



WISCONSIN HOUSING & ECONOMIC DEVELOPMENT AUTHORITY

Richard J. Longabaugh
Executive Director

Tommy G. Thompson
Governor

Wayne R. Peters
Chairman

November 30, 1994

Honorable Tommy G. Thompson, Governor
Honorable Joseph Leean, Co-Chair, Joint Committee on Finance
Honorable Barbara Linton, Co-Chair, Joint Committee on Finance
Honorable George Petak, Chair, Senate Committee on Business, Economic Development and Urban Affairs
Honorable Johnnie Morris-Tatum, Chair, Assembly Committee on Housing
State Capitol
Madison, Wisconsin 53708

James R. Klauser, Secretary, Wisconsin Department of Administration
101 East Wilson Street
Madison, Wisconsin 53702

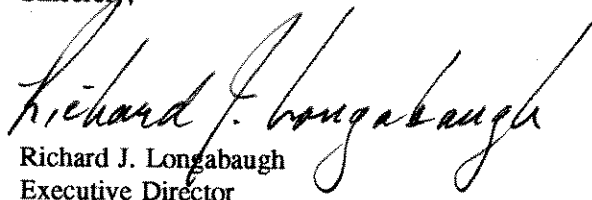
Dear Governor Thompson, Legislators and Secretary Klauser:

Pursuant to section 234.25, Wisconsin Statutes, attached is the fiscal 1994 annual report of the Wisconsin Housing and Economic Development Authority (WHEDA). This report contains information about WHEDA's fiscal 1994 operations and accomplishments, and the year-end report of our public auditor. Please note that each of the housing programs described in the following pages are consistent with the goals, policies and objectives of the state housing plan.

WHEDA does not seek nor encourage major changes to Chapter 234 during this fiscal year. However, we do recommend minor revisions be made to sections governing the property tax deferral loan program, the various economic development loan guarantee programs, and the home improvement program to better these financing products.

Should you have any questions or comments on this report, please contact me or Jim Langdon, WHEDA Marketing Director. Thank you for your interest in WHEDA.

Sincerely,



Richard J. Longabaugh
Executive Director

cc: Legislative WHEDA Board Members
Senate Chief Clerk
Assembly Chief Clerk
Legislative Fiscal Bureau
Legislative Reference Bureau
Legislative Audit Bureau

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Single Family Housing Programs

The flagship of our single family programs, the **HOME Program** provides low-interest, fixed-rate, long-term loans for the purchase of homes by low and moderate income individuals and families. HOME Program loans are limited primarily to first-time home buyers, except in areas of the state that have been specially "targeted" as in need of revitalization or economic stimulation. Loans are originated through participating lenders.

HOME Program borrowers must meet a variety of program eligibility criteria, including both income and purchase price limits, to qualify for the program. Purchase price limits are based on the type of home being purchased and average sales prices in the borrowers' area. Income limits are based upon county median income.

In fiscal 1994, the Authority had the following statewide HOME Program activity:

Number of HOME Program Loans	2,503
Amount of HOME Program Loans	\$117,847,247

The **Home Improvement Loan Program** enables low and moderate income home owners to make non-luxury or energy-conserving improvements to their homes. To qualify, borrowers must meet income eligibility criteria that vary by family size and county, and must use the funds for eligible improvements. The Program makes available Federal Housing Administration-insured home improvement loans at a below-market interest rate through participating lending institutions.

In fiscal 1994, the Authority had the following statewide Home Improvement Program activity:

Number of Home Improvement Program Loans	306
Amount of Home Improvement Program Loans	\$2,492,103

Neighborhood Revitalization is a sub-program of the Home Improvement Loan Program. It uses WHEDA general reserves to provide substantially below market rate mortgages to low and moderate income households in participating Wisconsin neighborhoods to rehabilitate their homes.

In fiscal 1994, the Authority had the following statewide Neighborhood Revitalization Program activity:

Number of Neighborhood Revitalization Program Loans	15
Amount of Neighborhood Revitalization Program Loans	\$106,108

Lease Purchase was introduced by WHEDA in fiscal 1992. Nonprofit neighborhood organizations and employers may use the program to provide home ownership opportunities to clients and employees. The program addresses the inability of some low income households to accumulate funds for down payment and closing costs when purchasing a first home, and it complements the home ownership opportunities offered by the HOME Program. The program allows nonprofit organizations and employers to purchase, and rehabilitate if necessary, affordable single family housing and lease it to a low income home buyer who will purchase the property within three years.

Through this program, WHEDA will provide 30-year fixed rate financing to the nonprofit or employer. That loan may be assumed by the owner-to-be, or WHEDA's HOME Program or other financing may be used.

In fiscal 1994, the Authority had the following statewide Lease Purchase Program activity:

Number of Lease Purchase Program Loans	8
Amount of Lease Purchase Program Loans	\$334,875

The **Home Energy Incentive Program** provided cash rebates to improve the energy efficiency of owner-occupied residential property in the state. Funding for the incentive rebates came from federal oil overcharge funds allocated by the Department of Administration and the Joint Committee on Finance.

Borrowers received incentive rebates of 25 percent for eligible improvements of between \$1,000 and \$5,000. Eligible properties must have a heating system that uses a nonregulated fuel (i.e., fuel oil, LP gas, kerosene, wood, or coal). The improvements may either improve the efficiency of the existing heating system through replacement or retrofit, or convert the system to a regulated fuel (i.e., natural gas).

In fiscal 1994, the Authority had the following statewide Home Energy Incentive Program activity:

Number of Home Energy Incentive Rebates	828
Amount of Home Energy Incentive Rebates	\$606,940

The **Property Tax Deferral Loan Program** was created by the Legislature to help elderly Wisconsin resident home owners pay their property tax bills. The program was transferred by the Legislature to WHEDA without funding in 1993.

In fiscal 1994, the Authority had the following statewide Property Tax Deferral Loan Program activity:

Number of Property Tax Deferral Loans	438
Amount of Property Tax Deferral Loans	\$774,656

Multifamily Housing Programs

As part of the 1986 Federal Tax Reform Act, Congress created the **Low Income Housing Tax Credit Program** to provide a credit against federal tax liability as an incentive for the development, acquisition, and rehabilitation of low income rental housing. WHEDA has been designated by the Governor as the Wisconsin administrator of the program.

For properties benefiting from the program, at least 20 percent of available rental units must be rented to households with income not exceeding 50 percent of county median income, or at least 40 percent of available rental units must be rented to households with income not exceeding 60 percent of county median income.

Please note that this federal program sunset on June 30, 1992 and was not renewed until August 1993. In fiscal 1994, the Authority had the following statewide Low Income Housing Tax Credit Program activity:

Number of Tax Credit Projects	73
Number of Low Income Units	2,074
Amount of Tax Credits Allocated	\$6,048,456

The **Multifamily Mortgage Program** is divided into two areas. First, the Multifamily Tax-Exempt Rental Housing Program provides construction and permanent financing for the development of multifamily rental housing through the sale of federally tax-exempt mortgage revenue bonds under WHEDA's general bonding authority. Financing is subject to federal requirements including limitations on the availability of tax-exempt bonding, project eligibility, and rent and occupancy restrictions.

Second, the Taxable Bond/Fixed Rate Financing Program provides 30-year, fixed-rate permanent mortgages for Low Income Housing Tax Credit projects through the sale of taxable bonds or alternate methods of financing. Many sponsors of LIHC projects prefer to use a taxable, as opposed to tax-exempt, source of debt financing because it maximizes the tax credits.

In fiscal 1994, the Authority had the following statewide Multifamily Mortgage Program activity:

Number of Multifamily Projects	27
Number of Low Income Units	1,142
Amount of Firm Financing Commitments	\$39,572,564

The **Voucher Program** is a federally funded program that provides rental assistance to eligible very low income families, persons age 62 and over, or persons who are disabled. The voucher is for a certain dollar amount determined by family size, family income and area fair market rents. The eligible participant and the federal government each pay part of the rent. Landlords participate voluntarily and all units must pass a Housing Quality Standard inspection. WHEDA administers the federal funds by contracting with local agents in communities and counties throughout Wisconsin.

In fiscal 1994, the Authority had the following statewide Voucher Program activity:

Number of Section 8 Vouchers Administered	775
Value of Section 8 Vouchers Administered	\$2,729,655

The **Section 8 Federal Rental Subsidy Program** was significantly used by WHEDA to offset the costs associated with the development of rental housing projects for low and moderate income individuals. The subsidy on each unit in a project lasts for thirty to forty years and assures the tenants that their rent will not exceed 30 percent of their income. This federal housing assistance program ended in 1983. WHEDA is the lender on projects located in 63 counties throughout Wisconsin. WHEDA's responsibilities as mortgagee and administrator of the federal subsidy for these projects will continue for many years.

In fiscal 1994, the Authority had the following statewide Section 8 Federal Rental Subsidy Program activity:

Number of Section 8 Projects	148
Number of Section 8 Units	11,833

The **WHEDA Foundation Housing Grant Program** supports the efforts of eligible sponsors in meeting the needs of WHEDA's target populations: homeless persons, runaways, alcohol or drug dependent persons, persons in need of protective services, domestic abuse victims, developmentally disabled persons, low income or frail elderly persons, chronically mentally ill persons, physically impaired or disabled persons, and/or individuals/families who do not have access to traditional permanent housing. Financed through WHEDA reserves, grants are awarded annually on a statewide competitive basis. Eligible sponsors include nonprofit organizations, local units of government and Indian tribes. Single awards are made in amounts up to \$35,000.

In fiscal 1994, the Authority had the following statewide WHEDA Foundation Housing Grant Program activity:

Number of WHEDA Foundation Grants	18
Amount of WHEDA Foundation Grants	\$500,000
Number of Units/Beds Assisted	430

Economic Development Programs

The **Business Development Bond (BDB) Program** is an industrial revenue bond program for small and medium-sized manufacturing businesses having gross annual sales of less than \$35 million. The business obtains fixed-rate financing through the issuance of tax-exempt bonds. Bond proceeds must be used to purchase, develop, or improve buildings and land, or to purchase new machinery and equipment.

This federally funded program sunset on June 30, 1992 and was not renewed until August 1993. As a result, the Authority had no Business Development Bond Program activity in fiscal 1994.

The **Credit Relief Outreach Program (CROP)** is a loan guarantee and interest rate reduction program for Wisconsin farmers. The program helps farmers obtain agricultural production loans of up to \$20,000 through local lenders.

In 1994, the Authority had the following statewide CROP activity:

Number of CROP Loans Funded	2,017
Amount of CROP Loans Funded	\$27,223,979

The **Linked Deposit Loan (LiDL) Program** is designed to help small businesses that are more than 50 percent owned and controlled by women or minority group members. The program helps in reducing the cost of borrowing on new bank loans ranging from \$10,000 to \$99,000 for two years. Loans may be used for the purchase or rehabilitation of land, buildings, and business equipment. LiDL proceeds may not be used for working capital, inventory purchases, or acquisitions between related parties. The project undertaken must result in the creation or retention of jobs.

The program was reactivated during fiscal 1994 after a ten month suspension. A needs based criteria was added to the program at that time.

In fiscal 1994, the Authority had the following statewide Linked Deposit Loan Program activity:

Number of Linked Deposit Loans Closed	28
Number of Jobs Created or Retained	113
Amount Committed	\$1,220,431

The **Agribusiness Fund** provides loan guarantees of up to \$675,000 for projects that result in the development of new or more viable methods for processing or marketing a Wisconsin-grown commodity. Loan proceeds can be applied to working capital, the purchase of a building or equipment, or marketing expenses. In each Fund, WHEDA provides the lender with a loan guarantee; a local lender funds the loan to the business.

In fiscal 1994, the Authority had the following statewide Agribusiness Fund activity:

Number of Agribusiness Fund Loans	2
Amount of Agribusiness Fund Loans	\$526,000
Amount Guaranteed	\$415,500

The **Contract Fund** provides small businesses with an opportunity to enter government contracts or contracts with businesses with gross annual sales of more than \$10 million. Eligible businesses must be located in an economically distressed area or be at least 51 percent owned and controlled by socially and economically disadvantaged individuals. The Fund provides guarantees of up to \$180,000 on loan proceeds obtained through a lender for expenses necessary to perform on the contract.

In fiscal 1994, the Authority had the following statewide Contract Fund activity:

Number of Contract Fund Loans	1
Amount of Contract Fund Loans	\$100,000
Amount Guaranteed	\$75,000

The **Recycling Fund** provides loan guarantees of up to \$675,000 to businesses emphasizing alternative uses of products recovered through a recycling process. The Fund also encourages the expansion or start-up of businesses that supply and launder cloth diapers. The program was terminated effective December 1993 as a result of legislative action.

In fiscal 1994, the Authority had the following statewide Recycling Fund activity:

Number of Recycling Fund Loans	6
Amount of Recycling Fund Loans	\$2,150,000
Amount Guaranteed	\$1,859,125

The **Tourism Fund** helps in the expansion of existing tourism businesses and businesses that derive more than 50 percent of sales from furnishing goods or services to a tourism related business. The Fund provides loan guarantees of up to \$90,000 on eligible loan proceeds obtained through a lender. In addition, the Fund provides interest subsidies up to 3.5 percent. Loan proceeds can be used to upgrade, renovate or expand an existing business.

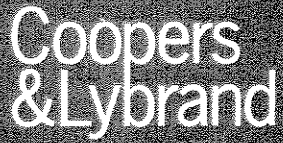
In fiscal 1994, the Authority had the following statewide Tourism Fund activity:

Number of Tourism Fund Loans	14
Amount of Tourism Fund Loans	\$938,729
Amount Guaranteed	\$610,176

The **Target Area Fund** assists businesses located in an economically distressed area or relocating into such an area. The Fund provides loan guarantees of up to \$225,000 on eligible loan proceeds obtained through a lender. Loan proceeds can be applied toward the purchase or improvement of land, building, equipment, machinery, and inventory. The Target Area Fund was temporarily suspended for lack of statutory guarantee authority during fiscal 1994.

In fiscal 1994, the Authority had the following statewide Target Area Fund activity:

Number of Target Area Fund Loans	20
Amount of Target Area Fund Loans	\$2,181,098
Amount Guaranteed	\$1,780,860



Coopers & Lybrand L.L.P.

a professional services firm

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

**REPORT ON AUDITS OF COMBINED FINANCIAL STATEMENTS
for the Years Ended June 30, 1994 and 1993**

**Coopers
& Lybrand**

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a professional services firm

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Members of the
Wisconsin Housing and Economic Development Authority
Madison, Wisconsin

We have audited the accompanying combined balance sheets of the Wisconsin Housing and Economic Development Authority as of June 30, 1994 and 1993, and the related combined statements of income and changes in fund balance and statements of cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of the Wisconsin Housing and Economic Development Authority as of June 30, 1994 and 1993, and the combined results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Coopers & Lybrand LLP

Milwaukee, Wisconsin
September 2, 1994

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

COMBINED BALANCE SHEETS

June 30, 1994 and 1993

(Thousands of Dollars)

ASSETS

	<u>1994</u>	<u>1993</u>
Cash and cash equivalents (Note 3).....	\$ 161,709	\$ 328,061
Investments (Note 3).....	446,372	351,596
Mortgage loans receivable, net (Note 4).....	1,327,345	1,591,233
Accrued interest receivable.....	14,663	15,122
Deferred debt financing costs.....	19,500	22,592
Other assets.....	<u>3,509</u>	<u>4,632</u>
	<u>\$1,973,098</u>	<u>\$2,313,236</u>

LIABILITIES AND FUND BALANCE

Liabilities:		
Bonds and notes payable (Note 5).....	\$1,606,058	\$1,948,725
Accrued interest payable (Note 5).....	64,301	91,102
Liability under administered programs (Note 6).....	11,059	12,082
Escrow deposits.....	114,270	96,894
Other liabilities.....	<u>4,681</u>	<u>5,549</u>
Total liabilities.....	<u>1,800,369</u>	<u>2,154,352</u>
Fund balance (Notes 6 and 7):		
Restricted to bond resolutions.....	94,403	89,784
Administered funds.....	4,648	5,046
General fund.....	<u>73,678</u>	<u>64,054</u>
Total fund balance.....	<u>172,729</u>	<u>158,884</u>
	<u>\$1,973,098</u>	<u>\$2,313,236</u>

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

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

**COMBINED STATEMENTS OF INCOME
AND CHANGES IN FUND BALANCE**

for the years ended June 30, 1994 and 1993

(Thousands of Dollars)

