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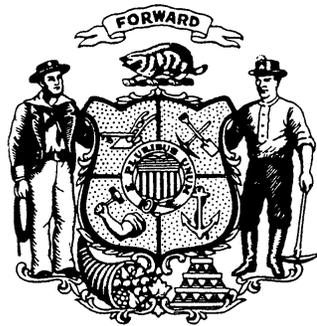
COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the fiscal year ended June 30, 2000

STATE OF **WISCONSIN**

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the fiscal year ended June 30, 2000

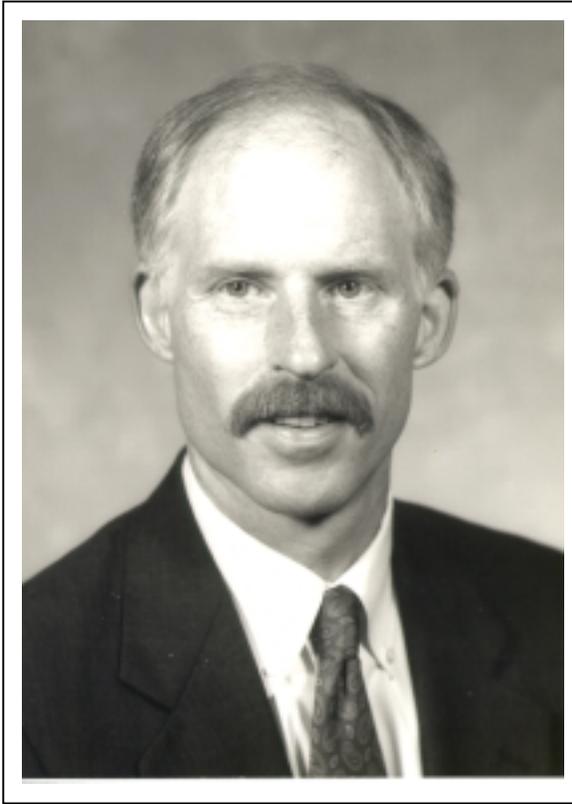
Tommy G. Thompson, Governor

Department of Administration
George Lightbourn, Secretary
William J. Raftery, State Controller

Prepared by the State Controller's Office

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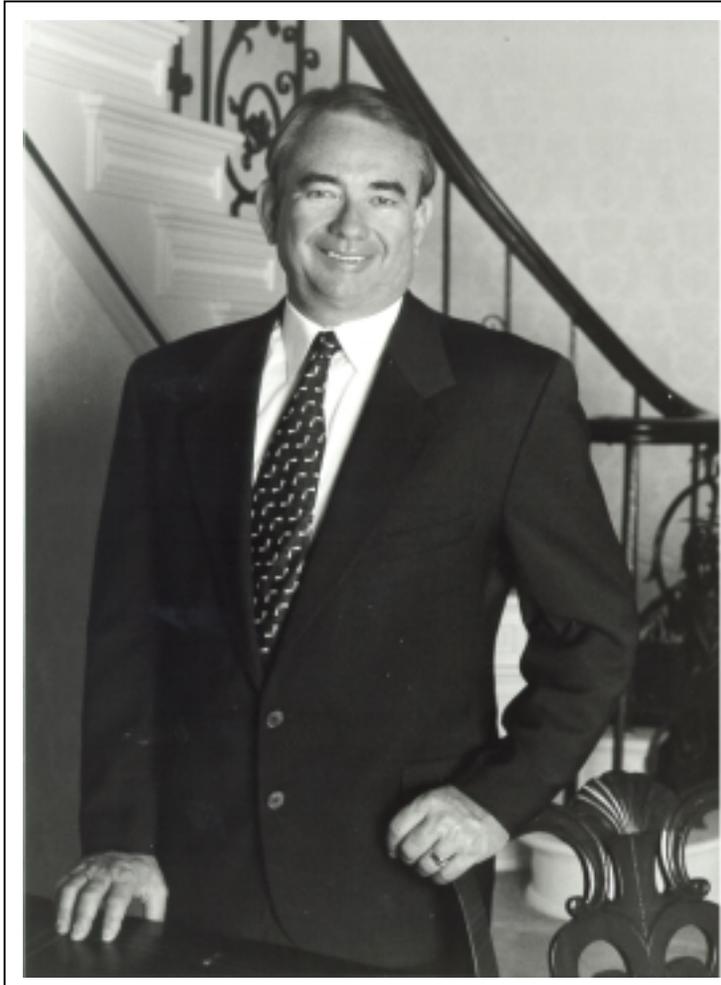
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**George Lightbourn, Secretary
Department of Administration**



**William J. Raftery, CPA
State Controller**



Tommy G. Thompson
Governor

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2000**

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INTRODUCTORY SECTION



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

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December 18, 2000

The Honorable Tommy G. Thompson
The Honorable Members of the Legislature
Citizens of the State of Wisconsin

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the State of Wisconsin for the fiscal year ended June 30, 2000. This report is prepared by the Department of Administration, Division of Executive Budget and Finance, State Controller's Office, which is responsible for both the accuracy of the data and the completeness and fairness of its presentation, including disclosures. We believe that the information presented is accurate in all material respects and reported in a manner designed to show the financial position and operating results of the State.

This report has been prepared in accordance with generally accepted accounting principles (GAAP) for governments as promulgated by the Governmental Accounting Standards Board (GASB). To report the State's financial activity, the State's budgetary funds are grouped into the fund types required by GAAP. The State's 54 budgetary funds are expanded and have been displayed into the 90 individual GAAP funds, the University of Wisconsin System, and three discrete component units. The major change has been to reclassify certain activities from the budgetary General Fund and present them in proprietary and fiduciary fund types more appropriate for the financial reporting of transactions related to commercial and trust activities. Note 1-C to the financial statements includes a more detailed discussion of the generic GAAP fund types.

Wisconsin's 2000 Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section, which provides information on the general contents of the report, contains this letter of transmittal, a list of State officials and an organizational chart of State government. The Financial Section is composed of the auditor's report, the general purpose financial statements, required supplementary information and the combining financial statements. The Statistical Section provides various financial, economic and demographic data about the State, generally on a multi-year basis.

The financial statements present information on the financial position and operations of State government as a single comprehensive reporting entity. The various agencies, departments, boards, commissions and accounts of the State that constitute the State reporting entity are included in this report in accordance with criteria established by the GASB. The reporting entity consists of all the funds and account groups of the primary government (the State of Wisconsin), as well as its component units which are legally separate organizations for which the State is financially accountable. Discretely presented component units include the Wisconsin Housing and Economic Development Authority, the Wisconsin Health Care Liability Insurance Plan, and the University of Wisconsin Hospitals and Clinics Authority. Blended component units, which are legally separate from the State, but are so intertwined with the State that they are, in substance, the same as the State, include the Wisconsin Public Broadcasting Foundation, Inc. In addition, the University of Wisconsin System continues to be included in this report presented in conformity with applicable generally accepted accounting principles.

The State provides a full range of services which include education, health and social services, transportation, law, justice, public safety, recreation and resources development, public improvements and general administrative services. The costs associated with these services are presented within the financial statements in detail and summary form.

ECONOMIC CONDITION AND OUTLOOK

Wisconsin's vibrant economy is attracting national attention. The Corporation for Enterprise Development recognized Wisconsin's strong economic performance, particularly in the creation of businesses and jobs. Wisconsin scored an A grade in economic performance for the fifth straight year. The state ranked second in business creation, fourth in creating jobs.

These high marks are well deserved. Consider:

- Unemployment remained at full employment levels in 1999, averaging 3.0 percent, the lowest level in thirty years. In 2000, unemployment should average 3.4 percent. The October 2000 rate of 3.0 percent is well below the national average of 3.9 percent.
- Manufacturing jobs declined slightly in 1999, down 0.5 percent to 615,600, just below the record of 618,600 set in 1998. In 2000, manufacturing jobs should average 614,200, only marginally less than in 1999. Taken together, the three years 1998 to 2000 are the strongest for manufacturing employment in state history.
- Construction employment increased to 121,100 in 1999, 7.2 percent higher than 1998. Construction employment should set a new record in 2000, averaging 123,700, an increase of 2.1 percent.
- Total non-farm employment in 1999 also set a new record at 2,776,900. This should be eclipsed in 2000 with total non-farm employment reaching 2,820,200.
- Personal income increased 4.9 percent in 1999. Income for 2000 will show healthy growth for the year, up 6.8 percent. The State's exports were \$9.7 billion in 1999, virtually unchanged from the \$9.8 billion exported in 1998.

Wisconsin's economy has matched or exceeded the nation's economic performance in recent years.

- Since 1987, Wisconsin's unemployment rate has been below the national rate.
- The Bureau of Economic Analysis projects Wisconsin's real growth will exceed the national average through the year 2005.
- The State's population growth has been among the highest for Midwest states as people relocate to Wisconsin. Since 1990, the State's population has grown by 7.3 percent. This is well ahead of the 5.8 percent for the Great Lakes region.
- Over the past five years, Wisconsin's per capita personal income grew by 23.5 percent, outpacing the national average of 22.7 percent.
- At 90 percent of population, Wisconsin has the sixth highest health insurance coverage rate in the country for the three years 1997 to 1999.
- Wisconsin has the third lowest poverty rate.
- Wisconsin's median household income, \$43,055 for 1997 to 1999 is the fifteenth highest in the country, 8.6 percent above the national average.

