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## OFFICIAL STATEMENT

### New Issues

*In the opinion of Foley & Lardner, Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, and other federal tax legislation, interest on the Series C Bonds is excluded from gross income for federal income tax purposes and is an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Series D Bonds (Taxable) is included in gross income for federal income taxes under existing laws. See “**OTHER INFORMATION; Tax Matters**” herein for a more detailed discussion of some of the federal income tax consequences of owning the Bonds.*

**\$90,000,000**

## STATE OF WISCONSIN

**\$45,000,000 GENERAL OBLIGATION BONDS OF 1997, SERIES C**

**Subject to Alternative Minimum Tax (AMT)**

**\$45,000,000 GENERAL OBLIGATION BONDS OF 1997, SERIES D  
(TAXABLE)**

**DATED: September 15, 1997**

**DUE: November 1 as shown on inside front cover**

The \$45,000,000 State of Wisconsin General Obligation Bonds of 1997, Series C (the “Series C Bonds”) and the \$45,000,000 State of Wisconsin General Obligation Bonds of 1997, Series D (the “Series D Bonds (Taxable)”) (the Series C Bonds and the Series D Bonds (Taxable) are collectively referred to as the “Bonds”) will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 and integral multiples thereof. Beneficial Owners (as defined herein) will not receive certificates representing their interest in the Bonds purchased. Interest is payable on May 1, 1998 and semiannually thereafter on May 1 and November 1 of each year. All payments of principal and interest on the Bonds will be paid by the State Treasurer as Paying Agent and Registrar to DTC, which will in turn remit such payments to DTC’s Participants for subsequent disbursement to the Beneficial Owners of the Bonds, as described herein. See “**THE BONDS; Book-Entry-Only Form**”.

The Bonds may, under certain circumstances, be redeemed at par prior to their stated date of maturity, as more fully described in this Official Statement. See “**THE BONDS; Redemption Provisions**”.

The rates shown on the inside front cover are the interest rates payable by the State resulting from the bids for the Bonds on September 17, 1997, by the successful bidders. Certain information concerning the terms of the reoffering of the Bonds has been provided by the successful bidders. See “**OTHER INFORMATION; Reference Information About the Bonds**”.

The Bonds offered are being issued pursuant to Chapters 18, 20 and 45 of the Wisconsin Statutes, as amended (the “Act”), authorizing resolutions duly adopted by the State of Wisconsin Building Commission on July 31, 1997, as amended and supplemented on September 17, 1997, and in accordance with the respective Official Notice of Sale.

*Delivery of the Bonds is subject to the receipt of an unqualified approving opinion of Foley & Lardner, Bond Counsel, and other conditions specified in the respective Official Notice of Sale. The Bonds will be available for delivery on or about October 8, 1997, in New York, New York.*

September 17, 1997

MATURITIES, PRINCIPAL AMOUNTS, AND INTEREST RATES

**\$90,000,000**

**STATE OF WISCONSIN**

**\$45,000,000 GENERAL OBLIGATION BONDS OF 1997, SERIES C**  
**Subject to Alternative Minimum Tax (AMT)**

<u>Year</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Year</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2000	\$ 250,000	4.25%	2007	\$ 1,935,000	4.75%
2001	270,000	4.30	2008	2,035,000	4.80
2002			2009	2,445,000	5.00
2003	1,445,000	4.50	2010	2,765,000	5.00
2004	1,645,000	4.50	2011	2,655,000	5.00
2005	1,390,000	4.50	2012	2,600,000	5.10
2006	1,480,000	4.60	2013	2,360,000	5.20

**\$7,850,000 5.40% Term Bonds Due November 1, 2017**

**\$10,580,000 5.50% Term Bonds Due November 1, 2023**

**\$3,295,000 5.50% Term Bonds Due November 1, 2026**

**\$45,000,000 GENERAL OBLIGATION BONDS OF 1997, SERIES D**  
**(TAXABLE)**

<u>Year</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Year</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
1999	\$ 620,000	6.00%	2006	\$ 950,000	6.60%
2000	655,000	6.15	2007	1,010,000	6.65
2001	695,000	6.25	2008	1,080,000	6.70
2002	740,000	6.30	2009	1,155,000	6.80
2003	785,000	6.40	2010	1,230,000	6.85
2004	840,000	6.50	2011	1,320,000	6.90
2005	895,000	6.55	2012	1,410,000	6.90

**\$6,760,000 7.15% Term Bonds Due November 1, 2017**

**\$24,855,000 7.25% Term Bonds Due November 1, 2028**

No dealer, broker, sales representative or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the State of Wisconsin or other matters contained herein since the date hereof.

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# STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF BONDS

## BUILDING COMMISSION MEMBERS

### Voting Members

	Term of Office Expires
Governor Tommy G. Thompson, Chairperson	January 4, 1999
Senator Fred A. Risser, Vice-Chairperson	January 8, 2001
Senator Rodney C. Moen	January 4, 1999
Senator Tim Weeden	January 4, 1999
Representative Timothy Hoven	January 4, 1999
Representative Clifford Otte	January 4, 1999
Representative Robert Turner	January 4, 1999
Mr. Bryce Styza, Citizen Member	At the pleasure of the Governor

### Nonvoting, Advisory Members

Mr. Mark D. Bugher, Secretary Department of Administration	At the pleasure of the Governor
Mr. Adel Tabrizi, State Chief Engineer Department of Administration	—
Mr. Wilbert King, State Chief Architect Department of Administration	—

### Building Commission Secretary

Mr. Robert Brandherm (also serves as Administrator, Division of Facilities Development of the Department of Administration)	At the pleasure of the Building Commission and Secretary of Administration
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## OTHER PARTICIPANTS

Mr. Jack C. Voight State Treasurer	January 4, 1999
Mr. James E. Doyle State Attorney General	January 4, 1999

## DEBT MANAGEMENT AND DISCLOSURE

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As of the date of this Official Statement, additional information about the State of Wisconsin can  
be found on the internet at:

<http://badger.state.wi.us/statewide.html>

## SUMMARY DESCRIPTION OF BONDS

*Information set forth on this page is qualified by the entire Official Statement. A full review of the entire Official Statement should be made by potential investors.*

Description:	State of Wisconsin General Obligation Bonds of 1997, Series C and General Obligation Bonds of 1997, Series D (Taxable)
Principal Amount:	\$45,000,000 Series C Bonds and \$45,000,000 Series D Bonds (Taxable)
Denominations:	\$5,000 and integral multiples
Date of Issue:	September 15, 1997
Record Date:	April 15 or October 15
Interest Payment:	May 1 and November 1, commencing May 1, 1998
Maturities:	Series C Bonds mature November 1, 2000, 2001, 2003-2013, 2017, 2023 and 2026 and Series D Bonds (Taxable) mature November 1, 1999-2012, 2017 and 2028— <i>See inside front cover</i>
Redemption:	<p><i>Mandatory Sinking Fund</i>—Series C Bonds maturing November 1, 2017, 2023 and 2026 are subject to mandatory sinking fund redemption at par, and Series D Bonds (Taxable) maturing November 1, 2017 and 2028 are subject to mandatory sinking fund redemption at par—<i>See pages 4-6</i></p> <p><i>Optional</i>—Bonds of each series maturing on or after November 1, 2009 are subject to optional redemption at par beginning November 1, 2008—<i>See page 6</i></p> <p><i>Special</i>—Bonds of each series are subject to special redemption at par—<i>See pages 6-10</i></p>
Form:	Book-entry-only— <i>See pages 2-4</i>
Paying Agent:	All payments of principal and interest on the Bonds will be paid by the State Treasurer. All payments will be made to The Depository Trust Company, which will distribute payments to Beneficial Owners as described herein.
Security:	The Bonds are general obligations.
Authority for Issuance:	The Bonds are issued under Article VIII of the Wisconsin Constitution and Chapters 18, 20 and 45 of the Wisconsin Statutes.
Purpose:	Proceeds of each series of Bonds will be used for veterans housing loans and a portion of proceeds from the Series D Bonds (Taxable) will be used for veterans home improvement loans.
Additional General Obligation Debt:	The State may issue additional general obligation debt.
Legality of Investment:	The Bonds are legal investments for all banks, trust companies, savings banks and institutions, savings and loan associations, credit unions, investment companies and other persons or entities carrying on a banking business in Wisconsin; for all executors, administrators, guardians, trustees and other fiduciaries in Wisconsin; for the State and all public officers, municipal corporations, political subdivisions and public bodies in Wisconsin.
Tax Exemption:	<p><i>Federal income tax</i>—Interest on the Series C Bonds is not included in gross income and is an item of tax preference. Interest on the Series D Bonds (Taxable) is included in gross income for federal income tax purposes.</p> <p><i>Wisconsin state income and franchise tax</i>—Not exempt—<i>See pages 15-19</i></p>
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner— <i>See page B-1</i>

**OFFICIAL STATEMENT**  
**\$90,000,000**  
**STATE OF WISCONSIN**

**\$45,000,000 GENERAL OBLIGATION BONDS OF 1997, SERIES C**  
**Subject to Alternative Minimum Tax (AMT)**

**\$45,000,000 GENERAL OBLIGATION BONDS OF 1997, SERIES D**  
**(TAXABLE)**

The issuer of the Bonds described herein is the State of Wisconsin (the “State”). The State is located in the Midwest among the northernmost tier of states. The State ranks 18th among the states in population and 26th in land area. Wisconsin attained statehood in 1848, its capital is Madison and its largest city is Milwaukee.

The State of Wisconsin Building Commission (the “Commission”), an agency of the State, is empowered by law to consider, act upon, authorize, issue and sell all debt obligations of the State. This agency is assisted and staffed by the State of Wisconsin Department of Administration.

Information concerning the State, the Commission and general obligation debt of the State is included as [APPENDIX A](#), which includes by reference Parts II and III of the [State of Wisconsin Continuing Disclosure Annual Report, dated December 27, 1996](#).

This Official Statement, including the cover page and Appendices hereto, is provided for the purpose of setting forth information concerning the sale by the Commission of the \$45,000,000 General Obligation Bonds of 1997, Series C (the “Series C Bonds”) and the \$45,000,000 General Obligation Bonds of 1997, Series D (the “Series D Bonds (Taxable)”) (collectively, the Series C Bonds and the Series D Bonds (Taxable) are referred to as the “Bonds”). The Bonds are authorized pursuant to the provisions of Article VIII, Section 7 of the Wisconsin Constitution and Chapters 18, 20 and 45 of the Wisconsin Statutes (collectively, the “Act”) and pursuant to resolutions adopted by the Commission on July 31, 1997, as amended and supplemented on September 17, 1997 (collectively, the “Resolution”).

The Bonds are direct and general obligations of the State. The full faith, credit and taxing power of the State are irrevocably pledged to the payment of the principal of and interest on the Bonds. There has been irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient for the payment of the principal of and interest on the Bonds as the same mature and become due. The Bonds are on a parity with all other outstanding general obligation debt issued by the State with regard to priority of payment.

In connection with the issuance and sale of the Bonds, the Commission has authorized the State of Wisconsin Department of Administration to prepare this Official Statement, including the cover page and appendices, describing the Bonds and presenting other relevant information for consideration by prospective purchasers. This Official Statement contains information, which has been furnished by the State or obtained by the State from the sources indicated. The quotations, summaries and explanations of laws, resolutions, judicial decisions and administrative regulations in this Official Statement do not purport to be complete and are qualified by reference to the complete text of such documents.

## **Plan of Finance**

The Bonds of each series are being issued in accordance with the Act for the purpose of funding veterans housing loans. The State has previously issued its general obligations for funding loans to veterans who are “qualified veterans” under federal tax law for the purpose of acquiring residences (“Tax-Exempt Veterans Mortgage Bonds”). The Series C Bonds is another series of Tax-Exempt Veterans Mortgage Bonds.

Beginning with the issuance of the Series D Bonds (Taxable), the State is commencing the issuance of its general obligations for funding loans to veterans who are not “qualified veterans” under federal tax law and for funding loans to veterans for the purpose of home improvements (“Taxable Veterans Mortgage Bonds”). The State anticipates that approximately \$41 million of the Series D Bonds (Taxable) will be used to fund housing loans to veterans who are not “qualified veterans”, which loans will have a term not exceeding 30 years. The State further anticipates that approximately \$4 million of the Series D Bonds (Taxable) will be used to fund loans to veterans under the Home Improvement Loan Program (“HILP”), which loans will have a term not exceeding 15 years. See “**OTHER INFORMATION; Veterans Housing Loan Program; Program Description and Operations**” for further discussion on the HILP. **APPENDIX C** delineates the Series D Bonds (Taxable) principal structure to identify the intended cash flow of the 15-year loans for the HILP and 30-year loans for housing loans. The State further intends to provide a subsidy from excess proceeds of eligible mortgage pools so that mortgage rates for loans funded by Taxable Veterans Mortgage Bonds are the same as mortgage rates for loans funded by Tax-Exempt Veterans Mortgage Bonds.

## **THE BONDS**

### **General**

The Bonds will bear interest at the rate or rates and will mature on the dates and in the amounts set forth on the inside front cover of this Official Statement.

The Bonds will be dated September 15, 1997 and will bear interest from such date payable on May 1, 1998 and semiannually thereafter on May 1 and November 1 of each year.

Interest on the Bonds will be computed on the basis of a 30-day month and a 360-day year. Principal of and interest on each Bonds will be payable to the registered owner thereof, which initially will be a nominee of The Depository Trust Company, New York, New York (“DTC”).

The Bonds are issuable as fully registered bonds without coupons in denominations of \$5,000 principal amount or any integral multiple thereof.

The Bonds may be redeemed at par prior to their stated date of maturity. See “**THE BONDS; Redemption Provisions**”.

### **Book-Entry-Only Form**

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities, registered in the name of Cede & Co. (DTC’s partnership nominee). One fully registered Bond will be issued for each maturity of each series of Bonds as set forth on the inside front cover, each in the principal amount of such maturity, and deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants (“Direct



Participants”) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to DTC by the State Treasurer. DTC’s practice is to credit Direct Participants’ accounts on the payable date in accordance with their respective holdings shown on DTC’s records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of

customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of the State or DTC, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the State, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the State. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The State may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC’s book-entry system has been obtained from DTC; the State takes no responsibility for its accuracy.

No assurance can be given by the State that DTC, Direct Participants and Indirect Participants will promptly transfer payments or notices received with respect to the Bonds. The State assumes no liability for the failure of DTC, Direct Participants or Indirect Participants to transfer to the Beneficial Owner payments or notices received with respect to the Bonds.

Similarly, no assurance can be given by the State that DTC will abide by its procedures or that such procedures will not be changed from time to time. In the event that a successor securities depository is designated, it may establish different procedures.

### **Redemption Provisions**

#### *Mandatory Sinking Fund Redemption*

The Series C Bonds due on November 1, 2017 (the “2017 Series C Term Bonds”), are subject to redemption prior to maturity at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, from mandatory sinking fund installments which are required to be made in amounts sufficient to redeem on November 1 of each year the respective amount of the 2017 Series C Term Bonds specified below:

<b>Redemption Date (November 1)</b>	<b>Principal Amount</b>
2014	\$2,120,000
2015	1,850,000
2016	1,580,000
2017 <sup>(a)</sup>	2,300,000

<sup>(a)</sup> Stated maturity

The Series C Bonds due on November 1, 2023 (the “2023 Series C Term Bonds”), are subject to redemption prior to maturity at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, from mandatory sinking fund installments which are required to be made in amounts sufficient to redeem on November 1 of each year the respective amount of the 2023 Series C Term Bonds specified below:

<b><u>Redemption Date</u></b> <b><u>(November 1)</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>
2018	\$2,175,000
2019	1,795,000
2020	1,080,000
2021	1,555,000
2022	2,190,000
2023 <sup>(a)</sup>	1,785,000

<sup>(a)</sup> Stated maturity

The Series C Bonds due on November 1, 2026 (the “2026 Series C Term Bonds”), are subject to redemption prior to maturity at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, from mandatory sinking fund installments which are required to be made in amounts sufficient to redeem on November 1 of each year the respective amount of the 2026 Series C Term Bonds specified below:

<b><u>Redemption Date</u></b> <b><u>(November 1)</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>
2024	\$1,345,000
2025	1,100,000
2026 <sup>(a)</sup>	850,000

<sup>(a)</sup> Stated maturity

The Series D Bonds due on November 1, 2017 (the “2017 Series D Term Bonds”), are subject to redemption prior to maturity at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, from mandatory sinking fund installments which are required to be made in amounts sufficient to redeem on November 1 of each year the respective amount of the 2017 Series D Term Bonds specified below:

<b><u>Redemption Date</u></b> <b><u>(November 1)</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>
2013	\$1,510,000
2014	1,180,000
2015	1,265,000
2016	1,355,000
2017 <sup>(a)</sup>	1,450,000

<sup>(a)</sup> Stated maturity

The Series D Bonds due on November 1, 2028 (the “2028 Series D Term Bonds”), are subject to redemption prior to maturity at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, from mandatory sinking fund installments which are required to be made in amounts sufficient to redeem on November 1 of each year the respective amount of the 2028 Series D Term Bonds specified below:

<b><u>Redemption Date</u></b> <b><u>(November 1)</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>
2018	\$1,555,000
2019	1,665,000
2020	1,790,000

<b><u>Redemption Date</u></b> <b><u>(November 1)</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>
2021	1,915,000
2022	2,055,000
2023	2,205,000
2024	2,365,000
2025	2,535,000
2026	2,720,000
2027	2,920,000
2028 <sup>(a)</sup>	3,130,000

<sup>(a)</sup> Stated maturity

Upon any redemption of the 2017 Series C Term Bonds, 2023 Series C Term Bonds, 2026 Series C Term Bonds, 2017 Series D Term Bonds or the 2028 Series D Term Bonds (the “Term Bonds”) (other than redemption due to mandatory sinking fund redemption), or purchase in lieu thereof, the principal amount of such Term Bonds so redeemed or purchased shall be credited against the sinking fund installments established for such Term Bonds so redeemed or purchased in such manner as the Commission shall direct.