	<u>1994</u>	<u>1993</u>
Revenues:		
Interest income on mortgage loans.....	\$125,507	\$152,005
Income on investments	42,235	41,202
Mortgage service fees.....	3,008	3,030
Other income (net)	<u>725</u>	<u>1,102</u>
 Total revenues.....	 <u>171,475</u>	 <u>197,339</u>
 Expenses:		
Interest	130,247	159,534
Amortization of debt financing costs	3,461	1,416
Direct loan program expenses	7,454	8,202
Grants and endowments	658	1,387
General and administrative expenses	<u>11,454</u>	<u>10,924</u>
 Total expenses	 <u>153,274</u>	 <u>181,463</u>
 Income before extraordinary items	 18,201	 15,876
Extraordinary items (Note 9)	<u>(4,356)</u>	<u>(3,353)</u>
 Net income.....	 13,845	 12,523
Fund balance, beginning of year.....	<u>158,884</u>	<u>146,361</u>
 Fund balance, end of year	 <u>\$172,729</u>	 <u>\$158,884</u>

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

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

COMBINED STATEMENTS OF CASH FLOWS

for the years ended June 30, 1994 and 1993

(Thousands of Dollars)

	<u>1994</u>	<u>1993</u>
Cash flows from operating activities:		
Net income	\$ 13,845	\$ 12,523
Adjustments to reconcile net income to net cash provided by operating activities:		
Extraordinary items	4,356	3,353
Interest expense	130,247	159,534
Income on investments	(42,235)	(41,202)
Depreciation and amortization	3,943	2,424
Loan origination fees and costs amortization	(2,760)	(383)
Decrease in mortgage loans receivable and real estate held	267,325	126,014
Other	<u>15,863</u>	<u>2,439</u>
Net cash provided by operating activities	<u>390,584</u>	<u>264,702</u>
Cash flows from non-capital financing activities:		
Proceeds from issuance of bonds and notes	382,809	124,165
Repayments on bonds	(725,476)	(349,501)
Interest paid on bonds and notes	(156,572)	(162,734)
Cost of bond issuance and redemption	<u>(4,945)</u>	<u>(2,021)</u>
Net cash used by non-capital financing activities	<u>(504,184)</u>	<u>(390,091)</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	1,050,976	735,119
Investment income received	34,461	34,012
Purchase of investments	<u>(1,137,836)</u>	<u>(663,601)</u>
Net cash provided (used) by investing activities	<u>(52,399)</u>	<u>105,530</u>
Cash flows from capital financing activities:		
Purchase of fixed assets	<u>(353)</u>	<u>(604)</u>
Net cash used by capital financing activities	<u>(353)</u>	<u>(604)</u>
Decrease in cash and cash equivalents	(166,352)	(20,463)
Cash and cash equivalents, beginning of year	<u>328,061</u>	<u>348,524</u>
Cash and cash equivalents, end of year	<u>\$ 161,709</u>	<u>\$ 328,061</u>

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

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

1. Authorizing Legislation and Funds:

The Wisconsin Housing and Economic Development Authority was created in 1972 by an act ("the Act") of the Wisconsin Legislature to facilitate the purchase, construction and rehabilitation of housing for families of low and moderate income by providing or participating in the providing of construction and mortgage loans. The Authority is authorized to issue bonds to fulfill its corporate purposes up to an aggregate amount of \$625 million, excluding those being used to refund outstanding obligations and those issued under the programs described below. The Authority has no taxing power. Bonds issued by the Authority do not constitute a debt of the State of Wisconsin or any political subdivision thereof.

The Authority's mission has been expanded since 1972 through legislation authorizing the following:

A Housing Rehabilitation Program and Home Improvement Program, funded by revenue bonds outstanding at any time of up to \$100 million, to finance below-market-rate loans for home rehabilitation. Revenue bonds totaling approximately \$97.6 million have been issued, of which approximately \$23.7 million is currently outstanding;

A Home Ownership Mortgage Loan Program, funded by revenue bonds of \$2.4 billion through June 30, 1994;

A Community Housing Alternatives Program ("CHAP"), funded by bonds of up to \$99.4 million, to finance loans for residential facilities for the elderly or chronically disabled. Housing Revenue Bonds totaling \$4.4 million have been issued;

Agricultural and business programs which administer State of Wisconsin funds appropriated to subsidize interest and provide guarantees of principal balances of qualifying loans. At June 30, 1994, outstanding loan guarantees totalled \$43 million; and

An Economic Development Program, funded by revenue bonds of up to \$200 million, to enhance economic growth and the well-being of Wisconsin residents. As of June 30, 1994, outstanding bonds carrying the Authority's general obligation totalled \$43.5 million. In addition, under the Economic Development Program, other revenue bonds are issued which do not constitute indebtedness of the Authority within the meaning of any provision or limitation of the Constitution or Statutes of the State of Wisconsin. They do not constitute or give rise to a pecuniary liability of the Authority or a charge against its general credit. They are payable solely out of the revenues derived pursuant to the loan agreement or, in the event of default of the loan agreement, out of any revenues derived from the sale, releasing or other disposition of the mortgaged property. Based on the above, the bonds are not reflected in the financial statements of the Authority. As of June 30, 1994, the Authority had issued 73 series of such Economic Development Revenue Bonds in an aggregate principal amount of \$49.5 million for economic development projects in Wisconsin.

The Authority has, by Resolution, established other programs to promote the fulfillment of its objectives and has financed these efforts through appropriations of its General Fund balance.

2. Summary of Significant Accounting Policies:

Accounting Principles: The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. With respect to proprietary activities, the Authority has adopted GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting". The Authority has elected to apply all applicable GASB

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies: (Continued)

pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Fund Accounting: The Authority's financial statements have been prepared on the basis of the governmental proprietary fund concept, which provides that financial activities operated similarly to private business enterprises and financed through fees and charges assessed primarily to the users of the services would be presented as a single proprietary fund. The funds maintained by the Authority are described in Note 6. Revenues and expenses of the funds are recognized on an accrual basis.

Cash and Cash Equivalents: Cash and cash equivalents include short-term, highly liquid investments which are readily convertible to cash and have original maturities to the Authority of three months or less.

Investments: Investments are carried at amortized cost and are generally held to maturity. Certain bond refinancing transactions or favorable market conditions could allow for the sale of certain investments prior to maturity, in which case any realized gains and losses are recognized in earnings. During the years ended June 30, 1994 and 1993, income on investments includes gains of \$7,665,000 and \$7,765,000, respectively, from the sale of investments.

Mortgage Loans and Real Estate Held: Mortgage loans are carried at their unpaid principal balance. Loan origination fees and associated direct costs are deferred and recognized as income or expense over the life of the loan using the effective interest method. During the year ended June 30, 1994 the Authority revised the estimated average life of the single family loan portfolio based upon its loan prepayment experience. This change caused a \$2.1 million increase in amortization of origination fees and costs for the year ended June 30, 1994. Real estate held is carried at the lower of cost or estimated net realizable value and is generally subject to mortgage pool insurance coverage.

Provisions for Possible Loan Losses: Provisions for possible loan losses are made through charges to expenses based on a periodic evaluation of the loan portfolios. Actual losses that may occur will be charged against such valuation allowances.

Deferred Debt Financing Costs: Debt issuance costs and discounts are amortized ratably over the estimated life of the obligations to which they relate. Amortization of bond discounts of \$220,000 and \$77,000 for the years ended June 30, 1994 and 1993, respectively, is included in interest expense in the financial statements. In the year ended June 30, 1994 the Authority revised the estimated life of single family bond issues based upon its experience with mortgage loan prepayments and the related early redemption of bonds. This change in estimate caused a \$2,356,000 increase in the amortization of bond discount and debt financing costs for the year ended June 30, 1994.

The Authority is required by the various bond resolutions to invest in obligations of the U.S. Treasury, agencies and instrumentalities; commercial paper rated A-1+ by Standard & Poor's Corporation and P-1 by Moody's Investors Service; bankers' acceptances; and repurchase agreements and investment agreements with institutions whose unsecured debt obligation is rated at least as high as the Standard & Poor's and Moody's rating on the bonds. Each bond resolution may differ regarding what constitutes a permitted investment; however, the above is representative of what is generally permitted. The Authority is required by statute to invest at least 50% of the General Fund moneys in obligations of the state, of the U.S., or of agencies or instrumentalities of the U.S., or obligations the principal and interest of which are guaranteed by the U.S. or agencies or instrumentalities of the U.S.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

3. Cash, Cash Equivalents & Investments: (Continued)

The Authority is also authorized to invest its moneys in the State Investment Pool. The Authority has established a Master Repurchase Agreement with its banking institutions to govern the purchase of repurchase agreements. This agreement requires the institution to either take possession of or segregate and maintain collateral having a market value of at least 103% of the cost of the repurchase agreement. The underlying collateral must be maintained at this level at all times.

The Authority's investments in certificates of deposit are a Category 1 level of risk which represent investments that are insured or registered, or for which securities are held by the Authority's agent or trustee in the Authority's name. All other investments and cash equivalents are a Category 2 level of risk which include uninsured and unregistered investments for which the securities are held by the Authority's agent or trustee in the Authority's name.

Cash and Cash Equivalents: At June 30, 1994 and 1993, the Authority had cash balances totaling \$1,076,000 and \$463,000, respectively. Of the balances at June 30, 1994 and 1993, \$573,000 and \$463,000, respectively, was covered by federal or state depository insurance and the majority of the remaining uninsured balances were received too late in the day to invest in a permitted investment.

The carrying amount of cash and cash equivalents, which approximates fair value, at June 30, 1994 and 1993 are as follows (in thousands):

	1994	1993
Cash	\$ 1,076	\$ 463
Repurchase Agreements	-	9,430
State Investment Pool	25,479	154,265
Money Market Funds	82,771	158,144
Short-term Investment Agreements	52,383	5,759
	<u>\$ 161,709</u>	<u>\$ 328,061</u>
Total Cash and Cash Equivalents		

Investments: The investments at June 30, 1994 and 1993 are as follows (in thousands):

	1994		1993	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Certificates of Deposit	\$ 4,201	\$ 4,201	\$ 8,412	\$ 8,412
U.S. Gov't Securities	27,614	25,089	22,743	27,566
U.S. Agency Securities	184,258	158,912	110,400	121,560
Municipal Bonds	13,224	13,155	1,996	2,037
Corporate Notes	13,849	13,681	16,908	17,903
Guaranteed Investment Contracts	203,226	203,226	191,137	191,137
	<u>\$ 446,372</u>	<u>\$ 418,264</u>	<u>\$ 351,596</u>	<u>\$ 368,615</u>
Total Investments				

Portions of cash, cash equivalents and investments are restricted and pledged to the payment of the principal, interest and sinking fund installments in accordance with the terms of the bond resolutions.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

3. Cash, Cash Equivalents & Investments: (Continued)

The asset restrictions at June 30, 1994 and 1993 are as follows (in thousands):

	1994	1993
Housing Revenue Bonds.....	\$ 38,789	\$ 36,894
Home Ownership Mortgage Loan Revenue Bonds (1982-1983)	384	5,597
Home Ownership Revenue Bonds (1983-1994).....	51,872	70,056
Housing Rehabilitation and Home Improvement Loan Revenue Bonds	843	1,143
	\$ 91,888	\$113,690

Cash, cash equivalents and investments of the funds at June 30, 1994 and 1993 met or exceeded the requirements.

4. Mortgage Loans Receivable:

Mortgage loans receivable at June 30, 1994 and 1993 consist of the following (in thousands):

	Type of Collateral	Type of Insurance	1994	1993
Housing Development Program	First Mtg. Lien	--	\$ 354,161	\$ 334,121
Home Ownership Mortgage Loan Program (1982-1994).....	First Mtg. Lien	Pool Mtg. Ins.*	901,976	1,188,771
Housing Rehabilitation and Home Improvement Program.....	Second Mtg. Lien	FHA Ins.	16,844	21,131
Business Development Program.....	Security Interest	Letter of Credit	43,492	47,860
General Fund	First or Second Mortgage Lien	--	17,027	9,322
			1,333,500	1,601,205
Allowance for possible loan losses			(7,413)	(7,069)
Unamortized loan origination fees and costs			154	(3,284)
Real estate held			1,104	381
			\$1,327,345	\$1,591,233

Provisions for possible loan losses were \$345,000 and \$421,000 for the years ended June 30, 1994 and 1993, respectively, while the actual loan charge offs were nominal.

*Home Ownership Revenue Bonds, 1987 Series A, is self-insured for the pool insurance coverage.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

5. Bonds and Notes Payable:

Bonds and notes payable at June 30, 1994 and 1993 of the Authority consist of the following (in thousands):

	1994	1993
General obligation bonds and notes	\$1,454,398	\$1,801,804
Special and subordinated obligation bonds	151,660	146,921
	\$1,606,058	\$1,948,725

Interest on outstanding general and special obligation bonds is payable either every 35 days, quarterly or semiannually except for interest on accrual bonds which is payable at maturity. At June 30, 1994 and 1993, interest on accrual bonds was \$34,937,000 and \$51,432,000, respectively.

General Obligation Bonds and Notes: The Authority's general obligation bonds and notes are collateralized by the revenues and assets of the Authority, subject to the provisions of resolutions and note agreements which pledge particular revenues or assets to specific bonds or notes. The bonds are subject to mandatory sinking fund requirements and may be redeemed at the Authority's option at various dates after approximately 10 years from the date of issuance at prices ranging from 103% to 100% of par value. Any particular series contains both term bonds and serial bonds which mature at various dates. The proceeds of the notes payable were used to redeem the Home Ownership Mortgage Loan Revenue Bonds, 1982 Series A, 1982 Issue II and 1983 Issue I and the Home Ownership Revenue Bonds, 1983 Issues I and II and to finance single family home mortgage loans prior to permanent financing. The notes can be prepaid in part or in full at any time and the interest rate, which is reset periodically, is variable based upon an index. Notes Payable also includes the proceeds of commercial paper used to finance economic development activities. The interest rate and maturity on commercial paper is fixed on the date of sale.

General obligation bonds and notes payable at June 30, 1994 and 1993 consist of the following (in thousands):

Program/Series	Interest Rates*	Dated**	Maturities*	1994	1993
Housing Revenue Bonds:					
1975-1978 Series				\$ --	\$ 148,895
1980 Series A	9.200% - 10.000%	08/01/80	1994-2010	37,485	68,970
1986 Series A and B	7.250% - 8.500%	09/01/86	1994-2017	3,325	3,490
1988 Series A and B	6.400% - 8.250%	02/01/88	1994-2018	10,575	10,730
1989 Series A, B and C	7.100% - 7.850%	09/01/89	1994-2020	14,335	14,495
1992 Series A	4.400% - 6.850%	01/01/92	1994-2012	70,475	72,540
1992 Series B, C & D	5.250% - 7.200%	04/01/92	1995-2022	72,945	72,945
1993 Series A and B	2.900% - 5.650%	10/01/93	1994-2023	77,560	--
1993 Series C	3.000% - 5.875%	12/01/93	1994-2019	145,875	--
				432,575	392,065
Home Ownership Mortgage Loan Revenue Bonds:					
1983 Issue I		07/01/83		--	11,105

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

5. Bonds and Notes Payable: (Continued)

General Obligation Bonds and Notes: (Continued)

<u>Program/Series</u>	<u>Interest Rates*</u>	<u>Dated**</u>	<u>Maturities*</u>	<u>1994</u>	<u>1993</u>
Home Ownership Revenue Bonds:					
1983 Issues				\$ --	\$ 27,585
1984 Issue I.....	10.000% - 11.499%	08/01/84	2004-2016	15,372	22,893
1984 Issue II.....	11.375% - 11.400%	10/01/84	2009-2016	2,282	4,781
1985 Issue I.....	7.875% - 10.375%	06/01/85	1994-2012	21,846	57,086
1985 Issue II.....		08/01/85		--	845
1985 Issue III.....	8.200% - 9.250%	12/01/85	1994-2010	2,741	6,176
1986 Series A.....	6.900% - 8.125%	08/01/86	1994-2016	10,865	18,305
1986 Series B.....	5.800% - 7.375%	11/01/86	1994-2017	36,585	46,325
1987 Series A.....	6.900% - 8.000%	05/01/87	1994-2014	20,085	31,450
1987 Series B and C.....	6.900% - 8.000%	08/01/87	1994-2015	40,365	68,340
1987 Series D and E.....	7.100% - 8.200%	12/01/87	1994-1999	3,080	27,880
1988 Series A and B.....	6.600% - 8.250%	06/01/88	1994-2016	35,315	58,220
1988 Series C.....	7.000% - 7.800%	08/16/88	1994-2003	14,385	104,410
1988 Series D.....	6.900% - 8.150%	10/01/88	1994-2014	36,147	171,994
1989 Series A.....	6.850% - 7.500%	05/01/89	1994-2017	20,530	20,860
1989 Series B and C.....	6.800% - 7.850%	10/15/89	1994-2021	64,578	65,658
1990 Series A and B.....	6.650% - 8.000%	05/01/90	1994-2021	133,465	148,265
1990 Series D and E.....	6.700% - 8.000%	09/01/90	1994-2021	64,885	73,125
1991 Series A and B.....	6.450% - 7.850%	12/01/90	1994-2024	70,415	73,270
1991 Series 1, 2 and 3.....	5.600% - 7.200%	07/01/91	1994-2022	82,380	95,890
1992 Series A and B.....	4.700% - 7.100%	03/01/92	1994-2023	91,880	94,870
1992 Series 1 and 2.....	4.750% - 6.875%	06/01/92	1994-2024	95,870	100,000
1994 Series A and B.....	3.700% - 6.750%	04/15/94	1995-2025	82,645	--
				<u>945,716</u>	<u>1,318,228</u>
Home Ownership Revenue Bonds (Taxable):					
1989 Series A.....	9.800%	07/01/89	1994-2019	4,585	8,155
1990-1991 Series.....				--	11,501
				<u>4,585</u>	<u>19,656</u>
Business Development Revenue Bonds:					
1988 Series 2-9.....	7.100% - 8.000%	Various	1994-2008	3,660	5,220
1989 Series 1-13,17-23,28,29.....	6.800% - 8.000%	Various	1994-2014	23,620	25,645
1990 Series 1-4,6.....	6.700% - 7.750%	Various	1994-2010	6,015	6,560
1991 Series 1-6.....	5.200% - 7.050%	Various	1994-2006	10,215	10,975
1992 Series 1, 2.....		Various		--	4,350
				<u>43,510</u>	<u>52,750</u>
Notes Payable.....	3.100% - 5.115%	Various	1994-1996	28,012	8,000
Total General Obligation Bonds and Notes***				<u><u>\$1,454,398</u></u>	<u><u>\$1,801,804</u></u>

* Interest rates and maturities are as of June 30, 1994.