Looking ahead, continued gains in employment will be slower than the national average. Employers are facing labor shortages. Further, exports of capital goods should slow with the slowdown in the domestic economy and in international markets. Total manufacturing should decline slightly.

Wisconsin's personal income growth will be affected by the slowdown in employment growth. Total personal income will grow by 5.6 percent to reach \$161.8 billion in 2001. Per capita personal income will continue to increase but will do so at a slower rate than in 2000, up 4.3 percent.

MAJOR INITIATIVES

Economic Development. In 2000, the State continued its efforts to expand existing businesses and attract new businesses to Wisconsin. The major tools used in these efforts are the Wisconsin Development Fund and the Enterprise Development Program. The State awarded \$9.9 million during Fiscal Year 2000 from the Wisconsin Development Fund, primarily through the major economic development program and customized labor training grants. The Enterprise Development Zone program has awarded more than \$85.8 million in tax credits, and is expected to create over 14,900 new jobs, retain almost 15,000 jobs, and generate private investments of approximately \$1.5 billion. In addition, the State offers a variety of programs that target minority business development and community based economic development. In Fiscal Year 2000, the State implemented a Certified Capital Company (CAPCO) program that provides tax credits to eligible insurance companies in support of up to \$50 million in venture capital for start-up firms, particularly in the biotechnology field. Additional economic development funding was provided in Fiscal Year 2000, through the use of Native American gaming compact revenue for grants and loans to Native American and other businesses affected by gaming operations.

In Fiscal Year 2000, the State's business marketing arm, Forward Wisconsin, Inc., created an Internet-based job search and recruitment tool aimed at attracting out-of-state workers to Wisconsin jobs. Forward Wisconsin is a public/private corporation supported by \$500,000 in general tax dollars and matching corporate and business contributions.

In Fiscal Year 2000, the State expended over \$11.5 million to market Wisconsin as a national and international tourism destination, assisting a tourism industry that pumps over \$8.7 billion into Wisconsin's economy and directly or indirectly supports nearly 250,000 jobs. Through an Internet home page, the State is providing statewide tourism information and enabling local governments and local tourism organizations to showcase local and regional attractions.

Transportation. The State continued to make significant investments in transportation infrastructure through expansion in highway capacity and reconstruction of existing highways and bridges. In 2000, more than 830 miles of State Trunk Highway (STH) and local highways were improved and 90 deficient STH bridges were rehabilitated or replaced. In all, more than \$590 million in construction projects on STH and local road systems was contracted through the Wisconsin Department of Transportation.

Wisconsin also distributes State transportation user fee revenues to local governments for transportation infrastructure improvements and transit operating assistance. In Fiscal Year 2000, \$425.7 million was transferred to local governments for these purposes.

Environment. Created in 1989, Wisconsin's Warren Knowles-Gaylord Nelson Stewardship Program underscores the State's role as a national leader in environmental preservation and enhancement. Through Fiscal Year 2000, the program committed \$250 million through the sale of general obligation bonds and the use of federal grant moneys for various resource development and land protection activities, including acquisition of State park lands, protection of urban rivers and assistance to local parks. In Fiscal Year 2000, the Stewardship Program and its successor supported the acquisition of 32,000 acres of land in northern Wisconsin for natural resource protection and recreational opportunities. Although the original Stewardship program has reached the end of its 10-year authorization, the State will continue to preserve and enhance its natural resources through the Warren Knowles-Gaylord Nelson Stewardship 2000 Program, which is authorized to expend \$460 million from the sale of general obligation bonds over the next 10 years.

Wisconsin's Environmental Improvement Fund program provides financial assistance to municipalities for the planning, design and construction of pollution abatement facilities -- primarily for wastewater treatment. Most communities applying for assistance receive subsidized loans, although some are eligible for partial grants through a hardship component of the program. Funding is provided from a

State-matched federal capitalization grant authorized through the Water Quality Act, and through State revenue and general obligation bonds. In Fiscal Year 2000, the Environmental Improvement Fund made awards to municipalities amounting to \$109.7 million, bringing the total amount of loans and grants awarded by the program to \$1.41 billion since its inception in 1991.

The Petroleum Environmental Cleanup Fund Award program (PECFA) assists owners of leaking petroleum storage tanks with environmental remediation costs and has provided \$974.2 million for cleanups at 8,771 locations since 1988. In response to concerns regarding site closure methodologies and claim payment backlogs, fundamental changes have been made to increase program efficiency and the number of site closures while protecting the environment and public health. These changes include: 1) authorization of \$270 million in revenue bonds to eliminate a backlog in claims; 2) implementation of risk-based cleanup methodologies; 3) determination of the least costly method to clean sites, including natural attenuation of contaminants; 4) use of competitive bidding for site cleanups; 5) increased owner deductibles; and 6) reduced reimbursement for interest costs incurred during cleanup.

The 1999-01 biennial budget provided \$12.2 million over the biennium in financial assistance for redevelopment of underutilized land (“brownfields”). To date, 39 applicants received funding. These projects are expected to restore 507 acres of abandoned or under-used environmentally contaminated sites into clean, viable properties, result in an increase of over \$225 million in taxable property values, and lead to the creation of 3,600 new jobs.

Wisconsin has been recognized as a leader in recycling. Since its inception as one of the nation’s first and foremost programs in support of community recycling, over \$275.1 million has been provided to municipalities to help defray the cost of operating effective recycling programs. In addition, \$31.5 million has been provided to support innovative recycling and waste reduction projects and the development of markets for recycled products.

Human Resources. Fiscal Year 2000 was the third year for Wisconsin’s welfare reform program called Wisconsin Works or W-2, which officially began on September 1, 1997. This program, the culmination of welfare reform efforts that began twelve years ago, replaced welfare checks with the opportunity to earn a living. The welfare caseload has continued its steep decline from over 71,000 in June of 1995 to just over 38,000 in June of 1997 to just over 10,700 cases in June of 2000. The caseload declined from June 1999 to June 2000 by 7.0 percent.

The phase-in of Family Care, Wisconsin’s innovative redesign of the long term care system, began in Fiscal Year 2000. The majority of counties began operation of their Resource Centers and two out of five Care Management Organizations started operation in Fiscal Year 2000.

Education. Higher education was at the forefront of major education initiatives in Fiscal Year 2000. As part of the 1999-01 biennial budget, the Governor and Legislature provided a \$29.7 million increase to the University of Wisconsin System. The additional funding will allow the System to expand library holdings, increase training and support for instructional technology and create additional opportunities for students to study abroad. The additional funding will also support quality improvements and program expansions, particularly in the biological sciences, at the UW-Madison campus. The University of Wisconsin System also received limited continuing appropriation authority for its tuition revenues, which will enable the System to better target its tuition policy to state priorities.

Regarding public elementary and secondary education, the State continued its commitment, initiated in Fiscal Year 1997, to fund two-thirds of partial school costs (costs paid either by local property taxes or state aids and credits). State aids and tax credits applied to 1999-2000 school year costs totaled \$4.7 billion. As part of this state aid commitment, funding for the SAGE program, which provides grants to school districts to lower class size in grades Kindergarten through 3, increased by 23 percent in Fiscal Year 2000, from \$15.0 million in Fiscal Year 1999 to \$18.5 million in Fiscal Year 2000. This allowed 78 individual schools in 46 school districts to lower class sizes in the 1999-00 school year.

The Milwaukee Parental Choice Program, which provides state funding to allow low-income families to send their children to private schools, also experienced significant expansion in the 1999-00 school year. Continuing the growth which resulted from the State Supreme Court ruling that expansion of the program to sectarian schools was constitutional, enrollment in choice schools increased from 5,830 students in the 1998-99 school year to 7,645 students in 1999-2000.

In addition, the 1999-2001 biennial budget created the Governor's Work-Based Learning Board. Creation of the Board consolidated many of the State's school-to-work programs under a single organizational structure, which will improve coordination between the programs and encourage expanded student participation.

FINANCIAL INFORMATION

Internal Controls

The State's internal accounting controls provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposal and the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that evaluation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

The State's biennial budget is prepared on a mixture of cash and modified accrual bases of accounting and represents departmental appropriations based on agency requests reviewed by the Department of Administration and recommended by the Governor. The Governor's budget is submitted to the State Legislature for approval. Following debate, amendment and approval by the Senate and Assembly, the budget bill is returned to the Governor for his signature or veto in entirety or in part.

The State Constitution provides that no money shall be paid out of the Treasury except as appropriated by law. The Statutes require that the Secretary of Administration must approve all payments, and then forward such requests to the State Treasurer for signature. The Department of Administration exercises detail allotment control over all agency appropriations and approval authority over all encumbrances.

The budgetary basis of accounting required by State law differs materially from the basis used to report revenues and expenditures in accordance with GAAP. In addition, the State's biennial budget is developed according to the statutorily required fund structure which differs extensively from the fund structure used in the financial statements.