*Optional Redemption*

The Bonds of each series maturing on or after November 1, 2009 are subject to optional redemption prior to their stated date of maturity, at the option of the Commission, on November 1, 2008 or on any date thereafter, in whole or in part in integral multiples of \$5,000 at a redemption price equal to 100% of the principal amount plus accrued interest to the date of redemption. In the event of partial redemption, the Commission shall direct the maturity or maturities of the Bonds and the amounts thereof so to be redeemed.

*Special Redemption—Series C Bonds*

The Series C Bonds are subject to special redemption prior to maturity, at the option of the Commission, on any date, in whole or in part, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, from (i) unexpended proceeds of the Series C Bonds, (ii) payments on veterans housing loans, or interest or income on investments in certain accounts, including money available from the Insurance Reserve Account, in excess of amounts required to meet scheduled debt service on Tax-Exempt Veterans Mortgage Bonds, and costs associated with the qualified-portion of the veterans housing loan program, and (iii) prepayments of veterans housing loans funded from or attributed to any series of Tax-Exempt Veterans Mortgage Bonds. In the event of a partial redemption, the Commission shall direct the maturities of the Bonds and the amounts thereof so to be redeemed.

Prepayments of mortgages originated with or attributed to any series of Taxable Veterans Mortgage Bonds shall not be used for special redemption of Tax-Exempt Veterans Mortgage Bonds, and prepayments of mortgages originated with or attributed to any series of Tax-Exempt Veterans Mortgage Bonds shall not be used for special redemption of Taxable Veterans Mortgage Bonds.

The State had outstanding as of July 31, 1997, approximately \$568 million of Tax-Exempt Veterans Mortgage Bonds. Of this amount, approximately \$539 million were subject to special redemption from certain loan prepayments or excess revenues, as provided for in the resolution authorizing the particular series of Tax-Exempt Veterans Mortgage Bonds. Table 1 presents information about the outstanding Tax-Exempt Veterans Mortgage Bonds that are subject to

special redemption. The State has historically received, and expects to continue to receive, prepayments of veterans housing loans. The State may use, and has from time to time used, veterans housing loan prepayments to make new veterans housing loans. If the State determines that it is not feasible to make new veterans housing loans, the State intends to use such prepayments to purchase or redeem the Tax-Exempt Veterans Mortgage Bonds as determined by the Commission.

**Table 1**  
**Summary of Tax-Exempt Veterans Mortgage Bonds**  
**Subject to Special Redemption**  
**July 31, 1997**

<u>Series</u>	<u>Dated Date</u>	<u>Original Principal Amount Subject to Special Redemption</u>	<u>Outstanding Principal Amount Subject to Special Redemption</u>	<u>Range of Interest Rates on Outstanding Bonds</u>
1986 Series A	05/15/86	\$ 38,185,000	\$ 12,690,000	7.25–7.50%
1988 Series A	07/01/88	14,425,000	1,565,000	7.10–7.60
1989 Series A	01/01/89	19,375,000	2,650,000	7.35–7.70
1989 Series D	08/01/89	19,475,000	14,850,000	6.80–7.20
1990 Series B	03/01/90	19,600,000	2,500,000	6.80–7.30
1990 Series F	10/01/90	19,675,000	2,875,000	6.85–7.35
1991 Series A	04/01/91	29,575,000	22,525,000	6.30–7.50
1992 Series B	06/01/92	29,850,000	8,845,000	5.60–6.60
1993 Series 6	10/15/93	20,000,000	18,755,000	3.85–5.30
1993 Series 5	12/01/93	135,255,000	134,705,000	3.80–5.40
1994 Series 2	03/01/94	58,525,000	58,525,000	4.85–6.20
1994 Series 3	09/15/94	10,400,000	8,000,000	4.75–5.80
1994 Series C	09/15/94	45,000,000	43,155,000	5.50–6.65
1995 Series 1	02/15/95	15,735,000	15,735,000	5.25–6.10
1995 Series B	02/15/95	29,265,000	29,265,000	6.40–6.50
1995 Series 2	10/15/95	42,850,000	42,850,000	4.00–5.75
1996 Series B	05/15/96	45,000,000	45,000,000	4.40–6.20
1996 Series D	10/15/96	30,000,000	30,000,000	5.25–6.00
1997 Series A	03/15/97	21,360,000	21,360,000	6.00–6.00
1997 Series 1	03/15/97	23,640,000	23,640,000	5.20–5.75
		<u>\$ 667,190,000</u>	<u>\$ 539,290,000</u>	

Prior to 1996, it was generally the State's policy, subject to federal tax requirements and the redemption provisions of each particular series of Tax-Exempt Veterans Mortgage Bonds, to redeem Tax-Exempt Veterans Mortgage Bonds in order of the highest interest rate maturities. The State has modified this policy and intends generally to call maturities of Tax-Exempt Veterans Mortgage Bonds based on the highest proxy price at the time the call decision is evaluated. In establishing this proxy price, the State intends (i) to determine a hypothetical yield to maturity for each maturity of Tax-Exempt Veterans Mortgage Bonds being evaluated, using published market indices, (ii) to adjust these indices to reflect the historical price relationship of the indices to comparable Tax-Exempt Veterans Mortgage Bonds and any maturity difference between the indices and the maturity of Tax-Exempt Veterans Mortgage Bonds being evaluated, and (iii) to convert each hypothetical yield to the proxy price. Each such special redemption shall be made at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the redemption date.

The Commission exercised its option of special redemption, from veterans home loan prepayments, most recently on May 1, 1997. At that time, the Commission made the special redemption shown in Table 2.

**Table 2**  
**May 1, 1997 Special Redemption**  
**Tax-Exempt Veterans Mortgage Bonds**

<u>Bond Issue</u>	<u>Maturity Date</u>	<u>Coupon</u>	<u>Redemption Amount</u>
1986 Series A	January 1, 2015	7.50%	\$9,865,000
1990 Series B	January 1, 2020	7.60	4,265,000
1992 Series B	January 1, 2012	6.00	125,000

*Special Redemption—Series D Bonds (Taxable)*

The Series D Bonds (Taxable) are subject to special redemption prior to maturity, at the option of the Commission, on September 15, 1999 and any date thereafter, in whole or in part at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, from unexpended proceeds of the Series D Bonds (Taxable). In the event of a partial redemption, the Commission shall direct the maturities of the Series D Bonds (Taxable) and the amounts thereof so to be redeemed; however, the Commission intends to apply amounts from this source to make a strip call of the Series D Bonds (Taxable) (that is, pro rata redemption on all applicable outstanding maturities, subject to rounding) to reflect approximately the intended use of the unexpended proceeds for either 15-year loans for the HILP or 30-year loans for housing loans.

In addition, the Series D Bonds (Taxable) are subject to special redemption prior to maturity, at the option of the Commission, on any date, in whole or in part, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, from (i) prepayments of veterans housing loans, or interest or income on investments in certain accounts, funded from or attributed to the Series D Bonds (Taxable), and (ii) payments from the Insurance Reserve Account. In the event of a partial redemption, the Commission shall direct the maturities of the Series D Bonds (Taxable) and the amounts thereof so to be redeemed; however, in the event the State receives amounts from the foregoing sources, the Commission intends to apply these amounts to make a strip call of the Series D Bonds (Taxable) (that is, pro rata redemption on all applicable outstanding maturities, subject to rounding) to reflect approximately the prepayment or payment attributed to 15-year loans for the HILP or 30-year loans for housing loans.

Prepayments of mortgages originated with or attributed to any other series of Taxable Veterans Mortgage Bonds shall not be used for special redemption of the Series D Bonds (Taxable), and prepayments of mortgages originated with or attributed to the Series D Bonds (Taxable) shall not be used for special redemption of any other series of Taxable Veterans Mortgage Bonds.

Prepayments of mortgages originated with or attributed to any series of Tax-Exempt Veterans Mortgage Bonds shall not be used for special redemption of Taxable Veterans Mortgage Bonds, and prepayments of mortgages originated with or attributed to any series of Taxable Veterans Mortgage Bonds shall not be used for special redemption of Tax-Exempt Veteran Mortgage Bonds.

The expected average life of the Series D Bonds (Taxable), based on various assumptions, is summarized in Table 3. Table 3 has been prepared by cfX Incorporated. In creating Table 3, cfX Incorporated used the following assumptions: (i) average origination date of February 1, 1998, (ii)

level amortization of the 15-year and 30-year loans based on a 6.40% mortgage loan rate, (iii) principal repayments from 15-year loans for the HILP used to redeem the Series D Bonds (Taxable) attributed to 15-year loans for the HILP and principal repayments from 30-year loans for housing loans used to redeem the Series D Bonds (Taxable) attributed to 30-year loans for housing loans, (iv) special redemption available solely from prepayments of veterans housing loans funded by or attributed to the Series D Bonds (Taxable), (v) early special redemptions done on a semi-annual periodicity, and (vi) 0% FHA and 0% PSA prepayment assumes no prepayments will occur.

Information contained in Table 3 is based on data and assumptions obtained by cfX Incorporated from various sources, including the State. cfX Incorporated has made no verification, independent investigation, or review of the truth or accuracy of such data and assumptions. Table 3 is also based on assumptions as to quantitative and other factors, including assumptions with respect to incomplete information, which are inherently subject to significant economic and other uncertainties and contingencies. Different assumptions could have a material effect upon the results contained in Table 3. cfX Incorporated makes no representation, express or implied, as to the accuracy, timeliness or completeness of the aforementioned data or the accuracy or reasonableness of any of the aforementioned assumptions.

No assurance can be given that prepayments of principal of the mortgages underlying the Series D Bonds (Taxable) will conform to any prepayment projections or schedule, including Table 3, or that prepayments will be available to be applied to redemptions of the Series D Bonds (Taxable). Please also be advised that the State has not undertaken to provide ongoing information to bondholders with respect to the aforementioned assumptions or the extent that actual results have been consistent with such assumptions.

Prepayments on mortgage loans are commonly measured relative to a prepayment standard or model. Information in Table 3 for the FHA prepayment speed is prepared using the June 30, 1991 table entitled “Survivor and Decrement Tables for HUD/FHA Home Mortgage Insurance Program”. The Public Securities Association’s (“PSA”) prepayment model represents an assumed monthly rate of repayment of the then outstanding balance of a pool of new mortgage loans. PSA does not purport to be either a historical description of the prepayment experience of any pool of mortgage loans or a prediction on the anticipated rate of prepayment of any pool of mortgage loans. One hundred percent PSA assumes prepayment rates of 0.2 percent per year of the then unpaid principal balance of mortgage loans in the first month of the life of the mortgage loans and an additional 0.2 percent per year in each month thereafter until the 30<sup>th</sup> month. Beginning in the 30<sup>th</sup> month and in each month thereafter during the life of the mortgage loans, 100 percent PSA assumes a constant prepayment rate of six percent per year. Multiples will be calculated from this prepayment rate series; for example, 200 percent PSA assumes prepayment rates will be 0.4 percent per year in the first month, 0.8 percent in the second month, reaching 12 percent per year in the 30<sup>th</sup> month and remaining constant at 12 percent per year thereafter.

**Table 3**  
**Average Life Summary (Years)**  
**Series D Bonds (Taxable)**

		<b>Prepayment Speed (FHA%)</b>								
		<u>0%</u>	<u>25%</u>	<u>50%</u>	<u>75%</u>	<u>100%</u>	<u>150%</u>	<u>200%</u>	<u>300%</u>	<u>400%</u>
2017 Series D										
Term Bond		18.20	15.79	13.80	12.28	11.85	9.52	8.33	6.71	5.66
2028 Series D										
Term Bond		26.76	20.96	16.70	13.61	14.24	9.80	8.62	6.97	5.89
		<b>Prepayment Speed (PSA%)</b>								
		<u>0%</u>	<u>25%</u>	<u>50%</u>	<u>75%</u>	<u>100%</u>	<u>150%</u>	<u>200%</u>	<u>300%</u>	<u>400%</u>
2017 Series D										
Term Bond		18.20	16.42	14.91	13.55	12.38	10.54	9.11	7.16	5.96
2028 Series D										
Term Bond		26.76	22.77	19.60	17.08	15.05	12.05	10.02	7.59	6.23

*Selection of Bonds*

If the Bonds are in book-entry-only form and less than all of a particular maturity are to be redeemed, selection of the ownership interests of Beneficial Owners of the Bonds affected thereby shall be made solely by the Direct Participants and the Indirect Participants in accordance with their then prevailing rules. If the Bonds are in certificated form and less than all of a particular maturity are to be redeemed, selection shall be by lot.

*Notice of Redemption*

So long as the Bonds are in book-entry-only form, a notice of the redemption of any of said Bonds shall be sent to the securities depository not less than 30 days or more than 45 days prior to the date of redemption. A notice of redemption may be revoked by sending notice to the securities depository not less than 15 days prior to the proposed date of redemption.

In the event that the Bonds are outstanding in certificated form, a notice of the redemption of any of said Bonds shall be published at least once at least 30 and not more than 45 days prior to the date of redemption in a financial newspaper published or circulated in New York, New York and shall be mailed at least 30 and not more than 45 days prior to the date of redemption to the registered owners of any Bonds to be redeemed, but such mailing shall not be a condition precedent to such redemption and failure to mail any such notice shall not affect the validity of any proceedings for the redemption of the Bonds. Interest on any Bond so called for prior redemption shall cease to accrue on the redemption date provided payment thereof has been duly made or provided for. A notice of redemption may be revoked by publication of a notice not less than 15 days prior to the proposed date of redemption in a financial newspaper published or circulated in New York, New York and mailing such notice, postage prepaid, not less than 15 days prior to the proposed redemption date to the registered owners of any Bonds to have been redeemed, but such mailing shall not be a condition precedent to such revocation and failure to mail such notice shall not affect the validity of such revocation.

**Registration and Payment of Bonds**

So long as the Bonds are in book-entry-only form, the Bonds are payable as to principal by wire transfer to the securities depository or its nominee upon their presentation and surrender at the principal office of the State Treasurer, which shall be the Registrar and Paying Agent on the



Bonds. Payment of each installment of interest shall be made by wire transfer to the securities depository or its nominee shown in the registration books at the close of business on the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date (the "Record Date") on the payment date.

When in certificated form the Bonds shall be payable as to principal by check or draft issued upon their presentation and surrender at the principal office of the Paying Agent. In such case, payment of each installment of interest shall be payable by check or draft mailed to the registered owner shown in the registration books on the Record Date.

### **Sources and Uses of Funds**

The Bonds are authorized for the purpose of funding veterans housing loans and a portion of the Series D Bonds (Taxable) proceeds will be used for veterans home improvement loans. Bond proceeds are to be deposited into the Capital Improvement Fund of the State Treasury for expenditure pursuant to rules and procedures adopted by the Wisconsin Department of Veterans Affairs ("DVA") and approved by the Commission. Until such time as these expenditures are made, the Bond proceeds will be invested by the State of Wisconsin Investment Board.

### **Ratings**

The Bonds have been rated AA+ by Fitch Investors Service, L.P., Aa2 by Moody's Investors Service, Inc. and AA by Standard and Poor's Ratings Group. Any explanation of the significance of a rating may only be obtained from the rating service furnishing such rating. There is no assurance a rating given to the Bonds will be maintained for any period of time; a rating may be lowered or withdrawn entirely by the rating service if in its judgment circumstances so warrant. Any such downgrade or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

## **OTHER INFORMATION**

### **Veterans Housing Loan Program**

The veterans housing loan program, operated by DVA, is the largest revenue-supported program of the State. Lending activities under the program began in 1974. Except for four revenue bond issues (which were not backed by the full faith and credit or taxing power of the State), the program has been previously funded by Tax-Exempt Veterans Mortgage Bonds. All revenue bonds issued for the program have been redeemed.

#### *Program Description and Operations*

Veterans who wish to purchase, build, or purchase and rehabilitate homes that satisfy certain cost or value limitations in relation to the veteran's income may apply for a veterans housing loan. The loan may be for the purchase of an existing home, for a construction loan, for refinancing the balance due on a construction period loan, bridge loan or other financing with a term of 24 months or less, or for a combined purchase and rehabilitation loan of up to 95% of the home's value for a term not exceeding 30 years. A loan application is reviewed first by a local lending institution and then by DVA. If the application is approved, the local lending institution originates the loan as agent for DVA and acts as loan servicer thereafter. There are numerous other standards required to be satisfied as part of underwriting, including a shelter-cost ratio of generally less than 25% of income. This ratio may go up to as much as 33% under certain favorable credit circumstances or must be reduced if certain credit risks are present. The originator of the housing loan may charge the borrower an origination fee of one point (or approximately two points in the case of construction loans and three points on the rehabilitation portion of purchase-rehabilitation loans).

In addition to primary housing loans, DVA has the HILP that will be funded with part of the proceeds from the Taxable Veterans Mortgage Bonds. This program has a maximum loan amount of \$15,000 and is processed through County Veterans Service Officers rather than lending institutions. HILP loans in excess of \$3,000 are secured by either a first or second mortgage on the improved property with a maximum loan term of 15 years and a minimum equity position after considering the HILP loan of 10%. HILP loans under \$3,000 may be secured by a guarantor or first or second mortgage with a maximum loan term of 15 years. HILP loans require the same basic underwriting standards as the primary loan program, but do not include loan-servicing charges. Mortgage loan rates for HILP loans are the same as the mortgage rates offered on the primary mortgage loans.

