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OFFICIAL STATEMENT

New Issue

This Official Statement has been prepared by the State of Wisconsin to provide information on the Notes. Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the Notes, a prospective investor should read this Official Statement in its entirety. Unless indicated, capitalized terms have the meanings given in the Official Statement.

\$350,000,000 STATE OF WISCONSIN OPERATING NOTES OF 1998

Dated: July 1, 1998

Due: June 15, 1999

Note Ratings F-1+ Fitch IBCA, Inc.
MIG 1 Moody's Investors Service, Inc.
SP-1+ Standard & Poor's Ratings Group

Coupon 4.50%

Term 344 days

Maturity June 15, 1999

Interest Payment Date June 15, 1999

Tax Exemption Interest on the Notes is, for federal income tax purposes, excluded from gross income and is not an item of tax preference but is subject to State of Wisconsin income and franchise taxes—*See pages 13-14.*

Redemption Not subject to redemption prior to maturity.

Security The Notes are contractual obligations of the State of Wisconsin payable from pledged revenues deposited into the Operating Note Redemption Fund—*See pages 5-6.*

Purpose Fund assistance payments and finance day-to-day operations of the State—*See page 2.*

Denominations \$25,000

Closing/Settlement July 1, 1998 in New York, New York

Bond Counsel Foley & Lardner

Trustee/Registrar/Paying Agent Firststar Trust Company, Milwaukee, Wisconsin

Issuer Contact Wisconsin Capital Finance Office; (608) 266-2305; capfin@mail.state.wi.us

Book-Entry-Only Form The Depository Trust Company—*See Pages 3-5.*

Sale Information Competitive sale on June 16, 1998—*See Pages 12-13.*

June 16, 1998

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STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF THE NOTES

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 Carol Roessler	January 8, 2001
Senator Brian D. Rude	January 8, 2001
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

OTHER PARTICIPANTS

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

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

badger.state.wi.us

SUMMARY DESCRIPTION OF THE NOTES

Information set forth on this page is qualified by the entire Official Statement. To make an informed decision regarding the Notes, a prospective investor should read this Official Statement in its entirety.

Description:	State of Wisconsin Operating Notes of 1998
Principal Amount:	\$350,000,000
Denominations:	\$25,000 and integral multiples thereof
Date of Issue:	July 1, 1998
Term:	344 days
Interest Payment:	June 15, 1999
Maturity:	June 15, 1999
Redemption:	Not subject to redemption prior to maturity.
Form:	Book-entry-only <i>See pages 3-5</i>
Paying Agent:	Principal of and interest on the Notes will be paid by the Trustee. Payment will be made to The Depository Trust Company, which will distribute payments to Beneficial Owners as described herein.
Security:	The Notes are contractual obligations of the State payable from and secured solely by revenue pledged by the Commission and deposited into the Operating Note Redemption Fund established with the Trustee, including impoundments required to be made on February 26, March 31, April 30 and May 31, 1999— <i>See pages 5-6</i>
Authority for Issuance:	Notes are issued under Chapters 16 and 18 of the Wisconsin Statutes.
Purpose:	Fund local-assistance payments and finance day-to-day operations of the State.
Additional Notes:	The State may issue additional operating notes.
Legality of Investment:	The Notes 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:	Not included in gross income and not an item of tax preference for federal income tax purposes. Subject to State of Wisconsin income and franchise taxes— <i>See pages 13-14</i>
Legal Opinion:	Foley & Lardner— <i>See page B-1</i>

OFFICIAL STATEMENT
\$350,000,000
STATE OF WISCONSIN
OPERATING NOTES OF 1998

INTRODUCTION

The issuer of the Notes 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 borrowing obligations of the State, including the Notes described herein. This agency is assisted and staffed by the State of Wisconsin Department of Administration (the “Department”).

Information concerning the State and the Commission is included as [APPENDIX A](#), which includes by reference [Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 1997](#) (the “Annual Report”).

This Official Statement, including the cover page and all Appendices hereto, is provided for the purpose of setting forth information regarding the sale by the State of \$350,000,000 principal amount of Operating Notes of 1998 (the “Notes”). The Notes will be issued on July 1, 1998 by the State, acting through the Commission, pursuant to Chapters 16 and 18 of the Wisconsin Statutes, as amended (the “Act”) and pursuant to an authorizing resolution adopted by the Commission on May 21, 1998 (the “Resolution”).

The Notes will mature June 15, 1999, prior to the end of the State’s 1998–99 fiscal year, which is June 30, 1999. The State anticipates that it will receive taxes and revenues sufficient to provide for payment of the Notes pursuant to the Resolution and, when combined with other monies, to make all other State expenditures without either incurring a cash deficit for the 1998–99 fiscal year or refinancing any of the Notes in the succeeding fiscal year.

The State is constitutionally required to adopt a balanced budget. The budget for the 1998–99 fiscal year is balanced on a cash basis as modified by the requirements of existing State law. On June 2, 1998, the Governor signed into law, using his partial veto power, a budget adjustment bill for the 1998–99 fiscal year. A summary of the financial effects of the signed budget adjustment bill, as vetoed, is not yet available. [APPENDIX A](#) includes a summary of the budget adjustment bill as originally proposed by the Governor. The budget adjustment bill signed by the Governor is slightly different than the proposed budget adjustment bill summarized in [APPENDIX A](#). Although many factors may affect the State’s financial results for the 1998–99 fiscal year, the estimates of receipts and disbursements included in the 1998–99 budget are believed to be reasonable.

In connection with the issuance and sale of the Notes, the Commission has authorized the Department to prepare this Official Statement, including the cover page and Appendices, describing the Notes 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.

PURPOSE OF ISSUE AND USE OF PROCEEDS

General

The State is issuing the Notes because of an imbalance between the timing of payments disbursed and receipts collected.

The State will deposit the proceeds from the sale of the Notes to the General Fund of the State and will use the proceeds within six months to fund local-assistance payments to its municipalities and school districts and to finance its day-to-day operations in anticipation of revenues to be received later in the fiscal year. Until so used, the proceeds will be invested by the State on a short-term basis. This investment activity is the responsibility of the State of Wisconsin Investment Board. See “STATE OF WISCONSIN INVESTMENT BOARD” in [Part II of the Annual Report](#).

Premium, if any, paid as part of the purchase price of the Notes will be credited to the Operating Note Redemption Fund and applied to pay interest on the Notes. The costs of issuance of the Notes will be paid by the State from monies separately appropriated from the General Fund for this purpose.

Prior to 1983, the State was not empowered to use seasonal borrowing. The payment-receipt imbalance was dealt with first, by using substantial year-end surpluses in the General Fund; second, by temporarily allocating cash reserves from various segregated funds to the General Fund; and third, by direct control and reordering of disbursements. Beginning in 1983, after the State was statutorily authorized to issue operating notes, the imbalance was addressed through seasonal borrowing. The amount of seasonal borrowing using operating notes has varied over the years.

The Notes are issued in an aggregate amount estimated to be sufficient with interfund borrowings and reallocations to meet General Fund cash-flow needs for the 1998–99 fiscal year. Unanticipated developments may require the State to issue additional operating notes during this period. See “[DESCRIPTION OF NOTES; Additional Notes](#)”.

Interfund Borrowings and Reallocations

The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State’s universities. Such designated funds may be used for purposes other than the proprietary programs but such use is, in effect, a borrowing and the State is obligated to replenish the designated funds.

To meet a cash-flow need, the Statutes authorize the Secretary of the Department (the “Secretary of Administration”) to temporarily reallocate from certain segregate funds (and any cash in the budget stabilization fund) to the General Fund an amount up to 5% of the total general-purpose revenue appropriations then in effect, which for the 1998–99 budget, prior to the budget adjustment bill, is approximately \$495 million. An interfund interest charge is levied on such interfund reallocations.

The Secretary of Administration may set priorities for payments from the General Fund as well as prorate certain payments. See “STATE GOVERNMENT ORGANIZATION AND FINANCIAL PROCEDURES; Budgeting Process and Fiscal Controls” in [Part II of the Annual Report](#).