** Accrual Bonds, SAVRS and RIBS are dated the date of delivery.

*** In 1990 the Authority defeased \$48,390,000 of Insured Mortgage Revenue Bonds and as of June 30, 1994, the remaining outstanding defeased debt was \$41,480,000. In 1994 the Authority defeased \$2,400,000 of Business Development Bonds. As of June 30, 1994, the remaining outstanding defeased debt was \$2,400,000.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

5. Bonds and Notes Payable: (Continued)

Special and Subordinated Obligation Bonds: These bonds are special obligations of the Authority and are collateralized by the revenues and assets of Housing Rehabilitation and Home Improvement Program Funds, Home Ownership Revenue Bonds, 1993 Series A&B Bond Funds and Special Housing Revenue Series 1994 Bond Funds, respectively.

Special Housing Revenue Bonds, Series 1994 are special limited obligations of the Authority, payable solely from the assets or revenues pledged.

The subordinated bond R-1 is a special obligation of the Authority issued to the State Investment Board for the purpose of providing funds to purchase home improvement loans under the Housing Rehabilitation Loan Program. The bond is expressly subordinate to the payment of all Housing Rehabilitation Loan Revenue Bonds now or at any time outstanding under the General Resolution. The principal and interest on the bonds are payable solely from a subordinated pledge of the revenues and assets of the Housing Rehabilitation Program Funds.

The subordinated bond R-2 is a special obligation of the Authority issued to the Firststar Trust Company and is collateralized by a subordinated pledge of the revenues and assets of the Housing Rehabilitation Loan Program.

After repayment of the bonds, any remaining fund balance in the Housing Rehabilitation and Home Improvement programs must be paid to the State of Wisconsin General Fund.

Home Ownership Revenue Bonds 1993 Series A&B are special limited obligations of the Authority, payable solely from the assets or revenues pledged. During 1993 the 1992 Issue Z Bonds were remarketed as long term, fixed rate 1993 Series A Bonds, with the proceeds used to purchase single family mortgage loans intended for low and moderate income persons.

Special and subordinated obligation bonds payable at June 30, 1994 and 1993 consist of the following (in thousands):

<u>Program/Series</u>	<u>Interest Rates*</u>	<u>Dated**</u>	<u>Maturities*</u>	<u>1994</u>	<u>1993</u>
Housing Revenue Bonds:					
Series 1994	7.400% - 9.250%	01/01/94	2024	\$ 12,429	\$ --
Housing Rehabilitation Loan Revenue Bonds:					
Sub Bond, R-1	5.000%	08/01/79	1996	4,880	4,880
Sub Bond, R-2	None	11/01/88	1997	1	1
				<u>4,881</u>	<u>4,881</u>
Home Improvement Revenue Bonds:					
1988 Series A	6.750% - 7.750%	11/01/88	1994-2006	7,385	8,875
1990 Series A and B	6.850% - 7.900%	04/01/90	1994-2006	5,575	7,075
1992 Series A and B	5.000% - 7.000%	05/01/92	1995-2010	5,880	9,925
				<u>18,840</u>	<u>25,875</u>
Home Ownership Revenue Bonds:					
1993 Series A	3.400% - 6.500%	06/01/92	1994-2025	86,545	87,200
Home Ownership Revenue Bonds (Taxable):					
1993 Series B	6.450% - 7.400%	04/01/93	2010-2017	28,965	28,965
Total Special and Subordinated Obligation Bonds				<u>\$ 151,660</u>	<u>\$ 146,921</u>

* Interest rates and maturities are as of June 30, 1994.

** Accrual Bonds are dated the date of delivery.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

5. Bonds and Notes Payable: (Continued)

Scheduled debt maturities in the five years subsequent to June 30, 1994 are as follows (in thousands):

	1995	1996	1997	1998	1999	Thereafter
Housing Revenue Bonds	\$ 7,759	\$ 11,838	\$ 12,125	\$ 12,784	\$ 13,541	\$ 386,957
Home Ownership Revenue Bonds	19,355	20,846	20,852	20,811	21,002	962,945
Housing Rehabilitation and Home Improvement Loan Revenue Bonds	495	560	11,126	815	870	9,855
Business Development Revenue Bonds	4,240	4,215	4,215	3,655	3,665	23,520
Notes Payable	13,231	14,781	--	--	--	--
	<u>\$ 45,080</u>	<u>\$ 52,240</u>	<u>\$ 48,318</u>	<u>\$ 38,065</u>	<u>\$ 39,078</u>	<u>\$ 1,383,277</u>

6. Segment Financial Data:

The following describes the funds maintained by the Authority, all of which conform with the authorizing legislation, and bond and Authority resolutions.

Multifamily Program Funds: Housing Development--This fund was established to account for the proceeds of bonds and the related mortgage loans to sponsors of eligible multifamily housing developments. As of June 30, 1994 the Housing Development Fund included \$2,875,000 of savings generated by the refunding of Housing Revenue Bonds, 1982 Series A. The Authority is required to use these savings to create and maintain affordable housing opportunities for individuals of "very low income" (as such term is defined in the 1937 Housing Act).

Single Family Program Funds: Home Ownership (1982-1994)--These funds were established to account for the proceeds of the 1982-1994 Series Bonds and the related purchase of mortgage loans to eligible persons with low to moderate income.

Housing Rehabilitation and Home Improvement--These funds were established to account for the proceeds of bonds, legislative appropriations and related purchase of insured home improvement mortgage loans to eligible persons with low to moderate income on owner-occupied properties.

Administered Funds: These funds were established to account for the revenues and expenses associated with administering various programs where the source of funds is outside the Authority. Currently such programs include the Credit Relief Outreach Program (CROP), the Drought Assistance Program, the Agri-business Fund, the Tourism Fund, the Recycling Fund and the Contract Fund, which provide loan guarantees and interest rate subsidies on agricultural and business loans. The Authority has received \$22,221,000 from the State of Wisconsin to fund these programs, including \$423,000 in the year ended June 30, 1994 and has returned \$3,324,000 to the State of Wisconsin through the year ended June 30, 1994. During the years ended June 30, 1994 and 1993, \$629,000 and \$1,344,000, respectively, of the legislative appropriation was utilized to absorb loan guaranty losses and interest rate subsidies. Any remaining fund balances must be paid to the State of Wisconsin General Fund upon program termination.

General Fund: The General Fund accounts for all income and operating expenses which are not allocated to other funds. The fund balance of the General Fund is not restricted by the lien or pledge of any bond or note resolution. However, the Authority may from time to time restrict or designate any portion of the General Fund for the purposes provided in the Act, such as funding or supplementing any loan program or paying operating expenses (see Note 7).

Business Development--These funds, which are part of the General Fund, were established to account for the revenues and expenses associated with the administration of the Business Development Revenue Bond (BDB) Program.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

6. Segment Financial Data: (Continued)

Financial data of the Authority's General Fund and loan program funds are summarized as follows (in thousands):

Financial Data at June 30

Fund Balances			Total Assets		Bonds and Notes Payable	
1994	1993		1994	1993	1994	1993
\$ 28,524	\$ 23,303	Housing Development	\$ 578,849	\$ 505,017	\$ 445,004	\$ 392,065
54,118	55,567	Home Ownership Mortgage Loan (1982-1994)	1,200,273	1,621,172	1,081,258	1,473,154
11,761	10,914	Housing Rehabilitation and Home Improvement	36,547	42,873	23,721	30,756
94,403	89,784	Total Restricted Bond and Note Funds	1,815,669	2,169,062	1,549,983	1,895,975
4,648	5,046	Administered Funds	15,707	17,224	--	--
(29)	(23)	General Fund (Note 7):				
73,707	64,077	Business Development	44,005	53,287	43,510	52,750
		Other	97,717	73,663	12,565	--
73,678	64,054	Total General Fund	141,722	126,950	56,075	52,750
<u>\$ 172,729</u>	<u>\$ 158,884</u>		<u>\$ 1,973,098</u>	<u>\$ 2,313,236</u>	<u>\$ 1,606,058</u>	<u>\$ 1,948,725</u>

Operating Data for the Year Ended June 30

Net Income			Revenues		Interest Expense	
1994	1993		1994	1993	1994	1993
\$ 5,244	\$ 6,098	Housing Development	\$ 42,419	\$ 38,756	\$ 30,358	\$ 29,098
3,500	3,799	Home Ownership Mortgage Loan (1982-1994)	110,575	142,535	94,424	124,418
847	480	Housing Rehabilitation and Home Improvement	3,230	3,523	1,644	2,012
9,591	10,377	Total Restricted Bond and Note Funds	156,224	184,814	126,426	155,528
(398)	(520)	Administered Funds	849	706	--	--
30	(2)	General Fund:				
4,622	2,668	Business Development	3,440	3,850	3,385	3,801
		Other	10,962	7,969	436	205
4,652	2,666	Total General Fund	14,402	11,819	3,821	4,006
<u>\$ 13,845</u>	<u>\$ 12,523</u>		<u>\$ 171,475</u>	<u>\$ 197,339</u>	<u>\$ 130,247</u>	<u>\$ 159,534</u>

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

7. General Fund Balance and Transfers:

The following summarizes transfers to the General Fund during the years ended June 30, 1994 and 1993 (in thousands):

	1994	1993
Transfers to General Fund, net:		
Housing Revenue Bond Funds.....	\$ 23	\$ 4
Home Ownership Revenue Bond Funds.....	4,949	650
Net transfers.....	4,972	654
General Fund balance, beginning of year.....	64,054	60,734
Net income for the year.....	4,652	2,666
General Fund balance, end of year.....	\$ 73,678	\$ 64,054

At June 30, 1994, approximately \$43,027,000 of the General Fund balance was restricted for property replacement, housing loans, and investments that subsidize economic development loans, and approximately \$19,797,000 was designated to fund program loans, operating expenses, other credit enhancements, and to enhance certain bond issue reserves.

8. Retirement Benefits:

The Authority provides retirement benefits through the State of Wisconsin Retirement Fund (a defined benefit plan). Contributions by the Authority to the Retirement Fund were \$826,000 and \$825,000 for 1994 and 1993, respectively, and are based on a percentage of participants' salaries. Information relative to actuarial values of vested benefits, asset values and other pension disclosures related to the Authority is not available.

9. Extraordinary Items:

During 1994 and 1993, the Authority redeemed early various outstanding bonds which had effective interest costs that were higher than the current prevailing rates. These redemptions resulted in extraordinary losses due to the write-off of remaining unamortized deferred debt financing costs and, in certain instances, the payment of an early redemption premium. A summary of these early redemptions follows (in thousands):

Bond Issue	Redemptions		Extraordinary Losses	
	1994	1993	1994	1993
Multifamily Program:				
Housing Revenue Bonds				
Pre-1980 Series	\$ 145,875	\$ --	\$ 1,970	\$ --
1980 Series A	29,795	--	809	--
1986 Series A&B	125	--	4	--
1989 Series A,B&C	--	320	--	5
Single Family Program:				
Single Family Revenue Bonds	467,992	227,987	1,573	3,348
Total	\$ 643,787	\$ 228,307	\$ 4,356	\$ 3,353

The refunding of the pre-1980 Housing Revenue Bonds will generate \$17,524,000 in savings over the remaining life of the pre-1980 loans. The Authority is required to lend these funds at below-market rates to provide housing for persons and families of low and moderate income. The refunding of the 1980 Series A Housing Revenue Bonds also generated savings which are being used to provide below-market rate mortgage funds for qualified multifamily developments.

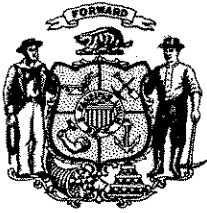
Wisconsin Housing and Economic Development Authority

1994 Annual Report



River's Edge

WHEDA financed two phases of this rental housing development, creating attractive, affordable housing on Waukesha's riverfront.



TOMMY G. THOMPSON

Governor
State of Wisconsin

To the Members and Staff of the Wisconsin Housing and Economic Development Authority:

Today is truly a great time to be a Wisconsinite. Together, we continue to create jobs, serve as a social laboratory for the nation and enjoy a standard of living that is second to none.

WHEDA continues to play a key role in our success by providing citizens of low and moderate income with access to affordable housing, and innovative financing programs for businesses. I am especially pleased with your 1994 activities.

Your HOME Loans helped more than 4,000 families purchase homes in 1994. Home ownership provides families a basis with which to build wealth, save for their children's education, and develop financial security for their senior years. It builds communities by generating investment and encouraging citizens to take pride in where they live. Further, loans funded by WHEDA create and sustain jobs in Wisconsin's real estate and building industries, as well as local retail economies.

The 1994 Affordable Housing Tax Credit Program will generate equity to produce more than 3,200 affordable rental units for low income working families. Thousands of persons will benefit from having safe, affordable rental housing, and more than \$200 million of housing development will be created with tax credits allocated in 1994. Tax credits are helping our construction trades and building material industries remain strong.

The Business Development Bond Program is again providing affordable financing to assist small manufacturers expand their plants and produce job opportunities for Wisconsin workers. WHEDA-issued bonds totaling more than \$17 million will directly create 277 positions in Wisconsin companies.

And Beginning Farmer Bond financing, created through my Dairy 2020 Initiative, is promoting our state's agricultural traditions. I look to WHEDA to be a key player in providing rural development opportunities in 1995.

Before closing this letter, I must thank retiring WHEDA Board Chairman Wayne Peters for his years of service to the state of Wisconsin. Through Wayne's leadership, WHEDA has become one of the most effective state housing finance agencies in the nation. He has been a tireless innovator and friend of Wisconsin's housing industry, and I wish him the best in his future pursuits.

Wisconsin's future has never looked brighter. Thank you, WHEDA, for helping thousands of Wisconsinites realize the benefits of living in the greatest state in the nation.

Sincerely,

A handwritten signature in black ink, appearing to read "Tommy G. Thompson".

Tommy G. Thompson
Governor





WISCONSIN HOUSING & ECONOMIC DEVELOPMENT AUTHORITY

Richard J. Longabaugh
Executive Director

Tommy G. Thompson
Governor

Wayne R. Peters
Chairman

To the Reader of this Report:

Calendar 1994 presented opportunities for the Members and staff of the Wisconsin Housing and Economic Development Authority to get back to business. After an unwanted vacation from Mortgage Revenue Bonds, Low Income Housing Tax Credits and Business Development Bonds in 1993, we took these resources to the market in 1994, and the market responded with vigor.

We regained our position in the market with new Mortgage Revenue Bond issues and more attractive rates for our customers. In total, more than 4,000 Wisconsin families purchased homes in 1994 with our MRB-funded HOME Loan Program. These borrowers made WHEDA the seventh most active state housing finance agency in 1994 in loans funded.

Wisconsin minorities continued to benefit from HOME financing. Statewide, 643 minority households became home owners last year with WHEDA financing, more than at any time in our history. In Milwaukee, 43 percent of our business was with minority families. Moreover, we met our goal of making \$25 million of single family loans in Milwaukee's central city.

WHEDA also set a record with the Property Tax Deferral Loan Program. We funded 439 loans totaling \$778,920 to seniors throughout the state. No other program administrator has had more annual activity.

New milestones were established in the Affordable Housing Tax Credit Program. WHEDA allocated nearly \$14.6 million of federal tax credits to 83 projects containing 3,275 units of affordable rental housing. Calendar 1994 forced us to stretch staff and technologies to their limits to allocate the credit. The result was a well-run program that set new records for production and customers served.