It has been and continues to be the policy of DVA to set the interest rate charged to the borrower at a rate calculated to be sufficient to pay the debt service on the Tax-Exempt Veterans Mortgage Bonds, the cost of program administration and, if deemed necessary, a loan loss reserve (which since 1985 has been charged to fund the Insurance Reserve Account described below). The State intends to provide a subsidy from excess proceeds of eligible mortgage pools so that mortgage rates for loans funded by Taxable Veterans Mortgage Bonds are the same as mortgages loan rates for loans funded by Tax-Exempt Veterans Mortgage Bonds. Tax-Exempt Veterans Mortgage Bonds issued prior to 1985 assumed a certain level of prepayments in estimating program cash flow. No prepayments have been assumed in scheduling principal payments for the Tax-Exempt Veterans Mortgage Bonds and Taxable Veterans Mortgage Bonds (collectively, the "Veterans Mortgage Bonds"), including each series of Bonds, issued since 1985. Based on April 1, 1997 balances and existing DVA assumptions, the cash flow of the mortgages is sufficient to meet future debt service payments even if no mortgages are prepaid. Program loans are assumable only by other qualifying veteran borrowers.

After deducting a servicing charge (.375% per annum), the participating lender deposits the borrower's monthly loan repayments and any prepayments into the Veterans Mortgage Loan Repayment Fund (the "Fund"), a segregated statutory fund. An irrevocable appropriation is provided by law as a first charge on assets of the Fund in a sum sufficient to provide for the repayment of principal of, premium, if any, and interest on State general obligation debt issued to fund the program.

Program loans financed with Veterans Mortgage Bonds are not required to be insured or guaranteed (casualty insurance coverage is, however, required). Instead, the default risk with respect to such loans is borne by the program. The ability of DVA to dispose of defaulted properties and realize the amount of the outstanding principal balances of the related loans has varied in recent years depending upon the location of such properties within the State and their physical condition upon foreclosure. Although DVA expects that it will continue to experience liquidation losses, it expects that such losses will not require recourse to the State's General Fund, but rather will be covered by the Insurance Reserve Account within the Fund. As of June 30, 1997, of the 16,151 outstanding veterans housing loans financed by the program, there were 139 loans of an aggregate principal amount of approximately \$4.2 million for which payments were 60 days or longer past due. The Insurance Reserve requirement (4% of outstanding loans) is currently satisfied in full.

### **Borrowing Plans for 1997**

In this calendar year, the State has sold three publicly offered general obligation bond issues. Two of the issues, in the aggregate amount of \$45 million, were for the veterans housing loan program. The other issue in the amount of \$101 million was for governmental purposes. The State has also issued two series of general obligation commercial paper notes, in the aggregate amount of \$182

million, for governmental purposes. The Bonds are the fourth and fifth publicly offered general obligation bond issues for this calendar year. The State has completed one private sale in the amount of \$5 million and is in the process of completing another private sale in the amount of \$5 million of general obligations for the Clean Water Fund program. No additional general obligation bonds or notes are expected to be issued this calendar year.

The State has sold one clean water revenue bond issue in the amount of \$80 million. The State may sell another series of clean water revenue bonds in the fourth quarter. The State has issued \$155 million of transportation revenue commercial paper notes. No transportation revenue bonds or additional transportation revenue commercial paper notes are expected to be issued this calendar year.

The State has sold operating notes in the amount of \$300 million. The State will review the general fund cash flow upon enactment of the 1997–99 budget; an additional sale of operating notes is possible in the fourth quarter.

### **Underwriting**

The Series C Bonds were purchased at competitive bidding on September 17, 1997 by the following account: Goldman, Sachs & Co., manager, A.G. Edwards & Sons, Inc., Fleet Securities, Lebenthal & Co., Inc., Piper Jaffray, Inc., Rauscher Pierce Refsnes, Inc., William E. Simon & Sons Municipal Securities Inc., Sterne, Agee & Leach, Inc. and Zions First National Bank Capital Markets.

The underwriters paid \$44,167,022, resulting in a true interest cost rate to the State of 5.4116%.

The Series D Bonds (Taxable) were purchased at competitive bidding on September 17, 1997 by the following account: Goldman, Sachs & Co., manager, and William Blair & Company, L.L.C.

The underwriters paid \$44,224,042, resulting in a true interest cost rate to the State of 7.2973%.

### **Reference Information About the Bonds**

Table 4, which includes information about the Bonds, is provided for reference. The CUSIP number for each maturity has been obtained from sources believed to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The reoffering yields and prices have been provided by the successful bidders in order to allow the computation of yield for federal tax law compliance. The reoffering yield has been calculated to the lower of maturity or call.

**Table 4**  
**State of Wisconsin**  
**\$45,000,000 General Obligation Bonds of 1997, Series C**  
**Subject to Alternative Minimum Tax (AMT)**

**Dated Date:** September 15, 1997  
**First Interest Date:** May 1, 1998  
**Issuance Date:** October 8, 1997  
**Special Redemption:** All Series C Bonds are subject to special redemption at par.  
See "**THE BONDS; Redemption Provisions**".

CUSIP	Year (November 1)	Principal Amount	Interest Rate	First Optional		Yield at Issuance	Price at Issuance
				Redemption Date	Call Price		
977056 LW8	2000	\$ 250,000	4.25%	Not Callable	-	4.250%	100.000%
977056 LX6	2001	270,000	4.30	Not Callable	-	4.350	99.812
	2002						
977056 LZ1	2003	1,445,000	4.50	Not Callable	-	4.550	99.734
977056 MA5	2004	1,645,000	4.50	Not Callable	-	4.600	99.399
977056 MB3	2005	1,390,000	4.50	Not Callable	-	4.650	98.997
977056 MC1	2006	1,480,000	4.60	Not Callable	-	4.700	99.265
977056 MD9	2007	1,935,000	4.75	Not Callable	-	4.800	99.601
977056 ME7	2008	2,035,000	4.80	Not Callable	-	4.900	99.150
977056 MF4	2009	2,445,000	5.00	11/1/2008	100%	5.000	100.000
977056 MG2	2010	2,765,000	5.00	11/1/2008	100	5.100	99.051
977056 MH0	2011	2,655,000	5.00	11/1/2008	100	5.151	98.500
977056 MJ6	2012	2,600,000	5.10	11/1/2008	100	5.245	98.500
977056 MK3	2013	2,360,000	5.20	11/1/2008	100	5.300	98.923
977056 MP2	2017 <sup>(a)</sup>	7,850,000	5.40	11/1/2008	100	5.500	98.789
977056 MV9	2023 <sup>(a)</sup>	10,580,000	5.50	11/1/2008	100	5.600	98.633
977056 MY3	2026 <sup>(a)</sup>	3,295,000	5.50	11/1/2008	100	5.500	100.000

**\$45,000,000 General Obligation Bonds of 1997, Series D**  
**(TAXABLE)**

**Dated Date:** September 15, 1997  
**First Interest Date:** May 1, 1998  
**Issuance Date:** October 8, 1997  
**Special Redemption:** All Series D Bonds (Taxable) are subject to special redemption at par.  
See "**THE BONDS; Redemption Provisions**".

CUSIP	Year (November 1)	Principal Amount	Interest Rate	First Optional		Yield at Issuance	Price at Issuance
				Redemption Date	Call Price		
977056 KQ2	1999	\$ 620,000	6.00%	Not Callable	-	6.100%	99.803%
977056 KR0	2000	655,000	6.15	Not Callable	-	6.250	99.719
977056 KS8	2001	695,000	6.25	Not Callable	-	6.360	99.605
977056 KT6	2002	740,000	6.30	Not Callable	-	6.440	99.397
977056 KU3	2003	785,000	6.40	Not Callable	-	6.520	99.401
977056 KV1	2004	840,000	6.50	Not Callable	-	6.620	99.325
977056 KW9	2005	895,000	6.55	Not Callable	-	6.690	99.132
977056 KX7	2006	950,000	6.60	Not Callable	-	6.720	99.189
977056 KY5	2007	1,010,000	6.65	Not Callable	-	6.750	99.271
977056 KZ2	2008	1,080,000	6.70	Not Callable	-	6.800	99.224
977056 LA6	2009	1,155,000	6.80	11/1/2008	100%	6.900	99.183
977056 LB4	2010	1,230,000	6.85	11/1/2008	100	6.950	99.143
977056 LC2	2011	1,320,000	6.90	11/1/2008	100	7.000	99.107
977056 LD0	2012	1,410,000	6.90	11/1/2008	100	7.030	98.797
977056 LJ7	2017 <sup>(a)</sup>	6,760,000	7.15	11/1/2008	100	7.260	98.840
977056 LV0	2028 <sup>(a)</sup>	24,855,000	7.25	11/1/2008	100	7.360	98.656

<sup>(a)</sup> This maturity is a term bond. For a schedule of the installment payments, see "**THE BONDS; Redemption Provisions; Mandatory Sinking Fund Redemption**" herein.

### **Quantitative Analyst**

The State has employed cfX Incorporated to review, and provide quantitative analysis regarding, the cash flow of the veterans housing loan program to assure fulfillment of the legislative mandate that the program be self-amortizing.

### **Legal Investment**

The Bonds are legal investments for all banks, trust companies, savings banks and institutions, savings and loan associations, credit unions, investment companies, insurance companies and associations and other persons or entities carrying on a banking or insurance business in Wisconsin; for all executors, administrators, guardians, trustees and other fiduciaries in Wisconsin; for the State and all public officers, municipal corporations, political subdivisions and public bodies in Wisconsin.

### **Legal Opinion**

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Foley & Lardner, Bond Counsel, whose approving opinion, substantially in the form shown in **APPENDIX B**, will be delivered on the date of issue of the Bonds. In the event certificated Bonds are issued, the opinion will be printed on the reverse side of each Bond.

As required by law, the Attorney General will examine a certified copy of all proceedings preliminary to issuance of the Bonds to determine the regularity and validity of such proceedings. In the event certificated Bonds are issued, the certificate of the Attorney General will be printed on the reverse side of each Bond.

### **Tax Matters**

#### *Series C Bonds*

In the opinion of Bond Counsel, under existing law, the interest on the Series C Bonds is excluded from gross income for federal income tax purposes and is an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers..

The opinions set forth in the preceding paragraph are subject to the condition that the State comply with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), and other federal tax legislation that must be satisfied subsequent to the issuance of the Series C Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The State has covenanted to comply with each such requirement to the extent it may lawfully do so. Failure to comply with certain of such requirements may cause interest on the Series C Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Series C Bonds. The proceedings authorizing the Series C Bonds do not provide for an increase in interest rates or a redemption of the Bonds in the event of taxability.

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of each Series C Bond maturing November 1, 2001, 2003 through 2008, 2010 through 2013, 2017 and 2023 (collectively, the “Discount Bonds”), to the extent properly allocable to each owner of a Discount Bond, is excluded from gross income for federal income tax purposes to the same extent that any interest payable on such Discount Bond is or would be excluded from gross income for federal income tax purposes. The original issue discount is the excess of the stated redemption price at maturity of a Discount Bond over the initial offering price to the public, excluding

underwriters or other intermediaries, at which price a substantial amount of such Discount Bonds were sold (the “Issue Price”).

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound interest basis. The amount of original issue discount that accrues to an owner of a Discount Bond during any accrual period generally equals (i) the Issue Price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods multiplied by (ii) the yield to maturity of such Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of each accrual period), less (iii) any interest payable on such Discount Bond during such accrual period.

The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period and will increase the owner’s tax basis in such Discount Bond. The adjusted tax basis in a Discount Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of such Discount Bond.

Owners of Discount Bonds who did not purchase such Discount Bonds in the initial offering at the Issue Price should consult their own tax advisors with respect to the tax consequences of owning such Discount Bonds.

Owners of Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of holding such Discount Bonds. It is possible that under the applicable provisions governing the determination of state and local taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual, even though there will not be a corresponding cash payment until a later year.

The Code contains numerous provisions which could affect the economic value of the Series C Bonds to particular Bondowners. For example, (i) Section 265 of the Code denies a deduction for interest on any indebtedness incurred or continued to purchase or carry the Series C Bonds or, in the case of financial institutions, a portion of an owner’s interest expense allocable to interest on the Series C Bonds, (ii) property and casualty insurance companies will be required in each taxable year to reduce the amount of their deductible losses by 15% of the amount of tax-exempt interest received or accrued during such taxable year, including interest on the Series C Bonds, and life insurance companies are subject to similar provisions under which taxable income is increased by reason of receipt or accrual of tax-exempt interest, (iii) interest on the Series C Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iv) passive investment income, including interest on the Series C Bonds, may be subject to federal income taxation under Section 1375 of the Code for S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of the S corporation is passive investment income, and (v) Section 86 of the Code requires certain recipients of social security and railroad retirement benefits to include a portion of such benefits in gross income by reason of receipt or accrual of interest on the Series C Bonds. A portion of the original issue discount that accrues in each year to an owner of a Discount Bond may result in collateral federal income tax consequences similar to the consequences of receipt of interest on the Series C Bonds and may result in tax liability in the year of accrual, even though the owner of the Discount Bond will not receive a corresponding cash payment until a year later. The foregoing is not intended to be an exhaustive discussion of collateral tax consequences arising from ownership of the Series C Bonds. There may be other provisions of the Code which could adversely affect the value of an investment in the Series C

Bonds for particular Bondowners. Investors should consult their own tax advisors with respect to the tax consequences of owning a Series C Bond.

*Series D Bonds (Taxable)*

The following discussion is a summary of certain United States federal income tax considerations relevant to the purchase, ownership and disposition of the Series D Bonds (Taxable) by owners thereof, based upon current provisions of the Code, judicial decisions, and administrative interpretations. This summary does not purport to be a complete analysis of all the potential federal income tax effects relating to the purchase, ownership and disposition of the Series D Bonds (Taxable), and without limiting the generality of the foregoing, it does not address the effect any foreign, state or local tax laws, or the special rules applicable to certain types of purchasers (including dealers in securities, insurance companies, financial institutions, and tax-exempt entities). Each prospective purchaser of the Series D Bonds (Taxable) is strongly urged to consult its own tax advisor with respect to its particular tax situation and possible changes in the tax laws

Except in the case of an owner who is a foreign person and who is not subject to federal income tax on income derived from a Series D Bond (Taxable) (see discussion below regarding foreign persons), the interest paid on a Series D Bond (Taxable) will be included in the owner's gross income for federal income tax purposes at the time that the interest is paid or accrued, in accordance with the owner's method of accounting for federal income tax purposes.

Although each Series D Bond (Taxable) is being issued at a price that is less than its respective principal amount, no Series D Bond (Taxable) is treated as having original issue discount for federal income tax purposes, because the amount of discount is less than the applicable *di minimus* amount.

If an owner purchases a Series D Bond (Taxable) at a cost that is greater than the stated redemption price at maturity of the Series D Bond (Taxable), the excess will be treated as "bond premium" under Section 171 of the Code, and the owner may elect to treat the portion of the excess that is allocable to each taxable year as being an offset to the interest income derived from the Series D Bond (Taxable) in that taxable year. If such an election is made, the amount of each such offset to interest income will result in a corresponding reduction in the owner's adjusted tax basis of the Series D Bond (Taxable).

A Series D Bond (Taxable) will be deemed to have "market discount" in the hand of an owner if (i) the owner's tax basis in such Series D Bond (Taxable) immediately after acquisition is less than the Series D Bond's (Taxable) adjusted issue price, and (ii) the amount of this difference (the "market discount") exceeds a specified *de minimis* amount. If a Series D Bond (Taxable) has market discount in the hand of an owner, then unless an election is made to include such discount in gross income for federal income tax purposes on an accrual basis over the remaining life of the Series D Bond (Taxable), any gain recognized by an owner upon the sale or other disposition (including payment at maturity) of this Series D Bond (Taxable) will be treated as ordinary income to the extent that this gain does not exceed the amount of "market discount" that has accrued on the Series D Bond (Taxable) while held by the owner. If interest is paid or accrued by the owner on indebtedness incurred or maintained to purchase or carry a Series D Bond (Taxable) with market discount, the deduction for the portion of the owner's interest expense that is allocable to the accrued market discount may be deferred.

In the case of a sale or exchange (including a redemption) of a Series D Bond (Taxable), the owner will recognize gain or loss equal to the difference, if any, between the amount received and his/her adjusted tax basis in the Series D Bond (Taxable). With respect to a Series D Bond (Taxable) that is held as a "capital asset" within the meaning of Section 1221 of the Code and that is not held as

part of “conversion transaction” within the meaning of Section 1258 of the Code, any gain or loss will be treated as a capital gain or loss, except to the extent that any gain is treated as ordinary income under the “market discount” rules as described above.

The following is a general discussion of certain United States federal income and estate tax consequences of the ownership of Series D Bonds (Taxable) by a nonresident alien (other than a former United States citizen described in Section 877(a) of the Code or a former resident of the United States described in Section 877(e) or 7701(b)(10) of the Code), a foreign corporation, a foreign partnership, a foreign trust, or a foreign estate (a “foreign person”). Owners of Series D Bonds (Taxable) who are foreign persons are urged to consult their own tax advisers regarding the specific tax consequences to them of owning Series D Bonds (Taxable).

Interest and any original issue discount earned on a Series D Bond (Taxable) by an owner who is a foreign person will be considered “portfolio interest” and will not be subject to United States federal income tax or withholding if:

- (1) such foreign person is neither (i) a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code, nor (ii) a bank that is purchasing Series D Bonds (Taxable) pursuant to an extension of credit made in the ordinary course of its trade or business;
- (2) such foreign person provides the person who would otherwise be required to withhold tax from payments of such interest (the “withholding agent”) with an appropriate statement, signed under the penalties of perjury, identifying the beneficial owner and stating, among other things, that the beneficial owner of the Series D Bond (Taxable) is a foreign person; and
- (3) the interest is not effectively connected with the conduct of a trade or business within the United States by the foreign person.