DESCRIPTION OF NOTES

Authority for Issuance

The Notes are a series of operating notes authorized by the Act and are issued pursuant to the Resolution. Article VIII, Section 5 of the Wisconsin Constitution requires the Legislature to provide annual taxes sufficient to meet the estimated expenses of the State each year. Whenever the expenses of any year exceed the income, the Legislature must levy taxes for the ensuing year sufficient with other sources of income to pay the deficiency as well as the estimated expenses of the ensuing year. The 1998–99 budget contains sufficient estimated tax revenues and other revenues to pay the estimated expenses for the fiscal year pursuant to the Constitution.

The Commission is authorized by the Statutes to issue operating notes when, in the judgment of the Department, a deficiency will occur in the funds of the State which will not permit the State to meet its operating obligations in a timely manner. Operating notes may be issued in an amount not exceeding 10% of budgeted appropriations of general purpose and program revenues for the year in which operating notes are issued. The maximum issuance of operating notes during the 1998–99 fiscal year, based on the 1998–99 budget prior to the budget adjustment bill, is \$1.613 billion. See **APPENDIX C**. The request of the Department to issue operating notes must be signed by the Secretary of Administration and notification provided to the Joint Committee on Finance. Upon receipt of the notification, the Joint Committee on Finance has 14 days to schedule a meeting to review the request, and at such meeting may approve the request. If no meeting is scheduled within this 14-day period, the request may be submitted to the Commission. Pursuant to this statutory procedure, the Secretary of Administration notified the Joint Committee on Finance of a request for the issuance of operating notes in an amount not to exceed \$500 million for the purpose of providing funds to meet obligations for the fiscal year beginning July 1, 1998, and the Joint Committee on Finance did not schedule a meeting to review the request.

Terms

The Notes will be dated the date of their delivery to the successful bidders, will bear interest at the rate set forth on the front cover hereof from their dated date, computed on the basis of a 360-day year of twelve 30-day months, and will be payable as to both principal and interest to the registered owner thereof, which initially will be the nominee of The Depository Trust Company, New York, New York (“DTC”), in immediately available funds upon maturity on June 15, 1999.

The Notes will not be subject to redemption prior to maturity.

The Notes are to be initially issued in book-entry-only form. Individual purchases in book-entry-only form can be made in the principal amount of \$25,000 and integral multiples thereof. Under certain conditions the Notes may be issued in certificated form. See **“DESCRIPTION OF NOTES; Book-Entry-Only Form”**.

Book-Entry-Only Form

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered securities in the name of Cede & Co. (DTC’s partnership nominee). A certificate or certificates will be issued in the aggregate principal amount of the Notes and will be 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 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("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 Notes 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of the Notes 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes 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.

Neither DTC nor Cede & Co. will consent or vote with respect to the Notes. 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payment on the Notes will be made to DTC by Firststar Trust Company, Milwaukee, Wisconsin (the "Trustee"). 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, the Trustee, 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 Trustee, 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 Notes at any time by giving reasonable notice to the State. Under such circumstances, in the event that a successor securities depository is not obtained, note 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, note 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 Notes. The State and the Trustee assume 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 Notes.

Similarly, no assurance can be given by the State or the Trustee 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.

Source of Payment

The Notes are contractual obligations of the State payable from and secured solely by revenue pledged by the Commission pursuant to the Act and the Resolution and deposited into the Operating Note Redemption Fund (the "Pledged Revenues"). The Operating Note Redemption Fund is a separate and distinct fund established with the Trustee. The Operating Note Redemption Fund is to be expended, and all monies from time to time on hand in that fund are irrevocably appropriated, in sums sufficient, only for the payment of the principal and interest on the Notes. There has been appropriated from the General Fund to the Operating Note Redemption Fund a sum sufficient for the payment of the principal of and interest on the Notes as the same are due and for the payment of monies required to be impounded in the Operating Note REDEMPTION Fund. These appropriations are continuing appropriations both during and after the 1998-99 fiscal year, unless specifically amended by the Legislature. *The Notes are not general obligations of the State*, and the Notes do not constitute "public debt" of the State as that term is used in the Constitution and Statutes of the State. The Pledged Revenues are subject to the first and paramount rights of the owners of the State's general obligation bonds and notes ("General Obligations").

Impoundment

Operating Note Redemption Fund—The Secretary of Administration is required by the Resolution to impound and transfer sums from the General Fund to the Operating Note Redemption Fund at such times and in such amounts as will cause the balance of the Operating Note Redemption Fund to be not less than the amount required on such date:

- (i) 25% of the principal and interest due June 15, 1999 on the Notes is required to be impounded on February 26, 1999;
- (ii) 50% of the principal and interest due June 15, 1999 on the Notes is required to be impounded on March 31, 1999;
- (iii) 75% of the principal and interest due June 15, 1999 on the Notes is required to be impounded on April 30, 1999; and
- (iv) 100% of the principal and interest due June 15, 1999 on the Notes is required to be impounded on May 31, 1999.

If on any of these impoundment dates the balance in the Operating Note Redemption Fund is less than the amount required, then all General Fund revenues (other than those required to be paid

with respect to General Obligations) (“Unrestricted Revenues”) must be set aside and deposited in the Operating Note Redemption Fund until the balance in the Operating Note Redemption Fund is equal to the required amount for that date.

Cash-Flow Projections—The Secretary of Administration is required to prepare and file with the Trustee monthly projected statements of revenues, expenses and fund balances of the State for each month remaining in the 1998–99 fiscal year in sufficient detail to permit the Secretary of Administration to make the following determinations required by the Resolution:

- (i) *Interfund Transfers*—If at any time the Secretary of Administration determines that Unrestricted Revenues will be insufficient to permit the required transfers from the General Fund to the Operating Note Redemption Fund, the Secretary of Administration must, to the extent permitted by law, transfer to the General Fund other funds of the State in a sum sufficient to permit the required transfers to the Operating Note Redemption Fund.
- (ii) *Deferral of Expenditures*—If at any time the Secretary of Administration determines that the payment of any amount, other than payments with respect to General Obligations, will result in the funds available in the General Fund for transfer to the Operating Note Redemption Fund being less than the amount required, the Secretary of Administration must defer the payment of a sufficient amount of such expenses to permit the required transfer when due.
- (iii) *Acceleration of Impoundment*—If at any time the Secretary of Administration determines that the principal and interest due on the Notes at maturity less any amounts on deposit in the Operating Note Redemption Fund equals or exceeds 85% of the amount of Unrestricted Revenues estimated to be received thereafter and prior to June 15, 1999, all Unrestricted Revenues thereafter received must be immediately deposited in the Operating Note Redemption Fund until the amount in such fund is equal to 100% of the principal and interest due on the Notes at maturity.

Investment of Operating Note Redemption Fund

Monies deposited in the Operating Note Redemption Fund shall be invested by the Trustee at the direction of the State of Wisconsin Investment Board in (1) direct obligations of, or obligations unconditionally guaranteed by, the United States; (2) obligations issued or guaranteed by agencies or instrumentalities of United States; (3) obligations of the international bank for reconstruction and development; (4) a mutual fund that invests solely in direct obligations of the United States; and (5) repurchase agreements with banks other than the Trustee which are members of the Federal Deposit Insurance Corporation and government bond dealers (a) reporting to, trading with and recognized as primary dealers by the Federal Reserve Bank of New York, and (b) having capital of at least \$250,000,000, the underlying securities of which are obligations described in (1) and (2) above, provided that the underlying securities are required to be continuously maintained at a value consisting of the market value of such securities and the amount of interest accrued on such securities, not less than the amount so invested plus accrued interest and to be held by the Trustee or a third party. All investments in the Operating Note Redemption Fund shall mature on or before June 15, 1999. All investments shall be valued at the face amount thereof, including any interest to be paid thereon to maturity.

Additional Notes

The Notes are issued in an aggregate amount estimated to be sufficient with interfund borrowings and reallocations to meet General Fund cash-flow needs for the 1998–99 fiscal year. Any additional operating notes that may be issued must, pursuant to the Resolution, mature on or after June 15, 1999 and will not be entitled to any priority with respect to payment or security over the Notes, or any other series of additional operating notes. Any additional operating notes would be

payable from the same source, be entitled to the same security as the Notes and be subject to the impoundment provisions described above.

Defaults and Remedies

The following constitute “Events of Default” under the Resolution: (i) a default in the due and punctual payment of the principal of or interest on any of the Notes when the same shall become due and payable or (ii) a default by the State in the performance of any of its obligations with respect to payments into the Operating Note Redemption Fund or in the observance and performance of any other of the covenants, conditions and agreements of the State contained in the Resolution. If an Event of Default shall have occurred and continues for a period of 30 days, the Trustee must publish notice of the Event of Default in *The Bond Buyer*.