We made good progress with our Section 8 Preservation Initiative in 1994, but the program is in jeopardy pending resolution of the U.S. Department of Housing and Urban Development's (HUD) threats to not renew operating contracts. We are aggressively pursuing several tracks to pressure HUD to honor its commitments.

The Business Development Bond Program re-emerged as a trusted resource for small- and medium-sized manufacturing businesses. In 1994, six businesses used BDBs to create \$17 million of development and 277 jobs, our best year ever.

On a personal note, it continues to be my pleasure to direct an organization that values the people we serve. At WHEDA, our customers' success is our future. This principle has been continuously reinforced by a fine Board of Directors, but none finer than our retiring chairman, Wayne Peters.

During Wayne's eight years of service, WHEDA became a national leader in single family and multifamily housing financing, and developed a track record in small business financing. Wayne is truly a friend of housing, economic development and, most importantly, our customers. It is our challenge to not lose sight of his values as we move into 1995 and beyond.

Sincerely,

Richard J. Longabaugh
Executive Director

PUSHING THE ENVELOPE

New loan products and technology make WHEDA a leader

Just a few years ago, a down payment of 3 percent was unthinkable," said Governor Tommy G. Thompson in April. "But today's home buying market demands innovative approaches to help lower income families purchase their first homes.

WHEDA's new low down payment option will help families of modest means into homes. That's what WHEDA is all about."

With that statement, Governor Thompson signed legislation that made WHEDA the first state housing finance agency in the nation to offer 3 percent down payment mortgages with private mortgage insurance.

An innovative mortgage insurance product by General Electric Capital Mortgage Insurance Corporation combined with the passage of state legislation helped WHEDA meet a critical need in the first-time home buying market: further reducing the up-front costs of a mortgage.

To qualify for 3 percent down payment financing, borrowers must have very good credit, stable employment, and attend a home buyers' education program offered by GEMICO, Fannie Mae or MGIC. Alternatively, WHEDA has developed a home study guide that also fulfills the educational component.

Is this product meeting a market need? The numbers speak for themselves. More than 270 Wisconsin families became home owners in 1994 with 3 percent down payment mortgages. Time and again, the market tells WHEDA these families have no other financing options despite having good credit histories and being economically secure.

WHEDA has found that many households that can afford to pay rent can often afford a home. The new 3 percent down payment option will help thousands of families do just that in the years ahead.



The Maria Bermudez family of Racine was one of 4,077 households in 1994 to invest in Wisconsin with WHEDA financing.

A STRONG 1994: WHEDA's single family mortgage lending rebounded from sluggish 1993 results in a big way. Statewide, a total of \$207,730,303 in HOME Loans were used by 4,077 Wisconsin individuals and families to purchase homes in 1994.

The program's strong recovery can be attributed to a number of factors. First, WHEDA began adjusting the program's interest rate on a weekly basis to place rates in line with those of conventional lenders. Second, increasing conventional rates made WHEDA loans more attractive to those at the lower end of the income scale.

Third, aggressive promotion by WHEDA's marketing staff made lenders and real estate professionals constantly

aware of the program's advantages. Fourth, continued technological efficiencies have made WHEDA's turnaround time the industry standard.

Finally, HOME Loans are originated by a network of almost 300 lending institutions located throughout Wisconsin. These lenders believe that home ownership should be available to all families seeking a more secure future. We thank them for their continued commitment to affordable and equal housing.

MINORITY LENDING: More Wisconsin minorities used HOME Loans in 1994 than at any time in WHEDA's history. A total of 643 minority households became home owners last year with financing provided by WHEDA.

In the City of Milwaukee, minority participation in 1994 was 73 percent in the central city and 43 percent in the city as a whole. WHEDA's minority lending rate continues to exceed the proportion of Milwaukee's minority population.

MILWAUKEE GOAL MET, RECORD SET: Of our recent efforts, none has been more intensive than increasing home ownership rates in Milwaukee's central city. In 1990, WHEDA introduced the Heart of Milwaukee campaign to increase home buying opportunities for area residents. Governor Thompson then committed to make \$25 million of single family mortgages by improving underwriting standards, providing home buyer education, and assisting in the payment of closing costs for low income borrowers.

WHEDA met its \$25 million goal and set new records in 1994. WHEDA lent \$7.9 million to 224 households in Milwaukee's central city, the most ever committed to this area. Additionally, the average purchase price in the area was \$39,286 in 1994, up from \$34,665 in 1992. "That 13 percent increase in values over the two year period indicates that properties in the central city are appreciating at the same rate as the state," said WHEDA Executive Director Rich Longabaugh. "We are pleased to be the lender of choice for the central city home buyer."

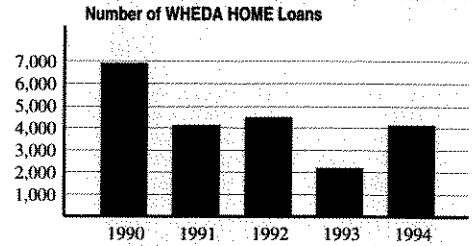
HOME IMPROVEMENT LENDING:

For hundreds of Wisconsin home owners, WHEDA's Home Improvement Loan Program makes a good thing better. Home Improvement provides income-qualified borrowers with low interest rate financing for nonluxury improvements. While many lenders offer home equity loans for residential fix-ups, Home Improvement is special because it has no equity requirements. Instead, WHEDA looks at a borrower's ability to pay.

In 1994, WHEDA made 341 Home Improvement loans totaling \$2,862,779. "Many first-time home buyers have little equity, but a great need to upgrade their homes," said WHEDA Single Family Director Mary Zins. "This program meets that need by providing financing based upon one's ability to pay. Home owners can make a good thing better with WHEDA Home Improvement loans."

SINGLE FAMILY VOLUME

After a slow 1993, HOME lending showed strong gains in 1994. More than 4,000 Wisconsin families invested in their communities with WHEDA financing last year.



NEW TECHNOLOGIES: WHEDA borrowers benefit from more than just attractive interest rates and innovative programs. They also are served by automated underwriting and servicing that makes obtaining mortgage financing easier than ever.

Every loan package is underwritten in less than 24 hours because of software that employs artificial intelligence. The result is faster, more consistent decision making that also relies upon human experience to ensure community and cultural factors are considered.

PROPERTY TAX LOANS: In 1993, the Legislature transferred the Property Tax Deferral Loan Program from the Department of Administration to WHEDA. The program provides loans of up to \$2,500 to low-income senior citizens for the payment of property taxes. PTDL helps seniors remain in their homes by financing property taxes in a manner akin to reverse equity mortgages. Loans are repaid when the home owner dies or the property is transferred.

In 1994, WHEDA funded 439 loans totaling \$778,920 to seniors throughout the state. Funded with WHEDA reserves without state support, PTDL will again be offered in 1995.

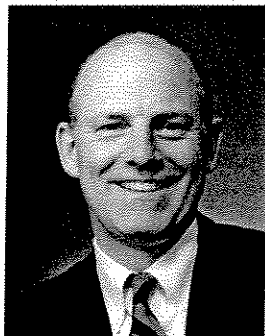
SPECIAL EDITION RETIRED: WHEDA, MGIC, and Fannie Mae teamed up in 1993 to develop the Special Edition Program, a market rate mortgage product aimed at moderate income families in the City of Milwaukee. The results of Special Edition were mixed. While Special Edition did not produce the loan volume expected, conventional lending in the market increased after the program was created.

Since its introduction, Special Edition has accounted for 42 loans. The program was discontinued during 1994 in recognition of the many conventional loan products now available throughout Milwaukee. "If the private sector copies our loan product—great," said Rich Longabaugh. "We know the market is being served, and home ownership opportunities are available to Wisconsin citizens."

1994 DIRECTORS



Wayne R. Peters
Chairman
Eau Claire



Richard J. Longabaugh
Executive Director
Mequon



Edwin Zagzebski
Vice Chairman
Schofield



John Petersen III
Treasurer
Madison

AFFORDABLE HOUSING FOR THE FUTURE

Development and preservation dominate 1994 activity

Affordable Housing Tax Credits are WHEDA's primary tool to encourage the production of affordable rental housing. WHEDA and committed developers have teamed to make Wisconsin one of the most aggressive allocators of tax credits in the nation. However, the true winners on this team are the working families living in these fine apartments.

In 1994, WHEDA allocated on a competitive basis nearly \$14.6 million of federal tax credits to 83 projects. These allocations will result in the construction or rehabilitation of 3,275 units of affordable rental housing. This amount includes the state's 1993 allocation which Congress authorized too late in that year to allow for the competitive process.

The credit not only helped lower income families and seniors in 1994. The state's economy also benefits from more than \$200 million

of development made possible with the equity generated by the sale of tax credits to housing investors. Best of all, development is not concentrated in urban areas only, but extends to dozens of rural communities as well.

The fact that WHEDA averages about \$6 million of credit allocation per year made 1994 all the more remarkable. New technologies are being used to speed the allocation process to give developers maximum time for construction. Other efforts are continually undertaken to make the program more effective and monitoring of program units more efficient.

In 1995, WHEDA will allocate about \$6.5 million of credit in three cycles. Additionally, a new setaside has been created to promote affordable rental housing in central city areas where development has been especially difficult. It is hoped this

WHEDA financed 11,802 Section 8 units throughout the state between 1975 to 1983. Contracts with individual owners allow them to prepay mortgages 20 years following the date of their first mortgage payment. That anniversary will occur in 1996 for some projects.

The preservation initiative was developed in consultation with project owners and has been well received. WHEDA formed a staff task force to work with individual owners to reach agreements preserving the units for very low income tenants. During 1994, these negotiations progressed with promising results.

Then a bomb was dropped on the affordable housing community. As this report is written, the U.S. Department of Housing and Urban Development (HUD) is threatening nonrenewal of the subsidy contracts that are the lifeblood of



WHEDA multifamily financing opened the doors of Tower Street Apartments in Prairie du Sac in 1994. Representing the Tower Street Limited Partnership are Steven M. Arntzen of Baraboo Federal Bank and Sharon Lesar and Judith M. Forseth of the Sauk County Housing Authority.

endeavor will provide insights into how the credit can be more effectively used for the benefit of low income citizens.

PRESERVING SECTION 8 HOUSING:

In December 1993, the WHEDA Board approved a preservation initiative to maintain the affordability of WHEDA-financed Section 8 rental housing. A high priority is placed on this portfolio because the average rent paid by a tenant is \$200 per month. Seniors and families residing in these units have few alternative housing choices as their incomes will not support prevailing market rents of \$350 and higher.

Section 8.

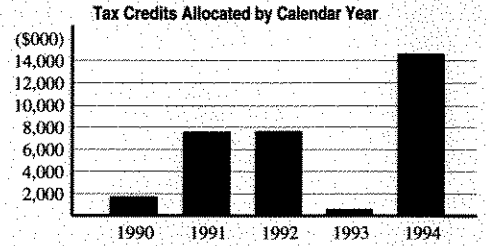
HUD must not be allowed to forget its commitments made during the 1970s and 1980s as it struggles with its role in the 1990s. As budget cuts and reorganization of the federal bureaucracy are considered, the importance of requiring HUD to meet its contractual obligations must be recognized for two basic reasons:

- No other resource exists to provide housing for displaced Section 8 tenants.
- Section 8 owners, bond holders and state housing finance agencies have invested billions of dollars based upon pledges made by HUD.

Whatever course HUD ultimately takes, one thing is clear: uncertainty will reign in the affordable housing and financial communities as long as HUD threatens to amend, terminate or not renew the contracts that provide support for these projects. If HUD makes good on its threats, efforts to preserve these units will have been in vain, and a valuable resource will be lost.

AFFORDABLE HOUSING TAX CREDITS

The renewal of the federal program made 1994 WHEDA's most active year. More than \$14 million of credit was allocated to assist the development of 3,275 units.



NEW AND EXPANDED FINANCING COMMITMENTS: WHEDA last year approved financing commitments that will allow for the development of 10 multi-family housing projects. Nearly \$17.1 million of tax-exempt bond proceeds will be issued to create 478 rental units. Four loan commitments from prior years were also amended in 1994 resulting in an additional \$688,584 of lending to create 12 low-income units.

River's Edge Apartments of Waukesha (cover photograph) is one of WHEDA's most interesting investments. This mixed income project in Waukesha not only provides affordable rental housing for lower income families, but is a centerpiece of a growing downtown and riverfront area.

On a smaller scale, Tower Street Apartments (pictured at left) opened its doors last year in the rural Wisconsin village of Prairie du Sac. Financed in 1993, this project will serve families with incomes as low as 50 percent of county median.

Without committed owners and managers, projects such as River's Edge and Tower Street could not serve the needs of their tenants. We thank them for the continued service to Wisconsin's low income renters.

SPECIAL NEEDS HOUSING GRANTS: Each year since 1983, WHEDA has funded a grants program to develop housing for individuals and families in crisis. The Board believes that with access to this type of housing, victims of domestic violence, the homeless, persons with disabilities, and low income seniors can lead better, safer lives.

Nonprofit organizations and local governments throughout the state compete annually for funds to develop emergency, transitional and permanent housing. Awards of up to \$35,000 are made to projects that demonstrate superior service to the populations WHEDA seeks to serve.

In June 1994, \$500,000 in grants were awarded to 18 organizations that will build,

acquire or rehabilitate 435 beds or units of special needs housing.

One award of \$25,000 was given to YWCA of Greater Milwaukee to purchase 5 vacant apartment buildings on Milwaukee's west side. The grant was used with other funds to provide 171 beds for low income seniors, homeless families, women with children leaving domestic abuse shelters, people with physical disabilities and individuals in treatment for alcohol and other drug abuse problems.

WHEDA is pleased to make this resource available to serve those persons with the fewest housing options.

VOUCHERS: WHEDA has long sought federal Section 8 Vouchers for certain rural Wisconsin areas. During 1994, an additional 75 vouchers were received from the federal government. WHEDA now administers contracts for a total of 860 vouchers with a value of more than \$3.3 million.

1994 DIRECTORS



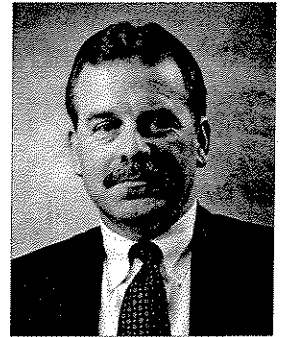
Duane Weed
Secretary
Necedah



Patricia Johnson-Powell
Public Member
Milwaukee



James R. Klauser
Dept. of Administration
Madison



Philip Albert
Dept. of Development
Madison

AN EXPANDED MENU FOR A GROWING ECONOMY

Wisconsin businesses and farmers are growing with more WHEDA financing options

Wisconsin is creating jobs and more of its people are working now than ever before. Why? Because business and government have formed a partnership to make Wisconsin's economy one of the strongest in the nation. WHEDA has long played a role in job creation by providing financing to small- and medium-sized businesses. One such resource is the Business Development Bond Program, a development tool that is exempt from federal income taxation.

The BDB Program sunset in 1992 along with the Mortgage Revenue Bond and Low Income Housing Tax Credit Programs. When President Clinton signed legislation to extend this program in 1993, small and medium sized manufacturing businesses began lining up to take advantage of this low-cost financing available for plant expansions.

Bond proceeds may be used to purchase or improve land, buildings, or equipment. The program is targeted to manufacturers with current gross annual sales of \$35 million or less.

One such business is Enzopac of Sheboygan, a custom manufacturer of dry food products. A \$3.8 million Business Development Bond issue was combined with state, local, and other resources to construct a 112,000-square-foot manufacturing, warehouse and office facility in 1994.

Enzopac is a shining example of how affordable financing can meet the needs of both business and community. The project will add up to 100 jobs to Sheboygan's economy during the next three years.

