development	\$ 702,657
Housing projects	1,011,933
Total	<u>\$ 1,714,590</u>

Enterprise Funds	<u>\$ 1,714,590</u>
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**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

**NOTE II -DETAILED NOTES ON ALL FUNDS (CONT.)**

**D. CAPITAL ASSETS (CONT.)**

**Component Units**

*Allied Drive Redevelopment, LLC*

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 401,396	\$ -	\$ -	\$ 401,396
Total Capital Assets Not Being Depreciated	<u>401,396</u>	<u>-</u>	<u>-</u>	<u>401,396</u>
Capital assets being depreciated				
Land improvements	165,436	20,525	-	185,961
Buildings	8,187,651	-	-	8,187,651
Furnishings and equipment	543,023	11,959	-	554,982
Total Capital Assets Being Depreciated	<u>8,896,110</u>	<u>32,484</u>	<u>-</u>	<u>8,928,594</u>
Less: Accumulated depreciation	<u>(4,618,323)</u>	<u>(342,132)</u>	<u>-</u>	<u>(4,960,455)</u>
Total Capital Assets Being Depreciated	<u>4,277,787</u>	<u>(309,648)</u>	<u>-</u>	<u>3,968,139</u>
Total Capital Assets	<u>\$ 4,679,183</u>	<u>\$ (309,648)</u>	<u>\$ -</u>	<u>\$ 4,369,535</u>

*Truax Park Redevelopment, Phase I, LLC*

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 71,000	\$ -	\$ -	\$ 71,000
Total Capital Assets Not Being Depreciated	<u>71,000</u>	<u>-</u>	<u>-</u>	<u>71,000</u>
Capital assets being depreciated				
Land and buildings under finance lease	1,846,000	-	-	1,846,000
Land improvements	191,117	-	-	191,117
Buildings and improvements	11,321,714	328,637	(182,901)	11,467,450
Furnishings and equipment	240,052	-	-	240,052
Total Capital Assets Being Depreciated	<u>13,598,883</u>	<u>328,637</u>	<u>(182,901)</u>	<u>13,744,619</u>
Less: Accumulated depreciation	<u>(5,823,923)</u>	<u>(495,237)</u>	<u>80,088</u>	<u>(6,239,072)</u>
Total Capital Assets Being Depreciated	<u>7,774,960</u>	<u>(166,600)</u>	<u>(102,813)</u>	<u>7,505,547</u>
Total Capital Assets	<u>\$ 7,845,960</u>	<u>\$ (166,600)</u>	<u>\$ (102,813)</u>	<u>\$ 7,576,547</u>

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

**NOTE II -DETAILED NOTES ON ALL FUNDS (CONT.)**

**D. CAPITAL ASSETS (CONT.)**

*Burr Oaks Senior Housing, LLC'*

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 302,980	\$ -	\$ -	\$ 302,980
Capital assets being depreciated				
Land improvements	253,476	-	-	253,476
Buildings and improvements	5,667,905	-	-	5,667,905
Furnishings and equipment	319,634	5,045	-	324,679
Total Capital Assets Being Depreciated	6,241,015	5,045	-	6,246,060
Less: Accumulated depreciation	(2,126,321)	(162,549)	-	(2,288,870)
Total Capital Assets Being Depreciated	4,114,694	(157,504)	-	3,957,190
Total Capital Assets	\$ 4,417,674	\$ (157,504)	\$ -	\$ 4,260,170

*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	7,730,891	-	-	7,730,891
Furnishings and equipment	218,941	33,242	-	252,183
Total Capital Assets Being Depreciated	8,080,826	33,242	-	8,114,068
Less: Accumulated depreciation	(1,600,096)	(222,124)	-	(1,822,220)
Total Capital Assets Being Depreciated	6,480,730	(188,882)	-	6,291,848
Total	\$ 6,567,597	\$ (188,882)	\$ -	\$ 6,378,715

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

NOTES TO FINANCIAL STATEMENTS  
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**NOTE II -DETAILED NOTES ON ALL FUNDS (CONT.)**

***E. INTERFUND TRANSFERS***

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Purpose
General Operating	Monona Shores	\$ 108,000	Owner/cash transfer
General Operating	Village on Park	84,000	Owner/cash transfer
East Housing Fund	Central Cost Center	500,000	Cash transfer
MRCDC Fund	West Housing Fund	49,915	Transfer of property
	Total Fund Financial Statements	741,915	
	Less: Fund eliminations	(241,915)	
	Less: Government-wide eliminations	(500,000)	
	Total Government-wide Statement of Activities	<u>\$ -</u>	

***F. LONG-TERM OBLIGATIONS***

Long-term obligations activity for the year ended December 31, 2023 was as follows:

***CDA***

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Bonds and Notes Payable:</b>					
Mortgage notes - direct	\$ 2,161,410	\$ 1,343,130	\$ 211,085	\$ 3,293,455	\$ 228,507
Other loans/notes - direct	1,856,308	-	85,513	1,770,795	704,124
Sub-totals	<u>4,017,718</u>	<u>1,343,130</u>	<u>296,598</u>	<u>5,064,250</u>	<u>932,631</u>
Vested compensated absences	687,143	76,087	119,498	643,732	126,531
Advances from primary government - City of Madison	<u>4,498,800</u>	<u>-</u>	<u>574,002</u>	<u>3,924,798</u>	<u>577,373</u>
Total Long-Term Liabilities	<u>\$ 9,203,661</u>	<u>\$ 1,419,217</u>	<u>\$ 990,098</u>	<u>\$ 9,632,780</u>	<u>\$ 1,636,535</u>

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 is provided in Note III.D.



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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

**NOTE II -DETAILED NOTES ON ALL FUNDS (CONT.)**

**F. LONG-TERM OBLIGATIONS (CONT.)**

**Revenue Debt**

**Mortgage Notes**

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

Mortgage notes at December 31, 2023, consists of the following:

	Date of Issue	Due Date	Interest Rates	Original Indebted- ness	Balance 12/31/23
<u>MRCDC Fund</u>					
Housing Mortgage note	2-13-23	N/A	N/A	\$ 1,343,130	\$ 1,343,130
<u>Monona Shores</u>					
Housing mortgage note	5-17-01	5-1-31	N/A	213,067	197,531
Housing mortgage note	8-26-16	8-26-26	3.25%	3,000,000	1,752,794
Total Monona Shores					<u>1,950,325</u>
Total Mortgage Notes					<u>\$ 3,293,455</u>

Debt service requirements to maturity are as follows:

Years	Mortgage Notes - Direct Borrowing	
	Principal	Interest
2024	\$ 228,507	\$ 54,923
2025	235,420	48,010
2026	1,368,730	30,811
2027	26,621	-
2028	26,621	-
2029-2031	64,426	-
Thereafter	1,343,130	-
Totals	<u>\$ 3,293,455</u>	<u>\$ 133,744</u>