If an Event of Default has occurred and is continuing, the Trustee may proceed to institute such actions and proceedings as are authorized by the Act or other law to collect all sums due in connection with the Notes and to protect and enforce its rights and the rights of the holders of the Notes. The Trustee, at the request of the holders of not less than 25% in aggregate principal amount of the Notes then outstanding and upon being furnished with reasonable security and indemnity, must take such steps and institute such suits, actions or proceedings for the protection and enforcement of the rights of the holders of the Notes to collect any amount due and owing from the State or by injunction, mandamus or other appropriate proceeding in law or in equity to obtain other appropriate relief.

No holder of any Notes may institute any suit, action or proceeding in equity or at law, except to enforce payment of the Notes held by such holder, for the enforcement of the Resolution or for the execution of any trust thereof or any remedy thereunder, unless an Event of Default has occurred of which the Trustee has been notified and the holders of 25% in aggregate principal amount of the Notes then outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers granted in the Resolution or to institute such action, suit or proceedings in its own name and the Trustee thereafter shall have failed or refused to exercise such powers or to institute such action, suit or proceeding.

The Act provides that if the State fails to pay any operating note in accordance with its terms an action to compel such payment may be commenced against the State in the Circuit Court for Dane County, Wisconsin. If there is a final judgment against the State in such an action, the Act requires that it be paid together with interest at the rate of 10% per year from the date the payment was judged to have been due until the date of payment of the judgment. Wisconsin law requires that any such final judgment obtained against the State be filed by the Clerk of Courts with the Department. The Department is required to audit the amount of damage and costs awarded, and the amount is then required to be paid out of the State Treasury. State law contains a continuing appropriation in sum sufficient to meet judgments against the State.

GENERAL FUND INFORMATION

Information regarding the State’s General Fund is included as **APPENDIX D**. Revenues deposited into the General Fund are shown in **Table D-1 of APPENDIX D**, which reports the specific sources of revenue and the amounts raised from each source for each of the last five fiscal years. Expenditures made from the General Fund are shown in **Table D-2 of APPENDIX D**, which reports the amounts expended by function and type for each of the last five fiscal years. Year-to-date information regarding revenue deposited into and expenditures made from the General Fund is reported in **APPENDIX A**. There can be no assurance that historical data with respect to such revenues and expenditures are necessarily indicative of future receipts and payments.

General Fund Cash Flow

The State has experienced and expects to continue to experience certain periods when the General Fund is in a negative cash position. The Statutes provide certain administrative remedies to deal with these periods. The Secretary of Administration may temporarily reallocate available cash in other funds to the General Fund in an amount up to 5% of general-purpose revenue appropriations then in effect. See **APPENDIX A** for a description of balances available for reallocation. The Secretary of Administration may set priorities for payments from the General Fund as well as prorate certain payments. The Statutes provide that all payments shall be in accordance with the following order of preference: (1) all direct and indirect payments of principal and interest on State general obligation bonds and notes have first priority and may not be prorated or reduced; (2) all direct and indirect payments of principal and interest on operating notes have second priority and may not be prorated or reduced; (3) all State employe payrolls have third priority and may be prorated or reduced; and (4) all other payments shall be paid in a priority determined by the Secretary of Administration and may be prorated or reduced.

The tables on the following pages present the actual cash flow of the General Fund from July 1996 through May 1998 and the projected cash flow from June 1998 through June 1999 by major categories of receipts and disbursements. The cash-flow tables should be read in conjunction with other information concerning the 1998–99 budget summarized in **APPENDIX A** of this Official Statement.

There has been and will continue to be differences in the amounts shown for the cash-flow basis and the budgetary basis presentations. For example, the cash-flow basis presentation on the following pages includes all tax receipts as revenues and tax refunds as disbursements. The budgetary basis presentation in **APPENDIX A** includes tax revenues which are net of tax refunds. In addition, Wisconsin counties have the authority to impose a county sales tax. The State receives all county sales tax collections and then returns to the counties their respective portion. The cash-flow basis presentation includes the gross sales tax receipts and the disbursement to the counties, which in fiscal year 1998-99 is estimated to be approximately \$175 million. The county sales tax is not included in the budgetary basis presentation. There are other items that are treated differently between the cash-flow basis and budgetary basis that prevent a direct reconciliation of the two presentations.

Monthly cash-flow projections are based upon the 1998–99 budget, the budget adjustment bill signed into law on June 2, 1998 by the Governor, who exercised his partial veto power, and upon historical experience as adjusted to reflect economic conditions, statutory and administrative changes and anticipated payment dates for debt service, payrolls and State aid.

Unforeseen events or variations from underlying assumptions may cause a decrease in receipts or an increase in disbursements from those projected for a given month, and thus may adversely affect the projection of cash flow projected for the time shown. Additionally, the timing of transactions from month to month may vary from the forecast. The State updates its projection of the remaining fiscal year cash flow each month as a result of actual revenues and expenditures received, from unforeseen events, or from revised forecasts of month-to-month timing of transactions.

Table 1
ACTUAL GENERAL FUND CASH FLOW JULY 1, 1996 TO JUNE 30, 1997
(In Thousands of Dollars)

	July 1996	August 1996	September 1996	October 1996	November 1996	December 1996	January 1997	February 1997	March 1997	April 1997	May 1997	June 1997
OPENING BALANCE ^(a)	\$ 569,086	\$ 414,747	\$ 601,413	\$ 1,066,212	\$ 1,347,976	\$ 857,863	\$ 321,045	\$ 1,011,176	\$ 1,135,865	\$ 434,285	\$ 977,102	\$ 1,294,331
CLOSING BALANCE	414,747	601,413	1,066,212	1,347,976	857,863	321,045	1,011,176	1,135,865	434,285	977,102	1,294,331	493,468
LOW BALANCE ^(b)	263,302	321,835	426,931	1,027,724	704,010	(32,677)	321,045	1,005,769	363,140	411,180	898,925	97,917
RECEIPTS:												
Tax Receipts												
Individual Income	372,155	304,041	453,416	367,701	334,707	333,175	670,204	348,924	352,183	700,312	322,541	477,991
Sales & Use	261,676	264,609	259,988	257,730	254,478	166,275	339,152	225,742	201,489	241,887	250,694	186,483
Corporate Income	15,979	15,987	137,555	32,031	13,293	145,789	28,349	16,976	176,005	27,899	17,594	131,301
Public Utility	329	0	68	25	140,447	654	21	7	9	976	145,777	141
Excise	21,137	23,073	23,890	20,975	22,500	21,185	20,539	18,936	18,705	20,640	19,631	21,409
Insurance	703	1,365	22,607	777	677	21,105	2,340	8,295	10,479	20,609	1,647	21,896
Inheritance	2,014	3,356	3,411	5,615	2,155	3,418	3,987	5,140	2,498	5,416	11,366	4,274
Subtotal Tax Receipts	673,993	612,431	900,935	684,854	768,257	691,601	1,064,592	624,020	761,368	1,017,739	769,250	843,495
Nontax Receipts												
Federal	339,344	235,534	338,724	261,861	257,688	309,474	392,612	273,298	249,357	310,917	302,291	306,376
Other & Transfers	117,978	182,959	236,507	190,406	175,744	190,365	202,878	246,235	176,582	178,756	211,196	240,197
Note Proceeds ^(c)	148,500	0	0	0	0	0	0	0	0	0	0	0
Subtotal Nontax Receipts	605,822	418,493	575,231	452,267	433,432	499,839	595,490	519,533	425,939	489,673	513,487	546,573
TOTAL RECEIPTS	\$ 1,279,815	\$ 1,030,924	\$ 1,476,166	\$ 1,137,121	\$ 1,201,689	\$ 1,191,440	\$ 1,660,082	\$ 1,143,553	\$ 1,187,307	\$ 1,507,412	\$ 1,282,737	\$ 1,390,068
DISBURSEMENTS:												
Local Aids	\$ 637,996	\$ 128,110	\$ 397,244	\$ 87,371	\$ 944,733	\$ 1,019,955	\$ 140,980	\$ 155,102	\$ 924,442	\$ 105,033	\$ 136,038	\$ 1,383,467
Income Maintenance	256,303	202,276	243,131	231,683	243,430	242,664	249,825	236,815	225,375	249,863	243,465	252,232
Payroll & Related	237,782	297,405	149,441	247,345	290,790	191,217	351,154	227,215	149,987	239,717	275,759	203,513
Tax Refunds	36,632	25,807	21,460	35,154	28,919	70,195	41,405	155,489	169,198	131,730	102,373	113,837
Debt Service	12,682	0	0	96,259	0	0	0	0	220,689	0	0	0
Miscellaneous	252,759	190,660	200,091	157,545	183,930	204,227	186,587	206,652	160,576	199,453	168,897	237,882
Note Repayment	0	0	0	0	0	0	0	37,591	38,620	38,799	38,976	0
TOTAL DISBURSEMENTS	\$ 1,434,154	\$ 844,258	\$ 1,011,367	\$ 855,357	\$ 1,691,802	\$ 1,728,258	\$ 969,951	\$ 1,018,864	\$ 1,888,887	\$ 964,595	\$ 965,508	\$ 2,190,931