Any interest or original issue discount (other than “portfolio interest”) earned on a Series D Bond (Taxable) by a foreign person will be subject to United States federal income tax and withholding at a rate of 30% (or at a lower rate under an applicable tax treaty) if this interest or original issue discount is not effectively connected with the conduct of a trade or business within the United States by this foreign person.

All interest and original issue discount earned on a Series D Bond (Taxable), and any gain realized on a sale or exchange (including redemption) of a Series D Bond (Taxable), that is effectively connected with the conduct of a trade or business with the United States by a foreign person will be subject to United States federal income tax at regular graduated rates (and, if the foreign person is a corporation, may also be subject to a United States branch profits tax). Such income will not be subject to United States income tax withholding, however, if the foreign person furnishes the proper certificate to the withholding agent.

Any gain realized by a foreign person on a sale or exchange (including a redemption) of a Series D Bond (Taxable) will not be subject to United States federal income tax or withholding if (i) the gain is not effectively connected with the conduct of a trade or business within the United States, and (ii) in the case of a foreign individual, such individual is not present in the United States for 183 days or more in the taxable year of the sale or exchange.

For United States estate tax purposes, the gross estate of a nonresident alien individual who holds a debt obligation of a United States person is not deemed to include such debt obligation if all of the interest on the obligation constitutes “portfolio interest”.

A 31% backup withholding tax applies to certain payments of interest and principal on, and any proceeds of a sale or exchange (including a redemption) of the Series D Bonds (Taxable). In the



case of an owner that is not a foreign person, backup withholding generally will apply only if such owner fails to furnish its correct taxpayer identification number, is notified by the Internal Revenue Service that such owner has failed to report properly payments of interest or dividends, or fails to provide a required certification under penalties of perjury.

In the case of an owner that is a foreign person, backup withholding generally will not apply to payments made on the Series D Bonds (Taxable) if such owner has provided the required certification under penalties of perjury that it is a foreign person, as defined above, or has otherwise established an exemption, provided in each case that the State does not have actual knowledge that the payee is not a foreign person.

Any amounts withheld from payment under the backup withholding rules will be allowed as a credit against an owners United States federal income tax liability and may entitle such owner to a refund, provided that the required information is furnished to the Internal Revenue Service.

## **REGARDING DISCLOSURE**

### **Continuing Disclosure**

In order to assist the underwriters in complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”), the State has entered into a Master Agreement on Continuing Disclosure, an Addendum Regarding General Obligations, and before the delivery of the Bonds, will enter into a Supplemental Agreement pertaining to the Bonds (collectively, the “Agreements”). The Agreements constitute an undertaking for the benefit of the beneficial owners of the Bonds and require the State to prepare and provide an Annual Report (providing certain financial information and operating data relating to the State), not later than 180 days following the close of the State’s fiscal year, to each nationally recognized municipal securities information repositories (“NRMSIRs”), and to provide notices of occurrence of certain events specified in the Rule to the NRMSIRs or the Municipal Securities Rulemaking Board (the “MSRB”), and to the state information depository (“SID”), if any. As of the date of this Official Statement, no SID has been established. Copies of the Agreements, Annual Reports, and notices may be obtained from: Capital Finance Office; Department of Administration; Division of Executive Budget and Finance; 101 East Wilson Street; P.O. Box 7864; Madison, WI 53707-7864.

The Agreements also describe the consequences of any failure to provide the required information. The Agreements require that a failure to provide the required information must be reported to the NRMSIRs or the MSRB, and to any SID, and the Rule requires consideration of any such failure by any brokers, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. In the previous five years, there has been no failure to comply in any material respect with a similar undertaking by the State.

### **Disclosure Certificate**

The successful bidders for the Bonds will receive a certificate, signed by the Governor, the Secretary of Administration and the Secretary of the Commission, certifying that this Official Statement, as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. In providing such certificate, the signers will state that they have not undertaken to independently verify information obtained or derived from various United States Government publications referenced in this Official Statement.

**Additional Information**

Periodic public reports relating to the financial condition of the State, its operations and the balances, receipts and disbursements of the various funds of the State are prepared by the Departments of Administration and Revenue, the State Treasurer and Legislative Auditor.

Additional information may be obtained upon request from the Capital Finance Office, Attn.: Mr. Frank R. Hoadley, Capital Finance Director, (608) 266-2305.

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Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the State and the purchasers or owners of any of the Bonds.

This Official Statement is submitted only in connection with the sale of the Bonds by the State and may not be reproduced or used in whole or in part for any other purpose, except with express permission.

Dated: September 17, 1997

**STATE OF WISCONSIN**

/s/ TOMMY G. THOMPSON

Governor Tommy G. Thompson, Chairperson  
State of Wisconsin Building Commission

/s/ MARK D. BUGHER

Mark D. Bugher, Secretary  
State of Wisconsin Department of Administration

/s/ ROBERT BRANDHERM

Robert Brandherm, Secretary  
State of Wisconsin Building Commission

## **Appendix A**

### **INFORMATION ABOUT THE STATE**

This appendix includes information concerning the State of Wisconsin (the “State”), the State of Wisconsin Building Commission (the “Commission”) and general obligation debt issued by the State. Parts II and III of the [State of Wisconsin Continuing Disclosure Annual Report, dated December 27, 1996](#) (the “Annual Report”) are included by reference as part of this APPENDIX A.

Part II to the Annual Report contains certain general information about the State, including information about the State’s operations and financial procedures, the State’s accounting and financial reporting, the organization and description of services provided by the State, certain financial information about the State, the results of the 1995-96 fiscal year, the State budget, State obligations, and the State Investment Board, together with statistical information about the State’s population, income and employment. Included as APPENDIX A to Part II are the audited general purpose financial statements for the fiscal year ending June 30, 1996, prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Government Accounting Standards Board, and the State Auditor’s report.

Part III to the Annual Report contains certain information concerning general obligations issued by the State under Chapter 18 of the Wisconsin Statutes, including a discussion of the security provisions for general obligations (including the flow of funds to pay debt service on general obligations), data pertaining to the State’s outstanding general obligations, and the portion of general obligations that are revenue supported.

The Annual Report has been filed with each nationally recognized municipal securities information repository (“NRMSIR”). As of the date of this Official Statement, the Annual Report can be found on the internet at:

<http://www.doa.state.wi.us/debf/capfin/96condis.htm>

Subsequent to publication and filing of the Annual Report, certain changes or events have occurred that affect matters discussed in the Annual Report. Listed below, by reference to particular sections of the Annual Report, are changes or additions to the discussion contained in these particular sections. Many of the following changes have not been filed with the NRMSIRs.

The State has filed, and expects to continue to file, certain informational notices with the NRMSIRs. Such informational notices do not constitute listed material events under the State’s Master Agreement on Continuing Disclosure.

**State Budget (Pages Part II-14 through Part II-16).** Add the following:

#### **Budget for 1996–97**

In January 1997, revenues and disbursements were reviewed and revised taking into account actual experience through December 1996 and projections through June 1997. On an all-funds basis total available funds for the fiscal year ending June 30, 1997 were estimated to be approximately \$40 million lower than projected in the Annual Report. Total disbursements and reserves for the fiscal year ending June 30, 1997 were estimated to be approximately \$79 million lower than projected in the Annual Report. Therefore, the all-funds balance at June 30, 1997 was estimated to be approximately \$139 million. The budget summarized on page A-3 includes these January 1997 revenues and disbursements.

The projected general-fund balance for June 30, 1997 was the same as the all-funds balance, \$139 million. The budget summarized on page A-4 includes these January 1997 revenues and disbursements.

In May 1997, revenues were again reviewed and revised taking into account actual tax collections. Based on this review, tax revenues for the fiscal year ending June 30, 1997 were estimated to be approximately

\$95 million greater than those projected in January 1997. Most of this increase was from individual income tax, which was expected to exceed the January 1997 projections by \$80 million. In addition, estimates for corporate income and franchise tax collections have been increased by \$10 million and estimates for the estate tax has increased by \$5 million. The 1996–97 budget tables on pages A-3 and A-4 do not reflect these updated May 1997 revenue estimates.

### **Proposed Budget for 1997–99**

On February 12, 1997 the Governor introduced the executive budget for the 1997–98 and 1998–99 fiscal years. For the fiscal year ending June 30, 1998, the budget on an all-funds basis projects a balance of \$130 million. Total available revenues are estimated to be \$23.176 billion consisting of (i) a beginning balance of \$139 million, (ii) tax revenues of \$9.118 billion and (iii) nontax revenues of \$13.919 billion. Total disbursements and reserves are estimated to be \$23.142 billion, consisting of net disbursements of \$23.012 billion and reserves of \$130 million. This results in an estimated balance of \$34 million which, when combined with the statutorily required balance of \$96 million, results in a balance at June 30, 1998 of \$130 million. The budget is summarized on page A-3.

The projected general-fund balance for June 30, 1998 is \$130 million. Total available revenues are estimated to be \$15.712 billion consisting of (i) a beginning balance of \$139 million, (ii) tax revenues of \$9.118 billion and (iii) nontax revenues of \$6.455 billion. Total disbursements and reserves are estimated to be \$15.678 billion, consisting of net disbursements of \$15.548 billion and reserves of \$130 million. The budget is summarized on page A-4.

In May 1997, revenues were reviewed and revised taking into account actual tax collections. Based on this review, tax revenues for the 1997–98 fiscal year are now estimated to be approximately \$75 million greater than those used in the proposed 1997–98 executive budget. The budget tables on pages A-3 and A-4 do not reflect these updated May 1997 revenue estimates.

For the fiscal year ending June 30, 1999, the budget on an all-funds basis projects a balance of \$0.4 million. Total available revenues are estimated to be \$23.640 billion consisting of (i) a beginning balance of \$130 million, (ii) tax revenues of \$9.586 billion and (iii) nontax revenues of \$13.925 billion. Total disbursements and reserves are estimated to be \$23.639 billion, consisting of net disbursements of \$23.476 billion and reserves of \$163 million. This results in an estimated balance of \$0.4 million which, when combined with the statutorily required balance of \$98 million, results in a balance at June 30, 1999 of \$98.4 million. The budget is summarized on page A-3.

The projected general-fund balance for June 30, 1999 is the same as the all-fund balance, \$0.4 million. Total available revenues are estimated to be \$16.008 billion consisting of (i) a beginning balance of \$130 million, (ii) tax revenues of \$9.586 billion and (iii) nontax revenues of \$6.293 billion. Total disbursements and reserves are estimated to be \$16.008 billion, consisting of net disbursements of \$15.844 billion and reserves of \$164 million. The balance is identical to the all-funds amount. The budget is summarized on page A-4.

In May 1997, revenues were reviewed and revised taking into account actual tax collections. Based on this review, tax revenues for the 1998–99 fiscal year are now estimated to be approximately \$60 million greater than those used in the proposed 1998–99 executive budget. The budget tables on pages A-3 and A-4 do not reflect these updated May 1997 revenue estimates.

As of this date, the budget for the 1997-98 and 1998-99 fiscal years is being considered by the Legislature and has not yet been adopted.

**Table II-3; State Budget—All Funds (Page Part II-15). Replace the table with the following:**

**STATE BUDGET—ALL FUNDS<sup>(a)</sup>**

	Actual <sup>(b)</sup> 1995-96	Budget 1995-96	Budget 1996-97	Governor's Proposed Budget 1997-98	Governor's Proposed Budget 1998-99
<b>RECEIPTS</b>					
Fund Balance from Prior Year.....	\$ 400,881,000	\$ 408,880,400	\$ 579,943,800	\$ 138,980,800	\$ 129,646,900
<b>Tax Revenue</b>					
Individual Income.....	4,183,604,000	4,160,100,000	4,465,000,000	4,740,000,000	5,014,800,000
General Sales and Use.....	2,704,226,000	2,710,000,000	2,860,000,000	3,017,500,000	3,191,500,000
Corporate Franchise and Income.....	636,010,000	650,000,000	640,000,000	637,000,000	658,500,000
Public Utility.....	285,288,000	284,600,000	295,600,000	273,700,000	269,600,000
<b>Excise</b>					
Cigarette/Tobacco Products.....	205,350,000	206,300,000	206,400,000	225,400,000	225,000,000
Liquor and Wine.....	30,813,000	30,500,000	30,800,000	30,500,000	30,500,000
Malt Beverage.....	9,187,000	9,000,000	9,000,000	9,000,000	9,000,000
Inheritance, Estate & Gift.....	45,602,000	41,000,000	44,000,000	45,000,000	45,000,000
Insurance Company.....	92,285,000	96,000,000	92,500,000	93,000,000	93,500,000
Other.....	830,664,000	43,900,000 <sup>(c)</sup>	45,200,000 <sup>(c)</sup>	47,200,000 <sup>(c)</sup>	48,300,000
Subtotal.....	9,023,029,000	8,231,400,000	8,688,500,000	9,118,300,000	9,585,700,000
<b>Nontax Revenue</b>					
Departmental Revenue.....	128,256,000	174,683,100	150,409,000	141,949,100	141,805,900
Total Federal Aids.....	3,275,795,000	3,850,830,600	3,891,800,700	4,179,363,600	4,174,821,800
Total Program Revenue.....	2,179,107,000	2,185,416,200	1,975,161,400	2,304,377,500	2,374,351,500
Total Segregated Funds.....	2,705,320,000	1,908,291,300	1,910,832,300	2,073,543,800	1,962,670,500
Fund Transfers In.....	NA	NA	NA	261,605,900	NA
Bond Authority.....	330,950,000	305,000,000	330,000,000	415,000,000	430,000,000
Employee Benefit Contributions <sup>(d)</sup> .....	6,200,903,000	3,737,890,089	3,976,959,649	4,542,998,211	4,840,878,164
Subtotal.....	14,820,331,000	12,162,111,289	12,235,163,049	13,918,838,111	13,924,527,864
Total Available.....	\$ 24,244,241,000	\$ 20,802,391,689	\$ 21,503,606,849	\$ 23,176,118,911	\$ 23,639,874,764
<b>DISBURSEMENTS AND RESERVES</b>					
Commerce.....	\$ 575,240,000	\$ 305,755,800	\$ 361,145,100	\$ 398,186,300	\$ 375,757,600
Education.....	5,978,715,000	6,008,560,200	6,645,449,700	7,071,045,800	7,191,194,600
Environmental Resources.....	2,057,321,000	1,966,661,500	1,955,734,400	2,018,992,800	2,037,057,400
Human Relations and Resources.....	5,623,499,000	5,507,561,200	5,446,078,300	5,808,085,700	5,955,695,400
General Executive.....	2,146,487,000	437,336,900	568,192,600	594,291,600	595,914,900
Judicial.....	82,503,000	82,558,300	87,716,700	87,927,900	88,178,300
Legislative.....	50,048,000	50,169,100	50,119,600	51,840,600	51,799,900
General Appropriations.....	2,191,850,000	1,827,543,400	1,816,969,400	2,062,722,100	1,955,825,000
General Obligation Bond Program.....	309,320,000	305,000,000	330,000,000	415,000,000	430,000,000
Employee Benefit Payments <sup>(d)</sup> .....	1,317,768,000	1,695,305,629	1,843,607,584	1,889,607,836	2,019,386,350
Reserve for Employee Benefit Payments <sup>(d)</sup> .....	4,883,135,000	2,042,584,460	2,133,352,065	2,653,390,375	2,821,491,814
Subtotal.....	25,215,886,000	20,229,036,489	21,238,365,449	23,051,091,011	23,522,301,264
Less: (Lapses).....	NA	(41,322,800)	(193,300,300)	(39,144,100)	(46,698,800)
Compensation Reserves.....	NA	18,235,000	46,382,400	32,307,900	63,730,700
Required Statutory Balance.....	NA	82,598,400	91,999,900	95,681,200	98,033,100
Fund Transfers Out.....	NA	3,503,800	260,078,500	2,217,200	2,108,600
Federal Retiree Reserve.....	NA	26,600,000	13,100,000	NA	NA
Other.....	NA	NA	NA	-	-
Change in Continuing Balance.....	(1,553,335,000)	NA	NA	NA	NA
Total Disbursements & Reserves.....	\$ 23,662,551,000	\$ 20,318,650,889	\$ 21,456,625,949	\$ 23,142,153,211	\$ 23,639,474,864
Fund Balance.....	\$ 581,690,000	\$ 483,740,800	\$ 46,980,900	\$ 33,965,700	\$ 399,900
Undesignated Surplus.....	\$ 581,690,000	\$ 566,339,200	\$ 138,980,800	\$ 129,646,900	\$ 98,433,000

(a) The amounts shown are based on statutorily required accounting and not on GAAP.

(b) The amounts shown are unaudited and rounded to the nearest thousand.

(c) The budgets do not include taxes collected for segregated funds. The largest such tax is the motor vehicle fuel tax, which collected \$676 million in the 1995-96 fiscal year.

(d) State law separates the accounting of employee benefits from the budget. They are included for purposes of comparability to the figures presented in this table and Tables II-1 and II-2 in the Annual Report. Benefits are provided for on a fully funded basis. Therefore, when contributions actually received exceed the benefits actually paid out, the difference is added to the trust funds. In the event that the actual benefit payments exceed the contributions, investment earnings will be used to cover the difference before they are deposited in the Employee Benefit Fund.

Source: Wisconsin Department of Administration.