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

**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, 2023 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/23
<u>General Operating Fund</u>					
CDBG Home loan <sub>(1)</sub>	12/14/10	N/A	N/A	\$ 385,000	\$ 385,000
Affordable Housing trust loan <sub>(1)</sub>	10/29/10	12/15/26	Variable*	1,025,000	<u>205,004</u>
Total General Operating Fund					<u>590,004</u>
<u>Allied Drive Fund</u>					
Promissory note <sub>(3)</sub>	12/30/11	12/31/24	variable	1,255,000	<u>635,791</u>
<u>Parkside Project Fund</u>					
Promissory note <sub>(2)</sub>	8/8/18	N/A	N/A	400,000	<u>400,000</u>
<u>West Housing Fund</u>					
Promissory note <sub>(2)</sub>	10/20/97	N/A	N/A	60,000	<u>60,000</u>
<u>CDA 95-1</u>					
Section 17 loans	Various	N/A	N/A	103,000	<u>85,000</u>
Total Other Loans/Notes					<u>\$ 1,770,795</u>

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

(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.

**COMMUNITY DEVELOPMENT AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
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**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:

<u>Years</u>	Other Loans/Notes - Direct Borrowing	
	Principal	Interest
2024	\$ 704,124	\$ 49,508
2025	68,333	-
2026	68,338	-
Totals	\$ 840,795	\$ 49,508

**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 \$64,891, which is due within one year. A repayment schedule for the advances to the Village on Park Fund in the original amount of \$8,650,000, and \$750,000, and for advances to the General Operating Fund in the original amount of \$50,000 has been established.

<u>Years</u>	Principal	Interest
2024	\$ 512,482	\$ 82,156
2025	512,481	70,388
2026	512,481	58,619
2027	512,481	47,649
2028	512,481	36,680
2029-2031	1,297,500	51,420
Totals	\$ 3,859,906	\$ 346,912

**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 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.

**COMMUNITY DEVELOPMENT AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

**NOTE II -DETAILED NOTES ON ALL FUNDS (CONT.)**

**F. LONG-TERM OBLIGATIONS (CONT.)**

**Component Units**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Allied Drive Redevelopment, LLC Mortgage notes	\$2,273,637	\$ -	\$ 52,696	\$2,220,941	\$ 55,116
Truax Park Redevelopment, Phase I, LLC Mortgage notes	3,158,390	-	62,637	3,095,753	64,516
Burr Oaks Senior Housing, LLC Mortgage notes	1,368,017	-	25,799	1,342,218	27,431
Truax Park Development, Phase 2, LLC Mortgage notes	<u>1,519,288</u>	<u>-</u>	<u>-</u>	<u>1,519,288</u>	<u>-</u>
Total	<u>\$ 8,319,332</u>	<u>\$ -</u>	<u>\$ 141,132</u>	<u>\$ 8,178,200</u>	<u>\$ 147,063</u>

*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 \$1,860 as of December 31, 2023; interest expense totaled \$23,419 for the year ended December 31, 2023. \$ 496,077

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, 2023. 392,000

**COMMUNITY DEVELOPMENT AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

**NOTE II -DETAILED NOTES ON ALL FUNDS (CONT.)**

**F. LONG-TERM OBLIGATIONS (CONT.)**

**Component Units (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 is excess cash flow available; monthly principal and interest payments commence on the date the project reaches stabilized occupancy to the extent that there is excess cash flow available; due 30 years from the date the project reaches stabilized occupancy, or any earlier on which the entire note balance is required to be paid in full, by acceleration or otherwise; the note may be repaid, in whole or in part, at any time; collateralized by a subordinated mortgage on the project's rental property including the assignment of rents and security agreement; accrued interest was \$419,393 as of December 31, 2023; interest expense totaled \$59,979 for the year ended December 31, 2023.

	<u>1,332,864</u>
Totals	<u><u>\$ 2,220,941</u></u>

*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 \$1,249,239 as of December 31, 2023; interest expense totaled \$119,097 for the period ended December 31, 2023.

\$ 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 \$2,010 as of December 31, 2023; interest expense totaled \$13,034.

382,811

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 \$199,711 as of December 31, 2023; interest expense was \$15,441.

400,000

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 \$203,898 as of December 31, 2023; interest expense was \$18,678.

466,942

	<u><u>\$ 3,095,753</u></u>
Totals	<u><u>\$ 3,095,753</u></u>

**COMMUNITY DEVELOPMENT AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE II -DETAILED NOTES ON ALL FUNDS (CONT.)**

**F. LONG-TERM OBLIGATIONS (CONT.)**

**Component Units (cont.)**

*Burr Oaks Senior Housing, LLC*

Mortgage notes payable consist of the following:

Impact C.I.L., LLC (Impact); permanent mortgage note payable; original loan amount of \$1,170,000; 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.	\$ 957,218
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.	<u>385,000</u>
Totals	<u><u>\$ 1,342,218</u></u>

*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 \$11,649 as of December 31, 2023; interest expense totaled \$1,460 for the period ended December 31, 2023.	<u>40,000</u>
	<u><u>\$ 1,519,288</u></u>

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

**NOTE II -DETAILED NOTES ON ALL FUNDS (CONT.)**

**F. LONG-TERM OBLIGATIONS (CONT.)**

**Component Units (cont.)**

Debt service principal requirements to maturity are as follows:

<u>Years</u>	
2024	\$ 147,063
2025	153,266
2026	343,153
2027	96,041
2028	902,598
Thereafter	<u>6,536,079</u>
Totals	<u>\$ 8,178,200</u>

**G. LEASE DISCLOSURES**

**Lessor - Lease Receivables**

	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Receivable Balance</u>
Village on Park Commercial Leases	Varies	Varies	Varies	\$ 9,485,292
Total leases receivables				<u>\$ 9,485,292</u>

The CDA recognized \$1,614,763 of lease revenue and \$116,001 lease interest in 2023.

The CDA did not recognize any amounts for leases with variable payments, residual value guarantees or lease termination penalties in 2023.

Future principal and interest payments that are included in the measurement of deferred inflows and lease receivables are as follows:

	<u>Deferred Inflows</u>		<u>Receivables</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,273,621	\$ 103,634	\$ 1,140,620	\$ 103,634
2025	1,143,379	91,928	1,061,122	91,928
2026	1,112,804	80,485	1,075,392	80,485
2027	1,112,804	68,556	1,123,258	68,556
2028	1,108,575	56,078	1,167,700	56,078
2029 - 2033	2,859,988	135,127	3,250,036	135,127
2034 - 2038	506,441	7,392	667,164	7,392
Totals	<u>\$ 9,117,612</u>	<u>\$ 543,200</u>	<u>\$ 9,485,292</u>	<u>\$ 543,200</u>

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

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**NOTE II -DETAILED NOTES ON ALL FUNDS (CONT.)**

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***G. LEASE DISCLOSURES (CONT.)***

***Lessor - Lease Receivables (cont.)***

***Lease Disclosures - Component Units***

The component units (Allied Drive Redevelopment, LLC; Truax Park Redevelopment, Phase I, LLC; Burr Oaks Senior Housing, LLC; Truax Park Redevelopment, Phase II, LLC) lease apartments to eligible residents under operating leases which are substantially all on a yearly basis. Residential apartment leases often provide residents with the option to have a pet or use the project's parking, and /or storage facilities, etc. which are fixed fee lease components. To the extent the component units provide such lease components, they are included in other revenue. Rental revenue is recognized, net of vacancies and concessions, on a straight-line basis over the term of the leases.