TARGET AND TOURISM FUNDS GET NEW LIFE: Of WHEDA's loan guarantee programs for Wisconsin business, the Target Area Fund and Tourism Fund have been unqualified successes. Through 1993, 110 businesses expanded or upgraded with

BEGINNING FARMERS NOW GET BOND FINANCING: In 1994, Governor Thompson created in WHEDA a program to help new farmers finance their first operations. The Beginning Farmer Bond Program offers low interest loans to beginning

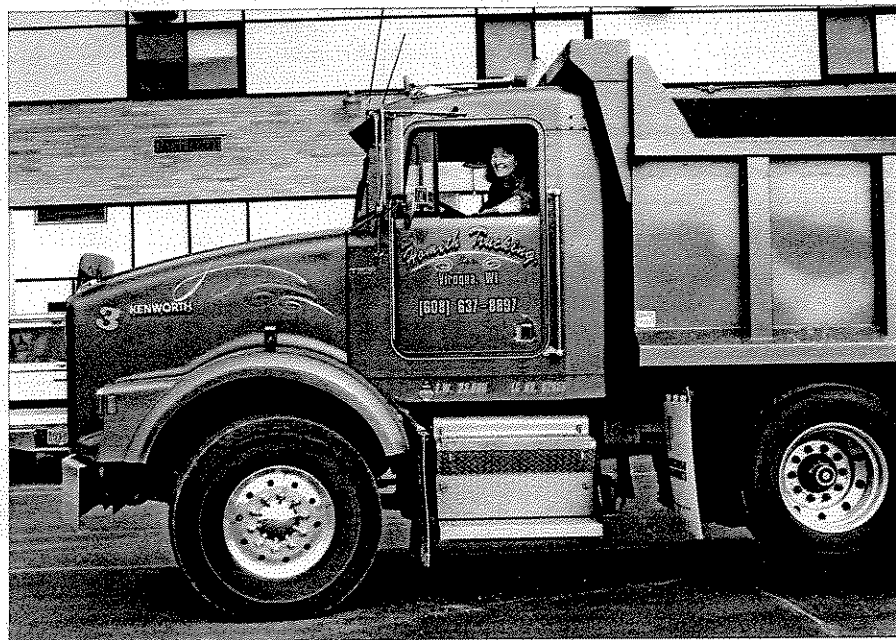
farmers through tax-exempt bonds that are purchased by banks or land contract sellers. WHEDA is authorized to issue up to \$10 million in bonds for the program.

Farm land, buildings, machinery, equipment, and breeding livestock may all be purchased using the program. Maximum loan amounts are \$250,000 per farmer. No more than \$62,500 may fund used depreciable agricultural property.

Cheyenne and Katherine Christianson of rural Chetek are the first borrowers to use Beginning Farmer Bonds. Mr. and Mrs. Christianson used \$62,000 of tax-exempt bond proceeds in combination with other resources to purchase a

190-acre dairy operation in Maple Grove Township in Barron County. Three other farmers used the Beginning Farmer Bond Program in 1994 to carry on Wisconsin's fine agricultural tradition.

LINKED DEPOSIT RECEIVES BOOST: Like the Target Area and Tourism Funds, the Linked Deposit Loan Program became a victim of its own success. In response to a depleted loan pool, the WHEDA Board reserved an additional \$500,000 in 1994 to finance loans for women- and minority-owned businesses.



After purchasing new trucks with a Linked Deposit Loan guaranteed through the Target Area Fund, Beth Hometh doubled the capacity of her business.

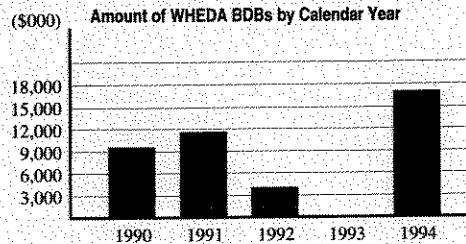
the help of Target Area and Tourism guarantees. Unfortunately, this activity depleted WHEDA's ability to make more guarantees entering 1994.

In response to market demand, the Wisconsin Legislature, led by Senators Joe Lee and George Petak, shifted guarantee authority from the Agribusiness and Contract Funds to Target Area and Tourism to extend the benefits of these programs to more Wisconsin small businesses.

Thanks to their efforts, 29 Wisconsin businesses received loan guarantees through these programs in 1994. We expect that Target Area and Tourism will be available, uninterrupted, throughout calendar year 1995.

BUSINESS DEVELOPMENT BONDS

Tax-exempt bond financing for growing manufacturing businesses returned in 1994. Businesses have long turned to WHEDA to expand plants and create jobs for working families.



Linked Deposit loans totaling \$1,432,041 were used by 34 businesses last year to provide capital for expansions and job creation. Beth Hometh (pictured on the preceding page) used low cost Linked Deposit financing to purchase two trucks for her business, Hometh Trucking of Viroqua.

CROP SETS NEW RECORD: For the fourth consecutive year, more Wisconsin farmers than ever obtained loan guarantees under the Credit Relief Outreach Program, or CROP. Last year, WHEDA provided guarantees and interest subsidies to 2,040 Wisconsin farmers on loans with principal amounts totaling \$28,344,021.

CROP is a loan guarantee and interest rate reduction program for Wisconsin farmers who are unable to obtain conventional financing. Created in 1985, it helps farmers obtain agricultural production loans of up to \$20,000.

Qualified farmers may use the program for feed, fertilizer, land rent, animal feed, equipment rental and repair, seed, pesti-

cide, and other eligible costs of agricultural production. Under state law, CROP expired on December 31, 1994. New legislation must be enacted to make this financing available in 1995.

ENVIRONMENTAL PROGRAMS ON LINE:

WHEDA introduced four new loan guarantee programs that will help Wisconsin businesses and farmers comply with federal and state environmental laws. The programs, created by Governor Thompson and the Wisconsin Legislature and backed with state dollars, are designed to serve niches where special financing may not be available from conventional or other public lenders.

Each fund will guarantee up to 90 percent of loans made by local lenders in amounts of up to \$50,000. The Clean Air Fund, Ozone Protection Fund, and Agricultural Chemical Spill Fund became available to businesses and farmers in 1994. The Nonpoint Source Pollution Fund was introduced in 1993.

The Clean Air Fund helps small businesses comply with requirements of the federal Clean Air Act. The program is available to businesses that employ fewer than 51 full-time employees and are located in Kenosha, Kewaunee, Manitowoc, Milwaukee, Ozaukee, Racine, Sheboygan, Washington, and Waukesha Counties. Loan proceeds may be used to purchase or upgrade a business' physical plant, equipment, or machinery to control air pollution in compliance with federal and state laws.

The Ozone Protection Fund helps small businesses meet requirements of the federal Clean Air Act by implementing practices that eliminate the use of solvents that deplete the Earth's stratospheric ozone layer. The Fund is available statewide.

The Nonpoint Source Pollution Fund helps eligible landowners and farm operators control water pollution. The Fund may be used to install best management practices in priority watersheds and priority lake projects identified by the Wisconsin Department of Natural Resources.

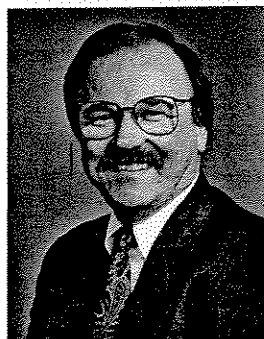
The Agricultural Chemical Spill Fund helps responsible persons take corrective action in response to the spill of an agricultural chemical pursuant to a government order. The Fund is designed to be used along with grants from the state's Agricultural Chemical Cleanup Program.

With these additions, WHEDA now offers eight loan guarantee programs for small businesses.

1994 DIRECTORS



George Petak
Wisconsin Senate
Racine



John Plewa
Wisconsin Senate
Milwaukee



Mark Green
Wisconsin Assembly
Green Bay



Rosemary Potter
Wisconsin Assembly
Milwaukee

1994 INVESTMENTS

HOME Loans

County	Loans	Amount
Adams	3	\$98,390
Ashland	24	776,643
Barron	114	5,055,638
Bayfield	13	446,850
Brown	83	4,180,335
Buffalo	4	117,700
Burnett	8	344,385
Calumet	18	905,725
Chippewa	44	1,647,337
Clark	28	1,132,989
Columbia	23	1,209,164
Crawford	30	1,130,250
Dane	310	22,124,861
Dodge	15	726,706
Door	11	506,024
Douglas	33	1,165,942
Dunn	18	671,155
Eau Claire	132	5,236,484
Florence	0	0
Fond du Lac	39	1,679,355
Forest	4	87,933
Grant	25	753,060
Green	18	751,741
Green Lake	6	250,250
Iowa	6	229,390
Iron	3	96,425
Jackson	13	615,295
Jefferson	28	1,531,934
Juneau	34	1,430,545
Kenosha	64	3,803,845
Kewaunee	8	268,400
La Crosse	128	5,560,535
Lafayette	7	229,800
Langlade	2	83,300
Lincoln	5	236,270
Manitowoc	66	2,609,788
Marathon	59	2,812,304
Marinette	81	3,130,641
Marquette	10	410,640
Menominee	1	36,100
Milwaukee	1,468	78,399,603
Monroe	4	171,800
Oconto	47	2,280,399
Oneida	13	530,309
Outagamie	60	3,133,193
Ozaukee	12	831,100
Pepin	7	261,500
Pierce	21	1,046,245
Polk	12	431,027
Portage	40	1,828,505
Price	0	0
Racine	169	8,907,572
Richland	3	91,500
Rock	41	1,741,896
Rusk	23	830,090
Sauk	5	253,486
Sawyer	20	901,475
Shawano	14	519,875
Sheboygan	103	4,956,840
St. Croix	28	1,556,659
Taylor	1	68,750
Trempealeau	45	2,107,460
Vernon	18	566,185
Vilas	8	347,410
Walworth	17	1,105,005
Washburn	9	310,067
Washington	54	3,834,930
Waukesha	100	6,895,770
Waupaca	14	614,514
Waushara	2	56,350
Winnebago	122	6,118,984
Wood	79	2,947,675
WISCONSIN	4,077	\$207,730,303

Home Improvement Loans

County	Loans	Amount
Adams	0	\$0
Ashland	1	10,000
Barron	8	68,882
Bayfield	3	30,000
Brown	19	153,723
Buffalo	0	0
Burnett	1	6,812
Calumet	11	97,354
Chippewa	5	26,663
Clark	8	79,227
Columbia	4	44,040
Crawford	0	0
Dane	20	199,788
Dodge	6	48,689
Door	3	32,521
Douglas	2	10,335
Dunn	4	27,144
Eau Claire	3	13,773
Florence	0	0
Fond du Lac	6	46,764
Forest	0	0
Grant	10	76,751
Green	1	15,000
Green Lake	1	6,198
Iowa	2	25,321
Iron	0	0
Jackson	0	0
Jefferson	5	46,569
Juneau	2	15,857
Kenosha	3	28,605
Kewaunee	4	38,027
La Crosse	13	145,004
Lafayette	2	10,547
Langlade	0	0
Lincoln	0	0
Manitowoc	10	85,905
Marathon	14	84,955
Marinette	6	42,642
Marquette	0	0
Menominee	0	0
Milwaukee	62	527,831
Monroe	4	39,773
Oconto	3	11,856
Oneida	0	0
Outagamie	2	17,835
Ozaukee	0	0
Pepin	0	0
Pierce	3	34,989
Polk	1	14,593
Portage	9	78,734
Price	2	12,757
Racine	16	138,234
Richland	2	16,345
Rock	3	30,937
Rusk	3	17,846
St. Croix	13	93,898
Sauk	3	23,282
Sawyer	2	6,700
Shawano	1	15,000
Sheboygan	3	24,594
Taylor	1	5,600
Trempealeau	3	13,245
Vernon	1	5,261
Vilas	0	0
Walworth	0	0
Washburn	1	15,000
Washington	0	0
Waukesha	3	18,370
Waupaca	0	0
Waushara	0	0
Winnebago	10	72,324
Wood	13	110,679
WISCONSIN	341	\$2,862,779

Other Single Family Programs

	Loans/Rebates	Amount
Neighborhood Revitalization Loans	7	\$61,030
Lease Purchase Loans	5	\$212,275
Home Energy Incentive Rebates	248	\$191,080
Special Edition Loans	14	\$697,505
Property Tax Deferral Loans	439	\$778,920

Affordable Housing Tax Credits

Project	Community	Allocation	Units	Project	Community	Allocation	Units
Northland Adams Apartments	Adams	\$36,327	24	Aire Dale Manor Apartments	Milwaukee	55,418	25
Fox Valley Meadows Apartments	Appleton	236,742	60	Dousman Apartments	Milwaukee	31,200	21
Marquette Village Apartments	Appleton	132,995	32	Hopkins Arms Apartments	Milwaukee	48,285	22
Pinewood I Apartments	Ashland	47,296	24	ICRC Housing	Milwaukee	202,704	24
School House Apartments	Bear Creek	19,717	9	Parkwest Townhouses	Milwaukee	43,514	38
Park Street Apartments	Belmont	18,699	10	Brook View Apartments	Monroe	85,122	24
Beloit Water Tower Place	Beloit	288,523	63	Granite Hills Apartments	Montello	9,870	8
Hillcrest Apartment Homes	Beloit	317,838	60	Pinecrest Apartments	Mosinee	10,627	2
Elmwood Apartments	Beloit	283,369	72	Nashotah Blvd. Senior Apartments	Nashotah	779,518	118
Northland Third Street	Black River Falls	9,135	8	Neenah Housing	Neenah	362,788	72
Northland Boyceville	Boyceville	25,414	16	Monette Village	New Richmond	107,240	24
Harvest View Apartments	Brillion	92,831	22	New Richmond Housing	New Richmond	142,047	32
Chequamegon Apartments	Butternut	14,773	8	Wellington Village Apartments	Oak Creek	206,725	50
The Shoe Factory	Chippewa Falls	122,841	32	Woodgate Apartments	Oak Creek	605,895	120
Linden Street Apartments	Cleveland	21,161	12	Jackson Farm Apartments	Oshkosh	5,165	60
Williamstown Bay III	Cudahy	157,494	40	Breeze Cove Apartments	Port Washington	439,848	64
Meadowlark Town Houses	Dane	67,128	16	Prairie Village Apartments	Prairie du Chien	30,124	18
Williamstown Bay-De Forest	De Forest	148,519	34	Pleasant View Apartments II	Racine	4,292	32
Parkside Village Homes	Delavan	226,956	43	Wilmanor Apartments	Racine	249,687	37
Northland Eastman Apartments	Eastman	14,475	8	West Side Apartments	Randolph	22,922	12
Oakwood Apartment Homes	Eau Claire	259,521	63	Northland Redgranite Apartments	Redgranite	20,192	12
Hidden Glen	Holmen	189,016	40	Cedar Pointe Apartments	Rhineland	183,433	40
Deer Run Apartments	Howard	289,443	64	Camelot Village	Rice Lake	97,997	24
Cedar Ridge Apartments	Hudson	311,725	72	Ada James Place	Richland Center	115,352	16
Hanley Place Apartments	Hudson	281,887	65	Villas at River Falls	River Falls	187,749	42
Range View Apartments	Hurley	30,784	18	Civic Arms	South Milwaukee	107,124	20
Crown Ridge Apartment Homes	Janesville	253,728	52	Lake Bluff Apartments	South Milwaukee	306,358	56
Riverplace Senior Housing	Janesville	262,433	39	Brookwood Family Apartments	Stanley	27,915	16
Wall Street	Janesville	145,758	32	Villas at Stevens Point	Stevens Point	220,423	48
Glenwood Crossing Apartments	Kenosha	254,133	60	Northland Strum Apartments	Strum	28,218	16
Meadowood III	Kenosha	195,846	40	Elgin Apartments	Sturgeon Bay	98,214	24
Mill View Apartments	Kiel	44,064	24	Northernaire Apartments	Superior	99,292	24
Meadowood Apartments	Lake Mills	122,908	24	Stonegate	Sussex	493,354	91
Little Chute Affordable Housing	Little Chute	329,382	80	Sussex Mill Apartments	Sussex	361,536	59
Chapel Valley Apartment Homes	Madison	351,812	108	Woodridge Apartments	Tomahawk	102,481	24
King James Court Apartments	Madison	347,419	48	Lakeshore Park Apartments	Two Rivers	193,726	48
Rosewood Villas	Madison	682,603	144	Main Street Apartments	Walworth	220,012	48
Mountain View Apartments	Mayville	118,808	24	Waunakee Senior Housing	Waunakee	200,297	39
Cedar Grove	Menomonie	146,450	32	Courtyard Apartment Homes	West Allis	347,852	63
Birchwood Terrace	Mercer	18,111	12	City View Apartments	West Bend	426,500	60
Old Track Place	Merrillan	17,518	16	Weston Pines Apartments	Weston	353,656	72
The Homestead Apartments	Milton	\$10,022	33	WISCONSIN		\$14,580,276	3,275

1994 INVESTMENTS

Multifamily Financing Commitments

Project	Community	Loan Amount	Units
Residential Services Management, Inc. I	Algoma, De Pere, Green Bay, Menasha, Oshkosh	\$1,744,375	117
Grand View Apartments	Clear Lake and Chetek	1,321,600	36
Apple Wood View Apartments	Cross Plains	639,000	15
River Terrace Apartments	Janesville	874,000	26
Eastpointe Apartments	Madison	4,000,000	120
Northpointe II Apartments	Madison	1,233,000	36
Sivercrest Group Home	Neenah	200,000	8
Rivers Edge II	Waukesha	5,358,351	92
Norway Shores	Wind Lake	1,690,000	28
WISCONSIN		\$17,060,326	478

Amended Firm Financing Commitments

Edgewood Terrace Apartments	Milwaukee	\$ 853,796
Kilbourn Corners Apartments	Milwaukee	1,090,000
Wells Street Apartments	Milwaukee	670,015
Rosewood	Superior	555,750