**Table II-4; State Budget—General Fund (Page Part II-16).** Replace the table with the following:

**STATE BUDGET—GENERAL FUND<sup>(a)</sup>**

	<u>Actual<sup>(b)</sup> 1995-96</u>	<u>Budget 1995-96</u>	<u>Budget 1996-97</u>	<u>Governor's Proposed Budget 1997-98</u>	<u>Governor's Proposed Budget 1998-99</u>
<b>RECEIPTS</b>					
Fund Balance from Prior Year.....	\$ 400,881,000	\$ 408,880,400	\$ 579,943,800	\$ 138,980,800	\$ 129,646,900
<b>Tax Revenue</b>					
State Taxes Deposited to General Fund					
Individual Income.....	4,183,604,000	4,160,100,000	4,465,000,000	4,740,000,000	5,014,800,000
General Sales and Use.....	2,704,226,000	2,710,000,000	2,860,000,000	3,017,500,000	3,191,500,000
Corporate Franchise and Income.....	636,010,000	650,000,000	640,000,000	637,000,000	658,500,000
Public Utility.....	285,288,000	284,600,000	295,600,000	273,700,000	269,600,000
Excise					
Cigarette/Tobacco Products.....	205,350,000	206,300,000	206,400,000	225,400,000	225,000,000
Liquor and Wine.....	30,813,000	30,500,000	30,800,000	30,500,000	30,500,000
Malt Beverage.....	9,187,000	9,000,000	9,000,000	9,000,000	9,000,000
Inheritance, Estate & Gift.....	45,602,000	41,000,000	44,000,000	45,000,000	45,000,000
Insurance Company.....	92,285,000	96,000,000	92,500,000	93,000,000	93,500,000
Other.....	28,874,000	43,900,000	45,200,000	47,200,000	48,300,000
Subtotal.....	8,221,239,000	8,231,400,000	8,688,500,000	9,118,300,000	9,585,700,000
<b>Nontax Revenue</b>					
Departmental Revenue.....	128,256,000	174,683,100	150,409,000	141,949,100	141,805,900
Program Revenue Federal.....	3,275,795,000	3,457,543,500	3,523,184,100	3,746,964,400	3,776,651,500
Program Revenue Other.....	2,179,107,000	2,185,416,200	1,975,161,400	2,304,377,500	2,374,351,500
Fund Transfers In.....	NA	NA	NA	261,605,900	NA
Subtotal.....	5,583,158,000	5,817,642,800	5,648,754,500	6,454,896,900	6,292,808,900
Total Available.....	\$ 14,205,278,000	\$ 14,457,923,200	\$ 14,917,198,300	\$ 15,712,177,700	\$ 16,008,155,800
<b>DISBURSEMENTS AND RESERVES</b>					
Commerce.....	\$ 164,514,000	\$ 165,757,000	\$ 191,645,400	\$ 198,309,900	\$ 196,865,000
Education.....	5,837,139,000	5,964,122,000	6,600,333,700	7,006,784,000	7,145,889,300
Environmental Resources.....	242,361,000	236,724,600	239,038,900	235,328,800	237,703,900
Human Relations and Resources.....	5,255,874,000	5,329,183,900	5,355,935,200	5,712,226,900	5,849,847,200
General Executive.....	412,906,000	420,885,100	486,673,600	513,950,700	511,864,900
Judicial.....	82,154,000	81,921,900	87,080,300	87,284,000	87,534,400
Legislative.....	50,048,000	50,169,100	50,119,600	51,840,600	51,799,900
General Appropriations.....	1,603,605,000	1,635,804,400	1,641,130,200	1,781,424,900	1,809,077,700
Subtotal.....	13,648,601,000	13,884,568,000	14,651,956,900	15,587,149,800	15,890,582,300
Less: (Lapses).....	NA	(41,322,800)	(193,300,300)	(39,144,100)	(46,698,800)
Compensation Reserves.....	NA	18,235,000	46,382,400	32,307,900	63,730,700
Required Statutory Balance.....	NA	82,598,400	91,999,900	95,681,200	98,033,100
Fund Transfers Out .....	NA	3,503,800	260,078,500	2,217,200	2,108,600
Federal Retiree Reserve .....	NA	26,600,000	13,100,000	NA	NA
Changes in Continuing Balance.....	(25,011,000)	NA	NA	NA	NA
Total Disbursements & Reserves.....	\$ 13,623,588,000	\$ 13,974,182,400	\$ 14,870,217,400	\$ 15,678,212,000	\$ 16,007,755,900
Fund Balance.....	\$ 581,690,000	\$ 483,740,800	\$ 46,980,900	\$ 33,965,700	\$ 399,900
Undesignated Surplus.....	\$ 581,690,000	\$ 566,339,200	\$ 138,980,800	\$ 129,646,900	\$ 98,433,000

(a) The amounts shown are based on statutorily required accounting and not on GAAP.

(b) The amounts shown are unaudited and rounded to the nearest thousand.

Source: Wisconsin Department of Administration.

**STATE BUDGET; Potential Effect of Litigation; Special Performance Dividend (Page Part II-17).** Add the following:

On January 17, 1997, the State Supreme Court ruled that the Special Investment Performance Dividend (the "SIPD"), which has been paid from January 1988 to the present, is unconstitutional. The case was remanded to the Circuit Court, with directions that the Circuit Court order defendants to pay from the State treasury to the fixed annuity reserve account of the Wisconsin Retirement System an amount equal to all disbursed SIPD payments (including a \$3.8 million reimbursement to the State for State funds advanced to finance the SIPD), plus interest at the "effective rate" for the fixed annuity division of the Wisconsin Retirement System on all SIPD payments from the date that the payments left the annuity reserve account. The Circuit Court has approved a settlement of the matters remanded to the Circuit Court and on September 3, 1997 entered an Order and Judgment ordering payment of \$215 million from the State treasury in settlement of the lawsuit. The order directs that \$210.9 million of the settlement must be paid on or before November 1, 1997 and that \$4.1 million of the settlement must be paid on January 5, 1998.

The Legislature's Joint Committee on Finance has provided for the \$215 million settlement in its version of the 1997-99 biennial budget. This settlement is part of a substitute budget bill to the proposed executive budget. To be enacted, the budget bill must be passed by both houses of the Legislature and submitted to the Governor for approval and signature. In addition, the Employee Trust Funds Board has taken official action to endorse the \$215 million settlement.

The Governor's proposed executive budget for the 1997-99 biennium does not provide for payment of any settlement, and the settlement described above is not included in the budget tables on pages A-3 and A-4.

**STATE BUDGET; Potential Effect of Litigation; Computer Software (Page Part II-17).** Add the following:

Upholding prior decisions by the Wisconsin Tax Appeals Commission and Circuit Court, the Court of Appeals has held that computer software is not tangible property and is thus not subject to sales and use taxes. The State Supreme Court has declined to hear the appeal. The cost of this refund to the State is estimated at \$20 million.

The Governor's proposed executive budget for the 1997-99 biennium provides for payment of this refund.

**Table II-7; General Fund Monthly Cash Position (Page Part II-26).** Replace the table with the following:

**GENERAL FUND MONTHLY CASH POSITION**  
**July 1, 1995 through July 31, 1997 <sup>¾</sup> Actual**  
**August 1, 1997 through June 30, 1998 <sup>¾</sup> Estimated<sup>(a)</sup>**  
**(Amounts in Thousands)**

	Starting Date	Starting Balance	Receipts <sup>(b)</sup>	Disbursements <sup>(b)</sup>
1995	July.....	\$ 451,090	\$ 1,306,431	\$ 1,337,712
	August.....	419,809	1,055,527	849,866
	September.....	625,470	1,362,210	1,101,358
	October.....	886,322	1,151,661	810,058
	November.....	1,227,925	1,220,032	1,622,269
	December.....	825,688	1,156,810	1,493,484
1996	January.....	489,014	1,461,087	878,316
	February.....	1,071,785	1,132,269	1,044,288
	March.....	1,159,766	1,240,173	1,888,319
	April.....	511,620	1,402,600	936,278
	May.....	977,942	1,180,704	1,029,277
	June.....	1,129,369	1,362,420	1,922,703
	July.....	569,086	1,279,815	1,434,154
	August.....	414,747	1,030,924	844,258
	September.....	601,413	1,476,166	1,011,367
	October.....	1,066,212	1,137,121	855,357
	November.....	1,347,976	1,201,689	1,691,802
	December.....	857,863	1,191,440	1,728,258
1997	January.....	321,045	1,660,082	969,951
	February.....	1,011,176	1,143,553	1,018,864
	March.....	1,135,865	1,187,307	1,888,887
	April.....	434,285	1,507,412	964,595
	May.....	977,102	1,282,737	965,508
	June.....	1,294,331	1,390,068	2,190,931
	July.....	493,468	1,583,435	1,558,759
	August.....	518,144	1,161,239	829,667
	September.....	849,716	1,459,062	1,285,305
	October.....	1,023,473	1,226,061	966,635
	November.....	1,282,899	1,303,303	1,566,410
	December.....	1,019,792	1,306,775	1,859,774
1998	January.....	466,793	1,612,797	960,061
	February.....	1,119,529	1,177,841	1,112,335
	March.....	1,185,035	1,347,200	2,118,229
	April.....	414,006	1,487,565	1,081,636
	May.....	819,935	1,315,054	1,046,742
	June.....	1,088,247	1,488,964	2,251,356

<sup>(a)</sup> The monthly receipt and disbursement projections for August 1, 1997 through June 30, 1998 are based on estimates provided by the Division of Executive Budget and Finance.

<sup>(b)</sup> The receipt amounts shown in July 1995–1997 include the proceeds received at closing for the respective operating notes. See “OTHER OBLIGATIONS; Operating Notes” in the Annual Report. The disbursement amounts shown for February, March, April and May 1996–1998 include impoundment payments required in connection with the operating notes.

**Source: Wisconsin Department of Administration.**



**Table II-8; Balances in Funds Available for Interfund Borrowing (Page Part II-27).** Replace the table with the following:

**BALANCES IN FUNDS AVAILABLE FOR INTERFUND BORROWING<sup>(a)</sup>**  
**July 1, 1995 to August 1, 1997 — Actual**  
**September 1, 1997 to June 1, 1998 — Estimated<sup>(b)</sup>**  
**(Amounts in Millions)**

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
January .....		\$2,991.90	\$3,210.23	\$2,147.05
February .....		3,428.21	3,553.70	2,110.15
March .....		3,852.78	3,793.12	2,141.52
April .....		3,808.74	3,832.30	2,165.09
May .....		3,402.69	3,423.07	2,117.84
June .....		3,145.00	3,317.76	2,055.69
July .....	\$2,838.71	3,252.38	3,522.40	
August .....	3,143.94	3,511.90	3,824.91	
September .....	2,975.23	3,250.54	2,095.73 (b)	
October .....	2,902.89	3,010.27	2,087.33	
November .....	2,630.23	2,687.47	2,015.35	
December .....	2,732.65	2,072.66	2,060.66	

<sup>(a)</sup> Consists of the following funds:

Transportation	Common School
Conservation (Partial)	Normal School
Wisconsin Health Education Loan Repayment	University
Waste Management	Local Government Investment Pool
Wisconsin Election Campaign	Farms for the Future
Investment & Local Impact	Agrichemical Management
Elderly Property Tax Deferral	Historical Society Trust
Lottery	School Income Fund
Children's Trust	Benevolent
Racing	Groundwater
Work Injury Supplemental Benefit	Petroleum Storage Environmental Cleanup
Unemployment Compensation Interest Repayment	Clean Water
Uninsured Employers	Environmental
Health Insurance Risk Sharing Plan	Recycling
Local Government Property Insurance	University Trust Principal
Patients Compensation	Veterans Mortgage Loan Repayment
Mediation	State Building Trust
Agricultural College	

<sup>(b)</sup> Estimated balances for September 1, 1997 and succeeding months include \$480 million (a portion of the estimated balance) for the local government pool of the available funds. The local government pool has varied from a low of \$63 million on July 1, 1983 to a high of \$4.426 billion on March 1, 1994. The pool is composed of funds deposited by local units of government which may be withdrawn without notice. The amounts shown are the estimated balances of funds available for interfund borrowing. Under Section 20.002(11) of the Statutes, interfund borrowing is limited to \$400 million.

**Source: Wisconsin Department of Administration.**

**STATE OBLIGATIONS (Pages Part II-30 through Part II-33).** Add the following:

**General Obligations**

As of July 31, 1997, approximately \$3.3 billion of outstanding general obligation bonds and notes issued by the State were outstanding.

**Operating Notes**

On July 1, 1997, the State issued \$300 million of operating notes, which are due June 15, 1998.

**Master Lease Program**

As of July 31, 1997, the principal amount of the State's obligations under the master lease program was approximately \$43 million.

**State Revenue Obligations**

As of July 31, 1997, the Commission has issued six series of bonds for the student loan program for students enrolled in medical and dental school in Wisconsin, with approximately \$5 million outstanding.

As of July 31, 1997, the Commission has issued nine series of bonds and one series of commercial paper notes for the revenue program that finances State highways and related transportation facilities, with approximately \$876 million outstanding.

As of July 31, 1997, the Commission has issued five series of bonds for the Clean Water Fund program, with approximately \$437 million outstanding.

**Table II-9; Revenues Deposited to the General Fund (Page Part II-28).** Replace the table with the following:

**REVENUES DEPOSITED TO THE GENERAL FUND<sup>(a)</sup>  
July 1, 1996 to May 31, 1997 compared with previous year  
(Unaudited)**

	Actual Receipts 1995-96 FY <sup>(b)</sup>	Projected Receipts 1996-97 FY	Actual Receipts July 1, 1995 to May 31, 1996	Actual Receipts July 1, 1996 to May 31, 1997
Individual Income Tax .....	\$ 4,183,604,344	\$ 4,430,000,000	\$ 3,477,679,870	\$ 3,835,196,561
General Sales and Use Tax ..	2,704,226,017	2,845,000,000	2,210,991,726	2,344,412,532
Corporate Franchise and Income Tax .....	636,009,525	635,000,000	518,594,585	528,366,857
Public Utility Taxes .....	285,287,485	292,100,000	282,099,722	303,925,592
Excise Taxes .....	245,350,413	244,600,000	202,271,676	208,052,458
Inheritance Taxes .....	45,602,214	46,000,000	34,332,704	46,561,684
Miscellaneous Taxes .....	<u>121,159,011</u>	<u>137,900,000</u>	<u>124,178,522</u>	<u>129,021,849</u>
SUBTOTAL.....	8,221,239,009	8,630,600,000	6,850,148,805	7,395,537,533
Federal Receipts.....	3,275,795,203	3,523,184,100	2,991,599,939	3,139,643,611
Dedicated and Other Revenues <sup>(c)</sup> .....	<u>2,307,363,090</u>	<u>2,203,940,600</u>	<u>2,124,484,211</u> <sup>(d)</sup>	<u>2,285,356,898</u> <sup>(d)</sup>
TOTAL.....	<u>\$13,804,397,302</u>	<u>\$14,357,724,700</u>	<u>\$11,966,232,955</u>	<u>\$12,820,538,042</u>

<sup>(a)</sup> The amounts shown are based on the statutory accounting basis and not on GAAP. See "STATE GOVERNMENT ORGANIZATION AND FINANCIAL PROCEDURES; Accounting and Financial Reporting" in the Annual Report.

<sup>(b)</sup> The amounts shown are the sum of all revenues for fiscal year 1995-96 based on the data used in the preparation of the Annual Fiscal Report, Budgetary Basis, for the year ending June 30, 1996.

<sup>(c)</sup> The statutory basis of accounting requires that certain transfers between General Fund appropriations be recorded as both revenues and expenditures of the General Fund. The amount of these transfers may vary greatly between fiscal years, and therefore, this category may not be comparable on a historical basis.

<sup>(d)</sup> The amounts shown do not reflect receipt of \$250 million principal amount in fiscal year 1995-96 and \$150 million principal amount in fiscal year 1996-97 from the sale of operating notes.

**Source: Wisconsin Department of Administration.**

**Table II-10; General Fund Expenditures by Function (Page Part II-29).** Replace the table with the following:

**GENERAL FUND EXPENDITURES BY FUNCTION<sup>(a)</sup>  
July 1, 1996 to May 31, 1997 compared with previous year  
(Unaudited)**

	Actual Expenditures 1995-96 FY <sup>(b)</sup>	Appropriations 1996-97 FY	Actual Expenditures July 1, 1995 to May 31, 1996	Actual Expenditures July 1, 1996 to May 31, 1997
Commerce.....	\$ 164,514,710	\$ 191,645,400	\$ 147,324,558	\$ 166,502,577
Education.....	5,837,139,605	6,600,333,700	4,525,721,313	5,049,493,401
Environmental Resources.....	242,360,896	239,038,900	231,328,025	221,553,545
Human Relations & Resources..	5,255,874,239	5,355,935,200	4,742,040,220	4,848,486,448
General Executive.....	412,906,488	486,673,600	380,108,088	454,210,181
Judicial.....	82,154,128	87,080,300	74,436,296	79,099,088
Legislative.....	50,047,274	50,119,600	42,647,948	45,194,684
General Appropriations.....	<u>1,603,605,241</u>	<u>1,641,130,200</u>	<u>1,570,737,476</u>	<u>1,556,334,969</u>
TOTAL.....	<u>\$ 13,648,602,581</u>	<u>\$ 14,651,956,900</u>	<u>\$ 11,714,343,924</u>	<u>\$ 12,420,874,893</u>

(a) The amounts shown are based on the statutory accounting basis and not on GAAP. See "STATE GOVERNMENT ORGANIZATION AND FINANCIAL PROCEDURES; Accounting and Financial Reporting" in the Annual Report.

(b) The amounts shown are the sum of all expenditures for fiscal year 1995-96 based on the data used in the preparation of the Annual Fiscal Report, Budgetary Basis, for the year ending June 30, 1996.