(a) The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. The designated funds ranged from \$128 million to \$198 million during the 1996-97 Fiscal Year. In addition, the General Fund is the depository for several escrow accounts pursuant to court orders or federal rulings. The funds in these accounts are restricted in their use to the purposes described in the court orders or federal rulings. During the 1996-97 Fiscal Year these funds ranged from \$52 million to \$54 million.

(b) Lowest daily balance within each month.

(c) Reflects receipt of good-faith deposit on June 28, 1996 and closing on July 11, 1996.

Table 2

**ACTUAL GENERAL FUND CASH FLOW JULY 1, 1997 TO MAY 31, 1998
PROJECTED GENERAL FUND CASH FLOW JUNE 1, 1998 TO JUNE 30, 1998 ^(a)**

(In Thousands of Dollars)

	July 1997	August 1997	September 1997	October 1997	November 1997	December 1997	January 1998	February 1998	March 1998	April 1998	May 1998	June 1998
OPENING BALANCE ^(b)	\$ 493,468	\$ 518,144	\$ 742,076	\$ 1,119,923	\$ 1,180,103	\$ 968,379	\$ 378,851	\$ 1,076,021	\$ 1,176,232	\$ 421,935	\$ 879,918	\$ 1,147,836
CLOSING BALANCE	518,144	742,076	1,119,923	1,180,103	968,379	378,851	1,076,021	1,176,232	421,935	879,918	1,147,836	377,249
LOW BALANCE ^(c)	518,144	430,620	541,342	1,090,250	706,397	106,922	338,767	1,076,021	373,731	362,109	845,219	(198,806)
RECEIPTS:												
Tax Receipts												
Individual Income	401,799	325,965	516,303	387,404	356,054	369,831	703,782	370,139	397,342	771,406	383,122	496,785
Sales & Use	351,358	287,800	270,990	276,461	266,374	227,372	310,578	230,982	226,237	233,253	265,502	276,096
Corporate Income	21,148	27,038	129,897	27,415	15,449	149,226	31,131	16,421	173,324	26,824	16,003	132,585
Public Utility	1,903	0	265	2,278	162,128	250	143	4	90	1,723	129,422	148
Excise	24,582	22,206	22,463	21,182	28,764	25,865	26,059	23,461	23,744	25,805	26,136	26,185
Insurance	1,066	1,010	23,202	543	911	23,307	143	6,806	13,011	16,441	1,330	20,820
Inheritance	20,104	4,956	11,057	7,216	4,018	4,103	4,023	4,197	4,312	4,918	3,870	7,471
Subtotal Tax Receipts	821,960	668,975	974,177	722,499	833,698	799,954	1,075,859	652,010	838,060	1,080,370	825,385	960,090
Nontax Receipts												
Federal	311,435	242,668	206,054	344,591	216,969	232,148	386,841	361,317	329,839	277,281	264,311	323,020
Other & Transfers	153,040	180,453	338,386	214,069	164,587	189,337	238,536	208,949	189,373	178,382	168,580	248,439
Note Proceeds ^(d)	297,000	0	0	0	148,500	0	0	0	0	0	0	0
Subtotal Nontax Receipts	761,475	423,121	544,440	558,660	530,056	421,485	625,377	570,266	519,212	455,663	432,891	571,459
TOTAL RECEIPTS	\$ 1,583,435	\$ 1,092,096	\$ 1,518,617	\$ 1,281,159	\$ 1,363,754	\$ 1,221,439	\$ 1,701,236	\$ 1,222,276	\$ 1,357,272	\$ 1,536,033	\$ 1,258,276	\$ 1,531,549
DISBURSEMENTS:												
Local Aids	\$ 789,495	\$ 129,524	\$ 513,815	\$ 122,381	\$ 942,721	\$ 1,008,683	\$ 170,654	\$ 148,407	\$ 983,847	\$ 99,305	\$ 131,154	\$ 1,422,763
Income Maintenance	242,673	214,732	211,339	238,046	230,351	234,238	238,121	213,394	235,424	248,538	201,876	236,393
Payroll & Related	266,416	244,825	156,626	308,743	199,407	287,784	306,807	237,431	167,519	243,580	228,119	224,349
Tax Refunds	45,931	51,362	30,586	36,633	46,098	66,805	46,147	133,663	174,739	165,349	123,526	96,620
Debt Service	0	6,822	0	96,207	0	0	0	0	228,027	0	6,607	0
Miscellaneous	214,244	220,899	228,404	418,969	156,901	213,457	242,337	276,856	206,615	205,356	182,650	322,011
Note Repayment	0	0	0	0	0	0	0	112,314	115,398	115,922	116,426	0
TOTAL DISBURSEMENTS	\$ 1,558,759	\$ 868,164	\$ 1,140,770	\$ 1,220,979	\$ 1,575,478	\$ 1,810,967	\$ 1,004,066	\$ 1,122,065	\$ 2,111,569	\$ 1,078,050	\$ 990,358	\$ 2,302,136

(a) Excludes Interfund Borrowing.

(b) The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. The designated funds are projected to range from \$120 million to \$200 million during the 1997-98 Fiscal Year. In addition, the General Fund is the depository for several escrow accounts pursuant to court orders or federal rulings. The funds in these accounts are restricted in their use to the purposes described in the court orders or federal rulings. These funds are estimated to average approximately \$50 million during the 1997-98 Fiscal Year.

(c) Lowest daily balance within each month.

(d) Includes proceeds from \$300,000,000 State of Wisconsin Operating Notes of 1997, dated July 1, 1997, and from \$150,000,000 State of Wisconsin Operating Notes of 1997, Series 2, dated November 12, 1997.

Table 3

PROJECTED GENERAL FUND CASH FLOW JULY 1, 1998 TO JUNE 30, 1999 ^(a)
(In Thousands of Dollars)