General Government Functions

The following schedules present a summary of revenues (and proceeds from sale of bonds) and expenditures for the governmental fund types (i.e., the General Fund, special revenue funds, capital projects funds, and debt service funds) for Fiscal Years 2000 and 1999. These revenues, proceeds from sale of bonds, and expenditures are reported on the modified accrual basis of accounting in accordance with GAAP (in thousands):

Revenues and Bond Proceeds (by Source) (in thousands)	2000 Amount	Percent of Total	1999 Amount	Change 1999/2000
Taxes	\$ 11,974,334	65.6%	\$ 11,158,516	\$ 815,818
Intergovernmental (e.g., federal assistance)	4,375,513	24.0	3,813,275	562,238
Licenses and Permits	731,668	4.0	687,766	43,902
Charges for Goods and Services	239,050	1.3	217,145	21,905
Investment Income	97,682	0.5	95,089	2,593
Gifts and Donations	14,601	0.1	14,885	(284)
Other Revenues:				
Tobacco Settlement	167,362	0.9	--	167,362
Other	207,002	1.1	133,405	73,597
Total Revenues	17,807,212		16,120,081	1,687,131
Proceeds from Sale of Bonds	451,886	2.5	249,007	202,879
Total Revenues and Bond Proceeds	\$ 18,259,098	100.0%	\$ 16,369,088	\$ 1,890,010

Revenues of governmental fund types totaled \$17.8 billion for the Fiscal Year 2000, increasing \$1,687.1 million or approximately 10.5 percent over the previous year. Due to continued strong growth, State tax revenue for Fiscal Year 2000 totaled \$11.9 billion, an increase of approximately \$815.8 million that represents a 7.3 percent increase over the previous year. Major increases in tax revenues occurred in individual income, general sales and use taxes. Intergovernmental revenues consisting primarily of federal assistance increased \$562.2 million over Fiscal Year 1999, while revenues from all other sources, excluding proceeds from sale of bonds, increased \$309.1 million, a 26.9 percent increase from the previous year. This increase was due in part to the receipt of \$167.4 million of revenue payments from the tobacco settlement reached between forty-six states and the five largest tobacco manufacturers.

Expenditures (by Function) (in thousands)	2000 Amount	Percent of Total	1999 Amount	Change 1999/2000
Current:				
Commerce	\$ 205,008	1.2%	\$ 194,893	\$ 10,115
Education	4,900,287	29.0	4,542,339	357,948
Transportation	1,765,534	10.4	1,601,962	163,572
Environmental Resources	530,586	3.1	476,985	53,601
Human Relations and Resources	5,889,413	34.8	5,323,054	566,359
General Executive	410,603	2.4	333,034	77,569
Judicial	103,216	0.6	95,705	7,511
Legislative	60,424	0.4	62,789	(2,365)
Tax Relief and Other				
General Expenditures	1,440,464	8.5	831,526	608,938
Intergovernmental (Shared Revenue)	1,073,434	6.3	1,008,617	64,817
Capital Outlay	230,151	1.4	164,360	65,791
Debt Service	316,889	1.9	308,103	8,786
Total	\$ 16,926,009	100.0%	\$ 14,943,367	\$ 1,982,642

Governmental expenditures totaled \$16.9 billion for the fiscal year ended June 30, 2000. This represents a \$1,982.6 million or a 13.3 percent increase over the previous year. Tax Relief and Other General Expenditures had the largest increase of \$608.9 million due primarily to a one-time sales tax rebate.

Human Relations and Resources expenditures increased \$566.4 million, while Legislative expenditures had the largest decrease of \$2.4 million.

Education expenditures increased \$357.9 million or approximately 7.9 percent due in part to an increase in State assistance to Wisconsin's 426 school districts and 17 public library systems.

General Fund Balance

The General Fund balance on June 30, 2000 was \$(830.3) million. The fund balances appearing in the CAFR include accounts receivable for revenues accrued but cash not received, and accounts payable on expenditures which are recorded but for which cash has not yet been disbursed.

A reconciliation between the budgetary basis fund balance and the CAFR fund balance at June 30, 2000 follows (in thousands):

Fund Balance June 30, 2000 (budgetary basis – budgetary fund structure)	\$ 610,987
To eliminate outstanding year-end encumbrances from expenditures	735,929
To reclassify activities reported in another GAAP fund type	<u>(270,746)</u>
Fund balance June 30, 2000 (budgetary basis (net of encumbrances) – GAAP fund structure)	1,076,170
Adjustments:	
To adjust expenditures for the municipal and county shared revenue program	(509,612)
To adjust expenditures for state property tax credit program	(356,901)
To accrue/defer revenue for tax-related items and other tax credit/aid programs (net)	(828,803)
To adjust revenues and expenditures for other items (net)	<u>(211,204)</u>
Fund balance June 30, 2000 (GAAP basis - as reported in CAFR)	<u><u>\$ (830,349)</u></u>

As discussed previously, the State's 54 budgetary funds are expanded and have been displayed into 90 individual GAAP funds, the University of Wisconsin System, and three discrete component units. Accordingly, the reporting of the University of Wisconsin System in separate funds and the reclassification of certain activities from the budgetary General Fund to fiduciary and proprietary fund types resulted in the reduction of the budgetary fund balance at June 30, 2000 of \$270.7 million, as noted above.

Another variation between GAAP and statutory reporting results from the revised definition of budgetary expenditures. Budgetary expenditures include \$735.9 million of outstanding year-end encumbrances. These encumbrances are not reflected in the GAAP based expenditures and consequently do not impact GAAP fund balance.

In applying GAAP based expenditure and liability recognition and measurement criteria, two of the largest single accruals relate to deferred Municipal and County Shared Revenue Program payments and deferred State Property Tax Credit Program payments. Since the early 1980's, funding of these programs has been deferred to the State fiscal year following their accrual, resulting in liabilities for these programs totaling \$862.0 million and \$866.5 million at June 30, 1999 and 2000, respectively.

Accruals and deferrals of various tax-related items and other tax credit/aid programs also significantly contribute to the budgetary basis and GAAP basis fund difference. Net accruals/deferrals for these items resulted in an additional liability of \$807.4 million and \$828.8 million on June 30, 1999 and 2000, respectively.

The remaining difference between the General Fund budgetary balance and the GAAP basis balance, as listed above, represents accruals/deferrals for such items as Medicaid claims (additional liabilities of \$69.2 million and \$119.5 million at June 30, 1999 and 2000, respectively) and other numerous, miscellaneous adjustments to assets and liabilities.

The difference between Wisconsin's GAAP balance at June 30, 1999 (as reported in the 1999 CAFR) of \$(908.7) million and the GAAP balance at June 30, 2000 of \$(830.3) million amounted to \$78.4 million. The budgetary surplus decreased \$138.3 million (from a budgetary fund balance of \$749.3 million at June 30, 1999 to \$611.0 million at June 30, 2000) and a net change in outstanding encumbrances totaled \$409.2 million. Other factors impacting the change included: an increase in the amount of activity reclassified as individual fund types totaling \$35.6 million; an increase in the net liability relating to individual income taxes of \$54.6 million; an increase in the unpaid medicaid claim accrual of \$50.2 million; an increase in Health and Family Services and Workforce Development accruals and deferrals of \$39.6 million; and an increase in other accruals/deferrals totaling \$12.5 million.

The Annual Fiscal Report, the State's financial report based on budgetary accounting, has a different focus on the General Fund. Budgetary accounting is concerned primarily with the General Purpose Revenue portion of the General Fund, which shows an ending undesignated fund balance of \$835.7 million. This balance is derived by eliminating the program revenue activity from the total General Fund balance and reducing the remainder for any designations. Consequently, at June 30, 2000 the ending General Fund balance of \$611.0 million is increased by \$261.3 million to reflect the elimination of program revenue activity and decreased for fund balance designations of \$36.6 million to arrive at the ending undesignated budgetary fund balance of \$835.7 million.

Proprietary Operations

The State has various proprietary funds (i.e., enterprise and internal service funds) that account for ongoing activities and organizations that are similar to those found in the private sector.

Enterprise funds are established to account for services provided to the public for which the revenues derived by the activity will support the services provided. The enterprise funds with the largest operating revenues are the Lottery Fund and the Health Insurance Fund. The Lottery Fund's activities are used to provide property tax relief to taxpayers. Operating revenues of this fund totaled \$406.8 million in 2000. The Health Insurance Fund, a public entity risk pool administered by the Department of Employee Trust Funds, accounts for group health insurance plans provided on a self-insured, fee for service basis or prepaid basis to current and retired employees of the State and of participating local public employers. Operating revenues of this fund totaled \$472.5 million in 2000.

Internal service funds are established to account for the financing of goods or services provided to State agencies, or to other governments, on a cost-reimbursement basis. The internal service fund with the largest operating revenues is the Information Technology Services Fund. This fund was established to account for computing services provided to other State agencies and the purchase and installation of data and word processing equipment. Operating revenues of this fund totaled \$48.9 million in 2000.

Pension Trust Funds

The Wisconsin Retirement System (WRS), consisting of the fixed retirement investment trust, the variable retirement investment trust, and the police and firefighters trust is administered by the Department of Employee Trust Funds. The WRS provides coverage to all eligible employees of the State of Wisconsin and other participating local units of government.

The most current actuarial valuations of the pension plan indicated that the WRS was funded at 95.8 percent of liabilities for the 463,147 participants of the WRS. The State's contribution represents 25.4 percent of total contributions required of all participating entities.