Other revenue also consists of various tenant charges provided for in the lease contract, such as late fees, cleaning fees, and damages fees which are variable payments that do not provide a transfer of a good or service to the tenants and are not considered components of the lease contract. These fees are recognized as revenue when assessed. Certain services are also provided to tenants outside of the lease contract and are recognized when the service is complete.

Truax Park Redevelopment, Phase I, LLC has operating leases that may also provide that the residents reimburse the company for certain variable costs, such as their share of utilities expenses and internet expenses or provide the transfer of services to the tenants for a fee. These reimbursements and services represent revenue attributable to nonlease components for which the timing and pattern of recognition is the same as revenue for the lease components. Reimbursement and related expenses are presented on a gross basis in the statement of operations, with the reimbursements included in other revenue. The services components are also included in other revenue.

Truax Park Redevelopment, Phase I, LLC and Burr Oaks Senior Housing, LLC utilize the practical expedient to account for the lease and nonlease components as a single operating lease component.

As of December 31, 2023, all of the component units' real estate assets are subject to operating leases.

The residential leases do not provide extension options. A new lease agreement is executed if both parties wish to continue the tenancy upon expiration of the existing lease term. As of December 31, 2023, the average remaining term of the component units' residential leases is less than 12 months.



**COMMUNITY DEVELOPMENT AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE II -DETAILED NOTES ON ALL FUNDS (CONT.)**

**G. LEASE DISCLOSURES (CONT.)**

***Lessor - Lease Receivables (cont.)***

The components of rental revenue for all resident operating leases are as follows for the year ended December 31, 2023.

	<u>Allied Drive Redevelopment, LLC</u>	<u>Truax Park Redevelopment, Phase I, LLC</u>	<u>Burr Oaks Senior Housing, LLC</u>	<u>Truax Park Redevelopment, Phase II, LLC</u>
Fixed operating lease revenue from apartment rentals, net of vacancies and concessions	\$ 640,793	\$ 510,410	\$ 472,464	\$ 312,802
Fixed operating lease revenue from other rentals and services included in other revenue	-	-	5,231	-
Variable operating lease revenue included in other revenue	<u>26,780</u>	<u>16,012</u>	<u>1,828</u>	<u>2,889</u>
Total lease income	<u>\$ 667,573</u>	<u>\$ 526,422</u>	<u>\$ 479,523</u>	<u>\$ 315,691</u>

Supplemental statement of cash flows information related to leases as of December 31, 2023, is as follows:

	<u>Allied Drive Redevelopment, LLC</u>	<u>Truax Park Redevelopment, Phase I, LLC</u>	<u>Burr Oaks Senior Housing, LLC</u>	<u>Truax Park Redevelopment, Phase II, LLC</u>
Cash received from operating leases				
Operating cash flows from operating leases	<u>\$ 638,173</u>	<u>\$ 519,873</u>	<u>\$ 483,473</u>	<u>\$ 321,220</u>

**COMMUNITY DEVELOPMENT AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE II -DETAILED NOTES ON ALL FUNDS (CONT.)**

**H. SUBSCRIPTION DISCLOSURES**

**Subscription Assets**

	Beginning Balance	Additions	Deletions	Ending Balance
Subscription assets being amortized				
Intangible subscriptions	\$ -	\$ 7,648	\$ -	\$ 7,648
Total subscription assets being amortized	-	7,648	-	7,648
Less: Accumulated amortization for subscription assets				
Intangible subscriptions	-	(1,912)	-	(1,912)
Total accumulated amortization	-	(1,912)	-	(1,912)
Total component unit subscription assets, net of accumulated amortization	\$ -	\$ 5,736	\$ -	\$ 5,736

**Subscription Liabilities**

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year
CDA Subscription	\$ -	\$ 7,648	\$ (1,731)	\$ 5,917	\$ 1,917

**I. NET POSITION**

Net position reported on the government-wide statement of net position at December 31, 2023 includes the following:

**Business-Type Activities**

Net investment in capital assets	
Land	\$ 8,501,816
Construction in progress	657,933
Other capital assets, net of accumulated depreciation	19,155,051
Less: Capital related long-term debt outstanding	(7,673,369)
Total	\$ 20,641,431

# COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

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## NOTE III - OTHER INFORMATION

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### **A. EMPLOYEES' RETIREMENT SYSTEM**

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

ETF issues a standalone Annual Comprehensive Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, EFT issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

**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 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.

**COMMUNITY DEVELOPMENT AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE III - OTHER INFORMATION (CONT.)**

**A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)**

**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	
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	
2019	0.0		(10.0)	
2020	1.7		21.0	
2021	5.1		13.0	
2022	7.4		15.0	

**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 was 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 \$226,161 in contributions from the CDA.

Contribution rates for the plan year reported as of December 31, 2023 are:

Employee Category	Employee		Employer	
General (Executives & Elected Officials)	6.50	%	6.50	%
Protective with Social Security	6.50	%	12.00	%
Protective without Social Security	6.50	%	16.40	%

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NOTES TO FINANCIAL STATEMENTS  
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**NOTE III - OTHER INFORMATION (CONT.)**

**A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)**

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

At December 31, 2023, the CDA reported a liability of \$1,010,497, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2021. 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 its share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the CDA's proportion was 0.01907425%, which was a decrease of 0.00043361% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the CDA recognized pension expense of \$543,067.