	July 1998	August 1998	September 1998	October 1998	November 1998	December 1998	January 1999	February 1999	March 1999	April 1999	May 1999	June 1999
Opening Balance ^(b)	\$ 377,249	\$ 276,137	\$ 629,568	\$ 738,719	\$1,068,215	\$ 780,805	\$ 358,046	\$1,084,813	\$1,113,330	\$ 249,893	\$ 663,051	\$ 995,867
Closing Balance	276,137	629,568	738,719	1,068,215	780,805	358,046	1,084,813	1,113,330	249,893	663,051	995,867	90,923
Lowest Balance ^(c)	251,505	170,771	267,109	722,128	450,972	(64,501)	301,667	1,039,050	(66,299)	80,753	612,865	(378,257)
RECEIPTS												
TAX RECEIPTS												
Individual Income	423,537	355,768	502,049	426,237	375,035	387,009	748,127	386,392	400,128	778,378	384,732	533,462
Sales & Use	286,419	288,185	283,083	284,424	280,140	265,620	297,080	242,171	223,857	262,284	269,936	287,171
Corporate Income	16,419	15,500	133,538	21,282	14,224	138,671	24,592	16,171	172,143	25,365	16,805	134,370
Public Utility	237	5	57	273	138,787	363	25	5	8	592	132,303	147
Excise	27,001	28,116	28,669	26,705	27,254	25,597	26,012	22,747	22,719	24,618	24,497	27,235
Insurance	567	970	21,731	437	440	20,976	1,375	7,225	9,548	19,742	1,268	21,267
Inheritance	3,230	3,919	4,627	4,434	3,292	3,462	4,420	7,176	3,116	3,419	6,234	9,131
Subtotal Tax Receipts	757,410	692,463	973,754	763,792	839,172	841,698	1,101,631	681,887	831,519	1,114,398	835,775	1,012,783
NON-TAX RECEIPTS												
Federal	314,586	324,003	341,180	304,724	299,836	340,273	388,215	333,493	286,364	335,769	312,533	329,013
Other & Transfers	185,571	184,883	265,570	210,774	210,509	188,639	242,007	259,276	233,465	184,963	236,374	242,588
Note Proceeds ^(d)	346,500	0	0	0	0	0	0	0	0	0	0	0
Subtotal Non-Tax Receipts	846,657	508,886	606,750	515,498	510,345	528,912	630,222	592,769	519,829	520,732	548,907	571,601
TOTAL RECEIPTS	\$1,604,067	\$1,201,349	\$1,580,504	\$1,279,290	\$1,349,517	\$1,370,610	\$1,731,853	\$1,274,656	\$1,351,348	\$1,635,130	\$1,384,682	\$1,584,384
DISBURSEMENTS												
Local Aids	\$867,535	\$108,469	\$593,871	\$113,850	\$950,544	\$929,334	\$158,386	\$148,409	\$967,105	\$85,125	\$142,133	\$1,483,420
Income Maintenance	256,273	236,864	256,915	242,299	244,905	267,403	244,693	244,772	263,470	242,215	239,917	259,568
Payroll and Related	301,012	212,875	208,821	338,993	182,072	280,991	290,476	242,794	243,067	341,899	181,560	245,766
Tax Refunds	44,750	35,104	30,589	36,773	66,090	66,486	42,818	190,541	206,176	163,838	140,133	130,334
Debt Service	0	9,169	126,934	3,557	0	0	0	8,237	191,586	12,067	0	0
Miscellaneous	235,609	245,437	254,223	214,322	193,316	249,155	268,713	323,156	252,118	285,565	256,860	370,240
Note Repayment ^(e)	0	0	0	0	0	0	0	88,230	91,263	91,263	91,263	0
TOTAL DISBURSEMENTS	\$1,705,179	\$847,918	\$1,471,353	\$949,794	\$1,636,927	\$1,793,369	\$1,005,086	\$1,246,139	\$2,214,785	\$1,221,972	\$1,051,866	\$2,489,328

^(a) Excludes Inter-Fund Borrowing.

^(b) The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's Universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. The designated funds are projected to range from \$120 to \$200 million during the 1998-99 Fiscal Year. In addition, the General Fund is the depository for several escrow accounts pursuant to court orders or federal rulings. These funds are estimated to average approximately \$50 million during the 1998-99 Fiscal Year.

^(c) Lowest daily balance within each month.

^(d) Includes proceeds from operating note closing on July 1, 1998.

^(e) Includes the required impoundments for the operating notes and assumes no investment return on the impoundments while deposited in the Operating Note Redemption Fund.

OTHER INFORMATION

Ratings

The Notes have been rated F-1+ by Fitch IBCA, Inc., MIG 1 by Moody's Investors Service, Inc. and SP-1+ by Standard and Poor's Ratings Group. Any explanation of the significance of a rating may only be obtained from the rating service furnishing it. There is no assurance that a rating given to these Notes will be maintained for any period of time or that the rating may not 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 Notes.

Borrowing Plans for 1998

The State in this calendar year has publicly sold three general obligation bond issues in the aggregate amount of \$221 million. The State has sold \$5 million of general obligation subsidy bonds to the Clean Water Fund Loan program. The State has authorized the issuance of general obligation refunding bonds in amount not to exceed \$304 million. The amount and timing of the negotiated sale of the general obligation refunding bond issue will depend on market conditions. The State also expects the following to occur in this calendar year: the competitive sale of general obligation bonds or private placement of general obligation commercial paper notes in the third quarter for governmental purposes, the competitive sale of general obligation bonds in the fourth quarter for the veterans housing loan and home improvement loan programs, and one or more private sales of general obligation subsidy bonds for the Clean Water Fund Loan program. The amount and timing of the sale of these issues will be based on cash needs of the State and market conditions.

The State has sold a clean water revenue bond issue in the amount of \$90 million. The State has authorized the issuance of clean water revenue refunding bonds in an amount not to exceed \$140 million. The amount and timing of the negotiated sale of the clean water revenue refunding bond issue will depend on market conditions. The State also expects a competitive sale of clean water revenue bonds in the fourth quarter of this calendar year.

The State has authorized the issuance of transportation revenue refunding bonds in an amount not to exceed \$300 million. The amount and timing of the negotiated sale of the transportation revenue refunding issue will depend on market conditions. The State expects the competitive sale of transportation revenue bonds or private placement of transportation revenue commercial paper notes to occur in the third quarter of this calendar year. The State has also authorized the issuance of transportation revenue bonds in an amount not to exceed \$188 million. This authorization is for refunding outstanding transportation revenue commercial paper notes, and the authorization is required pursuant to a credit agreement with banks providing a letter of credit for security on the transportation revenue commercial paper notes. The State does not intend to refund the outstanding transportation revenue commercial paper notes during this calendar year.

The State anticipates a competitive sale of master lease certificates of participation in the amount of approximately \$20 million will occur in the third quarter of this calendar year

Underwriting

The Notes were purchased at competitive bidding on June 16, 1998. Information regarding the public reoffering of the Notes may be obtained only from the successful bidders (the "Underwriters"). The award of the Notes was to the following Underwriters in the amounts

shown. The Underwriters paid an aggregate amount of \$353,033,254.72, resulting in a weighted net interest cost rate to the State of 3.5930%.

<u>Underwriter</u>	<u>Amount</u>
Morgan Stanley Dean Witter	\$ 100,000,000
Zions First National Bank	20,000,000
Bear Stearns & Co. Inc. with First Albany Corporation Robert W. Baird & Co. Incorporated	150,000,000
J.P. Morgan Securities Inc. with Samuel A. Ramirez & Co., Inc. Artemis Capital Group, Inc.	80,000,000

Legal Investment

The Notes are legal investments for all banks, trust companies, savings banks and institutions, savings and loan associations, credit unions, investment companies and associations, 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.

Legal Opinion

Legal matters incident to the authorization, issuance and sale of the Notes 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 Notes. In the event certificated Notes are issued, the opinion will be printed on the reverse side of each Note.

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

Tax Exemption

In the opinion of Bond Counsel, under existing law, the interest on the Notes is excluded from gross income for federal income tax purposes and the interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; it should be noted, however, that with respect to certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations.

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 Notes 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 Notes to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes. The proceedings authorizing the Notes do not provide for an increase in the interest rate or a redemption of the Notes in the event of taxability.

The Code contains numerous provisions which could affect the economic value of the Notes to particular owners of the Notes. For example, (i) Section 265 of the Code denies a deduction for interest on any indebtedness incurred or continued to purchase or carry the Notes or, in the case of financial institutions, that portion of an owner's interest expense allocable to interest on the Notes, (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 Notes, and life insurance companies are subject to similar provisions under which taxable income is increased by reason of receipt or accrual tax-exempt interest, (iii) interest on the Notes 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 Notes, 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 receipts or accruals of interest on the Notes. The foregoing is not intended to be an exhaustive discussion of collateral tax consequences arising from ownership of the Notes. There may be other provisions of the Code which could adversely affect the value of an investment in the Notes for particular owners. Investors should consult their own tax advisors with respect to the tax consequences of owning a Note.

Interest on the Notes is subject to State of Wisconsin income and franchise taxes.

REGARDING FULL DISCLOSURE

Continuing Disclosure

In order to assist the Underwriters in complying with Rule 15c2-12 of the Securities Exchange Act of 1934 (the "Rule"), the State has entered into a [Master Agreement on Continuing Disclosure](#) and, before the delivery of the Notes, will enter into a Supplemental Agreement pertaining to the Notes (collectively, the "Agreements"). The Agreements constitute an undertaking for the benefit of the beneficial owners of the Notes and require the State to provide notices of occurrence of certain events specified in the Rule to the each nationally recognized municipal securities information repositories (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 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 Notes in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Notes and their market price. In the previous five years, there has been no failure to comply in any material respects with a similar undertaking by the State.