Debt Administration

The State of Wisconsin Building Commission, an agency of the State, is empowered by law to consider, act upon, authorize, issue and sell all debt obligations of the State. The total general obligation debt outstanding for the State as of June 30, 2000 was \$3.4 billion.

During Fiscal Year 2000, \$250.0 million of these general obligation bonds were issued to provide for the acquisition or improvement of land, water, property, highways, buildings, equipment, or facilities for public purposes. Further, \$65.0 million of these bonds were issued to fund veterans housing loans.

Article VIII of the Wisconsin Constitution and Wis. Stat. Sec. 18.05 limits the amount of debt the State can contract in total and in any calendar year. In total, debt cannot exceed five percent of the value of all taxable property in the State. The amount of debt contracted in any calendar year is limited to the lesser of three-quarters of one percent of aggregate value of taxable property or five percent of aggregate value of taxable property less net indebtedness at January 1.

At June 30, 2000, State of Wisconsin general obligation bonds had a rating of Aa2 from Moody's Investors Services, a rating of AA from Standard and Poor's Corporation, and AA+ from Fitch Investors Service, L.P.

Chapter 18 of the Wisconsin Statutes authorizes the State to issue revenue obligations. These obligations, which are not debt of the State, are secured by a pledge of revenues or property derived from the operations of a program funded by the issuance of the obligations. Revenue bonds totaled \$3.8 billion outstanding at fiscal year-end. These bonds include: \$769.2 million in Transportation Revenue Bonds issued to finance certain transportation facilities and major highway projects; \$1.1 million of Wisconsin Education Revenue Bonds for the Health Education Assistance Loan Program; \$2.2 billion of Wisconsin Housing and Economic Development Authority Revenue Bonds; \$106.5 million for the University of Wisconsin Hospitals and Clinics Authority; \$170.3 million of Petroleum Environmental Cleanup Fund Award Revenue Bonds; and \$543.6 million of Environmental Improvement Fund bonds.

Cash Management

The State of Wisconsin Investment Board is responsible for investing in cash resources of the State. On a daily basis, excess cash from all funds is pooled and invested through a variety of investment vehicles. Interest income earned on these investments is allocated to the various funds based on their average daily cash balances. The total amount of investments in the State Investment Fund at June 30, 2000 was \$4.7 billion.

Risk Management

The State's risk management program, encompassing all State agencies, began in 1974 within the Department of Administration. Statutory responsibilities and authority include, but are not limited to:

- Protecting the State's assets from catastrophic loss;
- Emphasizing loss reduction;
- Identifying and evaluating exposures to loss;
- Recommending changes in procedures and programs to eliminate or reduce existing exposures;
- Arranging appropriate insurance for the transfer of risk of loss; and
- Approving all insurance purchases.

Currently, the State is essentially self-insured, through its risk management program, against major losses to which it is exposed. The Risk Management Fund, an internal service fund, services most claims for risk of loss, including damage to State owned property, liability for property damages and injuries to third parties, and worker's compensation. Additional disclosures on the State's risk management activities are provided in Note 20.

OTHER INFORMATION

Independent Audit

In compliance with Wis. Stat. Sec. 13.94 (1)(c), the State Legislative Audit Bureau has performed an examination of the State's general purpose financial statements. The examination was made in accordance with generally accepted auditing standards. Their report is contained in the Financial Section which follows.

Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a "Certificate of Achievement for Excellence in Financial Reporting" to the State of Wisconsin for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1999. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. This is the fourth year the State of Wisconsin has received this award. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA.

ACKNOWLEDGMENTS

We wish to express our appreciation to the many individuals whose dedicated efforts have made this report possible. The preparation of this report could not have been accomplished without the professionalism and dedication demonstrated by the financial managers and accountants of the State agencies and component units, along with staff within the State Controller's Office.

Sincerely,



George Lightbourn
Secretary



William J. Raftery, CPA
State Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of
Wisconsin

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1999

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

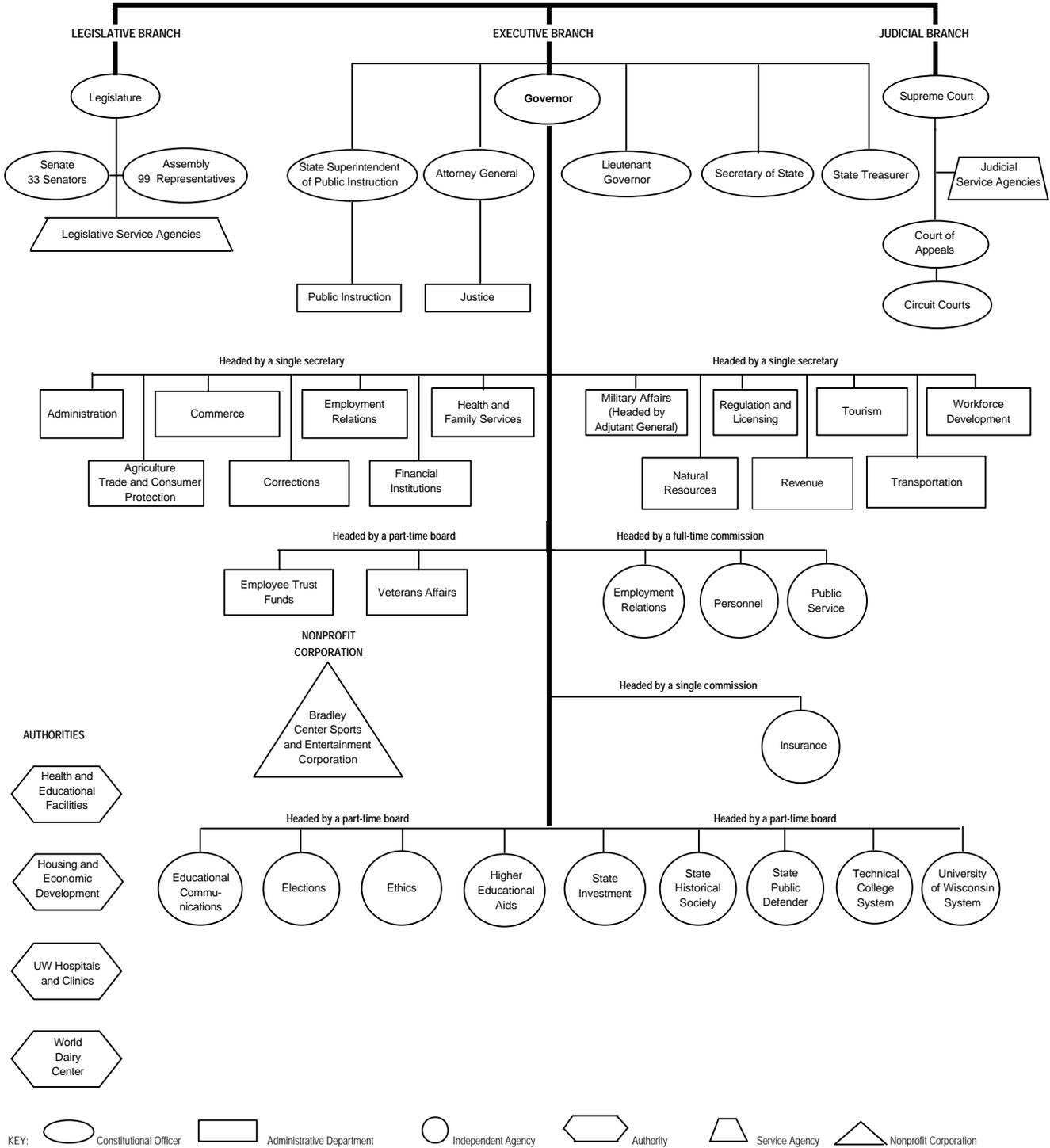


Cary Brubaker
President

Jeffrey L. Esser
Executive Director

Organizational Chart

WISCONSIN STATE GOVERNMENT ORGANIZATION
January 1999



Principal State Officials

EXECUTIVE

Tommy G. Thompson
Governor

Scott McCallum
Lieutenant Governor

Douglas J. LaFollette
Secretary of State

Jack C. Voight
State Treasurer

James E. Doyle
Attorney General

John T. Benson
State Superintendent of Public Instruction

LEGISLATIVE

Fred Risser
President of the State Senate

Scott Jensen
Speaker of the Assembly

JUDICIAL

Shirley S. Abrahamson
Chief Justice of the Supreme Court

WISCONSIN

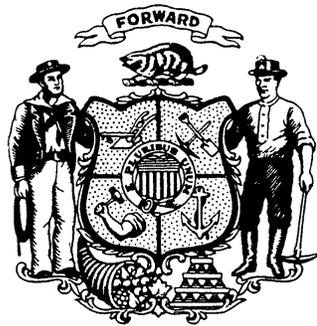
COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the fiscal year ended June 30, 2000

STATE OF **WISCONSIN**

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the fiscal year ended June 30, 2000

Tommy G. Thompson, Governor

Department of Administration
George Lightbourn, Secretary
William J. Raftery, State Controller

Prepared by the State Controller's Office

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on the World Wide Web: <http://www.doa.state.wi.us/debf/cafr/FY00/00cafr.htm>

DOA-6082P (R12/00)

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2000**

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Legislature

The Honorable Tommy G. Thompson, Governor

We have audited the accompanying general purpose financial statements of the State of Wisconsin as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the State of Wisconsin's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Wisconsin Department of Transportation Revenue Bond Program and Commercial Paper Program, which represent 84 percent of the assets and 26 percent of the revenues and operating transfers of the debt service funds, and 19 percent of the liabilities of the general long-term debt account group, nor did we audit the financial statements of the Environmental Improvement Fund, which represents 33 percent of the assets and 2 percent of the operating revenues of the enterprise funds. In addition, we did not audit the financial statements of the Wisconsin Housing and Economic Development Authority, the Wisconsin Health Care Liability Insurance Plan, and the University of Wisconsin Hospitals and Clinics Authority, which represent 100 percent of the financial activity of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. The financial statements of the Wisconsin Department of Transportation Revenue Bond Program and Commercial Paper Program, Wisconsin Health Care Liability Insurance Plan, and University of Wisconsin Hospitals and Clinics Authority were audited by other auditors in accordance with generally accepted auditing standards, but not in accordance with the additional requirements of *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based upon our audit and the reports of other auditors, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the State of Wisconsin as of June 30, 2000, and the results of its operations;

the cash flows of its proprietary fund types, nonexpendable trust funds, and discretely presented component units; the changes in net assets for the pension trust fund and investment trust funds; and the changes in fund balances of the University of Wisconsin System for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we will issue our report dated December 18, 2000, on our consideration of the State of Wisconsin's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report will be included in the State's single audit report.