At December 31, 2023, 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	\$ 1,536,046	\$ 2,095,589
Changes in assumptions	214,044	-
Net differences between projected and actual earnings on pension plan investments	1,832,485	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,962	6,361
Employer contributions subsequent to the measurement date	245,572	-
Totals	\$ 3,830,109	\$ 2,101,950

**COMMUNITY DEVELOPMENT AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

**NOTE III - OTHER INFORMATION (CONT.)**

**A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)**

\$245,572 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, 2024. 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)
2024	\$ 60,982
2025	306,583
2026	313,926
2027	801,096

**Actuarial assumptions.** The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2021
Measurement Date of Net Pension Liability (Asset):	December 31, 2022
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.80%
Salary Increases:	
Inflation:	3%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2020 Mortality Table
Post-retirement Adjustments*:	1.7%

\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

**COMMUNITY DEVELOPMENT AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

**NOTE III - OTHER INFORMATION (CONT.)**

**A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)**

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total Pension Liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

**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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns As of December 31, 2022 <sup>1</sup>	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return % <sup>2</sup>
<b>Core Fund Asset Class</b>			
Public Equity	48.0	7.6	5.0
Public Fixed Income	25.0	5.3	2.7
Inflation Sensitive	19.0	3.6	1.1
Real Estate	8.0	5.2	2.6
Private Equity/Debt	15.0	9.6	6.9
Total Core Fund <sup>3</sup>	115.0	7.4	4.8
<b>Variable Fund Asset</b>			
U.S. Equities	70.0	7.2	4.6
International Equities	30.0	8.1	5.5
Total Variable Fund	100.0	7.7	5.1

<sup>1</sup> Asset allocations are managed within established ranges; target percentages may differ from actual monthly allocations

<sup>2</sup> New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

<sup>3</sup> The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used subject to an allowable range of up to 20%.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

**NOTE III - OTHER INFORMATION (CONT.)**

**A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)**

**Single discount rate.** A single discount rate of 6.80% was used to measure the total pension liability for the current and the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 6.80 percent and a municipal bond rate of 4.05 percent. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2022. In describing this index, Fidelity notes that the Municipal Curves are constructed using optionadjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.7% 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 asset.

**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 6.80 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 (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
CDA's proportionate share of the net pension (asset) liability	\$ 3,353,807	\$ 1,010,497	\$ (601,449)

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reportsand-statements>.

At December 31, 2023, 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.



# COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

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## NOTE III - OTHER INFORMATION (CONT.)

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### **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 Land Use Restriction Agreement (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.

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 \$306,903. Total assistance payments received from WHEDA were \$280,886 during 2023.

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, 2023.

The CDA has entered into a PILOT Agreement with the City of Madison, Wisconsin (the City), under which the CDA agrees to make annual PILOT payments to the City in the amount of \$40,000 beginning in 2015 and ending with 2025. The PILOT Agreement shall terminate on the day before the respective January 1st of the year during which the City determines that Monona Shores no longer qualifies for property tax exemption or termination of ownership of Monona Shores by the CDA. PILOT expense totaled \$40,000 for the year ended December 31, 2023.

The CDA has a PILOT arrangement with the City of Madison, Wisconsin (the City), under which the CDA agrees to make annual PILOT payments to the City in the amount of \$70,000. The PILOT arrangement shall terminate on the day before the respective January 1st of the year during which the City determines that Village on Park no longer qualifies for property tax exemption or termination of ownership of Village on Park by the CDA. PILOT expense totaled \$70,000 for the year ended December 31, 2023.

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.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

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**NOTE III - OTHER INFORMATION (CONT.)**

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**C. COMMITMENTS AND CONTINGENCIES (CONT.)**

***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 Social Services of Wisconsin & Upper Michigan, Inc. Under the agreement, Allied Drive Redevelopment, LLC is obligated to pay a management fee of 6% of gross rental income. The agreement expired on June 30, 2023, but was renewed for an additional one-year term. Management fees incurred under this agreement totaled \$34,571 for the year ended December 31, 2023.

*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.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

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**NOTE III - OTHER INFORMATION (CONT.)**

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***C. COMMITMENTS AND CONTINGENCIES (CONT.)***

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 \$36,473 for the period ended December 31, 2023. Of this amount, \$7,500 has been deferred as of December 31, 2023.

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.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

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**NOTE III - OTHER INFORMATION (CONT.)**

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**C. COMMITMENTS AND CONTINGENCIES (CONT.)**

*Truax Park Development, Phase 2, LLC*

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

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

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

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, 2023.

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.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

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**NOTE III - OTHER INFORMATION (CONT.)**

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***D. OTHER POST-EMPLOYMENT BENEFITS (OPEB)***

***General Information About the OPEB Plan***

***Plan description.*** The City of Madison (City) sponsors a single-employer defined benefit healthcare plan, (the Retiree Health Plan). The Plan provides healthcare coverage to eligible retired City employees and their spouses, which covers both active and retired members. The Plan is affiliated with the Wisconsin Public Employer's Group Health Insurance – Dane County service area plan, a purchasing plan administered by the State of Wisconsin. Benefit provisions are established through collective bargaining agreements. The Retiree Health Plan does not issue a publicly available financial report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

***Benefits provided.*** Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the City and the union. The Plan provides eligible retirees with the opportunity to stay on the City's health insurance plan. Eligible retirees and spouses contribute the full amount of the premiums after age 55, except for teamsters who contribute the difference between the rate paid by the City and current year rate.

***Employees covered by benefit terms.*** At December 31, 2023, the following employees were covered by the benefit terms:

***CDA Information***

Plan members	46
Inactive plan members or beneficiaries currently receiving benefit payments	11
	<u>57</u>

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

**NOTE III - OTHER INFORMATION (CONT.)**

***D. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONT.)***

***Total OPEB Liability***

The CDA's total OPEB liability of \$776,159 was measured as of December 31, 2023, and was determined by an actuarial valuation as of January 1, 2023, rolled forward as of December 31, 2023..

***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	2.50%	
Salary increases	3.40-7.80%	
Healthcare cost trend rates	8.0%	Initially reduced by decrements to an ultimate of 4.5% after 7 years
Retirees' share of benefit-related costs	100%	
Discount Rate	4.00	

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-2022 Total Dataset Mortality Table fully generational using Scale MP-2022.

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

***Changes in the Total OPEB Liability***

	<u>Total OPEB Liability</u>
Balances at January 1, 2023	\$ 641,123
Changes for the year:	
Service cost	45,727
Interest	29,376
Changes of benefit terms	-
Changes in assumptions	58,315
Differences between expected and actual experience	34,322
Benefit payments	<u>(32,704)</u>
Net changes	<u>135,036</u>
Balances at December 31, 2023	<u>\$ 776,159</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 4.31 percent in 2021 to 4.00 percent in 2023.

**COMMUNITY DEVELOPMENT AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE III - OTHER INFORMATION (CONT.)**

**D. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONT.)**

**Changes in the Total OPEB Liability (cont.)**

**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 (3.00%) or 1-percentage-point higher (5.0%) than the current discount rate:

	1% Decrease (3.0%)	Discount Rate (4.0%)	1% Increase (5.0%)
CDA's Total OPEB liability	\$ 838,973	\$ 776,159	\$ 718,957

**Sensitivity of the CDA's net 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 net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.0% decreasing to 3.5%) or 1-percentage-point higher (9.0% decreasing to 5.5%) than the current healthcare cost trend rates:

	1% Decrease (7.0% Decreasing to 3.5%)	Healthcare Cost Trend Rates	1% Increase (9.0% Decreasing to 5.5%)
CDA Total OPEB liability	\$ 698,750	\$ 776,159	\$ 867,465

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to OPEB**

**CDA Information**

For the year ended December 31, 2023, the CDA recognized OPEB expense of \$61,312. At December 31, 2023, the CDA reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,032	\$ 119,412
Changes of assumptions	110,288	84,248
Total	\$ 140,320	\$ 203,660

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

**NOTE III - OTHER INFORMATION (CONT.)**

***D. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONT.)***

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to OPEB (cont.)***

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

Fiscal Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2024	\$ (13,791)
2025	(13,791)
2026	(6,094)
2027	(8,653)
2028	(17,276)
Thereafter	(3,735)

***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 2023 from Public Health – Madison and Dane County, a related party, were \$385,728.