Disclosure Certificate

The Underwriters shall 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 Notes, 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 State Auditor.

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

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 Notes.

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

Dated: June 16, 1998

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”) and the State of Wisconsin Building Commission (the “Commission”). [Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 1997](#) (the “Annual Report”) is 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 fiscal year 1996-97, 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, 1997, 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.

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 world wide web at:

www.doa.state.wi.us/debf/capfin/97condis.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.

Year 2000 Compliance

To address potential Year 2000 problems, the State is currently undertaking a compliance survey and assessment of all agencies and has also created an interagency taskforce to monitor agency progress on critical applications. The State Department of Administration, which has overall responsibility for the development of technology in State government, is leading these Year 2000 compliance efforts. Based on initial results of this assessment, the State does not anticipate any significant Year 2000 consequences or costs to correct a Year 2000 problem. The State’s central accounting system has recently completed a successful installation of new software that is Year 2000 compliant. The State has further contacted each of its paying agents, registrars, escrow agents, trustees and depositories and has been informed by each of these business partners that they intend to meet the federal regulation that all securities processing institutions be Year 2000 compliant by December 31, 1998.

State Budget; Budgets for 1997-99 (Pages Part II-16 through Part II-18). Add the following:

Table II-4 in the [Annual Report](#) summarizes the general-fund budget as currently provided in law. The table does not reflect the revenue and disbursement re-estimate made in January 1998 or the budget adjustment bill for the 1997-99 biennium as signed into law by the Governor on June 2, 1998, who exercised his partial veto power.

January 1998 Revenue and Disbursement Re-Estimate

In January 1998, general fund revenues and disbursements were reviewed and revised taking into account economic forecasts and tax collection and expenditure data through December 1997. As a result of this re-estimate, the projected net general-fund balance (excluding the required statutory reserve) for June 30, 1998 is approximately \$264.8 million and for June 30, 1999 is approximately \$320.6 million.

The projected net general-fund balance for June 30, 1998 is approximately \$147.3 million greater than budgeted. This increase is the result of increased estimated tax revenues of \$132.2 million, increased estimated non-tax revenues of \$7.4 million and decreased estimated disbursements and reserves of \$7.7 million.

The projected net general-fund balance for June 30, 1999 is approximately \$294.4 million greater than budgeted. This increase is the result of the opening balance being \$147.4 million greater than budgeted, increased estimated tax revenues of \$132.9 million, decreased estimated non-tax revenues of \$1.7 million and decreased estimated disbursements and revenues of \$15.8 million.

Governor's Budget Adjustment Bill

On February 2, 1998, the Governor introduced the budget adjustment bill for the 1997-99 biennium. The Governor's proposed budget adjustment bill is summarized below.

For the fiscal year ending June 30, 1998, the Governor's proposed budget adjustment bill on a general-fund basis projects a balance of \$270.7 million. Total available revenues are estimated to be \$16.239 billion consisting of (i) a beginning balance of \$331.1 million, (ii) tax revenues of \$9.350 billion, and (iii) nontax revenues of \$6.558 billion. Total disbursements and reserves are estimated to be \$16.067 billion, consisting of net disbursements of \$15.919 billion and reserves of \$148.0 million. This results in an estimated balance of \$172.6 million which, when combined with the statutorily required balance of \$98.1 million, results in a projected balance at June 30, 1998 of \$270.7 million.

For the fiscal year ending June 30, 1999, the Governor's proposed budget adjustment bill on a general-fund basis projects a balance of \$104.8 million. Total available revenues are estimated to be \$16.391 billion consisting of (i) a beginning balance of \$270.7 million, (ii) tax revenues of \$9.728 billion, and (iii) nontax revenues of \$6.393 billion. Total disbursements and reserves are estimated to be \$16.386 billion, consisting of net disbursements of \$16.175 billion and reserves of \$211 million. This results in an estimated balance of \$4.8 million which, when combined with the statutorily required balance of \$100 million, results in a projected balance at June 30, 1999 of \$104.8 million.

A similar version of this budget adjustment bill has been approved by the Wisconsin Legislature and was signed into law on June 2, 1998 by the Governor, who exercised his partial veto power. A summary of the financial effects of the budget adjustment bill, as vetoed, is not yet available. The budget adjustment bill, as vetoed, does provide that up to \$125 million of any increased budget surplus above current estimates for fiscal year 1997-98 be used to increase the school property tax rent credit for tax year 1998. For budgetary purposes, no increased budget surplus or increased school property tax rent credit is recognized at this time, and if this surplus and increased credit are available, they will not be recognized until September 4, 1998, at which time the Legislative Fiscal Bureau is required to prepare an estimate of the net general fund balance for the period ending June 30, 1998. To the extent excess general fund balances currently exist, they are reflected in actual cash-flow balances as of May 31, 1998; [see pages 10, 11, A-5 and A-6](#).

Table II-7; General Fund Monthly Cash Position (Page Part II-29). Replace the table with the following:

GENERAL FUND MONTHLY CASH POSITION
July 1, 1996 through May 31, 1998 $\frac{3}{4}$ Actual
June 1, 1998 through June 30, 1999 $\frac{3}{4}$ Estimated^(a)
(Amounts in Thousands)

	Starting Date	Starting Balance	Receipts^(b)	Disbursements^(b)
1996	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	1,092,096	868,164
	September.....	742,076	1,518,617	1,140,770
	October.....	1,119,923	1,281,159	1,220,979
	November.....	1,180,103	1,363,754	1,575,478
	December.....	968,379	1,221,439	1,810,967
1998	January.....	378,851	1,701,236	1,004,066
	February.....	1,076,021	1,222,276	1,122,065
	March.....	1,176,232	1,357,272	2,111,569
	April.....	421,935	1,536,033	1,078,050
	May.....	879,918	1,258,276	990,358
	June.....	1,147,836	1,531,549	2,302,136
	July.....	377,249	1,604,067	1,705,179
	August.....	276,137	1,201,349	847,918
	September.....	629,568	1,580,504	1,471,353
	October.....	738,719	1,279,290	949,794
	November.....	1,068,215	1,349,517	1,636,927
	December.....	780,805	1,370,610	1,793,369
1999	January.....	358,046	1,731,853	1,005,086
	February.....	1,084,813	1,274,656	1,246,139
	March.....	1,113,330	1,351,348	2,214,785
	April.....	249,893	1,635,130	1,221,972
	May.....	663,051	1,384,682	1,051,866
	June.....	995,867	1,584,384	2,489,328

^(a) The monthly receipt and disbursement projections for June 1, 1998 through June 30, 1999 are based on estimates provided by the Division of Executive Budget and Finance.

^(b) The receipt amounts shown in July 1996–1998 include the proceeds received, or expected to be received, at closing for respective issues of operating notes. See “OTHER OBLIGATIONS; Operating Notes” in the Annual Report. The disbursement amounts shown for February, March, April and May 1997–1999 include impoundment payments required in connection with the operating notes.

Source: Wisconsin Department of Administration.

Table II-8; Balances Available for Interfund Borrowing (Page Part II-30). Replace the table with the following:

BALANCES IN FUNDS AVAILABLE FOR INTERFUND BORROWING^(a)

July 1, 1996 to June 1, 1998 — Actual
July 1, 1998 to June 1, 1999 — Estimated^(b)
(Amounts in Millions)

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
January.....		\$3,210.23	\$3,362.80	2,147.05
February.....		3,553.70	3,905.76	2,110.15
March.....		3,793.12	4,222.27	2,141.52
April.....		3,832.30	4,298.47	2,165.09
May.....		3,423.07	4,011.24	2,117.84
June.....		3,317.76	3,811.49	2,055.69
July	\$3,252.38	3,522.40	2,013.13 ^(b)	
August	3,511.90	3,824.91	2,051.05	
September	3,250.54	3,546.19	2,095.73	
October	3,010.27	3,456.19	2,087.33	
November	2,687.47	3,126.49	2,015.35	
December.....	2,072.66	3,177.39	2,060.66	

^(a) 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	Environmental Improvement Fund
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	

^(b) Estimated balances for July 1, 1998 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. Under Section 20.002(11) of the Statutes, interfund borrowing is limited to 5% of the total general-purpose revenue appropriations then in effect, which for the 1998–99 budget, prior to the budget adjustment bill, was approximately \$495 million

Source: Wisconsin Department of Administration.