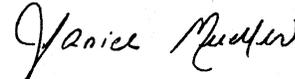
Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Wisconsin. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The introductory section and the statistical section listed in the table of contents were not audited by us and, accordingly, we express no opinion on them.

LEGISLATIVE AUDIT BUREAU

December 18, 2000

by



Janice Mueller
State Auditor

State of Wisconsin

**Combined Balance Sheet - All Fund Types, Account Groups and
Discretely Presented Component Units
June 30, 2000**

(In Thousands)

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
Assets and Other Debits						
Assets:						
Cash and Cash Equivalents	\$ 335,006	\$ 524,480	\$ 70,998	\$ 80,013	\$ 897,421	\$ 24,213
Investments	445	4,360	800	-	942,411	-
Securities Lending Collateral	-	-	-	-	-	-
Receivables (net of estimated uncollectible accounts):						
Taxes	877,032	105,201	-	-	-	-
Student Loans	-	-	-	-	3,239	-
Veterans Loans	-	-	-	-	37,036	-
Mortgage Loans	-	-	-	-	743,416	-
Insurance Policy Loans	-	-	-	-	3,784	-
Loans to Local Governments	9,655	-	-	-	947,929	-
Patients Accounts Receivable	-	-	-	-	-	-
Prior Service Contributions Receivable	-	-	-	-	-	-
Other Receivables	136,615	45,154	32	177	61,891	1,144
Due from Other Funds	126,622	54,842	410	7,453	42,637	30,777
Due from Component Units	6	-	-	-	12	237
Due from Primary Government	-	-	-	-	-	-
Interfund Loans Receivable	71,704	26,604	-	1,285	-	-
Due from Other Governments	472,390	78,570	-	-	7,719	490
Inventories	62,718	18,098	-	-	7,537	7,562
Prepaid Items	314,381	16,577	-	16	93,727	33,551
Advances to Other Funds	-	-	-	2,000	-	3,183
Restricted and Limited Use Assets:						
Cash and Cash Equivalents	-	-	-	-	49,723	-
Investments	3	-	-	-	-	-
Capital Lease Receivable - Component Unit	-	-	-	-	-	-
Deferred Charges	-	-	-	-	8,514	464
Fixed Assets	-	-	-	-	126,309	223,883
Other Assets	-	38	-	-	10,491	-
Other Debits:						
Amount Available in Debt Service Fund	-	-	-	-	-	-
Amount to be Provided for Retirement of General Long-term Obligations	-	-	-	-	-	-
Total Assets and Other Debits	\$ 2,406,578	\$ 873,923	\$ 72,240	\$ 90,944	\$ 3,983,795	\$ 325,504

Fiduciary Fund Type	Account Groups			University of Wisconsin System	Totals - Primary Government (Memorandum Only)	Component Units	Totals - Reporting Entity (Memorandum Only)
	Trust and Agency	General Fixed Assets	General Long-term Debt				
\$ 5,157,306	\$ -	\$ -	\$ 339,728	\$ 7,429,164	\$ 244,690	\$ 7,673,854	
65,572,629	-	-	321,493	66,842,138	463,807	67,305,945	
3,727,271	-	-	-	3,727,271	-	3,727,271	
-	-	-	-	982,233	-	982,233	
-	-	-	169,330	172,569	-	172,569	
-	-	-	-	37,036	-	37,036	
-	-	-	-	743,416	1,887,286	2,630,702	
-	-	-	-	3,784	-	3,784	
200,477	-	-	-	1,158,061	-	1,158,061	
-	-	-	-	-	72,239	72,239	
2,051,162	-	-	-	2,051,162	-	2,051,162	
1,015,207	-	-	74,337	1,334,556	24,694	1,359,249	
121,716	-	-	22,925	407,381	-	407,381	
-	-	-	7,289	7,544	-	7,544	
-	-	-	-	-	2,622	2,622	
282,783	-	-	-	382,376	-	382,376	
109,193	-	-	53,074	721,437	7,230	728,667	
-	-	-	25,667	121,582	7,923	129,505	
6,910	-	-	16,451	481,613	2,340	483,953	
-	-	-	-	5,183	-	5,183	
-	-	-	-	49,723	-	49,723	
-	-	-	-	3	337,471	337,474	
-	-	-	30,987	30,987	-	30,987	
-	-	-	10,688	19,666	14,732	34,398	
635	1,822,436	-	3,925,176	6,098,438	163,903	6,262,341	
262,221	-	-	-	272,750	8,154	280,904	
-	-	7,787	-	7,787	-	7,787	
-	-	3,932,544	-	3,932,544	-	3,932,544	
\$ 78,507,510	\$ 1,822,436	\$ 3,940,331	\$ 4,997,145	\$ 97,020,404	\$ 3,237,090	\$ 100,257,494	

(Continued)

**Combined Balance Sheet - All Fund Types, Account Groups and
Discretely Presented Component Units
June 30, 2000**

(Continued)

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
Liabilities, Equity and Other Credits						
Liabilities:						
Accounts Payable and Other						
Accrued Liabilities	\$ 533,299	\$ 145,411	\$ -	\$ 20,375	\$ 273,294	\$ 35,481
Due to Other Funds	105,766	62,669	1,812	18,878	52,240	9,832
Due to Component Units	1,506	-	-	-	-	-
Due to Primary Government	-	-	-	-	-	-
Interfund Loans Payable	-	10	-	26,478	28,147	43,547
Due to Other Governments	1,441,027	78,076	-	15,143	1,942	1
Tax Refunds Payable	649,160	15,027	-	-	-	-
Tax and Other Deposits	43,694	5,854	-	-	10,839	-
Deferred Revenue	462,474	10,110	-	4	54,602	9,572
Interest Payable	-	-	26,601	-	9,462	1,681
Advances from Other Funds	-	3,183	-	-	-	-
Short-term Notes Payable	-	60,000	-	252,776	219	534
Securities Lending Collateral Liability	-	-	-	-	-	-
Future Benefits and Loss Liabilities	-	-	-	-	936,613	81,335
Capital Leases	-	-	-	-	603	8,435
Capital Leases - Primary Government	-	-	-	-	-	-
Installment Contracts Payable	-	-	-	-	-	-
Compensated Absences	-	-	-	-	6,414	2,039
Employer Pension Costs	-	-	-	-	-	-
General Obligation Bonds Payable	-	-	585	-	773,140	108,059
Long-term Notes Payable	-	-	-	-	-	-
Revenue Bonds and Notes Payable	-	-	35,455	-	544,758	-
Other Bonds Payable	-	-	-	-	-	-
Claims, Judgments and Commitments	-	-	-	-	-	-
Total Liabilities	3,236,927	380,339	64,453	333,653	2,692,274	300,515
Equity and Other Credits:						
Contributed Capital	-	-	-	-	1,114,433	28,373
Investment in General Fixed Assets	-	-	-	-	-	-
Retained Earnings:						
Reserved	-	-	-	-	108,856	-
Unreserved	-	-	-	-	68,232	(3,385)
Fund Balances:						
Reserved	609,700	568,332	-	215,689	-	-
Unreserved:						
Designated	-	-	-	-	-	-
Undesignated	(1,440,049)	(74,749)	7,787	(458,399)	-	-
Total Equity and Other Credits	(830,349)	493,583	7,787	(242,710)	1,291,522	24,988
Total Liabilities, Equity and Other Credits	\$ 2,406,578	\$ 873,923	\$ 72,240	\$ 90,944	\$ 3,983,795	\$ 325,504

The notes to the financial statements are an integral part of this statement.