**Source: Wisconsin Department of Administration.**

**Table II-21; State Investment Fund (Page Part II-44).** Replace the table with the following:

**STATE INVESTMENT FUND  
AS OF JULY 31, 1997 (UNAUDITED)  
Market Versus Amortized Cost Valuation Report**

	<u>Estimated Book Value</u>	<u>Estimated Market Value</u>	<u>Percentage of Portfolio at Market</u>
Corporate Commercial Paper .....	\$1,616,018,664	\$1,624,990,426	24.9%
Certificates of Deposit .....	198,901,219	198,901,219	3.1
U.S. Government Repurchase Agreements..	1,024,675,000	1,024,675,000	15.7
U.S. Government Agencies .....	2,743,954,513	2,744,057,416	42.1
U.S. Government Notes and Bonds.....	193,037,440	198,150,110	3.0
Asset-Backed Securities .....	430,450,510	424,384,831	6.5
Mortgage-Backed Securities .....	64,242,134	63,989,657	1.0
Yankee/Euro Holdings (Fully Hedged).....	292,100,245	292,663,887	4.5
Swaps .....	0	(63,722,571)	(1.0)
Accrued Gross Income .....	<u>11,061,765</u>	<u>11,061,765</u>	<u>0.2</u>
	<u>\$6,574,441,490</u>	<u>\$6,519,151,739</u>	<u>100.0%</u>

**Average Maturity for the Last Six Months**

<u>Reporting Date</u>	<u>Average Maturity (Days)</u>	<u>Reporting Date</u>	<u>Average Maturity (Days)</u>
6/30/1997	42	3/31/1997	44
5/31/1997	32	2/28/1997	16
4/30/1997	43	1/31/1997	30

**Summary of Investment Fund Participants**

	<u>Par Amount (Amounts in Thousands)</u>	<u>Percent of Portfolio</u>
<b>Mandatory Participants</b>		
State of Wisconsin:		
General Fund .....	\$ 493,468	7.9%
Transportation Fund.....	191,648	3.1
Natural Resources Fund.....	49,707	0.8
Bond Security and Redemption Fund.....	6,061	0.1
Lottery Fund .....	150,092	2.4
Patients Compensation.....	7,651	0.1
Veterans Mortgage Loan Repayment .....	118,978	1.9
Capital Improvement Fund .....	26,971	0.4
Others.....	483,213	7.7
State of Wisconsin Retirement System:		
Fixed Retirement Investment Trust .....	710,124	11.3
Variable Retirement Investment Trust.....	16,300	0.3
Combined Stock Fund .....	1,450,790	23.1
<b>Elective Participants</b>		
Local Government Investment Pool .....	<u>2,564,230</u>	<u>40.9</u>
	<u>\$ 6,269,233</u>	<u>100.0%</u>

NOTE: The difference between the total of participants share (\$6,269,233,000) and the book value (\$6,574,441,490) is the result of check float (checks written and posted at the Department of Administration that have not cleared the bank) and a timing delay in posting bank receipts at the department which have already been invested by SWIB.

**Source: State of Wisconsin Investment Board**

**Table III-2; Outstanding General Obligations by Issue (Pages Part III-9 through Part III-12).**

Replace the table with the following:

**OUTSTANDING GENERAL OBLIGATIONS BY ISSUE  
(As of July 31, 1997)**

<u>Financing</u>	<u>Date of Financing</u>	<u>Maturity</u>	<u>Amount of Issuance</u>	<u>Amount Outstanding</u>
<i>Long-Term General Obligations</i>				
1970- Series A.....	3/1/70	1971-90	\$ 50,510,000	\$ -0-
Series B.....	3/1/70	1971-2000	8,075,000	-0-
Series C.....	6/1/70	1971-90	39,000,000	-0-
Series D.....	6/1/70	1971-2001	30,025,000	-0-
Series E.....	9/15/70	1971-1990	70,000,000	-0-
1971- Series A.....	1/15/71	1972-91	35,000,000	-0-
Series B.....	3/15/71	1972-91	19,500,000	-0-
Series C.....	6/15/71	1972-91	32,800,000	-0-
Series D.....	9/15/71	1972-91	30,000,000	-0-
Series E.....	9/15/71	1972-2001	5,020,000	-0-
1972- Series A.....	1/15/72	1973-92	40,000,000	-0-
Series B.....	4/15/72	1973-92	61,500,000	-0-
Series C.....	7/15/72	1973-92	43,000,000	-0-
Series D.....	10/15/72	1973-92	35,000,000	-0-
1973- Series A.....	1/15/73	1974-93	37,500,000	-0-
Series B.....	4/15/73	1974-93	30,000,000	-0-
Series C.....	4/15/73	1974-2003	6,505,000	-0-
1974- Series A.....	2/15/74	1975-94	59,600,000	-0-
1975- Series A.....	3/1/75	1976-95	75,000,000	-0-
Series B.....	8/15/75	1976-95	18,200,000	-0-
Series D.....	8/15/75	1976-2000	50,000,000	-0-
Series E.....	12/1/75	1976-2000	96,400,000	-0-
Series F.....	12/1/75	1976-2005	5,500,000	-0-
1976- Series A.....	3/15/76	1977-2001	147,600,000	-0-
Series B.....	7/1/76	1977-2006	119,900,000	-0-
Series C.....	11/1/76	1978-2001	40,000,000	3,200,000
1977- Series A.....	2/15/77	1978-2007	74,000,000	-0-
Series B.....	5/15/77	1978-2002	128,000,000	8,800,000
Series C.....	10/1/77	1978-2002	39,000,000	-0-
1978- Series A.....	2/1/78	1979-2003	118,000,000	-0-
Series B.....	6/1/78	1979-2003	94,500,000	-0-
Series C.....	11/1/78	1979-2003	77,300,000	6,320,000
1979- Series A.....	2/1/79	1980-2004	84,800,000	-0-
Series B.....	5/15/79	1980-2004	86,800,000	-0-
Series C.....	10/15/79	1980-2004	90,000,000	-0-
1980- Series A.....	1/1/80	1981-2005	46,500,000	-0-
Series B.....	6/15/80	1981-2000	40,000,000	-0-
Note Issue IX.....	6/15/80	1981-2010	2,000,000	-0-
1981- Series A.....	6/15/81	1982-2001	75,000,000	-0-
Series B.....	12/1/81	1982-2001	65,000,000	-0-
1982- Series A.....	6/15/82	1983-2002	60,000,000	-0-
Series B.....	9/15/82	1987-2007	30,000,000	-0-
Series C.....	12/15/82	1983-2007	160,000,000	-0-
1983- Series A.....	5/1/83	1987-2008	20,000,000	-0-
Series B.....	5/1/83	1984-2003	90,000,000	-0-
Series C.....	12/1/83	1984-2008	100,300,000	-0-

<u>Financing</u>	<u>Date of Financing</u>	<u>Maturity</u>	<u>Amount of Issuance</u>	<u>Amount Outstanding</u>
1984- Series A.....	4/1/84	1989-2011	50,000,000	-0-
Series B.....	4/1/84	1985-2004	110,000,000	-0-
Daily Demand Note.....	9/27/84	1985-1989	75,600,000	-0-
1985- Series A.....	4/1/85	1986-2015	150,000,000	-0-
Series B.....	4/1/85			
Serial Bonds.....		1996-2001	60,010,000	-0-
Term Bonds.....		2003	40,815,000	-0-
Term Bonds.....		2009	140,130,000	-0-
Term Bonds.....		2016	50,000,000	-0-
1986- Series A.....	5/15/86			
Serial Bonds.....		1995-2002	13,145,000	10,540,000
Term Bonds.....		2006	13,025,000	-0-
Term Bonds.....		2015	12,015,000	2,150,000
Series B.....	4/1/86	1987-2006	247,800,000	-0-
1987- Notes Series A.....	11/5/87	1989	46,480,000	-0-
1988- Notes Series A.....	3/10/88	1989	26,895,000	-0-
Refunding.....	5/1/88			
Serial Bonds.....		1991-2005	389,505,000	28,555,000 (a)
Term Bonds.....		2015	2,405,000	-0-
Capital Appreciation Bonds		1994-2004	55,545,000	15,000,000 (a)
Bonds Series A.....	7/1/88			
Serial Bonds.....		1989-2003	2,825,000	1,565,000
Term Bonds.....		2008	1,200,000	-0-
Term Bonds.....		2018	7,925,000	-0-
Accelerated Term Bonds.....		2008	3,050,000	-0-
Notes Series B.....	8/16/88	1989	61,280,000	-0-
Bonds Series B.....	12/1/88	1990-2009	143,980,000	-0- (a)
1989- Bonds Series A.....	1/1/89			
Serial Bonds.....		1990-2004	4,150,000	2,650,000
Term Bonds.....		2009	775,000	-0-
Term Bonds.....		2019	11,175,000	-0-
Accelerated Term Bonds.....		2009	3,900,000	-0-
Bonds Series B.....	3/1/89	1990-2009	43,755,000	-0-
Bonds Series C.....	5/1/89	1990-2009	71,415,000	-0-
Bonds Series D.....	8/1/89			
Serial Bonds.....		1990-2004	4,150,000	2,775,000
Term Bonds.....		2009	725,000	725,000
Term Bonds.....		2019	11,350,000	11,350,000
Accelerated Term Bonds.....		2009	3,775,000	-0-
Bonds Series E.....	10/1/89	1991-2010	63,365,000	2,805,000 (a)
1990- Bonds Series A.....	1/1/90	1991-2010	134,495,000	6,335,000 (a)
Bonds Series B.....	3/1/90			
Serial Bonds.....		1991-2004	3,575,000	2,500,000
Accelerated Term Bonds.....		2010	3,975,000	-0-
Term Bonds.....		2020	12,450,000	-0-
Bonds Series C.....	5/1/90	1991-2010	38,170,000	1,405,000 (a)
Bonds Series D.....	5/24/90	1996-2010	65,859,000	57,071,000
Bonds Series E.....	8/1/90	1991-2010	76,810,000	2,630,000 (a)
Bonds Series F.....	10/1/90			
Serial Bonds.....		1991-2005	3,775,000	2,675,000
Accelerated Term Bonds.....		2010	3,800,000	-0-

(a) Pursuant to a refunding escrow agreement the principal and interest on all or a portion of the bonds will be paid as it comes due and those bonds will be called for redemption prior to maturity. The principal amount of bonds for which payment is provided is treated as not outstanding for purposes of this table.

<u>Financing</u>	<u>Date of Financing</u>	<u>Maturity</u>	<u>Amount of Issuance</u>	<u>Amount Outstanding</u>
Term Bonds.....		2020	12,425,000	-0-
Bonds Series G.....	12/1/90	1992-2011	128,765,000	19,435,000 (a)
1991- Bonds Series A.....	4/1/91			
Serial Bonds.....		1992-2006	5,775,000	4,125,000
Accelerated Term Bonds.....		2011	5,825,000	-0-
Term Bonds.....		2021	18,400,000	18,400,000
Bonds CWF Series 1.....	Various	1993-2011	55,000,000	48,916,836
Bonds Series B.....	5/15/91	1996-2011	117,136,000	102,483,000
Bonds Series C.....	6/1/191	1992-2011	60,580,000	7,465,000 (a)
Bonds Series D.....	9/1/91	1993-2012	97,000,000	18,775,000 (a)
1992- Bonds Series A.....	3/1/92	1993-2012	219,040,000	53,775,000 (a)
Refunding Bonds.....	3/1/92	1994-2015	448,935,000	416,795,000
Bonds Series B.....	6/1/92			
Serial Bonds.....		1993-2008	7,780,000	2,240,000
Accelerated Term Bonds.....		2012	4,000,000	-0-
Term Bonds.....		2022	18,220,000	6,605,000
Loan Series B.....	10/2/92	1995	5,330,000	-0-
Refunding Bonds Series 2.....	10/15/92	1994-2015	5,975,000	5,340,000
Bonds Series C.....	11/1/92	1994-2013	173,285,000	65,065,000 (a)
1993- Refunding Bonds Series 1.....	1/1/93	1994-2009	280,060,000	269,720,000
Bonds CWF Series A.....	1/15/93	1993-2011	5,000,000	4,388,184
Refunding Bonds Series 2.....	3/1/93	1993-2011	137,530,000	135,570,000
Bonds Series A.....	2/1/93	1994-2013	124,325,000	100,870,000
Refunding Bonds Series 3.....	8/1/93	1995-2012	302,050,000	296,560,000
Refunding Bonds Series 6.....	10/15/93			
Serial Bonds.....		1994-2006	5,510,000	4,265,000
Term Bonds.....		2010	2,125,000	2,125,000
Term Bonds.....		2013	2,150,000	2,150,000
Term Bonds.....		2016	10,215,000	10,215,000
Refunding Bonds Series 4.....	12/1/93	1994-2006	77,575,000	54,010,000
Refunding Bonds Series 5.....	12/1/93			
Serial Bonds.....		1994-2006	113,550,000	113,000,000
Term Bonds.....		2010	14,770,000	14,770,000
Term Bonds.....		2013	1,190,000	1,190,000
Term Bonds.....		2016	1,405,000	1,405,000
Term Bonds.....		2023	4,340,000	4,340,000
1994- Bonds CWF Series 1.....	1/25/94	1994-2013	15,000,000	14,261,254
Bonds Series A.....	1/1/94	1995-2014	119,810,000	104,670,000
Refunding Bonds Series 1.....	3/1/94	1995-2002	106,610,000	56,390,000
Refunding Bonds Series 2.....	3/1/94			
Serial Bonds.....		1999-2009	52,050,000	52,050,000
Term Bonds.....		2014	1,700,000	1,700,000
Term Bonds.....		2014	4,775,000	4,775,000
Bonds Series B.....	6/1/94	1995-2014	110,000,000	93,819,460
Refunding Bonds Series 3.....	9/15/94	1995-2008	10,400,000	8,000,000
Bonds Series C.....	9/15/94			
Serial Bonds.....		1998-2013	17,135,000	15,710,000
Term Bonds.....		2016	5,135,000	5,060,000
Term Bonds.....		2020	8,535,000	8,405,000
Term Bonds.....		2023	14,195,000	13,980,000
Bonds CWF Series 1.....	1/17/95	1994-2013	4,935,573	4,753,751

(a) Pursuant to a refunding escrow agreement the principal and interest on all or a portion of the bonds will be paid as it comes due and those bonds will be called for redemption prior to maturity. The principal amount of bonds for which payment is provided is treated as not outstanding for purposes of this table.



<u>Financing</u>	<u>Date of Financing</u>	<u>Maturity</u>	<u>Amount of Issuance</u>	<u>Amount Outstanding</u> <sup>(a)</sup>
1995- Bonds Series A .....	1/15/95	1996-2015	231,315,000	120,840,000
Refunding Bonds, Series 1 .....	2/15/95			
Serial Bonds .....		1999-2000	4,350,000	4,350,000
Serial Bonds .....		2004	860,000	860,000
Serial Bonds .....		2007-2015	10,525,000	10,525,000
Bonds Series B .....	2/15/95			
Term Bonds .....		2016	4,215,000	4,215,000
Term Bonds .....		2020	7,920,000	7,920,000
Term Bonds .....		2025	17,130,000	17,130,000
Note, Series B .....	7/6/95	2005	361,623	308,130
Bonds CWF Series 1 .....	8/23/95	1996-2015	5,000,000	4,635,703
Bonds Series C .....	6/15/95	1997-2016	97,480,000	92,535,000
Refunding Bonds Series 2 .....	10/15/95			
Serial Bonds .....		1997-2000	5,780,000	5,780,000
Serial Bonds .....		2004-2005	2,715,000	2,715,000
Serial Bonds .....		2007-2015	34,355,000	34,355,000
1996- Bonds Series A .....	1/15/96	1997-2016	158,080,000	152,630,000
Refunding Bonds, Series 1 .....	2/15/96	1996-2015	104,765,000	102,760,000
Bonds Series B .....	5/15/96			
Serial Bonds .....		1998-1999	4,215,000	4,215,000
Serial Bonds .....		2007-2014	16,550,000	16,550,000
Term Bonds .....		2021	10,305,000	10,305,000
Term Bonds .....		2026	13,930,000	13,930,000
Bonds Series C .....	9/1/96	1998-2017	115,230,000	115,230,000
Bonds CWF Series A .....	8/29/96	2001-2011	5,000,000	4,683,144
Bonds Series D .....	10/15/96			
Serial Bonds .....		2007-2009	8,550,000	8,550,000
Term Bonds .....		2014	3,700,000	3,700,000
Term Bonds .....		2020	6,405,000	6,405,000
Term Bonds .....		2027	11,345,000	11,345,000
1997- Bonds CWF Series 1 .....			5,000,000	5,000,000
Bonds Series A .....	3/15/97			
Serial Bonds .....		2006-2015	17,880,000	17,880,000
Serial Bonds .....		2017	5,760,000	5,760,000
Bonds Series 1 .....	3/15/97			
Term Bonds .....		2021	8,065,000	8,065,000
Term Bonds .....		2028		13,295,000
<i>Total Long-Term General Obligations</i>			<u>\$8,797,537.19</u>	<u>\$3,143,095,460</u>
			6	
<i>Short-Term General Obligations</i>				
1997- Commercial Paper Series A .....	4/3/97		99,270,000	92,203,000
Commercial Paper Series B .....	7/15/97		\$	<u>\$ 25,001,000</u>
<i>Total Short-Term General Obligations</i>			\$	<u>\$ 117,204,000</u>
			<u>181,940,000</u>	
<b>TOTAL GENERAL OBLIGATIONS</b>			<u><b>\$8,979,477.19</b></u>	<u><b>\$3,260,299,460</b></u>

<sup>(a)</sup> Pursuant to a refunding escrow agreement the principal and interest on all or a portion of the bonds will be paid as it comes due and those bonds will be called for redemption prior to maturity. The principal amount of bonds for which payment is provided is treated as not outstanding for purposes of this table.