WHEDA Foundation Grant Awards

Sponsor	Counties Served	Award
Genesis House	Kenosha, Racine, Milwaukee, Waukesha, Rock, Jefferson, Walworth, and Dane	\$35,000
Guest House	Milwaukee	10,116
United Community Center	Milwaukee	35,000
The Open Gate	Milwaukee	20,184
Health Care for the Homeless	Milwaukee	35,000
Southside Milwaukee Emergency	Milwaukee	27,000
Friends of Abused Children, Inc.	Washington	35,000
Tri-County Council on Domestic Violence	Oneida, Vilas, and Forest	35,000
YWCA of Madison	Dane	20,500
Stateline Area YWCA	Rock	2,200
St. Joseph's/Bethany House of Hospitality	Fond du Lac	15,000
United Migrant Opportunity Service	Statewide	35,000
CAP Services, Inc.	Adams, Portage, Waupaca, and Waushara	35,000
Oneida Tribe	Oneida Reservation	35,000
Readstown Housing for the Elderly	Vernon	13,283
Cornerstone Ministries, Inc.	Barron, Polk, Rusk, Burnett, and Washburn	4,095
Caring Homes/Northwoods Beach Home	Bayfield, Iron, Washburn, Sawyer, Rusk, Price, Douglas, Taylor, and Ashland	30,122
City of Wausau	Marathon	15,000
Transitional Housing, Inc.	Dane	20,000
AIDS Resource Center	Milwaukee	22,500
Ripon CDA	Fond du Lac	20,000
WISCONSIN		\$500,000

Industrial Revenue Bond Commitments

Project	Community	Bond Issue	Jobs Created/Retained
Midstates Bedding Company	Beloit	\$2,340,000	20
Enzopac, Inc.	Sheboygan	3,380,000	100
Zero Zone, Inc.	North Prairie	2,500,000	25
Advance Products Corporation	Beaver Dam	3,600,000	75
Thermoset, Incorporated	Mequon	2,500,000	35
H. M. Graphics	West Allis	2,750,000	22
WISCONSIN		\$17,070,000	277

Guarantee Loan Funds

Project	Fund	Community	Loan Amount	Guarantee
White Oak Inn	Tourism	Bancroft	\$12,000	\$9,000
Dream Catcher Lodging	Tourism	Bayfield	83,000	62,250
The Cove Supper Club	Tourism	Briggsville	31,000	15,500
Cecil Diner	Tourism	Cecil	100,000	70,000
Full Circle Plastics (FCPRC)	Recycling	Chippewa Falls	650,000	585,000
Burnt Bridge Tavern	Tourism	Conover	60,000	48,000
South Shore Motel	Tourism	Cornucopia	55,000	41,250
Bona Casa Foods	Tourism	Cumberland	100,000	75,000
Ham Lake Resort, Inc.	Tourism	Danbury	83,851	62,888
Catenation, Inc.	Recycling	De Pere	300,000	244,125
5-D Promotions, Inc.	Tourism	Eagle River	100,000	50,000
Alleman's Wayside Store	Tourism	Eagle River	84,606	42,303
Pine-Glo Motel	Tourism	Eagle River	30,650	15,325
Kildir, Inc.	Target Area	Eau Claire	90,000	76,500
Gator Graphics Company	Target Area	Eau Claire	23,000	18,400
Applejack Junction	Target Area	Glen Flora	115,000	92,000
Everson's Nelson Lake Lodge	Tourism	Hayward	28,000	21,000
Weber Oil	Target Area	Menomonie	60,585	30,292
Environmental Cleanup Services	Contract	Milwaukee	100,000	75,000
Strictly Walleye Headquarters	Tourism	Minoqua	22,600	16,950
Nu-Life Auto Body	Target Area	Montello	41,500	35,275
St. Joseph Inn	Tourism	Necedah	79,603	55,722
Quality Roasting, Inc.	Agribusiness	Newton	210,000	178,500
Flambeau Metal Products	Target Area	Park Falls	125,000	100,000
The Dory, Inc.	Tourism	Sheboygan	50,000	25,000
Just-N-Trails Bed & Breakfast	Tourism	Sparta	36,000	18,000
Hometh Trucking, Inc.	Target Area	Viroqua	168,000	134,400
New Oasis Bar & Restaurant	Tourism	Winchester	100,000	50,000
JC's Steaks & Spirits, Inc.	Tourism	Wisconsin Dells	60,000	45,000
WISCONSIN			\$2,999,395	\$2,292,680

1994 INVESTMENTS

CROP Loan Guarantees

County	Loans	Guarantee Amount	County	Loans	Guarantee Amount
Adams	6	\$106,725	Marathon	48	580,369
Ashland	0	0	Marinette	5	\$82,085
Barron	64	956,995	Marquette	20	382,950
Bayfield	1	20,000	Menominee	0	0
Brown	35	468,723	Milwaukee	1	12,000
Buffalo	53	746,816	Monroe	24	210,562
Burnett	8	108,400	Oconto	36	450,030
Calumet	39	552,647	Oneida	1	19,950
Chippewa	50	656,334	Outagamie	35	503,036
Clark	105	1,268,117	Ozaukee	9	142,600
Columbia	20	301,319	Pepin	35	446,595
Crawford	59	592,228	Pierce	38	522,753
Dane	62	1,002,983	Polk	14	180,385
Dodge	86	1,321,989	Portage	15	192,503
Door	6	84,622	Price	3	11,574
Douglas	0	0	Racine	10	151,592
Dunn	49	651,987	Richland	11	149,700
Eau Claire	29	382,360	Rock	23	370,522
Florence	0	0	Rusk	13	139,116
Fond du Lac	74	1,030,410	St. Croix	76	935,896
Forest	0	0	Sauk	16	248,540
Grant	163	2,345,806	Sawyer	0	0
Green	51	776,766	Shawano	41	501,387
Green Lake	22	403,963	Sheboygan	37	558,921
Iowa	66	1,017,058	Taylor	29	211,100
Iron	0	0	Trempealeau	62	985,780
Jackson	24	339,126	Vernon	38	482,549
Jefferson	38	536,223	Vilas	0	0
Juneau	18	222,350	Walworth	7	129,884
Kenosha	4	80,000	Washburn	4	43,353
Kewaunee	32	382,602	Washington	18	280,711
La Crosse	11	118,700	Waukesha	4	68,000
Lafayette	86	1,341,961	Waupaca	30	452,841
Langlade	2	33,200	Waushara	6	73,000
Lincoln	6	61,690	Winnebago	17	226,550
Manitowoc	31	415,264	Wood	14	169,821
			WISCONSIN	2,040	\$28,344,021

Beginning Farmer Bond Commitments

Project	County	Bond Issue	Farm Type
C. & K. Christianson	Barron	\$62,000	Dairy
G. Wright	Trempealeau	250,000	Poultry
L. Graber	Washburn	80,000	Dairy
P. VandeBurgt	Outagamie	84,000	Dairy
WISCONSIN		\$476,000	

Linked Deposit Loans

Project	Community	Loan Amount
American Family Insurance Agency	Arcadia	\$40,000
Supreme Awards	Baraboo	52,500
The Haircut Express	Baraboo	44,000
Image Plus	Bayfield	30,000
Green Lake Pharmacy	Berlin	25,000
The Final Word, Inc.	Brown Deer	15,000
Kids Kingdom Preschool	Cobb	75,000
The Ice Cream Parlor	Cochrane	13,280
Wilde Trucking, LLC	Colby	30,000
Soap Box	Cross Plains	30,000
CJ's Limo	Frederic	11,000
Genoa City Subway	Genoa City	42,730
West Walnut 76	Green Bay	36,181
Green Lake Chiropractic Center	Green Lake	40,000
Pearl Street Transit Cafe	Kenosha	99,000
Spring Creek Country Inn	Lodi	30,000
Vicki's Gifts & Collectibles	Marshfield	35,500
Sixth Street Superette	Milwaukee	33,000
The Cultural Connection Bookstore	Milwaukee	32,000
R&S Enterprises	Milwaukee	99,000
Wagner Express Trucking, Inc.	Nekoosa	40,000
Red's Restaurant & Catering	Oshkosh	68,850
Kathy's Day Care Services, Inc.	River Falls	35,000
Express Photo	Schofield	50,000
Entourage Salon & Spa	Sheboygan	45,000
The Corner Store	Sheboygan	20,000
Montessori Children's House, Inc.	Sheboygan	90,000
Big Hook Embroidery	Sheboygan	26,000
Badger Northern Trucking	Spencer	40,000
Brennan Hair Fashion	Superior	15,000
Hometh Trucking, Inc.	Viroqua	99,000
Colonial Launderette	Viroqua	30,000
In Stitches	Wisconsin Rapids	20,000
Shutter's Garden Center	Wisconsin Rapids	40,000
WISCONSIN		\$1,432,041

**Coopers
& Lybrand**

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Members of the
Wisconsin Housing and Economic Development Authority
Madison, Wisconsin

We have audited the accompanying combined balance sheets of the Wisconsin Housing and Economic Development Authority as of June 30, 1994 and 1993, and the related combined statements of income and changes in fund balance and statements of cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of the Wisconsin Housing and Economic Development Authority as of June 30, 1994 and 1993, and the combined results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

COOPERS & LYBRAND L.L.P.

Milwaukee, Wisconsin
September 2, 1994

Coopers & Lybrand, L.L.P., a registered limited liability partnership, is a member firm of Coopers & Lybrand (International).

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

COMBINED BALANCE SHEETS

(Thousands of Dollars)

ASSETS

	June 30,		December 31,	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
			(Unaudited)	
Cash and cash equivalents (Note 3)	\$ 161,709	\$ 328,061	\$ 94,258	\$ 223,480
Investments (Note 3)	446,372	351,596	344,500	526,721
Mortgage loans receivable, net (Note 4)	1,327,345	1,591,233	1,428,209	1,371,676
Bond proceeds receivable	--	--	30,202	145,875
Accrued interest receivable	14,663	15,122	13,187	15,262
Deferred debt financing costs	19,500	22,592	18,097	20,695
Other assets	<u>3,509</u>	<u>4,632</u>	<u>3,163</u>	<u>3,529</u>
	<u>\$ 1,973,098</u>	<u>\$ 2,313,236</u>	<u>\$ 1,931,616</u>	<u>\$ 2,307,238</u>

LIABILITIES AND FUND BALANCE

Liabilities:				
Bonds and notes payable (Note 5)	\$ 1,606,058	\$ 1,948,725	\$ 1,566,167	\$ 1,944,297
Accrued interest payable (Note 5)	64,301	91,102	59,857	77,410
Liability under administered programs (Note 6)	11,059	12,082	11,108	11,811
Escrow deposits	114,270	96,894	109,409	96,575
Other liabilities	<u>4,681</u>	<u>5,549</u>	<u>3,987</u>	<u>8,282</u>
Total liabilities	<u>1,800,369</u>	<u>2,154,352</u>	<u>1,750,528</u>	<u>2,138,375</u>
Fund balance (Notes 6 and 7):				
Restricted to Bond Resolutions	94,403	89,784	96,583	91,167
Administered Funds	4,648	5,046	4,511	4,913
General Fund	<u>73,678</u>	<u>64,054</u>	<u>79,994</u>	<u>72,783</u>
Total fund balance	<u>172,729</u>	<u>158,884</u>	<u>181,088</u>	<u>168,863</u>
	<u>\$ 1,973,098</u>	<u>\$ 2,313,236</u>	<u>\$ 1,931,616</u>	<u>\$ 2,307,238</u>

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

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

COMBINED STATEMENTS OF INCOME AND CHANGES IN FUND BALANCE

(Thousands of Dollars)

	Year Ended June 30,		Six Months Ended December 31,	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
			(Unaudited)	
Revenues:				
Interest income on mortgage loans	\$ 125,507	\$ 152,005	\$ 58,674	\$ 67,689
Income on investments.....	42,235	41,202	13,365	24,556
Mortgage service fees	3,008	3,030	1,502	1,482
Other income (net)	<u>725</u>	<u>1,102</u>	<u>913</u>	<u>249</u>
 Total revenues	 <u>171,475</u>	 <u>197,339</u>	 <u>74,454</u>	 <u>93,976</u>
 Expenses:				
Interest.....	130,247	159,534	55,791	70,427
Amortization of debt financing costs	3,461	1,416	1,695	1,757
Direct loan program expenses.....	7,454	8,202	3,097	3,978
Grants and endowments	658	1,387	115	230
General and administrative expenses	<u>11,454</u>	<u>10,924</u>	<u>5,397</u>	<u>5,600</u>
 Total expenses.....	 <u>153,274</u>	 <u>181,463</u>	 <u>66,095</u>	 <u>81,992</u>
 Income before extraordinary items	 18,201	 15,876	 8,359	 11,984
Extraordinary items, net (Note 9).....	<u>(4,356)</u>	<u>(3,353)</u>	<u>--</u>	<u>(2,005)</u>
 Net Income	 13,845	 12,523	 8,359	 9,979
Fund balance, beginning of period.....	<u>158,884</u>	<u>146,361</u>	<u>172,729</u>	<u>158,884</u>
 Fund balance, end of period.....	 <u>\$ 172,729</u>	 <u>\$ 158,884</u>	 <u>\$ 181,088</u>	 <u>\$ 168,863</u>

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

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

COMBINED STATEMENTS OF CASH FLOWS

(Thousands of Dollars)

	Year Ended June 30,		Six Months Ended December 31,	
	1994	1993	1994	1993
			(Unaudited)	
Cash flows from operating activities:				
Net Income	\$ 13,845	\$ 12,523	\$ 8,359	\$ 9,979
Adjustments to reconcile net income to net cash provided (used) by operating activities:				
Extraordinary items, net (Note 9)	4,356	3,353	--	2,005
Interest expense	130,247	159,534	55,791	70,427
Income on investments	(42,235)	(41,202)	(13,365)	(24,556)
Depreciation and amortization	3,943	2,424	1,807	2,048
Loan origination fee amortization	(2,750)	(383)	(220)	(2,202)
Decrease (increase) in mortgage loans receivable and real estate held	267,325	126,014	(99,432)	221,795
Other	15,863	2,439	(6,392)	3,934
Net cash provided (used) by operating activities	<u>390,584</u>	<u>264,702</u>	<u>(53,452)</u>	<u>283,430</u>
Cash flows from non-capital financing activities:				
Proceeds from issuance of bonds and notes	382,809	124,165	123,658	97,710
Repayments on bonds	(725,476)	(349,501)	(193,205)	(248,013)
Interest paid on bonds	(156,572)	(162,734)	(60,064)	(83,892)
Cost of bond issuance and defeasance	(4,945)	(2,021)	(911)	(1,978)
Net cash used by non-capital financing activities	<u>(504,184)</u>	<u>(390,091)</u>	<u>(130,522)</u>	<u>(236,173)</u>
Cash flows from investing activities:				
Proceeds from sales and maturities of investments	1,050,976	735,119	283,990	503,719
Investment income received	34,461	34,012	14,478	15,442
Purchase of investments	(1,137,836)	(663,601)	(181,835)	(670,829)
Net cash (used) provided by investing activities	<u>(52,399)</u>	<u>105,530</u>	<u>116,633</u>	<u>(151,668)</u>
Cash flows from capital financing activities:				
Purchase of fixed assets	(353)	(604)	(110)	(170)
Net cash used by capital financing activities	<u>(353)</u>	<u>(604)</u>	<u>(110)</u>	<u>(170)</u>
Decrease in cash and cash equivalents	(166,352)	(20,463)	(67,451)	(104,581)
Cash and cash equivalents, beginning of period	328,061	348,524	161,709	328,061
Cash and cash equivalents, end of period	<u>\$ 161,709</u>	<u>\$ 328,061</u>	<u>\$ 94,258</u>	<u>\$ 223,480</u>

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

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Data concerning December 31, 1994 and 1993 is unaudited)

1. Authorizing Legislation and Funds:

The Wisconsin Housing and Economic Development Authority was created in 1972 by an act ("the Act") of the Wisconsin Legislature to facilitate the purchase, construction and rehabilitation of housing for families of low and moderate income by providing or participating in the providing of construction and mortgage loans. The Authority is authorized to issue bonds to fulfill its corporate purposes up to an aggregate amount of \$625 million, excluding those being used to refund outstanding obligations and those issued under the programs described below. The Authority has no taxing power. Bonds issued by the Authority do not constitute a debt of the State of Wisconsin or any political subdivision thereof.