Fiduciary Fund Type	Account Groups			University of Wisconsin System	Totals - Primary Government (Memorandum Only)	Component Units	Totals - Reporting Entity (Memorandum Only)
	Trust and Agency	General Fixed Assets	General Long-term Debt				
\$ 715,853	\$ -	\$ -	\$ 87,609	\$ 1,811,323	\$ 79,090	\$ 1,890,413	
99,302	-	-	56,882	407,381	-	407,381	
-	-	-	1,116	2,622	-	2,622	
-	-	-	-	-	7,544	7,544	
282,909	-	-	1,285	382,376	-	382,376	
28,872	-	-	8,615	1,573,675	269	1,573,944	
-	-	-	-	664,188	-	664,188	
262,182	-	-	1,504	324,073	116,023	440,096	
2,260	-	-	88,057	627,079	938	628,017	
-	-	-	-	37,744	36,251	73,995	
-	-	-	2,000	5,183	-	5,183	
-	-	-	47,844	361,372	-	361,372	
3,727,271	-	-	-	3,727,271	-	3,727,271	
-	-	-	-	1,017,948	102,030	1,119,978	
-	-	14,600	15,336	38,974	346	39,320	
-	-	-	-	-	30,987	30,987	
-	-	1,060	9	1,068	-	1,068	
551,106	-	457,248	61,162	1,077,970	2,847	1,080,817	
-	-	675,196	-	675,196	-	675,196	
-	-	1,768,457	769,954	3,420,196	-	3,420,196	
-	-	117,705	-	117,705	-	117,705	
-	-	903,945	-	1,484,158	2,295,750	3,779,908	
-	-	-	125	125	-	125	
-	-	2,121	-	2,121	-	2,121	
5,669,755	-	3,940,331	1,141,500	17,759,747	2,672,076	20,431,823	
-	-	-	-	1,142,806	-	1,142,806	
-	1,822,436	-	-	1,822,436	-	1,822,436	
-	-	-	-	108,856	146,348	255,204	
-	-	-	-	64,847	418,667	483,514	
71,120,751	-	-	3,823,608	76,338,080	-	76,338,080	
-	-	-	3,949	3,949	-	3,949	
1,717,004	-	-	28,088	(220,318)	-	(220,318)	
72,837,755	1,822,436	-	3,855,645	79,260,656	565,014	79,825,670	
\$ 78,507,510	\$ 1,822,436	\$ 3,940,331	\$ 4,997,145	\$ 97,020,404	\$ 3,237,090	\$ 100,257,494	

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
All Governmental Fund Types and Expendable Trust Funds
For the Fiscal Year Ended June 30, 2000**

(In Thousands)

	Governmental Fund Types				Fiduciary	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Taxes	\$ 10,963,673	\$ 1,006,006	\$ 4,655	\$ -	\$ -	\$ 11,974,335
Intergovernmental	3,734,088	641,104	-	321	9,918	4,385,431
Licenses and Permits	198,750	448,729	83,773	416	-	731,668
Charges for Goods and Services	188,551	50,161	-	338	1	239,050
Contributions	-	-	-	-	646,624	646,624
Investment and Interest Income	58,982	27,816	3,730	7,154	342,554	440,236
Gifts and Donations	5,700	8,757	-	144	65	14,666
Other Revenues						
Tobacco Settlement	167,362	-	-	-	-	167,362
Other	181,817	24,071	428	686	35,754	242,756
Total Revenues	15,498,923	2,206,644	92,586	9,058	1,034,916	18,842,127
Expenditures:						
Current:						
Commerce	184,460	19,622	-	926	-	205,008
Education	4,882,860	2,540	-	14,887	27,000	4,927,287
Transportation	3,242	1,759,513	-	2,779	-	1,765,534
Environmental Resources	123,746	364,925	-	41,915	-	530,586
Human Relations and Resources	5,867,573	3,355	-	18,485	519,790	6,409,203
General Executive	368,283	17,500	-	24,820	210,614	621,217
Judicial	102,878	338	-	-	-	103,216
Legislative	60,424	-	-	-	-	60,424
Tax Relief and Other General						
Expenditures	1,436,891	-	-	3,573	-	1,440,464
Intergovernmental	1,073,434	-	-	-	-	1,073,434
Capital Outlay	-	-	-	230,151	-	230,151
Debt Service:						
Principal	-	-	176,130	-	-	176,130
Interest	-	-	133,598	6,117	-	139,715
Other	-	-	1,044	-	-	1,044
Total Expenditures	14,103,791	2,167,794	310,773	343,651	757,404	17,683,413
Excess of Revenues Over (Under)						
Expenditures	1,395,132	38,850	(218,187)	(334,593)	277,512	1,158,714
Other Financing Sources (Uses):						
Proceeds from Sale of Bonds	-	170,250	3,756	277,880	-	451,886
Operating Transfers In	117,939	54,582	224,455	40,164	-	437,139
Operating Transfers Out	(1,360,407)	(120,367)	(12,762)	(9,145)	(1,020)	(1,503,701)
Capital Leases Acquisitions	5,021	4,975	-	-	-	9,996
Installment Purchase						
Acquisitions	-	-	-	1,022	-	1,022
Total Other Financing Sources (Uses)	(1,237,447)	109,440	215,449	309,921	(1,020)	(603,658)

(Continued)

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
All Governmental Fund Types and Expendable Trust Funds
For the Fiscal Year Ended June 30, 2000**

(Continued)

	Governmental Fund Types				Fiduciary	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	157,685	148,290	(2,738)	(24,673)	276,492	555,056
Fund Balances, Beginning of Year	(986,654)	346,553	6,526	(196,438)	3,011,831	2,181,818
Increase (Decrease) in Reserve for Inventories	(1,636)	(698)	-	-	-	(2,335)
Residual Equity Transfers In	1,000	460	4,000	1	-	5,461
Residual Equity Transfers Out	(744)	(1,021)	(1)	(21,600)	-	(23,367)
Fund Balances, End of Year	\$ (830,349)	\$ 493,583	\$ 7,787	\$ (242,710)	\$ 3,288,324	\$ 2,716,635

The notes to the financial statements are an integral part of this statement.

State of Wisconsin

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Budgetary Basis) - General and Budgeted Special
Revenue Funds
For the Fiscal Year Ended June 30, 2000**

(In Thousands)

	General Fund			Budgeted Special Revenue Funds		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:						
Taxes	\$ 10,805,182	\$ 10,957,780	\$ 152,598	\$ 1,007,395	\$ 1,007,395	\$ -
Budgeted Transfers from:						
General Fund	-	-	-	23,500	23,500	-
Computer Escrow Fund	64,000	64,000	-	-	-	-
Departmental						
Tobacco Settlement	167,886	167,362	(524)	-	-	-
Other	7,046,890	6,996,838	(50,051)	1,459,205	1,459,205	-
Total Revenues	18,083,958	18,185,980	102,022	2,490,100	2,490,100	-
Expenditures:						
Current:						
Commerce	245,312	212,089	33,223	343,945	320,867	23,078
Education	7,982,744	7,768,548	214,197	11,726	11,221	506
Environmental Resources	294,391	268,035	26,356	3,209,101	2,100,225	1,108,876
Human Relations and Resources	7,160,977	6,324,674	836,303	9,831	7,313	2,518
General Executive	775,335	640,379	134,956	4,860	3,422	1,437
Judicial	102,857	101,953	904	658	331	327
Legislative	60,125	59,866	259	-	-	-
General	2,631,465	2,525,405	106,060	16,000	16,000	-
Budgeted Transfers to:						
General Fund	-	-	-	64,000	64,000	-
Tobacco Control Fund	23,500	23,500	-	-	-	-
Total Expenditures	19,276,707	17,924,448	1,352,259	3,660,120	2,523,379	1,136,742
Excess of Revenues Over (Under) Expenditures	<u>\$ (1,192,749)</u>	261,532	<u>\$ 1,454,281</u>	<u>\$ (1,170,020)</u>	(33,278)	<u>\$ 1,136,742</u>
Fund Balances, Beginning of Year		1,076,025			594,721	
Prior Period Adjustment		(8,340)			-	
Residual Equity Transfers		17,699			(17,699)	
Fund Balances, End of Year		1,346,916			543,743	
Less Encumbrances Outstanding at June 30, 2000		(735,929)			(875,168)	
Fund Balances, End of Year Budgetary Basis	<u>\$</u>	<u>610,987</u>		<u>\$</u>	<u>(331,425)</u>	

The notes to the financial statements are an integral part of this statement.