***Component Units***

*Allied Drive Redevelopment, LLC*

**Operating Lease ROU Asset**

Allied Drive Redevelopment, LLC leases its land under an operating 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. Operating lease ROU asset was \$331,667 as of December 31, 2023. The operating lease expense totaled \$4,000 for the year ended December 31, 2023.

**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 \$371,985 as of December 31, 2023. Managing member management fees totaled \$30,252 for the year ended December 31, 2023.



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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

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**NOTE III - OTHER INFORMATION (CONT.)**

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***E. RELATED PARTIES (CONT.)***

***Component Units (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 \$0 as of December 31, 2023. Asset management fees expenses totaled \$7,260 for the year ended December 31, 2023.

*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 \$724 as of December 31, 2023. Also included in accounts receivable, related party are amounts due from the City of Madison, an affiliate of the managing member, for project funds held by the City of Madison on behalf of the project totaling \$191,032 as of December 31, 2023.

**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 \$196,028 were earned during the year ended December 31, 2023. Included in accounts receivable are related party operating subsidies receivable of \$82,849 as of December 31, 2023.

**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, 2023.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

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**NOTE III - OTHER INFORMATION (CONT.)**

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***E. RELATED PARTIES (CONT.)***

***Component Units (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, 2023.

**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 \$25,063 for the period ended December 31, 2023.

**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 \$104,117 as of December 31, 2023. Asset management fees incurred totaled \$10,123 for the year ended December 31, 2023.

***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 and 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 \$10,383 for each member for the year ended December 31, 2023. Accrued asset management fees included in other accrued expenses on the balance sheet were \$10,383 as of December 31, 2023.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

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**NOTE III - OTHER INFORMATION (CONT.)**

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***E. RELATED PARTIES (CONT.)***

***Component Units (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*

**Accounts Payable**

Included in accounts payable are amounts due from the City of Madison, an affiliate of the managing member, for project funds paid by the City of Madison on behalf of the project totaling \$85,416 as of the year ending December 31, 2023.

**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 \$181,731 were earned during the year ended December 31, 2023. Included in accounts receivable are related party operating subsidies receivable of \$288,641 as of December 31, 2023.

**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, 2023.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

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**NOTE III - OTHER INFORMATION (CONT.)**

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***E. RELATED PARTIES (CONT.)***

***Component Units (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, 2023.

**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 \$15,301 during the period ended December 31, 2023.

**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 \$41,160 as of December 31, 2023. Asset management fees incurred totaled \$5,280 for the year ended December 31, 2023.

**Operating Deficit Guaranty**

Under the operating agreement, the managing member is required to fund operating deficits from and after stabilization period until the last to occur of: (1) the fifth anniversary of the end of the lease-up period or (2) the fifth anniversary of the end of the stabilization period. The expiration of the managing member's obligation to make operating deficit advances shall be extended by one year for each fiscal year during the period when the project's required expense coverage ratio is less than 105% and thereafter until such time the operating reserve equals or exceeds \$145,267. During this period, operating deficit advances funded by the managing member are to be treated as capital contributions and are limited to \$270,000. Any such advances shall be non-interest bearing and are only repayable from available cash flow as defined in the operating agreement. There were no operating deficit advances as of December 31, 2023.

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2023

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**NOTE III - OTHER INFORMATION (CONT.)**

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***E. RELATED PARTIES (CONT.)***

***Component Units (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 2023, Truax Park Development, Phase 1, LLC received additional insurance proceeds totaling \$239,560 related to the June 2022 wind damage for interior restoration for four units impacted by the damaged roof. This resulted in the involuntary conversion of part of one of the buildings to cash proceeds received from Housing Enterprise Insurance Company to cover the loss. The difference between the proceeds from the insurance company and the net book value of the damaged property resulted in a gain on involuntary conversion of \$136,747 for the year ended December 31, 2023. The total cost to replace the damaged property of the building was \$239,560, which was capitalized into rental property during 2023.

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

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

- > Statement No. 100, *Accounting Changes and Error Corrections*
- > Statement No. 101, *Compensated Absences*
- > Statement No. 102, *Certain Risk Disclosures*

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

***H. SUBSEQUENT EVENT***

In February 2024, the MR CDC Fund began the third phase of its rehabilitation project. The organization entered into a construction contract with an unrelated third party contractor to complete this third phase. The total contract price is \$785,965 and of this amount \$261,251 has been incurred.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) -  
WISCONSIN RETIREMENT SYSTEM  
For the Year Ended December 31, 2023

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%
12/31/20	0.01697768%	(547,438)	2,560,588	21.38%	102.96%
12/31/21	0.01805435%	(1,127,158)	2,950,806	38.20%	105.26%
12/31/22	0.01950786%	(1,572,369)	3,119,143	50.41%	106.02%
12/31/23	0.01907425%	1,010,497	3,177,871	31.80%	95.72%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM  
For the Year Ended December 31, 2023

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%
12/31/20	211,327	211,327	-	2,950,806	7.16%
12/31/21	227,752	227,752	-	3,119,143	7.30%
12/31/22	226,161	226,161	-	3,177,871	7.12%
12/31/23	245,572	245,572	-	3,366,033	7.30%

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

SCHEDULE OF CHANGES IN EMPLOYER'S TOTAL OTHER POST-EMPLOYMENT BENEFITS  
LIABILITY AND RELATED RATIOS  
December 31, 2023

Total OPEB Liability	2023	2022	2021	2020
Service cost	\$ 45,727	\$ 59,411	\$ 51,490	\$ 38,057
Interest	29,376	18,607	14,746	18,859
Changes of benefit terms	-	2,947	-	-
Differences between expected and actual experience	34,322	(90,730)	(15,347)	(30,456)
Changes of assumptions	58,315	10,481	10,032	21,883
Benefit payments	(32,704)	(34,429)	(25,846)	(27,417)
<b>Net change in Total OPEB Liability</b>	<b>135,036</b>	<b>(33,713)</b>	<b>35,075</b>	<b>20,926</b>
<b>Total OPEB Liability - Beginning</b>	<b>641,123</b>	<b>674,836</b>	<b>639,761</b>	<b>618,835</b>
<b>Total OPEB Liability - Ending</b>	<b>776,159</b>	<b>641,123</b>	<b>674,836</b>	<b>639,761</b>
<b>Covered-employee payroll</b>	<b>\$ 3,366,033</b>	<b>\$ 3,177,871</b>	<b>\$ 3,119,143</b>	<b>\$ 2,950,806</b>
<b>Total OPEB Liability as a percentage of covered-employee payroll</b>	<b>23.06 %</b>	<b>20.17 %</b>	<b>21.64 %</b>	<b>21.68 %</b>