The Authority's mission has been expanded since 1972 through legislation authorizing the following:

A Housing Rehabilitation Program and Home Improvement Program, funded by revenue bonds outstanding at any time of up to \$100 million, to finance below-market-rate loans for home rehabilitation. Revenue bonds totaling approximately \$97.6 million have been issued, of which approximately \$23.7 million and \$23.3 million is outstanding at June 30, 1994 and December 31, 1994, respectively;

A Home Ownership Mortgage Loan Program, funded by revenue bonds of \$2.4 billion through June 30, 1994 and December 31, 1994;

A Community Housing Alternatives Program ("CHAP"), funded by bonds of up to \$99.4 million, to finance loans for residential facilities for the elderly or chronically disabled. Housing Revenue Bonds totaling \$2.3 million have been issued;

Agricultural and business programs which administer State of Wisconsin funds appropriated to subsidize interest and provide guarantees of principal balances of qualifying loans. Outstanding loan guarantees totaled \$43 million and \$36.9 million at June 30, 1994 and December 31, 1994, respectively; and

An Economic Development Program, funded by revenue bonds of up to \$200 million, to enhance economic growth and the well-being of Wisconsin residents. As of June 30, 1994 and December 31, 1994, outstanding bonds carrying the Authority's general obligation totaled \$43.5 million and \$49.3 million, respectively. In addition, under the Economic Development Program, other revenue bonds are issued which do not constitute indebtedness of the Authority within the meaning of any provision or limitation of the Constitution or Statutes of the State of Wisconsin. They do not constitute or give rise to a pecuniary liability of the Authority or a charge against its general credit. They are payable solely out of the revenues derived pursuant to the loan agreement, or in the event of default of the loan agreement, out of any revenues derived from the sale, releasing or other disposition of the mortgaged property. Based on the above, the bonds are not reflected in the financial statements of the Authority. As of June 30, 1994 and December 31, 1994, the Authority had issued 73 and 79 series of such Economic Development Revenue Bonds in an aggregate principal amount of \$49.5 million and \$56 million, respectively, for economic development projects in Wisconsin.

The Authority has, by Resolution, established other programs to promote the fulfillment of its objectives and has financed these efforts through appropriations of its General Fund balance.

2. Summary of Significant Accounting Policies:

Accounting Principles: The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. With respect to proprietary activities, the Authority has adopted GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

(Data concerning December 31, 1994 and 1993 is unaudited)

2. Summary of Significant Accounting Policies: (Continued)

Proprietary Fund Accounting." The Authority has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Fund Accounting: The Authority's financial statements have been prepared on the basis of the governmental proprietary fund concept, which provides that financial activities operated similarly to private business enterprises and financed through fees and charges assessed primarily to the users of the services would be presented as a single proprietary fund. The funds maintained by the Authority are described in Note 6. Revenues and expenses of proprietary funds are recognized on an accrual basis.

Cash and Cash Equivalents: Cash and cash equivalents include short-term, highly liquid investments which are readily convertible to cash and have original maturities to the Authority of three months or less.

Investments: Investments are carried at amortized cost and are generally held to maturity. Certain bond refinancing transactions or favorable market conditions could allow for the sale of certain investments prior to maturity, in which case any realized gains and losses are recognized in earnings. Gains from the sale of investments of \$7,665,000 and \$7,765,000 for the years ended June 30, 1994 and 1993, respectively, and \$0 and \$7,295,000 for the six months ended December 31, 1994 and 1993, respectively, are included in investment income.

Mortgage Loans and Real Estate Held: Mortgage loans are carried at their unpaid principal balance. Loan origination fees and associated direct costs are deferred and recognized as income or expense over the life of the loan using the effective interest method. During the six months ended December 31, 1993 the Authority revised the estimated average life of the single family loan portfolio based upon its loan prepayment experience. This change caused a \$2.1 million increase in amortization of origination fees for the period ending June 30, 1994. Real estate held is carried at the lower of cost or estimated net realizable value and is generally subject to mortgage pool insurance coverage.

Provisions for Possible Loan Losses: Provisions for possible loan losses are made through charges to expenses based on a periodic evaluation of the loan portfolios. Actual losses that may occur will be charged against such valuation allowances.

Deferred Debt Financing Costs: Debt issuance costs and discounts are amortized ratably over the life of the obligations to which they relate. Amortization of bond discounts of \$220,000 and \$77,000 for the years ended June 30, 1994 and 1993, respectively, and \$54,000 and \$114,000 for the six months ended December 31, 1994 and 1993, respectively, is included in interest expense in the financial statements. In the year ended June 30, 1994 the Authority revised the estimated life of single family bond issues based upon its experience with mortgage loan prepayments and the related early redemption of bonds. This change in estimate caused a \$2,356,000 increase in the amortization of bond discount and debt financing costs for the year ended June 30, 1994.

3. Cash, Cash Equivalents & Investments:

The Authority is required by the various bond resolutions to invest in obligations of the U.S. Treasury, agencies and instrumentalities; commercial paper rated A-1+ by Standard & Poor's Corporation and P-1 by Moody's Investors Service; bankers' acceptances; and repurchase agreements and investment agreements with institutions whose unsecured debt obligation is rated at least as high as is Standard & Poor's and Moody's rating on the bonds. Each bond resolution may differ regarding what constitutes a permitted investment; however, the above is representative of what is generally permitted. The Authority is required by statute to invest at least 50% of its moneys in obligations of the state, of the U.S., or of agencies or instrumentalities of the U.S., or obligations the principal and interest of which are guaranteed by the U.S. or agencies or instrumentalities of the U.S.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

(Data concerning December 31, 1994 and 1993 is unaudited)

3. Cash, Cash Equivalents & Investments: (Continued)

The Authority is also authorized to invest its moneys in the State Investment Pool. The Authority has established a Master Repurchase Agreement with its banking institutions to govern the purchase of repurchase agreements. This agreement requires the institution to take possession of collateral having a market value of at least 103% of the cost of the repurchase agreement. The underlying collateral must be maintained at this level at all times.

The Authority's investments in Certificates of Deposit are a Category 1 level of risk which represent investments that are insured or registered, or for which securities are held by the Authority's agent or trustee in the Authority's name. All other investments and cash equivalents are a Category 2 level of risk which include uninsured and unregistered investments for which the securities are held by the Authority's agent or trustee in the Authority's name.

Cash and Cash Equivalents: The Authority had cash balances totaling \$1,076,000 and \$463,000 at June 30, 1994 and 1993, respectively, and \$1,866,000 and \$5,194,000 at December 31, 1994 and 1993, respectively. Of these balances, approximately \$500,000 was covered by federal or state depository insurance and the majority of the remaining uninsured balances were received too late in the day to invest in a permitted investment.

The carrying amounts of cash and cash equivalents, which approximate fair value, are as follows (in thousands):

June 30,		December 31,		
1994	1993	1994	1993	
\$ 1,076	\$ 463	\$ 1,866	\$ 5,194	Cash
--	9,430	--	2,885	Repurchase Agreements
--	--	1,397	--	Commercial Paper
25,479	154,265	6,879	43,773	State Investment Pool
82,771	158,144	83,516	167,329	Money Market Funds
52,383	5,759	600	4,299	Short-term Investment Agreements
<u>\$ 161,709</u>	<u>\$ 328,061</u>	<u>\$ 94,258</u>	<u>\$ 223,480</u>	Total Cash and Cash Equivalents

Investments: The investments are as follows (in thousands):

June 30,				December 31,				
1994		1993		1994		1993		
Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	
\$ 4,201	\$ 4,201	\$ 8,412	\$ 8,412	\$ 3,706	\$ 3,706	\$ 6,166	\$ 6,166	Certificates of Deposit
27,614	25,089	22,743	27,566	28,615	25,288	17,781	18,929	U.S. Government Securities
184,258	158,912	110,400	121,560	176,918	141,985	192,974	200,777	U.S. Agency Securities
13,224	13,155	1,996	2,037	12,929	12,843	1,710	1,748	Municipal Bonds
13,849	13,681	16,908	17,903	14,362	14,070	17,358	17,711	Corporate Notes
203,226	203,226	191,137	191,137	107,970	107,970	290,732	290,732	Guaranteed Investment Contracts
<u>\$ 446,372</u>	<u>\$ 418,264</u>	<u>\$ 351,596</u>	<u>\$ 368,615</u>	<u>\$ 344,500</u>	<u>\$ 305,862</u>	<u>\$ 526,721</u>	<u>\$ 536,063</u>	Total Investments

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

(Data concerning December 31, 1994 and 1993 is unaudited)

3. Cash, Cash Equivalents & Investments: (Continued)

Portions of cash, cash equivalents and investments are restricted and pledged to the payment of the principal, interest, and sinking fund installments in accordance with the terms of the bond resolutions.

The asset restrictions are as follows (in thousands):

	June 30,		December 31,	
	1994	1993	1994	1993
Housing Revenue Bonds	\$ 38,789	\$ 36,894	\$ 38,789	\$ 38,489
Home Ownership Mortgage Loan Revenue Bonds (1982-1983)	384	5,597	227	19,508
Home Ownership Revenue Bonds (1983-1995)	51,872	70,056	50,376	55,789
Housing Rehabilitation and Home Improvement Loan Revenue Bonds	843	1,143	815	987
	<u>\$ 91,888</u>	<u>\$ 113,690</u>	<u>\$ 90,207</u>	<u>\$ 114,773</u>

Cash and investments of the funds at June 30, 1994 and 1993 and at December 31, 1994 and 1993 met or exceeded the requirements.

4. Mortgage Loans Receivable:

Mortgage loans receivable consist of the following (in thousands):

	Type of Collateral	Type of Insurance	June 30,		December 31,	
			1994	1993	1994	1993
Housing Development Program	First Mtg. Lien	--	\$ 354,161	\$ 334,121	\$ 362,542	\$ 340,025
Home Ownership Mortgage Loan Program (1982-1994)*	First Mtg. Lien	Pool Mtg. Ins.**	901,976	1,188,771	938,381	959,118
Housing Rehabilitation and Home Improvement Program	Second Mtg. Lien	FHA Ins.	16,844	21,131	16,579	18,122
Business Development Program	Security Interest	Letter of Credit	43,492	47,860	45,456	45,080
General Fund*	First or Second Mortgage Lien	--	17,027	9,322	70,249	17,243
			<u>1,333,500</u>	<u>1,601,205</u>	<u>1,433,207</u>	<u>1,379,588</u>
Allowance for possible loan losses			(7,413)	(7,069)	(7,411)	(7,353)
Unamortized loan origination fees			154	(3,284)	1,585	(1,045)
Real estate held			1,104	381	828	486
			<u>\$ 1,327,345</u>	<u>\$ 1,591,233</u>	<u>\$ 1,428,209</u>	<u>\$ 1,371,676</u>

Provisions for possible loan losses for the years ended June 30, 1994 and 1993, and the six months ended December 31, 1994 and 1993 were \$345,000 and \$421,000 and \$10,000 and \$286,000, respectively, while the actual loan charge-offs were nominal.

*December 1994 data reflects the reclassification of assets and the corresponding revenues and expenses from Home Ownership Mortgage Loans to the General Fund. The assets were moved to the General Fund because they are no longer restricted by the lien or pledge of any bond or note resolution.

**Home Ownership Revenue Bonds, 1987 Series A, is self-insured for the pool insurance coverage.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

(Data concerning December 31, 1994 and 1993 is unaudited)

5. Bonds and Notes Payable:

Bonds and notes payable of the Authority consist of the following (in thousands):

	June 30,		December 31,	
	1994	1993	1994	1993
General obligation bonds and notes.....	\$ 1,454,398	\$ 1,801,804	\$ 1,336,266	\$ 1,800,561
Special and subordinated obligation bonds	151,660	146,921	230,447	143,736
Less: Deferred Amount on Refunding.....	--	--	(546)	--
	<u>\$ 1,606,058</u>	<u>\$ 1,948,725</u>	<u>\$ 1,566,167</u>	<u>\$ 1,944,297</u>

Interest on outstanding general and special obligation bonds is payable either every 35 days, quarterly or semiannually, except for interest on accrual bonds which is payable at maturity. At June 30, 1994 and 1993, and at December 31, 1994 and 1993 interest on accrual bonds was \$34,937,000 and \$51,432,000, and \$31,879,000 and \$41,280,000, respectively.

General Obligation Bonds and Notes:

The Authority's general obligation bonds and notes are collateralized by the revenues and assets of the Authority, subject to the provisions of resolutions and note agreements which pledge particular revenues or assets to specific bonds or notes. The bonds are subject to mandatory sinking fund requirements and may be redeemed at the Authority's option at various dates after approximately 10 years from the date of issuance at prices ranging from 103% to 100% of par value. Any particular series may contain both term bonds and serial bonds which mature at various dates. The proceeds of the notes payable were used to redeem the Home Ownership Mortgage Loan Revenue Bonds, 1983 Issue I and the Home Ownership Revenue Bonds, 1983 Issues I and II and to finance single family home mortgage loans prior to permanent financing. The notes can be prepaid in part or in full at any time and the interest rate, which is reset periodically, is variable based upon an index. Notes Payable also includes the proceeds of commercial paper used to finance economic development activities. The interest rate and maturity on commercial paper is fixed on the date of sale.

General obligation bonds and notes payable at June 30, 1994 and 1993 and December 31, 1994 and 1993 consist of the following (in thousands):

Program/Series	Interest Rates*	Dated**	Maturities*	June 30,		December 31,	
				1994	1993	1994	1993
Housing Revenue Bonds:							
1975-1978 Series				\$ --	\$ 148,895	\$ --	\$ 145,875
1980 Series A.....	9.400% - 10.000%	08/01/80	1995-2010	37,485	68,970	36,455	37,485
1986 Series A and B	7.250% - 8.500%	09/01/86	1995-2017	3,325	3,490	3,295	3,345
1988 Series A and B	6.600% - 8.250%	02/01/88	1995-2018	10,575	10,730	10,500	10,655
1989 Series A, B and C.....	7.100% - 7.850%	09/01/89	1995-2020	14,335	14,495	14,240	14,420
1992 Series A.....	4.900% - 6.850%	01/01/92	1995-2012	70,475	72,540	68,330	70,475
1992 Series B, C & D	5.250% - 7.200%	04/01/92	1995-2022	72,945	72,945	72,945	72,945
1993 Series A and B	3.500% - 5.650%	10/01/93	1995-2023	77,560	--	76,010	77,560
1993 Series C.....	3.600% - 5.875%	12/01/93	1995-2019	145,875	--	143,725	145,875
				<u>432,575</u>	<u>392,065</u>	<u>425,500</u>	<u>578,635</u>

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

(Data concerning December 31, 1994 and 1993 is unaudited)

5. Bonds and Notes Payable: (Continued)

General Obligation Bonds and Notes: (Continued)

Program/Series	Interest Rates*	Dated**	Maturities*	June 30,		December 31,	
				1994	1993	1994	1993
Home Ownership Mortgage Loan Revenue Bonds:							
1983 Issue I.....		07/01/83		--	11,105	--	10,920
				--	11,105	--	10,920
Home Ownership Revenue Bonds:							
1983 Issues.....				--	27,585	--	--
1984 Issue I.....	11.499%	08/01/84	2009-2016	15,372	22,893	4,530	17,021
1984 Issue II.....	11.375% - 11.400%	10/01/84	2006-2016	2,282	4,781	1,451	2,467
1985 Issue I.....	8.000% - 10.375%	06/01/85	1995-2012	21,846	57,086	16,938	37,926
1985 Issue II.....		08/01/85		--	845	--	--
1985 Issue III.....	8.200% - 9.250%	12/01/85	1995-2010	2,741	6,176	2,462	4,289
1986 Series A.....	7.200% - 8.125%	08/01/86	1995-2016	10,865	18,305	8,570	14,790
1986 Series B.....	6.000% - 7.375%	11/01/86	1995-2017	36,585	46,325	31,360	42,975
1987 Series A.....	7.100% - 8.000%	05/01/87	1995-2014	20,085	31,450	13,790	30,335
1987 Series B and C.....	7.100% - 7.850%	08/01/87	1995-2016	40,365	68,340	28,275	51,180
1987 Series D and E.....	7.300% - 7.450%	12/01/87	1995-2016	3,080	27,880	1,110	21,870
1988 Series A and B.....	6.800% - 8.000%	06/01/88	1995-2000	35,315	58,220	7,345	43,845
1988 Series C.....	7.200% - 7.800%	08/16/88	1995-2003	14,385	104,410	10,370	59,290
1988 Series D.....	7.000% - 7.900%	10/01/88	1995-2005	36,147	171,994	25,340	157,399
1989 Series A.....	6.900% - 7.500%	05/01/89	1995-2017	20,530	20,860	20,200	20,530
1989 Series B and C.....	6.900% - 7.850%	10/15/89	1995-2021	64,578	65,658	64,008	65,128
1990 Series A and B.....	6.750% - 8.000%	05/01/90	1995-2020	133,465	148,265	101,840	139,745
1990 Series D and E.....	6.800% - 8.000%	09/01/90	1995-2021	64,885	73,125	55,430	68,160
1991 Series A and B.....	6.550% - 7.850%	12/01/90	1995-2024	70,415	73,270	68,980	71,820
1991 Series 1, 2 and 3.....	5.800% - 7.200%	07/01/91	1995-2022	82,380	95,890	77,215	92,095
1992 Series A and B.....	5.100% - 7.100%	03/01/92	1995-2023	91,880	94,870	89,710	93,850
1992 Series 1 and 2.....	5.000% - 6.875%	06/01/92	1995-2024	95,870	100,000	93,155	98,960
1994 Series A and B.....	3.700% - 6.750%	04/15/94	1995-2025	82,645	--	82,645	--
				945,716	1,318,228	804,724	1,133,675
Home Ownership Revenue Bonds (Taxable):							
1989 Series A.....	9.800%	07/01/89	1995-2019	4,585	8,155	3,720	7,150
1990-1991 Series.....				--	11,501	--	--
				4,585	19,656	3,720	7,150
Business Development Revenue Bonds:							
1988 Series 2-9.....	7.200% - 8.000%	Various	1995-2008	3,660	5,220	2,275	4,200
1989 Series 1-13, 17-23, 28, 29.....	6.800% - 8.000%	Various	1995-2014	23,620	25,645	20,565	23,970
1990 Series 1-4, 6.....	6.800% - 7.750%	Various	1995-2010	6,015	6,560	5,735	6,290
1991 Series 1-6.....	5.500% - 7.050%	Various	1995-2006	10,215	10,975	9,730	10,580
1992 Series 1-2.....		Various		--	4,350	--	2,400
1994 Series 1-4.....	3.400% - 6.000%	Various	1995-2014	--	--	10,970	--
				43,510	52,750	49,275	47,440
Notes Payable.....	4.100% - 6.638%	Various	1995-1996	28,012	8,000	53,047	22,741
Total General Obligation Bonds and Notes***				\$ 1,454,398	\$ 1,801,804	\$ 1,336,266	\$ 1,800,561

* Interest rates and maturities are as of December 31, 1994.