State of Wisconsin

**Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/
Fund Balances - All Proprietary Fund Types, Nonexpendable Trust Funds and
Discretely Presented Component Units
For the Fiscal Year Ended June 30, 2000**

(In Thousands)

	Proprietary Fund Types		Fiduciary	Totals -	Component	Totals -
	Enterprise	Internal Service	Fund Type Nonexpendable Trust	Primary Government (Memorandum Only)		Reporting Entity (Memorandum Only)
Operating Revenues:						
Charges for Goods and Services	\$ 714,514	\$ 227,348	\$ 341	\$ 942,203	\$ 389,770	\$ 1,331,974
Contributions	509,861	-	-	509,861	-	509,861
Investment and Interest Income	156,762	6	1,463	158,231	145,588	303,819
Fines and Forfeitures	-	-	19,325	19,325	-	19,325
Gifts and Donations	-	-	42	42	-	42
Other Income	174	556	5	735	19,517	20,252
Total Operating Revenues	1,381,311	227,910	21,177	1,630,398	554,875	2,185,273
Operating Expenses:						
Personal Services	209,917	40,153	232	250,301	214,315	464,616
Supplies and Services	542,953	141,065	179	684,198	171,968	856,166
Lottery Prize Awards	232,404	-	-	232,404	-	232,404
Depreciation	9,229	21,294	-	30,523	23,217	53,740
Benefit Expense	243,078	19,239	-	262,317	(11,874)	250,443
Interest Expense	76,254	-	-	76,254	138,103	214,357
Other Expenses	9,542	-	-	9,542	85,122	94,664
Total Operating Expenses	1,323,376	221,752	411	1,545,539	620,851	2,166,390
Operating Income (Loss)	57,935	6,158	20,766	84,859	(65,976)	18,883
Nonoperating Revenues (Expenses):						
Operating Grants	2,009	382	3	2,394	54,059	56,453
Investment and Interest Income	22,585	3	-	22,588	54,548	77,136
Gain (Loss) on Disposal of Fixed Assets	(90)	428	-	338	6	344
Interest Expense	(917)	(8,777)	-	(9,695)	-	(9,695)
Other Revenues	7,662	8,588	-	16,250	1,488	17,738
Other Expenses	(216,593)	-	-	(216,593)	(382)	(216,975)
Total Nonoperating Revenues (Expenses)	(185,344)	623	3	(184,718)	109,719	(74,999)
Income (Loss) Before Operating Transfers	(127,409)	6,781	20,769	(99,859)	43,743	(56,116)
Operating Transfers In	114,849	8,592	1,059	124,500	-	124,500
Operating Transfers Out	(18,914)	(2,669)	(77)	(21,661)	-	(21,661)
Operating Transfers to Primary Government	-	-	-	-	(2,400)	(2,400)
Net Income before Extraordinary Items	(31,475)	12,704	21,751	2,980	41,343	44,323
Extraordinary Items:						
Gain (Loss) from Extinguishment of Debt	-	-	-	-	(108)	(108)
Gain on Casualty Settlement	169	-	-	169	-	169
Net Income (Loss)	(31,306)	12,704	21,751	3,149	41,235	44,384

(Continued)

**Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/
Fund Balances - All Proprietary Fund Types, Nonexpendable Trust Funds and
Discretely Presented Component Units
For the Fiscal Year Ended June 30, 2000**

(Continued)

	Proprietary Fund Types		Fiduciary	Totals -	Component	Totals -
	Enterprise	Internal Service	Fund Type	Primary		Reporting
			Nonexpendable	Government		Entity
			Trust	(Memorandum Only)	Units	(Memorandum Only)
Retained Earnings/Fund Balances, Beginning of Year	208,394	(16,089)	439,115	631,420	523,779	1,155,199
Retained Earnings/Fund Balances, End of Year	\$ 177,088	\$ (3,385)	\$ 460,866	\$ 634,569	\$ 565,014	\$ 1,199,583

The notes to the financial statements are an integral part of this statement.

**Combined Statement of Cash Flows - All Proprietary Fund Types,
Nonexpendable Trust Funds and Discretely Presented Component Units *
For Fiscal Year Ended June 30, 2000**

(In Thousands)

	Proprietary Fund Types		Fiduciary	Totals -	Component
	Enterprise	Internal Service	Nonexpendable	Primary Government	
			Trust	(Memorandum Only)	
Cash Flows from Operating Activities:					
Cash Receipts from Customers	\$ 1,255,640	\$ 226,895	\$ 348	\$ 1,482,884	\$ 1,898
Cash Payments to Suppliers for Goods and Services	(525,146)	(148,597)	(195)	(673,938)	(4,623)
Cash Payments to Employees for Services	(204,352)	(39,724)	(234)	(244,310)	(10,242)
Cash Payments for Lottery Prizes	(282,769)	-	-	(282,769)	-
Cash Payments for Loans Originated	(139,369)	-	-	(139,369)	(271,873)
Cash Payments for Benefits	(149,170)	(18,434)	-	(167,603)	(1,871)
Interest Income	52,739	-	-	52,739	135,438
Fines and Forfeitures	-	-	19,252	19,252	-
Collection of Loans	71,493	-	-	71,493	148,520
Other Operating Revenues	56	467	47	570	15,588
Other Operating Expenses	(33,541)	(101)	-	(33,643)	(83,182)
Other Sources of Cash	5,274	9,245	-	14,519	-
Other Uses of Cash	(5)	-	-	(5)	(10,606)
Net Cash Provided (Used) by Operating Activities	50,849	29,752	19,218	99,819	(80,952)
Cash Flows from Noncapital Financing Activities:					
Operating Grants Receipts	3,021	382	3	3,406	54,059
Grants for Loans to Governments	33,740	-	-	33,740	-
Proceeds from Issuance of Long-term Debt	144,575	-	-	144,575	601,242
Retirement of Long-term Debt	(92,141)	-	-	(92,141)	(466,724)
Interest Payments	(74,921)	(2)	-	(74,923)	(146,841)
Interfund Loans Received	14	7,284	-	7,298	-
Interfund Loans Repaid	(14,626)	(4,073)	-	(18,700)	-
Interfund Advances	-	125	-	125	-
Operating Transfers In	114,841	8,590	1,059	124,490	-
Operating Transfers Out	(20,284)	(2,670)	(77)	(23,031)	-
Residual Equity Transfers In	21,000	-	-	21,000	-
Residual Equity Transfers Out	(4,000)	-	-	(4,000)	-
Other Cash Inflows from Noncapital Financing Activities	10	-	-	10	-
Other Cash Outflows from Noncapital Financing Activities	(233,546)	-	-	(233,546)	(4,584)
Net Cash Provided (Used) by Noncapital Financing Activities	(122,317)	9,636	985	(111,696)	37,152
Cash Flows from Capital and Related Financing Activities:					
Proceeds from Issuance of Long-term Debt	1,355	10,799	-	12,155	-
Repayment of Long-term Debt	(780)	(9,146)	-	(9,927)	-
Repayment of Short-term Notes	-	(33)	-	(33)	-
Interest Payments	(867)	(8,920)	-	(9,787)	-
Capital Lease Obligations	(153)	(5,798)	-	(5,951)	-
Proceeds from Sale of Fixed Assets	16	1,846	-	1,862	-
Payments for Purchase of Fixed Assets	(4,749)	(27,232)	-	(31,981)	(597)
Other Cash Inflows from Capital Financing Activities	1,804	-	-	1,804	-
Other Cash Outflows from Capital Financing Activities	(193)	-	-	(193)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,566)	(38,484)	-	(42,049)	(597)
Cash Flows from Investing Activities:					
Proceeds from Sale and Maturities of Investment Securities	234,160	-	15,848	250,008	629,080
Purchase of Investment Securities	(250,593)	-	(16,688)	(267,282)	(775,720)
Cash Payments for Loans Originated	(119,662)	-	(47,732)	(167,394)	-
Collection of Loans	52,705	-	-	52,705	-
Investment and Interest Receipts	164,118	3	935	165,055	49,082
Net Cash Provided (Used) by Investing Activities	80,728	3	(47,638)	33,093	(97,558)
Net Increase (Decrease) in Cash and Cash Equivalents	5,694	907	(27,435)	(20,834)	(141,955)
Cash and Cash Equivalents, Beginning of Year	941,450	23,306	244,359	1,209,115	369,963
Cash and Cash Equivalents, End of Year	\$ 947,144	\$ 24,213	\$ 216,924	\$ 1,188,280	\$ 228,008

* The Wisconsin Housing and Economic Development Authority and the Wisconsin Health Care Liability Insurance Plan prepare the statement of cash flows using the direct method of reporting cash flows, as presented on Page 27 and 28 of the CAFR. The University of Wisconsin Hospitals and Clinics Authority prepares this statement using the indirect method, as presented on Page 29.

(Continued)

**Combined Statement of Cash Flows - All Proprietary Fund Types,
Nonexpendable Trust Funds and Discretely Presented Component Units *
For Fiscal Year Ended June 30, 2000**

(Continued)