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)
<b>Net change in Total OPEB Liability</b>	<b>47,869</b>	<b>(19,117)</b>
<b>Total OPEB Liability - Beginning</b>	<b>570,966</b>	<b>590,083</b>
<b>Total OPEB Liability - Ending</b>	<b>618,835</b>	<b>570,966</b>
<b>Covered-employee payroll</b>	<b>\$ 2,489,055</b>	<b>\$ 2,750,141</b>
<b>Total OPEB Liability as a percentage of covered-employee payroll</b>	<b>24.86 %</b>	<b>20.76 %</b>

**Notes to Schedule:**

*Benefit changes.* There were no changes of benefit terms.

*Changes of assumptions:*

*Discount Rate* - The discount rate has been updated from 4.31% to 4.00% in the December 31, 2023 roll-forward.

*Health Care and Subsidy Trend Rates* - The health care and subsidy trend rates remain at an initial rate of 8.0% decreasing by .50% annually to an ultimate rate of 4.50% for the December 31, 2022 valuation.

*Mortality.* Mortality tables have been updated from SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 to:

- a. General and Teamsters Retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021
- b. Police and Fire Retirees: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2021
- c. Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021



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

SCHEDULE OF CHANGES IN EMPLOYER'S OTHER POST-EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS

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**Valuation Date:**

January 1, 2023

Liabilities as of December 31, 2023 are based on an actuarial valuation date of January 1, 2023 projected to December 31, 2023 on a rolled forward basis with adjustments for actual premium and discount rate changes from 2023 to 2024.

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	2.5 percent
Healthcare cost trend rates	8.0 percent initial, decreasing 0.5 percent every year to an ultimate rate of 4.5 percent
Salary increases	3.40-7.80 percent average, including inflation
Investment rate of return	Not applicable
Retirement age	Based upon rates from the December 31, 2022 actuarial valuation for the Wisconsin Retirement System (WRS)
Mortality	Assumed life expectancies were based on SOA Pub-2010 General Headcount Weighted Mortality Table fully generational Scale MP-2022

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 AUTHORITY  
OF THE CITY OF MADISON**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended December 31, 2023

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***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.* Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

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

COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
As of December 31, 2023

	Karabis Fund	Parkside Project Fund	East Housing Fund	West Housing Fund
<b>ASSETS</b>				
Current Assets				
Cash and investments	\$ 1,290,555	\$ 467,996	\$ 304,688	\$ 491,679
Accounts receivable	4,409	16,361	26,532	14,608
Interest receivable	-	-	-	-
Due from other governmental units	7,708	30,608	124,956	155,202
Prepaid items	2,355	5,146	6,855	11,100
Total Current Assets	<u>1,305,027</u>	<u>520,111</u>	<u>463,031</u>	<u>672,589</u>
Property, Plant and Equipment				
Land	22,698	200,271	262,146	937,844
Land improvements	162,843	230,433	413,300	184,152
Buildings and improvements	955,112	4,588,231	10,336,533	10,770,851
Machinery and equipment	17,484	120,058	455,200	395,448
Intangibles	-	19,683	8,084	8,084
Less: Accumulated depreciation/amortization	<u>(1,035,193)</u>	<u>(4,180,227)</u>	<u>(10,196,669)</u>	<u>(10,471,488)</u>
Net Property, Plant and Equipment	<u>122,944</u>	<u>978,449</u>	<u>1,278,594</u>	<u>1,824,891</u>
Other Assets				
Restricted cash and investments	5,391	22,287	49,873	80,142
Deposits	-	-	-	-
Note receivable	-	-	-	-
Long-term receivable	-	-	-	-
Total Other Assets	<u>5,391</u>	<u>22,287</u>	<u>49,873</u>	<u>80,142</u>
Total Assets	<u>1,433,362</u>	<u>1,520,847</u>	<u>1,791,498</u>	<u>2,577,622</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Other post-employment benefits related amounts	1,107	2,139	37,108	23,892
Pension related amounts	146,706	329,913	568,639	682,879
Total Deferred Outflows of Resources	<u>147,813</u>	<u>332,052</u>	<u>605,747</u>	<u>706,771</u>

Triangle Housing Fund	Allied Drive Fund	Monona Shores	HUD Subsidy Fund	CDA 95-1	MRCDC Fund	Totals
\$ 1,061,935	\$ 1,145,836	\$ 405,698	\$ -	\$ 94,351	\$ 392,467	\$ 5,655,205
19,072	-	50,785	-	13,355	1,440	146,562
-	1,860	-	-	-	-	1,860
1,835	-	-	-	-	-	320,309
6,043	5,774	46	-	-	7,985	45,304
<u>1,088,885</u>	<u>1,153,470</u>	<u>456,529</u>	<u>-</u>	<u>107,706</u>	<u>401,892</u>	<u>6,169,240</u>
460,729	1,345,024	173,501	-	212,987	306,465	3,921,665
-	-	679,726	-	35,495	-	1,705,949
9,743,755	-	11,044,754	-	1,887,810	1,443,346	50,770,392
272,540	-	808,927	-	140,672	90,913	2,301,242
8,086	-	-	-	-	-	43,937
(9,798,253)	-	(9,780,927)	-	(1,253,161)	(107,446)	(46,823,364)
<u>686,857</u>	<u>1,345,024</u>	<u>2,925,981</u>	<u>-</u>	<u>1,023,803</u>	<u>1,733,278</u>	<u>11,919,821</u>
51,847	-	71,170	-	23,299	25,732	329,741
-	-	10,500	-	3,500	-	14,000
-	-	-	1,846,000	-	-	1,846,000
-	2,220,928	-	-	-	-	2,220,928
<u>51,847</u>	<u>2,220,928</u>	<u>81,670</u>	<u>1,846,000</u>	<u>26,799</u>	<u>25,732</u>	<u>4,410,669</u>
<u>1,827,589</u>	<u>4,719,422</u>	<u>3,464,180</u>	<u>1,846,000</u>	<u>1,158,308</u>	<u>2,160,902</u>	<u>22,499,730</u>
22,433	-	-	-	-	-	86,679
385,012	-	-	-	-	-	2,113,149
<u>407,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,199,828</u>