** Accrual Bonds, SAVRS and RIBS are dated the date of delivery.

***In 1990, the Authority defeased \$48,390,000 of Insured Mortgage Revenue Bonds and as of December 31, 1994 the remaining outstanding defeased debt was \$41,480,000. In 1994 the Authority defeased \$2,400,000 of Business Development Bonds. As of December 31, 1994, the remaining outstanding defeased debt was \$2,400,000.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

(Data concerning December 31, 1994 and 1993 is unaudited)

5. Bonds and Notes Payable: (Continued)

Special and Subordinated Obligation Bonds: These bonds are special obligations of the Authority and are collateralized by the revenues and assets of Housing Rehabilitation and Home Improvement Program Funds, Home Ownership Revenue Bonds, 1993 Series A&B, 1994 Series C&D and 1994 Series E&F Bond Funds and Special Housing Revenue Series 1994 Bond Funds, respectively.

Special Housing Revenue Bonds, Series 1994 are special limited obligations of the Authority, payable solely from the assets or revenues pledged.

The subordinated bond R-1 is a special obligation of the Authority issued to the State of Wisconsin Investment Board for the purpose of providing funds to purchase home improvement loans under the Housing Rehabilitation Loan Program. The bond is expressly subordinate to the payment of all Housing Rehabilitation Loan Revenue Bonds now or at any time outstanding under the General Resolution. The principal and interest on the bonds are payable solely from a subordinated pledge of the revenues and assets of the Housing Rehabilitation Program Funds.

The subordinated bond R-2 is a special obligation of the Authority issued to the Firstar Trust Company and is collateralized by a subordinated pledge of the revenues and assets of the Housing Rehabilitation Loan Program.

After repayment of the bonds, any remaining fund balance in the Housing Rehabilitation and Home Improvement programs must be paid to the State of Wisconsin General Fund.

Home Ownership Revenue Bonds 1993 Series A&B, 1994 Series C&D and 1994 Series E&F are special limited obligations of the Authority, payable solely from the assets or revenues pledged. During 1993 the 1992 Issue Z Bonds were remarketed as long term, fixed rate 1993 Series A Bonds, with the proceeds used to purchase single family mortgage loans intended for low and moderate income persons.

Special and subordinated obligation bonds payable at June 30, 1994 and 1993 and December 31, 1994 and 1993 consist of the following (in thousands):

Program/Series	Interest Rates*	Dated**	Maturities*	June 30,		December 31,	
				1994	1993	1994	1993
Housing Revenue Bonds:							
Series 1994.....	7.400% - 9.250%	01/01/94	2024	\$ 12,429	\$ --	\$ 12,296	\$ --
Housing Rehabilitation Loan Revenue Bonds:							
Sub Bond, R-1	5.000%	08/01/79	1996	4,880	4,880	4,880	4,880
Sub Bond, R-2	None	11/01/88	1997	1	1	1	1
				<u>4,881</u>	<u>4,881</u>	<u>4,881</u>	<u>4,881</u>
Home Improvement Revenue Bonds:							
1988 Series A.....	6.900% - 7.750%	11/01/88	1995-2006	7,385	8,875	7,160	7,385
1990 Series A and B	7.000% - 7.900%	04/01/90	1995-2006	5,575	7,075	5,385	5,575
1992 Series A and B	5.000% - 7.000%	05/01/92	1995-2010	5,880	9,925	5,880	9,730
				<u>18,840</u>	<u>25,875</u>	<u>18,425</u>	<u>22,690</u>
Home Ownership Revenue Bonds:							
1993 Series A.....	3.900% - 6.500%	06/01/92	1995-2025	86,545	87,200	85,880	87,200
1994 Series C and D	4.200% - 6.650%	08/01/94	1995-2025	--	--	50,000	--
1994 Series E and F	5.100% - 7.550%	12/01/94	1996-2026	--	--	30,000	--
				<u>86,545</u>	<u>87,200</u>	<u>165,880</u>	<u>87,200</u>
Home Ownership Revenue Bonds (Taxable):							
1993 Series B	6.450% - 7.400%	04/01/93	2010-2017	28,965	28,965	28,965	28,965
Total Special and Subordinated Obligation Bonds				<u>\$ 151,660</u>	<u>\$ 146,921</u>	<u>\$ 230,447</u>	<u>\$ 143,736</u>

*Interest rates and maturities are as of December 31, 1994.

**Accrual Bonds are dated the date of delivery.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

(Data concerning December 31, 1994 and 1993 is unaudited)

5. Bonds and Notes Payable: (Continued)

Scheduled debt maturities in the five years subsequent to June 30, 1994 are as follows (in thousands):

	1995	1996	1997	1998	1999	Thereafter
Housing Revenue Bonds	\$ 7,759	\$ 11,838	\$ 12,125	\$ 12,784	13,541	\$ 386,957
Home Ownership Revenue Bonds	19,355	20,846	20,852	20,811	21,002	962,945
Housing Rehabilitation and Home Improvement Loan Revenue Bonds	495	560	11,126	815	870	9,855
Business Development Revenue Bonds	4,240	4,215	4,215	3,655	3,665	23,520
Notes Payable	13,231	14,781	--	--	--	--
	<u>\$ 45,080</u>	<u>\$ 52,240</u>	<u>\$ 48,318</u>	<u>\$ 38,065</u>	<u>\$ 39,078</u>	<u>\$ 1,383,277</u>

6. Segment Financial Data:

The following describes the funds maintained by the Authority, all of which conform with the authorizing legislation, and bond and Authority resolutions.

Multifamily Program Funds: Housing Development--This fund was established to account for the proceeds of bonds and the related mortgage loans to sponsors of eligible multifamily housing developments. As of December 31, 1994 the Housing Development Fund included \$3,555,000 of savings generated by the refunding of Housing Revenue Bonds, 1982 Series A. The Authority is required to use these savings to create and maintain affordable housing opportunities for individuals of "very low income" (as such term is defined in the 1937 Housing Act).

Single Family Program Funds: Home Ownership (1983-1994)--These funds were established to account for the proceeds of the 1983-1994 Series Bonds and the related purchase of mortgage loans to eligible persons with low to moderate income.

Housing Rehabilitation and Home Improvement--These funds were established to account for the proceeds of bonds, legislative appropriations and related purchase of insured home improvement mortgage loans to eligible persons with low to moderate income on owner-occupied properties.

Administered Funds: These funds were established to account for the revenues and expenses associated with administering various programs where the source of funds is outside the Authority. Currently such programs include the Credit Relief Outreach Program (CROP), the Drought Assistance Program, the Agribusiness Fund, the Tourism Fund, the Recycling Fund, the Contract Fund, the Target Area Fund, the Nonpoint Source Pollution Abatement Program, the Clean Air Fund, the Ozone Fund and the Agricultural Chemical Spill Loan Guarantee Program, which provide loan guarantees and interest rate subsidies on agricultural and business loans. The Authority received \$22,471,000 from the State of Wisconsin to fund these programs including \$423,000 in the year ended June 30, 1994 and \$250,000 in the six months ended December 31, 1994. The Authority returned \$3,324,000 to the State of Wisconsin through the year ended June 30, 1994. No funds were returned in the six months ended December 31, 1994. During the years ended June 30, 1994 and 1993 and the six months ended December 31, 1994 and 1993, \$629,000 and \$1,344,000, and \$271,000 and \$202,000, respectively, of the legislative appropriation was utilized to absorb loan guaranty losses and interest rate subsidies. Any remaining fund balances must be paid to the State of Wisconsin General Fund upon program termination.

General Fund: The General Fund accounts for all income and operating expenses which are not allocated to other funds. The fund balance of the General Fund is not restricted by the lien or pledge of any bond or note resolution. However, the Authority may from time to time restrict or designate any portion of the General Fund for the purposes provided in the Act, such as funding or supplementing any loan program or paying operating expenses (see Note 7).

Business Development--These funds, which are part of the General Fund, were established to account for the revenues and expenses associated with the administration of the Business Development Bond (BDB) Program.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

(Data concerning December 31, 1994 and 1993 is unaudited)

6. Segment Financial Data: (Continued)

Financial data of the Authority's General Fund and loan program funds are summarized as follows (in thousands):

Fund Balances			Total Assets		Bonds and Notes Payable	
1994	1993		1994	1993	1994	1993
\$ 33,302	\$ 26,248	Housing Development	\$ 574,992	\$ 697,893	\$ 437,796	\$ 432,760
51,065	53,574	Home Ownership Mortgage Loan (1982-1994)*	1,122,108	1,417,222	1,014,860	1,435,376
12,216	11,345	Housing Rehabilitation and Home Improvement	36,567	40,036	23,306	27,571
96,583	91,167	Total Restricted Bond Funds	1,733,667	2,155,151	1,475,962	1,895,707
4,511	4,913	Administered Funds	15,619	16,725	--	--
(38)	(36)	General Fund (Note 7):				
80,032	72,819	Business Development	49,704	47,935	49,275	48,590
		Other*	132,626	87,427	40,930	--
79,994	72,783	Total General Fund	182,330	135,362	90,205	48,590
<u>\$ 181,088</u>	<u>\$ 168,863</u>		<u>\$ 1,931,616</u>	<u>\$ 2,307,238</u>	<u>\$ 1,566,167</u>	<u>\$ 1,944,297</u>

Operating Data for the Six Months Ended December 31

Net Income			Revenues		Interest Expense	
1994	1993		1994	1993	1994	1993
\$ 4,764	\$ 2,945	Housing Development	\$ 20,445	\$ 20,368	\$ 14,113	\$ 14,604
1,676	2,895	Home Ownership Mortgage Loan (1982-1994)*	45,390	63,087	38,821	53,106
456	431	Housing Rehabilitation and Home Improvement	1,495	1,650	721	872
6,896	6,271	Total Restricted Bond Funds	67,330	85,105	53,655	68,582
(137)	(133)	Administered Funds	431	465	--	--
		General Fund:				
17	13	Business Development	1,573	1,758	1,542	1,732
1,583	3,828	Other*	5,120	6,648	594	113
1,600	3,841	Total General Fund	6,693	8,406	2,136	1,845
<u>\$ 8,359</u>	<u>\$ 9,979</u>		<u>\$ 74,454</u>	<u>\$ 93,976</u>	<u>\$ 55,791</u>	<u>\$ 70,427</u>

*December 1994 data reflects the reclassification of assets as of July 1, 1994 and the corresponding revenues and expenses for the six months ended December 31, 1994 from Home Ownership Mortgage Loans to the General Fund. The assets were moved to the General Fund because they are no longer restricted by the lien or pledge of any bond or note resolution.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

(Data concerning December 31, 1994 and 1993 is unaudited)

6. Segment Financial Data: (Continued)

Financial data of the Authority's General Fund and loan program funds are summarized as follows (in thousands):

Financial Data at June 30

Fund Balances			Total Assets		Bonds and Notes Payable	
1994	1993		1994	1993	1994	1993
\$ 28,524	\$ 23,303	Housing Development	\$ 578,849	\$ 505,017	\$ 445,004	\$ 392,065
54,118	55,567	Home Ownership Mortgage Loan (1982-1994)	1,200,273	1,621,172	1,081,258	1,473,154
11,761	10,914	Housing Rehabilitation and Home Improvement	36,547	42,873	23,721	30,756
94,403	89,784	Total Restricted Bond Funds	1,815,669	2,169,062	1,549,983	1,895,975
4,648	5,046	Administered Funds	15,707	17,224	--	--
(29)	(23)	General Fund (Note 7):				
73,707	64,077	Business Development	44,005	53,287	43,510	52,750
73,678	64,054	Other	97,717	73,663	12,565	--
<u>\$ 172,729</u>	<u>\$ 158,884</u>	Total General Fund	141,722	126,950	56,075	52,750
			<u>\$ 1,973,098</u>	<u>\$ 2,313,236</u>	<u>\$ 1,606,058</u>	<u>\$ 1,948,725</u>

Operating Data for the Year Ended June 30

Net Income			Revenues		Interest Expense	
1994	1993		1994	1993	1994	1993
\$ 5,244	\$ 6,098	Housing Development	\$ 42,419	\$ 38,756	\$ 30,358	\$ 29,098
3,500	3,799	Home Ownership Mortgage Loan (1982-1994)	110,575	142,535	94,424	124,418
847	480	Housing Rehabilitation and Home Improvement	3,230	3,523	1,644	2,012
9,591	10,377	Total Restricted Bond Funds	156,224	184,814	126,426	155,528
(398)	(520)	Administered Funds	849	706	--	--
30	(2)	General Fund:				
4,622	2,668	Business Development	3,440	3,850	3,385	3,801
4,652	2,666	Other	10,962	7,969	436	205
<u>\$ 13,845</u>	<u>\$ 12,523</u>	Total General Fund	14,402	11,819	3,821	4,006
			<u>\$ 171,475</u>	<u>\$ 197,339</u>	<u>\$ 130,247</u>	<u>\$ 159,534</u>

WHEDA STAFF

Executive Office

Richard J. Longabaugh,
Executive Director
Cathy S. Zeuske,
Deputy Executive Director
Gwen Torkelson,
Executive Assistant
Maureen Brunker
Dorothy Carey-Ruff
Janice K. Hughes
Jamie Malliet
Susan C. Turner
Ann C. Wetley

Administrative Services

Kim Babler, Group Director
John Aeshlimann
Craig Allan
Debra Amos
Norbert Boyd
Richard Carlson
Joveta E. Dixon
Carolyn Elert
Korey Kopp
Dawn Lee
Jerilyn Malliet
Esther Nakagaki
Liz Pauley
Michael Pliner
Jody Ponty
John Ritchie
Joyce Rogers
Fred Schmidt
Laurie Schmidt
Jim Schmitz
Pam Sharpe

Legal Services

Ann Wenzel Ash,
General Counsel
Evelyn M. Belscamper
Susan M. Haugland
Karen A. Keller
Helen B. Matthews
Michael Morris
Jessica L. Ryan

Financial Services

Leon D. Sheldahl,
Retiring Chief Financial Officer
Ann Eaves,
Acting Chief Financial Officer
Debra Adams
Bryan Antony
Kari Becker
Mike Dunn
Joseph Durow
Eleanor Gerber
Heidi Gordon
Stephen Jacobs
Richard B. Janosik
Tamra Kegler
Lisa MacDonald
David Manthe
Carol McGowan
Sonal Mehra
Laura Morris
Sherry Pohlman
Martin Skotzke
Gary Stiemke
Steven A. Thill
Michelle Thompson
Kristine Urban
Sue Wilberding

Audit

Sue Jahn, Manager
Robb Mappes
Corinne S. Tuschl

Marketing

James M. Langdon,
Group Director
Janice Barr
Roger Day
Ann Dixon
Peter Eggert
David M. Litchy
Rita McCain
Constance Pukaite
Perfecto Rivera
Eileen Saul
Tom Schrader
Gerald Williams

Single Family Housing

Mary Zins, Group Director
Josie Bambrough
Roger Becker
Nora Bryhan
Ellen Cuthbert-Wollin
Don Dees
Noelle Delaine
Gregory Duffey
Peggy Ellis
Susan Falch
Debby Florin
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Annual Report Credits
Editor: James M. Langdon
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Photography for cover and
pages 2, 4, and 6:
James Caldwell
Printing: Park Printing House



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