**Table III-5; Annual Debt Limit Compared to Actual Borrowing (Page Part III-14).** Replace the table with the following:

**ANNUAL DEBT LIMIT COMPARED  
TO ACTUAL BORROWING  
1987 TO 1996**

Calendar Year	Annual Debt Limitation	Actual Borrowing	Borrowing as Percentage of Limitation
1987 .....	\$ 914,127,417	\$ 46,480,000	5.1%
1988 .....	949,406,681	247,155,000	26.0
1989 .....	999,046,384	218,535,000	21.9
1990 .....	1,060,277,304	484,099,000	45.7
1991 .....	1,131,958,171	359,716,000	31.8
1992 .....	1,196,902,524	427,655,000	35.7
1993 .....	1,287,578,726	129,325,000	10.0
1994 .....	1,387,461,496	289,810,000	20.9
1995 .....	1,511,535,818	368,322,196	24.4
1996 .....	1,627,078,182	353,295,000	21.7

**Source: Wisconsin Department of Administration.**

**Table III-6; Debt Statement (Page Part III-14).** Replace the table with the following:

**DEBT STATEMENT  
July 31, 1997**

	<u>Tax-Supported Debt</u>		<u>Revenue-Supported Debt</u> <sup>(a)</sup>		<u>Total</u>
	<u>General Fund</u>	<u>Segregated Funds</u> <sup>(b)</sup>	<u>Veterans Housing</u>	<u>Other</u> <sup>(c)</sup>	
<b>GENERAL OBLIGATIONS</b>					
Outstanding Indebtedness ...	<u>\$2,358,792,743</u>	<u>\$46,924,835</u>	<u>\$568,180,000</u>	<u>\$286,401,881</u>	<u>\$ 3,260,299,459</u>
<b>NONSTOCK, NONPROFIT CORPORATIONS</b> <sup>(d)</sup>					
Wisconsin University					
Building Corp. ....				\$ 260,806	\$ 260,806
Wisconsin State Colleges					
Building Corp. ....				<u>1,275,000</u>	<u>1,275,000</u>
Outstanding Indebtedness ...				<u>\$ 1,535,806</u>	<u>\$ 1,535,806</u>
Total Outstanding Indebtedness .....	<u>\$2,358,792,743</u>	<u>\$46,924,835</u>	<u>\$568,180,000</u>	<u>\$287,937,686</u>	<u>\$3,261,835,265</u>

<sup>(a)</sup> Revenue Supported Debt represents general obligation debt of the State and indebtedness of its nonstock, nonprofit corporations issued to fund particular programs and facilities with the initial expectation that revenues and other proceeds derived from the operation of the programs and facilities will amortize the allocable debt without recourse to the General Fund.

<sup>(b)</sup> Includes the Transportation Fund and certain administrative facilities for the Department of Natural Resources.

<sup>(c)</sup> Includes university dormitories, food service, intercollegiate athletic facilities, certain facilities on the State Fair grounds and capital equipment acquisition.

<sup>(d)</sup> See "OTHER OBLIGATIONS; Nonstock, Nonprofit Corporations" in the Annual Report for a description of the nonstock, nonprofit corporations.

**Source: Wisconsin Department of Administration.**

**Table III-9; Debt Service Maturity Schedule (Page Part III-16).** Replace the table with the following:

**DEBT SERVICE MATURITY SCHEDULE:  
AMOUNT DUE ANNUALLY ON GENERAL OBLIGATION BONDS  
ISSUED TO JULY 31, 1997 <sup>(a)</sup>**

<b>Fiscal Year (Ending June 30)</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
1998 <sup>(b)</sup> .....	\$ 216,363,763	\$ 161,662,220	\$ 378,025,982
1999.....	218,154,981	152,230,029	370,385,010
2000.....	220,258,009	141,547,024	361,805,033
2001.....	216,457,027	131,841,074	348,298,101
2002.....	211,555,237	120,630,771	332,186,008
2003.....	203,268,667	109,223,335	312,492,002
2004.....	188,588,418	98,724,966	287,313,384
2005.....	183,025,636	88,437,581	271,463,217
2006.....	178,651,610	77,832,239	256,483,849
2007.....	172,873,630	68,629,533	241,503,163
2008.....	166,494,797	59,736,760	226,231,557
2009.....	166,406,494	50,902,329	217,308,823
2010.....	148,140,618	42,566,982	190,707,600
2011.....	133,435,664	35,263,913	168,699,577
2012.....	106,987,615	28,605,495	135,593,110
2013.....	87,839,671	23,442,739	111,282,410
2014.....	67,440,756	18,970,258	86,411,014
2015.....	55,199,568	15,295,992	70,495,560
2016.....	37,400,532	12,242,784	49,643,316
2017.....	30,812,766	10,066,307	40,879,073
2018.....	15,470,000	8,383,767	23,853,767
2019.....	15,520,000	7,372,220	22,892,220
2020.....	15,710,000	6,351,730	22,061,730
2021.....	16,275,000	5,340,258	21,615,258
2022.....	15,130,000	4,324,685	19,454,685
2023.....	14,945,000	3,388,210	18,333,210
2024.....	15,505,000	2,449,167	17,954,167
2025.....	10,490,000	1,482,775	11,972,775
2026.....	6,090,000	802,565	6,892,565
2027.....	8,365,000	425,385	8,790,385
2028.....	240,000	14,400	254,400
<b>TOTALS.....</b>	<b><u>\$3,143,095,458</u></b>	<b><u>\$1,488,187,493</u></b>	<b><u>\$4,631,282,951</u></b>

<sup>(a)</sup> The following maturity schedule does not include interest and principal payments on outstanding general obligation commercial paper.

<sup>(b)</sup> For the fiscal year ending June 30, 1998, the table includes debt service amounts for the period August 1, 1997 through June 30, 1998.

**Source: State of Wisconsin Department of Administration.**

**Table III-9; Debt Service Maturity Schedule (Page Part III-16).** Add the following table:

**AMORTIZATION SCHEDULE:  
AMOUNT DUE ANNUALLY ON GENERAL OBLIGATION COMMERCIAL PAPER  
ISSUED TO JULY 31, 1997<sup>(a)</sup>**

<b>Fiscal Year (Ending June 30)</b>	<b>Principal</b>
1998.....	\$ 4,150,000
1999.....	7,510,000
2000.....	7,775,000
2001.....	8,095,000
2002.....	8,440,000
2003.....	8,315,000
2004.....	8,080,000
2005.....	8,455,000
2006.....	8,850,000
2007.....	9,285,000
2008.....	7,520,000
2009.....	6,925,000
2010.....	7,280,000
2011.....	7,660,000
2012.....	8,065,000
2013.....	8,500,000
2014.....	8,955,000
2015.....	9,445,000
2016.....	9,970,000
2017.....	10,515,000
2018.....	<u>5,135,000</u>
TOTALS.....	<u><u>\$168,925,000</u></u>

<sup>(a)</sup> The State intends to treat each issue of general obligation commercial paper as if it were a long-term bond issue by making annual payments on May 1. Each annual payment reflects a principal amortization. The Program Resolution does not permit the State to have any commercial paper outstanding for more than 10 years after its issuance date. The State also intends to make payments on May 1 and November 1 on all outstanding general obligation commercial paper in an amount equal to the interest accrued and accruing for that period.

**Source: Wisconsin Department of Administration.**

**Table III-16; Veterans Housing Loan Program General Obligation Program; 60+ Day Loan Delinquencies (Page Part III-25).** Replace the table with the following:

**VETERANS HOUSING LOAN PROGRAM  
60+ DAY LOAN DELINQUENCIES**

	<b>Month</b>	<b>Principal</b>	<b>Number of</b>	<b>60+ Day</b>	<b>Percent of</b>
	<b>Ending</b>	<b>Amount</b>	<b>Loans</b>	<b>Delinquent</b>	<b>Loans</b>
		<b>Outstanding</b>	<b>Outstanding</b>	<b>Loans</b>	<b>Outstanding</b>
1993	Januarv .....	\$559,940,841	20,571	280	1.36%
	Februarv .....	557,040,399	20,502	287	1.40
	March .....	551,836,635	20,369	222	1.09
	April .....	545,087,090	20,189	238	1.18
	May .....	536,993,663	19,965	265	1.33
	June .....	528,055,255	19,725	254	1.29
	July .....	519,795,534	19,501	252	1.29
	August .....	511,848,061	19,298	225	1.17
	September .....	503,324,126	19,081	248	1.30
	October .....	492,460,494	18,816	255	1.36
	November .....	479,819,477	18,494	218	1.18
	December .....	468,426,017	18,188	222	1.22
1994	Januarv .....	462,952,414	18,040	227	1.26
	Februarv .....	458,099,345	17,906	236	1.32
	March .....	452,363,035	17,732	212	1.20
	April .....	449,584,366	17,614	234	1.33
	May .....	449,734,214	17,541	205	1.17
	June .....	452,040,592	17,489	227	1.30
	July .....	458,245,991	17,493	210	1.20
	August .....	466,310,378	17,515	232	1.32
	September .....	472,261,007	17,514	225	1.28
	October .....	474,971,606	17,471	220	1.26
	November .....	482,123,736	17,516	196	1.12
	December .....	484,137,457	17,481	204	1.17
1995	Januarv .....	489,595,902	17,509	197	1.13
	Februarv .....	490,726,186	17,492	198	1.13
	March .....	493,801,439	17,471	165	0.94
	April .....	496,568,057	17,450	193	1.11
	May .....	499,520,436	17,427	188	1.07
	June .....	504,175,347	17,390	177	1.02
	July .....	508,081,670	17,347	192	1.11
	August .....	508,968,509	17,275	187	1.08
	September .....	510,381,666	17,228	201	1.17
	October .....	511,241,469	17,166	183	1.07
	November .....	513,949,975	17,129	210	1.23
	December .....	514,205,581	17,075	201	1.18
1996	Januarv .....	516,759,032	17,039	210	1.23
	Februarv .....	515,973,158	16,967	210	1.24
	March .....	514,179,132	16,874	189	1.12
	April .....	512,091,370	16,753	174	1.04
	May .....	515,135,128	16,691	160	0.96
	June .....	518,464,350	16,636	178	1.07
	July .....	521,776,451	16,570	157	0.95
	August .....	526,834,282	16,551	160	0.97
	September .....	536,335,861	16,594	180	1.08
	October .....	540,434,442	16,556	169	1.02
	November .....	545,574,566	16,534	166	1.00
	December .....	545,778,074	16,483	181	1.10
1997	Januarv .....	548,471,386	16,454	169	1.03
	Februarv .....	549,783,460	16,412	163	0.99
	March .....	548,669,843	16,327	146	0.89
	April .....	548,571,557	16,244	153	0.94
	May .....	551,560,397	16,195	149	0.92
	June .....	555,130,634	16,151	139	0.86

Source: Wisconsin Department of Veterans Affairs.

**Table III-17; Debt Service Schedule on State General Obligations Issued to Fund Veterans Housing Loans (Page Part III-26).** Replace the table with the following:

**DEBT SERVICE SCHEDULE ON STATE GENERAL OBLIGATIONS  
ISSUED TO FUND VETERANS HOUSING LOANS  
(July 31, 1997)**

<b>Fiscal Year (Ending June 30)</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
1998 <sup>(a)</sup> .....	\$ 20,040,000	\$ 29,678,703	\$ 49,718,703
1999.....	25,080,000	30,756,738	55,836,738
2000.....	26,125,000	29,472,874	55,597,874
2001.....	29,785,000	27,991,500	57,776,500
2002.....	31,110,000	26,447,255	57,557,255
2003.....	29,390,000	24,816,036	54,206,036
2004.....	26,755,000	23,382,159	50,137,159
2005.....	27,445,000	21,991,846	49,436,846
2006.....	27,515,000	20,610,831	48,125,831
2007.....	25,415,000	19,245,791	44,660,791
2008.....	21,290,000	17,933,960	39,223,960
2009.....	19,460,000	16,757,253	36,217,253
2010.....	16,100,000	15,726,876	31,826,876
2011.....	14,835,000	14,894,474	29,729,474
2012.....	13,550,000	14,074,694	27,624,694
2013.....	14,575,000	13,246,420	27,821,420
2014.....	15,000,000	12,350,143	27,350,143
2015.....	15,415,000	11,421,969	26,836,969
2016.....	14,075,000	10,459,201	24,534,201
2017.....	21,480,000	9,521,228	31,001,228
2018.....	15,470,000	8,383,768	23,853,768
2019.....	15,520,000	7,372,220	22,892,220
2020.....	15,710,000	6,351,730	22,061,730
2021.....	16,275,000	5,340,258	21,615,258
2022.....	15,130,000	4,324,685	19,454,685
2023.....	14,945,000	3,388,210	18,333,210
2024.....	15,505,000	2,449,168	17,954,168
2025.....	10,490,000	1,482,775	11,972,775
2026.....	6,090,000	802,565	6,892,565
2027.....	8,365,000	425,385	8,790,385
2028.....	240,000	14,400	254,400
<b>TOTALS.....</b>	<b><u>\$568,180,000</u></b>	<b><u>\$431,115,111</u></b>	<b><u>\$999,295,111</u></b>

<sup>(a)</sup> For the fiscal year ending June 30, 1998, the table includes debt service amounts for the period August 1, 1997 through June 30, 1998.

**Source: Wisconsin Department of Administration.**

**Table III-18; Veterans Housing Loan Program by County (Page Part III-27).** Replace the table with the following:

**VETERANS HOUSING LOAN PROGRAM  
TOTAL LOANS BY COUNTY  
GENERAL OBLIGATION BOND FUNDS  
THROUGH JUNE 1997**

<u>County</u>	<u>Number of Loans</u>	<u>% of Total Loans</u>	<u>County</u>	<u>Number of Loans</u>	<u>% of Total Loans</u>
Adams .....	132	0.27%	Marinette.....	294	0.60%
Ashland .....	89	0.18	Marquette.....	15	0.03
Barron .....	409	0.84	Menominee .....	65	0.13
Bayfield .....	89	0.18	Milwaukee .....	8,886	18.26
Brown .....	2,660	5.46	Monroe .....	386	0.79
Buffalo.....	94	0.19	Oconto .....	284	0.58
Burnett .....	72	0.15	Oneida.....	324	0.67
Calumet.....	297	0.61	Outagamie.....	1,914	3.93
Chippewa .....	443	0.91	Ozaukee .....	486	1.00
Clark .....	183	0.38	Pepin .....	47	0.10
Columbia .....	425	0.87	Pierce .....	324	0.67
Crawford.....	105	0.22	Polk.....	187	0.38
Dane.....	3,704	7.61	Portage.....	667	1.37
Dodge .....	725	1.49	Price .....	130	0.27
Door .....	228	0.47	Racine.....	1,996	4.10
Douglas.....	498	1.02	Richland.....	102	0.21
Dunn .....	271	0.56	Rock.....	1,984	4.08
Eau Claire .....	1,111	2.28	Rusk.....	159	0.33
Florence .....	8	0.02	St. Croix.....	524	1.08
Fond du Lac .....	1,083	2.22	Sauk .....	464	0.95
Forest .....	28	0.06	Sawyer .....	57	0.12
Grant .....	342	0.70	Shawano .....	263	0.54
Green .....	293	0.60	Sheboygan .....	1,189	2.44
Green Lake .....	134	0.28	Taylor .....	99	0.20
Iowa .....	187	0.38	Trempeleau .....	198	0.41
Iron .....	34	0.07	Vernon .....	137	0.28
Jackson.....	190	0.39	Vilas.....	109	0.22
Jefferson.....	669	1.37	Walworth .....	578	1.19
Juneau .....	163	0.33	Washburn.....	112	0.23
Kenosha .....	1,283	2.64	Washington .....	926	1.90
Kewaunee .....	124	0.25	Waukesha .....	2,392	4.91
LaCrosse .....	1,143	2.35	Waupaca .....	412	0.85
Lafayette .....	119	0.24	Waushara .....	141	0.29
Langlade .....	117	0.24	Winnebago.....	1,897	3.89
Lincoln.....	192	0.39	Wood .....	<u>1,011</u>	<u>2.08</u>
Manitowoc .....	1,075	2.21	Total.....	48,675	100.00
Marathon.....	1,200	2.47			

**Source: Wisconsin Department of Veterans Affairs.**



**Table III-19; Veterans Mortgage Bonds Subject to Special Redemption (Pages Part III-28 through Part III-33).** Replace the table with the following:

<b>VETERANS MORTGAGE BONDS SUBJECT TO SPECIAL REDEMPTION</b>							
<b>Series</b>	<b>Dated Date</b>	<b>Maturities</b>	<b>Original Par Amount</b>		<b>Par Amount Outstanding<sup>(a)</sup></b>		<b>Coupon</b>
			<b>January</b>	<b>July</b>	<b>January</b>	<b>July</b>	
1985 Series B	04/01/85	1996	\$ 3,550,000				8.65%
		1997	8,110,000				8.80
		1998	8,365,000				8.90
		1999	10,415,000				9.05
		2000	12,700,000				9.15
		2001	16,870,000				9.25
		2009	140,130,000				9.50
		2016	50,000,000				9.00
1986 Series A	05/15/86	1995	460,000				6.90
		1996	1,055,000				7.00
		1997	1,090,000				7.25
		1998	1,360,000			\$ 1,360,000	7.25
		1999	1,655,000			1,655,000	7.25
		2000	2,200,000			2,200,000	7.50
		2001	2,420,000			2,420,000	7.50
		2002	2,905,000			2,905,000	7.50
		2006	13,025,000				7.50
		2015	12,015,000			2,150,000	7.50
		1988 Series A	07/01/88	1994	75,000	\$ 75,000	
1995	75,000			75,000			6.60
1996	75,000			100,000			6.80
1997	100,000			100,000			7.00
1998	100,000			100,000	100,000	\$ 100,000	7.10
1999	100,000			125,000	100,000	125,000	7.20
2000	125,000			125,000	125,000	120,000	7.30
2001	125,000			125,000	125,000	125,000	7.40
2002	150,000			150,000	150,000	150,000	7.50
2003	150,000			200,000	150,000	195,000	7.60
2008				1,200,000			7.85
2008				3,050,000 <sup>(b)</sup>			7.00
2018				7,925,000			8.10
1989 Series A	01/01/89			1994	100,000	100,000	
		1995	100,000	100,000			7.10
		1996	100,000	125,000			7.20
		1997	125,000	125,000			7.25
		1998	125,000	150,000	125,000	150,000	7.35
		1999	150,000	175,000	150,000	175,000	7.40
		2000	175,000	200,000	175,000	200,000	7.50
		2001	200,000	225,000	200,000	225,000	7.60
		2002	225,000	250,000	225,000	250,000	7.65
		2003	250,000	250,000	250,000	250,000	7.70
		2004	275,000		275,000		7.70
		2009	775,000				7.80
		2009	3,900,000 <sup>(b)</sup>				7.80
		2019	11,175,000				7.90