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

COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
As of December 31, 2023

	Karabis Fund	Parkside Project Fund	East Housing Fund	West Housing Fund
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 3,816	\$ 10,625	\$ 48,503	\$ 79,640
Accrued liabilities	7,251	25,925	33,363	59,701
Unearned revenues	680	2,595	17,613	9,777
Current portion of mortgage notes	-	-	-	-
Current portion of other loans	-	-	-	-
Current portion of advances from primary government				
- City of Madison	628	3,435	10,908	16,342
Accrued compensated absences	4,239	9,621	17,428	31,905
Other liabilities	5,391	28,630	49,873	84,488
Total Current Liabilities	<u>22,005</u>	<u>80,831</u>	<u>177,688</u>	<u>281,853</u>
Long-Term Debt Net of Current Maturities				
Mortgage notes	-	-	-	-
Due to other governments	-	400,000	-	60,000
Net pension liability	38,546	84,915	186,045	183,337
Accrued compensated absences	17,063	38,727	78,026	128,426
Other post-employment benefits	5,691	5,764	186,009	142,485
Total Long-Term Debt	<u>61,300</u>	<u>529,406</u>	<u>450,080</u>	<u>514,248</u>
Total Liabilities	<u>83,305</u>	<u>610,237</u>	<u>627,768</u>	<u>796,101</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Other post-employment benefits related amounts	1,301	(1,189)	40,183	41,941
Pension related amounts	81,315	191,199	319,907	384,485
Total Deferred Inflows of Resources	<u>82,616</u>	<u>190,010</u>	<u>360,090</u>	<u>426,426</u>
<b>NET POSITION</b>				
Net investment in capital assets	122,944	578,449	1,278,594	1,764,890
Unrestricted (deficit)	1,292,310	474,203	130,793	296,976
<b>TOTAL NET POSITION</b>	<u>\$ 1,415,254</u>	<u>\$ 1,052,652</u>	<u>\$ 1,409,387</u>	<u>\$ 2,061,866</u>

Triangle Housing Fund	Allied Drive Fund	Monona Shores	HUD Subsidy Fund	CDA 95-1	MRCDC Fund	Totals
\$ 204,658	\$ -	\$ 49,603	\$ -	\$ 5,737	\$ 6,472	\$ 409,054
31,406	143	78,522	-	12,706	27,522	276,539
15,717	-	32,095	-	8,593	30,904	117,974
-	-	228,507	-	-	-	228,507
-	635,791	-	-	-	-	635,791
6,813	-	-	-	-	-	38,126
15,289	-	-	-	-	-	78,482
63,135	-	76,292	-	22,034	9,731	339,574
<u>337,018</u>	<u>635,934</u>	<u>465,019</u>	<u>-</u>	<u>49,070</u>	<u>74,629</u>	<u>2,124,047</u>
-	-	1,721,818	-	-	1,343,130	3,064,948
-	-	-	-	85,000	-	545,000
93,664	-	-	-	-	-	586,507
61,544	-	-	-	-	-	323,786
107,133	-	-	-	-	-	447,082
<u>262,341</u>	<u>-</u>	<u>1,721,818</u>	<u>-</u>	<u>85,000</u>	<u>1,343,130</u>	<u>4,967,323</u>
<u>599,359</u>	<u>635,934</u>	<u>2,186,837</u>	<u>-</u>	<u>134,070</u>	<u>1,417,759</u>	<u>7,091,370</u>
20,725	-	-	-	-	-	102,961
197,402	-	-	-	-	-	1,174,308
<u>218,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,277,269</u>
686,857	1,345,024	975,656	-	938,803	390,148	8,081,365
<u>730,691</u>	<u>2,738,464</u>	<u>301,687</u>	<u>1,846,000</u>	<u>85,435</u>	<u>352,995</u>	<u>8,249,554</u>
<u>\$ 1,417,548</u>	<u>\$ 4,083,488</u>	<u>\$ 1,277,343</u>	<u>\$ 1,846,000</u>	<u>\$ 1,024,238</u>	<u>\$ 743,143</u>	<u>\$ 16,330,919</u>

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

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
For the Year Ended December 31, 2023

	Karabis Fund	Parkside Project Fund	East Housing Fund	West Housing Fund
<b>OPERATING REVENUES</b>				
Charges for services	\$ 85,277	\$ 391,088	\$ 622,355	\$ 1,061,387
Other revenue	7,540	9,560	26,712	38,365
Total Operating Revenues	<u>92,817</u>	<u>400,648</u>	<u>649,067</u>	<u>1,099,752</u>
<b>OPERATING EXPENSES</b>				
Operation and maintenance	325,490	835,606	1,590,192	2,262,423
Depreciation	16,697	70,085	106,057	157,579
Taxes	4,367	27,198	34,076	73,757
Total Operating Expenses	<u>346,554</u>	<u>932,889</u>	<u>1,730,325</u>	<u>2,493,759</u>
Operating Income (Loss)	<u>(253,737)</u>	<u>(532,241)</u>	<u>(1,081,258)</u>	<u>(1,394,007)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	47,149	19,366	1,233	21,669
Interest and amortization	(5)	(25)	(90)	(502)
Intergovernmental grants	241,779	398,926	983,538	1,599,266
Miscellaneous revenue	-	-	105,125	-
Miscellaneous expenses	-	-	-	-
Gain (loss) on sale of assets	-	-	1,870	-
Total Nonoperating Revenues (Expenses)	<u>288,923</u>	<u>418,267</u>	<u>1,091,676</u>	<u>1,620,433</u>
Income (Loss) Before Transfers	<u>35,186</u>	<u>(113,974)</u>	<u>10,418</u>	<u>226,426</u>
Transfers in	-	-	500,000	-
Transfers out	-	-	-	(49,915)
Net Transfers in	-	-	500,000	(49,915)
Change in Net Position	35,186	(113,974)	510,418	176,511
NET POSITION - Beginning of Year	<u>1,380,068</u>	<u>1,166,626</u>	<u>898,969</u>	<u>1,885,355</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 1,415,254</u>	<u>\$ 1,052,652</u>	<u>\$ 1,409,387</u>	<u>\$ 2,061,866</u>

Triangle Housing Fund	Allied Drive Fund	Monona Shores	HUD Subsidy Fund	CDA 95-1	MRCDC Fund	Totals
\$ 857,318	\$ -	\$ 1,293,593	\$ -	\$ 314,732	\$ 449,517	\$ 5,075,267
19,621	-	17,859	-	5,705	1,650	127,012
876,939	-	1,311,452	-	320,437	451,167	5,202,279
1,907,451	2,858	977,045	-	225,977	250,905	8,377,947
62,784	-	474,137	-	58,235	61,282	1,006,856
57,828	-	-	-	-	5,238	202,464
2,028,063	2,858	1,451,182	-	284,212	317,425	9,587,267
(1,151,124)	(2,858)	(139,730)	-	36,225	133,742	(4,384,988)
42,997	76,689	2,823	-	35	2	211,963
(161)	(44,448)	(60,716)	-	-	-	(105,947)
705,405	-	-	495,876	-	-	4,424,790
29,475	-	-	-	-	-	134,600
-	-	-	(495,876)	-	-	(495,876)
(21,923)	-	-	-	-	-	(20,053)
755,793	32,241	(57,893)	-	35	2	4,149,477
(395,331)	29,383	(197,623)	-	36,260	133,744	(235,511)
-	-	-	-	-	49,915	549,915
-	-	(108,000)	-	-	-	(157,915)
-	-	(108,000)	-	-	49,915	392,000
(395,331)	29,383	(305,623)	-	36,260	183,659	156,489
1,812,879	4,054,105	1,582,966	1,846,000	987,978	559,484	16,174,430
\$ 1,417,548	\$ 4,083,488	\$ 1,277,343	\$ 1,846,000	\$ 1,024,238	\$ 743,143	\$ 16,330,919