Table II-9; Revenues Deposited to the General Fund (Page Part II-31). Replace the table with the following:

REVENUES DEPOSITED TO THE GENERAL FUND^(a)
July 1, 1997 to May 31, 1998 compared with previous year
(Unaudited)

	Actual Receipts 1996-97 FY ^(b)	Projected Receipts 1997-98 FY	Actual Receipts July 1, 1996 to May 31, 1997	Actual Receipts July 1, 1997 to May 31, 1998
Individual Income Tax	\$ 4,544,739,246	\$ 4,809,892,600	\$ 3,832,196,561	\$ 4,212,881,748
General Sales and Use Tax ..	2,864,373,180	3,015,000,000	2,344,412,532	2,482,336,145
Corporate Franchise and Income Tax	643,821,885	646,300,000	528,366,857	514,093,484
Public Utility Taxes	306,230,883	274,005,700	303,925,592	292,723,742
Excise Taxes	253,904,414	292,575,000	208,052,458	244,026,938
Inheritance Taxes	50,825,151	45,000,000	46,720,845	71,227,393
Miscellaneous Taxes	<u>150,545,817</u>	<u>140,200,000</u>	<u>129,021,849</u>	<u>130,065,417</u>
SUBTOTAL.....	8,814,440,576	9,222,973,300	7,392,696,694	7,947,354,867
Federal Receipts.....	3,478,405,811	3,863,347,100	3,139,643,611	3,138,212,400
Dedicated and Other Revenues ^(c)	<u>2,376,474,850</u>	<u>2,680,026,100</u>	<u>2,288,197,738</u> ^(d)	<u>2,532,627,862</u> ^(d)
TOTAL.....	<u>\$14,669,321,237</u>	<u>\$15,766,346,500</u>	<u>\$12,820,538,043</u>	<u>\$13,618,195,129</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 revenues for fiscal year 1996-97 based on the data used in the preparation of the Annual Fiscal Report, Budgetary Basis, for the year ending June 30, 1997.

(c) 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.

(d) The amounts shown do not reflect receipt of \$150 million principal amount in fiscal year 1996-97 and \$450 million principal amount in fiscal year 1997-98 from the sale of operating notes.

Table II-9; General Fund Expenditures By Function (Page Part II-32). Replace the table with the following:

**GENERAL FUND EXPENDITURES BY FUNCTION^(a)
July 1, 1997 to May 31, 1998 compared with previous year
(Unaudited)**

	Actual Expenditures <u>1996-97 FY^(b)</u>	Appropriations <u>1997-98 FY</u>	Actual Expenditures July 1, 1996 to <u>May 31, 1997</u>	Actual Expenditures July 1, 1997 to <u>May 31, 1998</u>
Commerce.....	\$ 204,697,785	\$ 195,180,400	\$ 166,035,184	\$ 160,557,590
Education.....	6,566,191,813	7,202,088,700	5,049,493,402	5,344,062,092
Environmental Resources.....	237,381,444	239,232,900	221,553,627	213,801,235
Human Relations & Resources..	5,447,424,395	5,954,107,100	4,848,480,143	4,978,800,815
General Executive.....	497,084,469	520,567,800	454,210,182	671,096,714
Judicial.....	86,651,785	89,158,400	79,099,088	82,183,504
Legislative.....	53,218,947	55,307,000	45,192,684	46,390,455
General Appropriations.....	<u>1,839,755,076</u>	<u>1,865,582,600</u>	<u>1,556,202,669</u>	<u>1,705,115,873</u>
TOTAL.....	<u>\$ 14,932,405,714</u>	<u>\$ 16,121,224,900</u>	<u>\$ 12,420,266,979</u>	<u>\$ 13,202,008,278</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 1996-97 based on the data used in the preparation of the Annual Fiscal Report, Budgetary Basis, for the year ending June 30, 1997.

Source: Wisconsin Department of Administration.

Appendix B

EXPECTED FORM OF LEGAL OPINION

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

[Letterhead of Foley & Lardner]

\$350,000,000

STATE OF WISCONSIN

OPERATING NOTES OF 1998

We have acted as bond counsel in connection with the issuance by the State of Wisconsin (the "State") of its Operating Notes of 1998 to the amount of \$350,000,000, dated July 1, 1998 (the "Notes"). 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 Notes (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 Notes, 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 Notes, 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 Notes are being issued pursuant to Chapters 16 and 18, Wisconsin Statutes (the "Act") and an authorizing resolution adopted by the State of Wisconsin Building Commission (the "Commission") on May 21, 1998 (the "Resolution").

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

1. The Notes, both interest and principal, are payable only from and secured solely by revenues pledged by the Commission pursuant to the Act and the Resolution and deposited into the Operating Note Redemption Fund established with Firststar Trust Company, Milwaukee, Wisconsin as Trustee. The Notes and the interest thereon are not a general obligation of the State and do not constitute "public debt" of the State as that term is used in the Constitution and the statutes of the State.
2. The Resolution has been duly adopted by the Commission and constitutes a valid and binding obligation of the State enforceable upon the State as provided in the Resolution.
3. Pursuant to the Act, the Resolution creates a valid lien on the revenues pledged by the Resolution for the security of the Notes on a parity with other notes that have been issued or are to be issued under circumstances and subject to conditions stated in the Resolution, subject only to the first and paramount rights of the owners of the State's general obligation bonds and notes.

4. There has been appropriated from the General Fund of the State to the Operating Note Redemption Fund a sum sufficient for the payment of the principal of and interest on the Notes as the same are due and for the payment of certain funds required to be impounded, from time to time, in the Operating Note Redemption Fund. There has been irrevocably appropriated from the Operating Note Redemption Fund a sum sufficient to pay the principal and interest on the Notes as the same are due.
5. The Notes have been duly authorized, executed and delivered by the State and are valid and binding contractual obligations of the State, payable solely from the sources provided therefor in the Resolution.
6. Under existing law, the interest on the Notes is excluded from gross income for federal income tax purposes and the interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; it should be noted, however, that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinions set forth in the preceding sentence are subject to the condition that the State comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Notes 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 all such requirements to the extent it may lawfully do so. Failure to comply with certain of such requirements may cause the inclusion of interest on the Notes in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. We express no opinion regarding other federal tax consequences arising with respect to the Notes.
7. The Notes are exempt from registration under the Securities Act of 1933, and the Resolution is exempt from qualification under the Trust Indenture Act of 1939. We have not passed upon matters pertaining to compliance with the Blue Sky laws of any State in connection with the offering and sale of the Notes.

It is to be understood that the rights of the owners of the Notes and the enforceability of the Notes may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Very truly yours,

FOLEY & LARDNER

Appendix C

LIMITATION ON ISSUANCE OF OPERATING NOTES

DERIVATION OF AMOUNT FOR 1998-99 FISCAL YEAR

The aggregate amount of operating notes issued in any fiscal year may not exceed 10% of General Purpose Revenue Appropriations plus 10% of Program Revenue Appropriations for a given fiscal year. The limit for the 1997-98 fiscal year is \$1.591 billion, calculated as follows:

Fiscal Year 1998-99 Budget (Prior to Budget Adjustment Bill)

General Purpose Revenue Appropriations.....	\$9,893,078,000	10% = \$	989,307,800
Program Revenue Appropriations.....	6,241,078,600	10% =	<u>624,107,860</u>
Maximum Issuance of Operating Notes in 1998-99 Fiscal Year			<u><u>\$1,613,415,660</u></u>

Source: Wisconsin Department of Administration.

Appendix D

GENERAL FUND FINANCIAL INFORMATION

This appendix includes certain data on the State's general fund. Additional information regarding the General Fund can be found in **APPENDIX A** hereto.