**VETERANS MORTGAGE BONDS  
SUBJECT TO SPECIAL REDEMPTION-Continued**

Series	Dated Date	Maturities	Original Par Amount		Par Amount Outstanding <sup>(a)</sup>		Coupon
			January	July	January	July	
1989 Series D	08/01/89	1994	100,000	100,000			6.50
		1995	100,000	100,000			6.60
		1996	100,000	100,000			6.70
		1997	125,000	125,000			6.75
		1998	125,000	125,000	125,000	125,000	6.80
		1999	150,000	150,000	150,000	150,000	6.85
		2000	175,000	175,000	175,000	175,000	6.90
		2001	200,000	200,000	200,000	200,000	6.95
		2002	225,000	225,000	225,000	225,000	7.00
		2003	250,000	250,000	250,000	250,000	7.05
		2004	250,000	275,000	250,000	275,000	7.10
		2009		725,000		725,000	7.15
		2009			3,775,000 <sup>(b)</sup>		6.75
		2019			11,350,000		11,350,000
1990 Series B	03/01/90	1994	75,000	75,000			6.40
		1995	75,000	75,000			6.50
		1996	75,000	100,000			6.60
		1997	100,000	100,000			6.70
		1998	100,000	100,000	100,000	100,000	6.80
		1999	125,000	125,000	125,000	125,000	6.90
		2000	125,000	150,000	125,000	150,000	7.00
		2001	175,000	175,000	175,000	175,000	7.10
		2002	175,000	175,000	175,000	175,000	7.10
		2003	200,000	200,000	200,000	200,000	7.20
		2004	225,000	225,000	225,000	225,000	7.25
		2005	225,000		225,000		7.30
		2010		3,975,000 <sup>(b)</sup>			7.25
		2020		12,450,000			7.60
1990 Series F	10/01/90	1994	75,000	75,000			6.45
		1995	100,000	100,000			6.55
		1996	100,000	100,000			6.65
		1997	100,000	125,000			6.75
		1998	125,000	125,000	125,000	125,000	6.85
		1999	125,000	125,000	125,000	125,000	6.95
		2000	150,000	150,000	150,000	150,000	7.05
		2001	150,000	175,000	150,000	175,000	7.15
		2002	175,000	150,000	175,000	150,000	7.20
		2003	200,000	200,000	200,000	200,000	7.25
		2004	200,000	225,000	200,000	225,000	7.30
		2005	225,000	175,000	225,000	175,000	7.35
		2010			3,800,000 <sup>(b)</sup>		7.30
		2020			12,425,000		7.60
1991 Series A	04/01/91	1994	150,000	150,000			5.70
		1995	150,000	150,000			5.90
		1996	150,000	150,000			6.10

**VETERANS MORTGAGE BONDS  
SUBJECT TO SPECIAL REDEMPTION-Continued**

Series	Dated Date	Maturities	Original Par Amount		Par Amount Outstanding <sup>(a)</sup>		Coupon
			January	July	January	July	
1991 Series A (continued)	04/01/91	1997	150,000	175,000			6.20
		1998	175,000	175,000	175,000	175,000	6.30
		1999	175,000	175,000	175,000	175,000	6.40
		2000	200,000	200,000	200,000	200,000	6.50
		2001	225,000	250,000	225,000	250,000	6.60
		2002	250,000	250,000	250,000	250,000	6.75
		2003	250,000	300,000	250,000	300,000	6.90
		2004	275,000	300,000	275,000	300,000	7.00
		2005	325,000	325,000	325,000	325,000	7.10
		2006	275,000		275,000		7.10
		2011	5,825,000 <sup>(b)</sup>				6.75
2021	18,400,000			18,400,000	7.50		
1992 Series B	06/01/92	1994	175,000	175,000			5.60
		1995	175,000	180,000			5.60
		1996	180,000	185,000			5.60
		1997	190,000	200,000			5.60
		1998	200,000	200,000	75,000	70,000	5.60
		1999	210,000	215,000	80,000	75,000	5.75
		2000	230,000	230,000	85,000	85,000	5.90
		2001	250,000	255,000	90,000	90,000	6.00
		2002	270,000	280,000	100,000	100,000	6.10
		2003	290,000	295,000	105,000	110,000	6.20
		2004	315,000	330,000	110,000	120,000	6.30
		2005	340,000	355,000	125,000	130,000	6.40
		2006	365,000	370,000	130,000	135,000	6.40
		2007	370,000	400,000	135,000	145,000	6.50
		2008	400,000		145,000		6.50
		2012	4,000,000 <sup>(b)</sup>				6.00
		2022	18,220,000			6,605,000	6.60
1993 Series 6	10/15/93		Original Par Amount		Par Amount Outstanding <sup>(a)</sup> <td></td>		
			May	November	May	November	
		1994	210,000	165,000			2.70/2.80
		1995	170,000	170,000			3.30
		1996	175,000	175,000			3.65
		1997	180,000	185,000		185,000	3.85
		1998	185,000	195,000	185,000	195,000	4.00
		1999	195,000	195,000	195,000	195,000	4.10
		2000	205,000	210,000	205,000	210,000	4.20
		2001	210,000	220,000	210,000	220,000	4.30
		2002	220,000	230,000	220,000	230,000	4.45
		2003	230,000	240,000	230,000	240,000	4.55
		2004	240,000	250,000	240,000	250,000	4.65
		2005	255,000	260,000	255,000	260,000	4.75
		2006	270,000	270,000	270,000	270,000	4.85
		2010	2,125,000		2,125,000		5.15
2013	2,150,000		2,150,000		5.25		
2016	10,215,000			10,215,000	5.30		

**VETERANS MORTGAGE BONDS  
SUBJECT TO SPECIAL REDEMPTION-Continued**

Series	Dated Date	Maturities	Original Par Amount		Par Amount Outstanding <sup>(a)</sup>		Coupon
			May	November	May	November	
1993 Series 5	12/01/93	1994		95,000			2.50
		1995	90,000	85,000			3.20
		1996	90,000	95,000			3.60
		1997	95,000	95,000		95,000	3.80
		1998	95,000	100,000	95,000	100,000	4.00
		1999	105,000	105,000	105,000	105,000	4.10
		2000	105,000	6,805,000	105,000	6,805,000	4.20
		2001	3,605,000	9,135,000	3,605,000	9,135,000	4.35
		2002	5,650,000	10,885,000	5,650,000	10,885,000	4.45
		2003	8,425,000	9,555,000	8,425,000	9,555,000	4.55
		2004	7,160,000	11,000,000	7,160,000	11,000,000	4.65
		2005	8,875,000	10,275,000	8,875,000	10,275,000	4.75
		2006	9,000,000	12,025,000	9,000,000	12,025,000	4.85
		2010		14,770,000		14,770,000	5.20
		2013		1,190,000		1,190,000	5.30
		2016		1,405,000		1,405,000	5.35
		2023		4,340,000		4,340,000	5.40
1994 Series 2	03/01/94	1999	10,565,000		10,565,000		4.85
		2000	9,070,000		9,070,000		5.00
		2001	8,680,000		8,680,000		5.10
		2002	6,390,000		6,390,000		5.20
		2003	4,810,000		4,810,000		5.30
		2004	3,715,000		3,715,000		5.40
		2005	2,540,000		2,540,000		5.50
		2006	2,050,000		2,050,000		5.60
		2007	1,760,000		1,760,000		5.70
		2008	1,580,000		1,580,000		5.80
		2009	890,000		890,000		5.85
		2014	1,700,000		1,700,000		6.10
		2024	4,775,000		4,775,000		6.20
1994 Series 3	09/15/94	1995	800,000				3.90
		1996	800,000				4.30
		1997	800,000				4.55
		1998	800,000		800,000		4.75
		1999	800,000		800,000		4.90
		2000	800,000		800,000		5.00
		2001	800,000		800,000		5.10
		2002	800,000		800,000		5.20
		2003	800,000		800,000		5.30
		2004	800,000		800,000		5.40
		2005	800,000		800,000		5.50
		2006	600,000		600,000		5.60
		2007	600,000		600,000		5.70
2008	400,000		400,000		5.80		
1994 Series C	09/15/94	1996	575,000				5.50
		1997	610,000				5.50

**VETERANS MORTGAGE BONDS  
SUBJECT TO SPECIAL REDEMPTION-Continued**

Series	Dated Date	Maturities	Original Par Amount		Par Amount Outstanding <sup>(a)</sup>		Coupon
			May	November	May	November	
1994 Series C (continued)	09/15/94	1998	635,000		625,000		5.50
		1999	670,000		660,000		5.50
		2000	700,000		690,000		5.50
		2001	740,000		730,000		5.50
		2002	780,000		770,000		5.60
		2003	825,000		815,000		5.70
		2004	870,000		855,000		5.80
		2005	915,000		900,000		5.90
		2006	980,000		965,000		6.00
		2007	1,040,000		1,025,000		6.10
		2008	1,105,000		1,090,000		6.20
		2009	1,175,000		1,155,000		6.30
		2010	1,255,000		1,235,000		6.30
		2011	1,335,000		1,315,000		6.40
		2012	1,415,000		1,395,000		6.40
		2013	1,510,000		1,485,000		6.50
2016	5,135,000		5,060,000		6.60		
2020	8,535,000		8,405,000		6.60		
2025	14,195,000		13,980,000		6.65		
1995 Series 1	2/15/95	1999	1,110,000		1,110,000		5.25
		2000	3,240,000		3,240,000		5.30
		2004	860,000		860,000		5.55
		2008	1,300,000		1,300,000		5.80
		2009	1,380,000		1,380,000		5.80
		2010	1,465,000		1,465,000		6.00
		2011	1,560,000		1,560,000		6.00
		2012	1,660,000		1,660,000		6.00
		2013	1,765,000		1,765,000		6.00
2014	1,395,000		1,395,000		6.10		
1995 Series B	2/15/95	2016	4,215,000		4,215,000		6.40
		2020	7,920,000		7,920,000		6.50
		2025	17,130,000		17,130,000		6.50
1995 Series 2	10/15/95	1997		1,100,000		1,100,000	4.00
		1998		1,685,000		1,685,000	4.15
		1999		1,395,000		1,395,000	4.25
		2000		1,600,000		1,600,000	4.35
		2004		730,000		730,000	4.85
		2005		1,985,000		1,985,000	4.95
		2007		1,975,000		1,975,000	5.20
		2008		3,245,000		3,245,000	5.25
		2009		3,450,000		3,450,000	5.40
		2010		3,660,000		3,660,000	5.40
		2011		3,895,000		3,895,000	5.50
		2012		4,130,000		4,130,000	5.60
2013		4,390,000		4,390,000	5.70		

**VETERANS MORTGAGE BONDS  
SUBJECT TO SPECIAL REDEMPTION-Continued**

Series	Dated Date	Maturities	Original Par Amount		Par Amount Outstanding <sup>(a)</sup>		Coupon
			May	November	May	November	
1995 Series 2 (continued)	10/15/95	2014		4,660,000		4,660,000	5.75
		2015		4,950,000		4,950,000	5.75
1996 Series B	5/15/96	1998		2,060,000		2,060,000	4.40
		1999		2,155,000		2,155,000	4.70
		2007		6,730,000		6,730,000	5.50
		2008		5,430,000		5,430,000	5.60
		2009		3,255,000		3,255,000	5.70
		2010		200,000		200,000	5.80
		2011		210,000		210,000	5.90
		2012		230,000		230,000	6.00
		2013		240,000		240,000	6.00
		2014		255,000		255,000	6.00
		2021		10,305,000		10,305,000	6.10
		2026		13,930,000		13,930,000	6.20
		1996 Series D	10/15/96	2007	4,500,000		4,500,000
2008	2,250,000				2,250,000		5.30
2009	1,800,000				1,800,000		5.40
2014	3,700,000				3,700,000		5.75
2020	6,405,000				6,405,000		5.80
2027	11,345,000				11,345,000		6.00
1997 Series A	3/15/97	2021	8,065,000		8,065,000		6.00
		2028	13,295,000		13,295,000		6.00
1997 Series 1	3/15/97	2006	1,000,000		1,000,000		5.20
		2007	2,385,000		2,385,000		5.25
		2008	1,015,000		1,015,000		5.25
		2009	725,000		725,000		5.35
		2010	1,290,000		1,290,000		5.50
		2011	3,165,000		3,165,000		5.50
		2012	2,330,000		2,330,000		5.50
		2013	1,910,000		1,910,000		5.55
		2014	1,990,000		1,990,000		5.60
		2015	2,070,000		2,070,000		5.65
		2017	5,760,000		5,760,000		5.75

<sup>(a)</sup> As of July 31, 1997.

<sup>(b)</sup> Accelerated Redemption Term Bond.

**Source: Wisconsin Department of Administration**

## Appendix B

### EXPECTED FORM OF LEGAL OPINION

**Upon delivery of the Bonds, it is expected that Foley & Lardner will deliver a legal opinion in substantially the following form:**

(Letterhead of Foley & Lardner)

STATE OF WISCONSIN

\$45,000,000 GENERAL OBLIGATION BONDS OF 1997, SERIES C

\$45,000,000 GENERAL OBLIGATION BONDS OF 1997, SERIES D (TAXABLE)

We have acted as bond counsel in connection with the issuance by the State of Wisconsin (the "State") of its General Obligation Bonds of 1997, Series C to the amount of \$45,000,000, dated September 15, 1997 (the "Series C Bonds") and its General Obligation Bonds of 1997, Series D to the amount of \$45,000,000, dated September 15, 1997 (the "Series D Bonds (Taxable)") (the Series C Bonds and the Series D Bonds (Taxable) are collectively referred to as the "Bonds"). We investigated the law and examined such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we relied upon the certified proceedings and other certificates of public officials furnished to us without undertaking to verify the same by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement). However, in connection with the rendering of our opinion as to the validity of the Bonds, nothing has come to our attention that would lead us to believe that the Official Statement (except for the financial statements and other financial or statistical data included therein, as to which we express no view), as of the date of delivery of the Bonds, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

The Bonds are being issued pursuant to Chapter 18, Wisconsin Statutes (the "Act") and resolutions adopted by the State of Wisconsin Building Commission (the "Commission") on July 31, 1997, as amended and supplemented by resolutions adopted by the Commission on September 17, 1997 (the "Resolutions").

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds, to the amount named, are valid and binding general obligations of the State.
2. The Resolutions have been duly adopted by the Commission and constitute valid and binding obligations of the State enforceable upon the State as provided in the Resolutions.
3. The full faith, credit and taxing power of the State are irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Bonds as the same mature and become due. There has been irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient for such purpose.
4. The interest on the Series C Bonds is excluded from gross income for federal income tax purposes and is an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. The opinions set forth in the preceding sentences of this

paragraph are subject to the condition that the State comply with all requirements of the Internal Revenue Code of 1986, as amended, and other federal tax legislation that must be satisfied subsequent to the issuance of the Series C Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The State has covenanted to comply with each such requirement to the extent it may lawfully do so. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series C Bonds in gross income for federal income tax purposes retroactively to the date of issuance of the Series C Bonds. The interest on the Series D Bonds (Taxable) is not excluded from gross income for federal income tax purposes. We express no opinion regarding other federal tax consequences arising with respect to the Series C Bonds or the Series D Bonds (Taxable).

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

FOLEY & LARDNER



## Appendix C

### AMORTIZATION STRUCTURE OF SERIES D BONDS (TAXABLE)

Year (November 1)	15-Year Loan for HILP	30-Year Loan for Housing Loans	Total Series D Bonds (Taxable)
1999	\$ 165,000	\$ 455,000	\$ 620,000
2000	175,000	480,000	655,000
2001	185,000	510,000	695,000
2002	200,000	540,000	740,000
2003	210,000	575,000	785,000
2004	225,000	615,000	840,000
2005	240,000	655,000	895,000
2006	255,000	695,000	950,000
2007	270,000	740,000	1,010,000
2008	290,000	790,000	1,080,000
2009	310,000	845,000	1,155,000
2010	330,000	900,000	1,230,000
2011	355,000	965,000	1,320,000
2012	380,000	1,030,000	1,410,000
2013	410,000	1,100,000	1,510,000
2014		1,180,000	1,180,000
2015		1,265,000	1,265,000
2016		1,355,000	1,355,000
2017		1,450,000	1,450,000
2018		1,555,000	1,555,000
2019		1,665,000	1,665,000
2020		1,790,000	1,790,000
2021		1,915,000	1,915,000
2022		2,055,000	2,055,000
2023		2,205,000	2,205,000
2024		2,365,000	2,365,000
2025		2,535,000	2,535,000
2026		2,720,000	2,720,000
2027		2,920,000	2,920,000
2028		3,130,000	3,130,000
TOTALS	\$ 4,000,000	\$ 41,000,000	\$ 45,000,000