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

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
For the Year Ended December 31, 2023

	Karabis Fund	Parkside Project Fund	East Housing Fund	West Housing Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers	\$ 91,254	\$ 397,021	\$ 647,388	\$ 1,114,531
Paid to suppliers for goods and services	(117,378)	(396,732)	(608,944)	(1,280,751)
Paid to employees for services	(198,562)	(401,631)	(912,370)	(878,643)
Paid to city for tax equivalent	(4,367)	(27,198)	(34,076)	(73,757)
Net Cash Flows From Operating Activities	<u>(229,053)</u>	<u>(428,540)</u>	<u>(908,002)</u>	<u>(1,118,620)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Deposits (refunds)	(494)	1,079	(4,671)	1,347
Intergovernmental grants	246,359	405,318	866,562	1,452,952
Collection of long-term receivable	-	-	-	-
Repayment of advance to primary government	(595)	(3,256)	(10,341)	(15,687)
Interest on advance	(4)	(24)	(90)	(501)
Transfers in (out)	-	-	500,000	-
Other nonoperating items	-	(662)	105,125	-
Net Cash Flows From Noncapital Financing Activities	<u>245,266</u>	<u>402,455</u>	<u>1,456,585</u>	<u>1,438,111</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Debt Retired	-	-	-	-
Interest Paid	-	-	-	-
Acquisition and construction of capital assets	-	(7,114)	(318,380)	(322,706)
Loan proceeds	-	-	-	-
Net Cash Flows From Capital and Related Financing Activities	<u>-</u>	<u>(7,114)</u>	<u>(318,380)</u>	<u>(322,706)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income	47,149	19,366	1,233	21,669
Net Cash Flows From Investing Activities	<u>47,149</u>	<u>19,366</u>	<u>1,233</u>	<u>21,669</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	63,362	(13,833)	231,436	18,454
CASH AND CASH EQUIVALENTS - Beginning of Year	1,232,584	504,116	123,125	553,367
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,295,946</u>	<u>\$ 490,283</u>	<u>\$ 354,561</u>	<u>\$ 571,821</u>

Triangle Housing Fund	Allied Drive Fund	Monona Shores	HUD Subsidy Fund	CDA 95-1	MRCDC Fund	Totals
\$ 876,275	\$ 29,813	\$ 1,331,554	\$ -	\$ 329,772	\$ 500,694	\$ 5,318,302
(1,281,271)	(10,545)	(973,104)	-	(230,745)	(309,587)	(5,209,057)
(515,520)	-	-	-	-	-	(2,906,726)
(57,828)	-	-	-	-	-	(197,226)
(978,344)	19,268	358,450	-	99,027	191,107	(2,994,707)
250	-	-	-	-	-	(2,489)
719,134	-	-	495,876	-	-	4,186,201
-	52,696	-	-	-	-	52,696
(6,265)	-	-	-	-	-	(36,144)
(161)	-	-	-	-	-	(780)
-	-	(108,000)	-	-	-	392,000
28,812	-	-	(495,876)	-	-	(362,601)
741,770	52,696	(108,000)	-	-	-	4,228,883
-	(17,180)	(211,085)	-	-	-	(228,265)
-	(44,250)	(61,260)	-	-	-	(105,510)
-	-	(207,420)	-	(85,885)	(1,450,863)	(2,392,368)
-	-	-	-	-	1,343,130	1,343,130
-	(61,430)	(479,765)	-	(85,885)	(107,733)	(1,383,013)
42,997	76,689	2,823	-	35	-	211,961
42,997	76,689	2,823	-	35	-	211,961
(193,577)	87,223	(226,492)	-	13,177	83,374	63,124
1,307,359	1,058,613	703,360	-	104,473	334,825	5,921,822
\$ 1,113,782	\$ 1,145,836	\$ 476,868	\$ -	\$ 117,650	\$ 418,199	\$ 5,984,946

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

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
For the Year Ended December 31, 2023

	Karabis Fund	Parkside Project Fund	East Housing Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (253,737)	\$ (532,241)	\$ (1,081,258)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities			
Depreciation	16,697	70,085	106,057
Bad debt expense	-	-	-
Change in assets, deferred outflows, liabilities and deferred inflows			
Accounts receivable	(1,750)	(982)	1,280
Prepaid items	(216)	6,580	(189)
Accounts payable	(4,248)	(11,051)	10,753
Accrued liabilities	(4,115)	11,408	(22,845)
Other post-employment benefits related amounts	1,275	5,081	45,367
Pension related amounts	16,854	25,223	35,792
Unearned revenue	187	(2,643)	(2,959)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(229,053)</b>	<b>(428,540)</b>	<b>(908,002)</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Accounts payable capitalized into capital assets	\$ -	\$ -	\$ -
Transfer of capital assets from (to) other funds	\$ -	\$ -	\$ -

West Housing Fund	Triangle Housing Fund	Allied Drive Fund	Monona Shores	HUD Subsidy Fund	CDA 95-1	MRCDC Fund	Totals
\$ (1,394,007)	\$ (1,151,124)	\$ (2,858)	\$ (139,730)	\$ -	\$ 36,225	\$ 133,742	\$ (4,384,988)
157,579	62,784	-	474,137	-	58,235	61,282	1,006,856
-	-	-	37,276	-	24,449	5,894	67,619
23,080	760	29,813	(14,691)	-	(13,884)	(590)	23,036
4,965	6,169	(5,773)	404	-	-	(1,550)	10,390
26,147	67,846	(1,914)	(2,842)	-	1,343	(6,879)	79,155
14,792	24,280	-	10,863	-	(6,806)	3,922	31,499
17,901	29,857	-	-	-	-	-	99,481
39,223	(17,494)	-	-	-	-	-	99,598
(8,300)	(1,422)	-	(6,967)	-	(535)	(4,714)	(27,353)
<u>(1,118,620)</u>	<u>(978,344)</u>	<u>19,268</u>	<u>358,450</u>	<u>-</u>	<u>99,027</u>	<u>191,107</u>	<u>(2,994,707)</u>
\$ -	\$ -	\$ -	\$ 15,397	\$ -	\$ -	\$ -	\$ 15,397
\$ (49,915)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,915	\$ -