Table D-1
GENERAL FUND REVENUES^(a)
1996-97 TO 1992-93

	1996-97	1995-96	1994-95	1993-94	1992-93
State Collected Taxes					
Individual Income.....	\$4,544,739,246	\$4,157,444,344	\$3,932,948,357	\$3,638,710,246	\$3,445,828,768
General Sales and Use.....	2,864,373,180	2,704,226,017	2,571,212,098	2,427,900,047	2,260,562,784
Corporate Franchise and Income.....	643,821,885	636,009,525	631,750,239	541,284,287	492,014,523
Public Utility.....	306,230,883	285,287,485	271,979,923	268,236,755	278,325,863
Excise.....	253,904,414	245,350,413	223,419,538	219,567,523	212,972,813
Inheritance and Gift ^(b)	50,825,151	45,602,214	40,783,701	53,201,971	53,742,241
Insurance Companies.....	94,641,133	92,284,836	94,416,471	95,990,959	86,904,742
Miscellaneous.....	<u>55,904,684</u>	<u>55,036,175</u>	<u>49,605,631</u>	<u>52,595,079</u>	<u>52,647,651</u>
Subtotal.....	8,814,440,576	8,221,241,009	7,816,115,958	7,297,486,867	6,882,999,385
Federal Aid					
Medical Assistance.....	1,590,405,412	1,461,929,742	1,457,070,300	1,361,264,722	1,297,791,258
AFDC.....	164,787,870	188,491,658	212,576,642	236,096,288	338,804,634
Education.....	796,925,198	739,728,615	705,186,682	652,480,271	620,772,533
Other.....	<u>926,287,331</u>	<u>885,645,188</u>	<u>846,320,521</u>	<u>823,732,841</u>	<u>603,133,622</u>
Subtotal.....	3,478,405,811	3,275,795,203	3,221,154,145	3,073,574,122	2,860,502,047
Fees					
University of Wisconsin System.....	509,412,010	460,539,331	459,980,731	454,232,963	432,655,703
Other.....	<u>222,439,622</u>	<u>511,007,408</u>	<u>477,721,454</u>	<u>474,074,151</u>	<u>132,721,975</u>
Subtotal.....	731,851,632	971,546,739	937,702,185	928,307,114	565,377,678
Licenses and Permits					
	176,460,997	166,979,544	149,826,889	146,355,407	23,631,158
Miscellaneous					
Service Charges.....	356,904,895	385,858,814	375,791,078	347,624,348	752,932,878
Sales of Products.....	192,129,550	191,860,611	187,265,321	181,796,932	152,804,549
Investment Income.....	79,092,302	88,950,496	68,931,023	36,121,520	59,301,230
Gifts and Grants.....	221,314,923	182,752,227	167,289,411	147,607,811	165,704,722
Contributions.....				2,156	45,519,118
Other ^(c)	<u>610,009,662</u>	<u>307,946,282</u>	<u>323,941,484</u>	<u>216,127,998</u>	<u>228,224,462</u>
Subtotal.....	1,459,451,332	1,157,368,430	1,123,218,317	929,280,765	1,404,486,959
Summary					
TOTAL NET REVENUE.....	14,660,610,348	13,792,930,925	13,248,017,494	12,375,004,275	11,736,997,227
Transfers.....	<u>8,710,888</u>	<u>11,468,377</u>	<u>11,753,914</u>	<u>67,344,726</u>	<u>91,601,975</u>
Gross Revenue.....	<u>\$14,669,321,236</u>	<u>\$13,804,399,302</u>	<u>\$13,259,771,408</u>	<u>\$12,442,349,001</u>	<u>\$11,828,599,202</u>

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

^(b) The inheritance tax and gift tax were eliminated effective January 1, 1992.

^(c) Approximately \$175 million of the increase from fiscal year 1996-97 to fiscal year 1996-97 is from additional transactions being charged to this category as the result of: (i) reorganization of duties and programs between the Departments of Health and Family Services and Workforce Development, and (ii) changes in practices at the Department of Health and Family Services for the Community Integration Program and Community Options Program.

Source: Wisconsin Department of Administration

Table D-2

**GENERAL FUND EXPENDITURES BY FUNCTION AND TYPE^(a)
1996-97 TO 1992-93**

	1996-97	1995-96	1994-95	1993-94	1992-93
Commerce					
State Operations.....	\$ 127,541,364	\$ 106,511,724	\$ 114,770,800	\$ 105,934,972	\$ 104,375,799
Aids to Individuals and Organizations.....	25,633,300	17,081,968	12,530,650	11,046,137	12,251,955
Local Assistance.....	<u>51,523,121</u>	<u>41,350,018</u>	<u>28,122,242</u>	<u>22,303,128</u>	<u>22,938,644</u>
Subtotal.....	204,697,785	164,943,710	155,423,692	139,284,237	139,566,398
Education					
State Operations.....	2,331,028,380	2,503,897,783	2,455,516,643	2,327,769,452	2,241,274,239
Aids to Individuals and Organizations.....	275,456,380	241,504,078	189,484,289	182,593,262	186,469,323
Local Assistance.....	<u>3,959,707,053</u>	<u>3,091,295,744</u>	<u>2,844,072,207</u>	<u>2,548,565,879</u>	<u>2,332,206,610</u>
Subtotal.....	6,566,191,813	5,836,697,605	5,489,073,139	5,058,928,593	4,759,950,172
Environmental Resources					
State Operations.....	114,900,710	113,706,509	112,241,908	102,325,376	93,255,930
Aids to Individuals and Organizations.....	297,289	352,790	498,501	291,148	559,300
Local Assistance.....	<u>122,183,445</u>	<u>128,301,597</u>	<u>125,070,640</u>	<u>118,898,285</u>	<u>111,399,717</u>
Subtotal.....	237,381,444	242,360,896	237,811,049	221,514,809	205,214,947
Human Relations and					
State Operations.....	1,340,626,886	1,226,191,347	1,147,293,396	1,026,563,092	949,251,629
Aids to Individuals and Organizations.....	3,440,223,793	3,288,405,306	3,251,033,071	3,182,525,668	3,029,110,647
Local Assistance.....	<u>666,573,716</u>	<u>717,406,586</u>	<u>690,578,489</u>	<u>661,084,965</u>	<u>628,344,285</u>
Subtotal.....	5,447,424,395	5,232,003,239	5,088,904,956	4,870,173,725	4,606,706,561
General Executive					
State Operations.....	378,691,915	358,806,663	347,224,299	339,696,674	310,708,539
Aids to Individuals and Organizations.....	57,196,104	27,109,796	30,712,631	28,034,230	24,720,668
Local Assistance.....	<u>61,196,451</u>	<u>24,501,029</u>	<u>19,423,488</u>	<u>15,468,004</u>	<u>11,988,715</u>
Subtotal.....	497,084,470	410,417,488	397,360,418	383,198,908	347,417,922
Judicial					
State Operations.....	65,289,585	63,891,021	63,755,431	62,310,931	55,607,689
Local Assistance.....	<u>21,362,200</u>	<u>18,263,107</u>	<u>7,691,854</u>	<u>11,066,928</u>	<u>72,000</u>
Subtotal.....	86,651,785	82,154,128	71,447,285	73,377,859	55,679,689
Legislative					
State Operations.....	<u>53,218,947</u>	<u>50,047,274</u>	<u>50,840,285</u>	<u>46,952,652</u>	<u>44,911,438</u>
Subtotal.....	53,218,947	50,047,274	50,840,285	46,952,652	44,911,438
General					
State Operations.....	316,380,755	85,513,546	91,903,332	64,410,345	90,801,291
Aids to Individuals and Organizations.....	178,316,409	194,781,706	190,553,046	200,734,157	175,942,315
Local Assistance.....	<u>1,345,057,912</u>	<u>1,349,681,989</u>	<u>1,309,289,681</u>	<u>1,264,933,794</u>	<u>1,282,169,200</u>
Subtotal.....	1,839,755,076	1,629,977,241	1,591,746,059	1,530,078,296	1,548,912,806
Summary Totals					
State Operations.....	4,727,678,542	4,508,565,867	4,383,546,094	4,075,963,494	3,890,186,554
Aids to Individuals and Organizations.....	3,977,123,275	3,769,235,644	3,674,812,188	3,605,224,602	3,429,054,208
Local Assistance.....	<u>6,227,603,898</u>	<u>5,370,800,070</u>	<u>5,024,248,601</u>	<u>4,642,320,983</u>	<u>4,389,119,171</u>
GRAND TOTAL.....	<u>\$14,932,405,715</u>	<u>\$13,648,601,581</u>	<u>\$13,082,606,883</u>	<u>\$12,323,509,079</u>	<u>\$11,708,359,933</u>

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

Source: Wisconsin Department of Administration