	Proprietary Fund Types		Fiduciary Fund Type	Totals - Primary Government	Component Units *
	Enterprise	Internal Service	Nonexpendable Trust	(Memorandum Only)	
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations:					
Operating Income (Loss)	\$ 57,935	\$ 6,158	\$ 20,766	\$ 84,859	\$ (63,491)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	9,229	21,294	-	30,523	1,552
Amortization	965	-	-	965	3,715
Provision for Uncollectible Accounts	33	-	-	33	-
Operating Income (Investment Income) Classified as Investing Activity	(104,333)	-	(1,463)	(105,797)	(10,963)
Operating Expense (Interest Expense) Classified as Noncapital Financing Activity	75,043	-	-	75,043	129,092
Miscellaneous Nonoperating Income (Expense)	8,277	9,363	-	17,640	(152)
Changes in Assets and Liabilities:					
Decrease (Increase) in Receivables	(56,306)	(73)	(16)	(56,395)	(121,498)
Decrease (Increase) in Due from Other Funds	11,573	(150)	28	11,451	-
Decrease (Increase) in Due from Component Units	-	29	-	29	-
Decrease (Increase) in Due from Other Governments	2,831	(91)	-	2,740	-
Decrease (Increase) in Inventories	767	(232)	-	535	-
Decrease (Increase) in Prepaid Items	(6,133)	(12,612)	(1)	(18,747)	-
Decrease (Increase) in Deferred Charges	(222)	-	-	(222)	-
Decrease (Increase) in Other Assets	(11)	-	-	(11)	12,173
Increase (Decrease) in Accounts Payable and Other Accrued Liabilities	(60,526)	7,404	(107)	(53,229)	(16,642)
Increase (Decrease) in Compensated Absences	436	241	-	677	37
Increase (Decrease) in Due to Other Funds	17,261	(2,271)	5	14,994	-
Increase (Decrease) in Due to Primary Government	-	-	-	-	50
Increase (Decrease) in Due to Other Governments	(13)	(108)	-	(122)	(790)
Increase (Decrease) in Tax and Other Deposits	810	-	7	817	-
Increase (Decrease) in Deferred Revenue	4,766	(6)	-	4,760	(289)
Increase (Decrease) in Interest Payable	255	-	-	255	-
Increase (Decrease) in Future Benefits and Loss Liabilities	88,213	806	-	89,019	(13,746)
Total Adjustments	(7,086)	23,593	(1,548)	14,959	(17,461)
Net Cash Provided by Operating Activities	\$ 50,849	\$ 29,752	\$ 19,218	\$ 99,819	\$ (80,952)
Noncash Investing, Capital and Financing Activities:					
Capital Leases (Initial Year):					
Fair Market Value	\$ 250	\$ 418	\$ -	\$ 668	\$ -
Current Year Cash Receipts (Payments)	(43)	(3)	-	(46)	-
Contributions/Transfer In (Out) of Noncash Assets and Liabilities from/to Other Funds					
Net change in unrealized gains and losses	741	3,055	-	3,796	-
Other	(17,104)	-	529	(16,575)	(608)
	(10)	(10)	-	(20)	-
Reconciliation of Fiduciary Fund Type Cash and Cash Equivalents to the Combined Balance Sheet:					
Nonexpendable Trust Fund			\$ 216,924		
Fiduciary Funds, Other Than Nonexpendable Trust			4,940,382		
Total Fiduciary Fund Type Cash and Cash Equivalents, End of Year			\$ 5,157,306		

* The Wisconsin Housing and Economic Development Authority and the Wisconsin Health Care Liability Insurance Plan prepare the statement of cash flows using the direct method of reporting cash flows, as presented on Page 27 and 28 of the CAFR. The University of Wisconsin Hospitals and Clinics Authority prepares this statement using the indirect method, as presented on Page 29.

(Continued)

**Combined Statement of Cash Flows - All Proprietary Fund Types,
Nonexpendable Trust Funds and Discretely Presented Component Units *
For Fiscal Year Ended June 30, 2000**

(Continued)

	Component Units *
Cash Flows from Operating Activities:	
Operating Income	\$ (2,485)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:	
Depreciation and Amortization	17,950
Provision for Bad Debt	9,902
Other Sources	754
Other Uses	(382)
Changes in Assets and Liabilities:	
Decrease (Increase) in Net Patient Receivables	(19,818)
Decrease (Increase) in Other Receivables	(3,326)
Decrease (Increase) in Due from Primary Government	(1,196)
Decrease (Increase) in Inventories	(1,685)
Decrease (Increase) in Prepaid Items	615
Decrease (Increase) in Other Assets	46
Increase (Decrease) in Accounts Payable and Other Accrued Expenses	(576)
Increase (Decrease) in Due to Other Governments	(2,454)
Increase (Decrease) in Due to Primary Government	2,329
Increase (Decrease) in Compensated Absences	345
Net Cash Provided (Used) by Operating Activities	<u>19</u>
Cash Flows from Noncapital Financing Activities:	
Operating Transfers to Primary Government	(2,400)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(2,400)</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from Issuance of Long-term Debt	56,500
Deferred Financing Costs	(2,130)
Payments for Purchase of Fixed Assets	(27,205)
Capital Leases Payable - Primary Government	(2,319)
Capital Leases Payable	(329)
Proceeds from Sale of Fixed Assets	22
Loss on Disposal of Fixed Assets	410
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>24,948</u>
Cash Flows from Investing Activities:	
Increase in Investments	(44,053)
Interest and Dividends Receipts	7,121
Decrease in Investment in Affiliate	1,000
Net Cash Provided (Used) by Investing Activities	<u>(35,932)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(13,365)
Cash and Cash Equivalents at Beginning of Year	30,047
Cash and Cash Equivalents at End of Year	<u>\$ 16,682</u>
Noncash Investing, Capital and Financing Activities:	
Net Change in Unrealized Gains and Losses	\$ 6,781

* The **University of Wisconsin Hospitals and Clinics Authority** prepares the statement of cash flows using the indirect method of reporting cash flows, as presented on this page. The **Wisconsin Housing and Economic Development Authority** and the **Wisconsin Health Care Liability Insurance Plan** prepare this statement using the direct method, as presented on Pages 27 and 28 of the CAFR.

The notes to the financial statements are an integral part of this statement.

State of Wisconsin

**Combined Statement of Changes in Net Assets - Pension Trust Fund and
Investment Trust Funds
For the Year Ended June 30, 2000**

(In Thousands)

	Wisconsin Retirement System	Investment Trust Funds	Totals (Memorandum Only)
Additions			
Contributions:			
Employer Contributions	\$ 377,878	\$ -	\$ 377,878
Employee Contributions	520,114	-	520,114
Total Contributions	897,993	-	897,993
Deposits	-	8,878,024	8,878,024
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments	5,716,617	-	5,716,617
Interest	1,227,411	-	1,227,411
Dividends	575,779	-	575,779
Real Estate Income	61,370	-	61,370
Securities Lending Income	196,973	-	196,973
Other	86,112	-	86,112
Investment Income of Investment Trust Funds	-	165,038	165,038
Less:			
Investment Expense	(91,585)	(566)	(92,151)
Securities Lending Rebates and Fees	(176,932)	-	(176,932)
Investment Income Distributed to Other Funds	(89,932)	-	(89,932)
Net Investment Income	7,505,812	164,472	7,670,284
Interest on Prior Service Receivable	145,471	-	145,471
Miscellaneous Income	145	-	145
Total Additions	8,549,421	9,042,496	17,591,917
Deductions			
Benefits and Refunds:			
Retirement, Disability, and Beneficiary Separations	1,989,859	-	1,989,859
	37,956	-	37,956
Total Benefits and Refunds	2,027,815	-	2,027,815
Distributions	-	9,360,472	9,360,472
Administrative Expense	12,616	156	12,773
Total Deductions	2,040,431	9,360,628	11,401,059
Net Increase (Decrease)	6,508,990	(318,132)	6,190,858
Net Assets - Beginning of Year	59,915,272	2,982,436	62,897,707
Net Assets - End of Year	\$ 66,424,262	\$ 2,664,304	\$ 69,088,566

The notes to the financial statements are an integral part of this statement.

State of Wisconsin

**Combined Statement of Current Funds Revenues, Expenditures, and Other Changes - University of Wisconsin System
For the Fiscal Year Ended June 30, 2000**

(In Thousands)

	Unrestricted	Restricted	Totals
Revenues:			
Tuition and Fees	\$ 668,405	\$ -	\$ 668,405
Federal Appropriations	17,117	-	17,117
Federal Grants and Contracts	82,130	307,178	389,308
State Grants and Contracts	13	15,519	15,532
Local Grants and Contracts	47	10,949	10,996
Private Gifts, Grants and Contracts	6,982	241,992	248,973
Endowment Income	1,116	10,634	11,750
Sales and Services of Educational Activities	182,148	-	182,148
Sales and Services of Auxiliary Enterprises	223,581	-	223,581
Sales and Services to Hospital Authority	-	33,163	33,163
Other Sources	142,779	4,792	147,571
Total Revenues	1,324,318	624,227	1,948,545
Expenditures and Mandatory Transfers:			
Educational and General:			
Instruction	709,688	57,798	767,486
Research	156,820	377,147	533,967
Public Service	157,852	52,191	210,044
Academic Support	261,899	9,751	271,649
Farm Operations	10,865	1	10,866
Student Services	210,309	13,641	223,950
Institutional Support	142,801	5,541	148,342
Operation and Maintenance of Plant	147,923	130	148,053
Financial Aid	128,857	85,668	214,526
Total Educational and General	1,927,015	601,867	2,528,882
Auxiliary Enterprises	192,284	240	192,525
Cost of Services Provided to UW Hospital Authority	-	32,554	32,554
Mandatory Transfers:			
Debt Service on Academic Facilities	93,257	-	93,257
Debt Service on Self-Amortizing Facilities	17,651	1,028	18,679
Debt Service on Hospital Facilities	-	3,984	3,984
Student Loan Matching	779	-	779
Total Mandatory Transfers	111,686	5,012	116,698
Total Expenditures and Mandatory Transfers	2,230,985	639,674	2,870,659
Other Transfers, Additions (Deductions):			
Operating Transfers In	953,947	16,089	970,036
Operating Transfers Out	(6,464)	(641)	(7,106)
Excess of Restricted Receipts Over Expenditures	-	59,315	59,315
Nonmandatory Transfers	1,948	(527)	1,421
Plant Additions	(19,431)	(48,296)	(67,726)
Other	(2,706)	(38)	(2,744)
Net Other Transfers, Additions (Deductions)	927,294	25,903	953,196
Prior Period Adjustments	228	(228)	-
Net Increase (Decrease) in Fund Balance	\$ 20,855	\$ 10,227	\$ 31,083

The notes to the financial statements are an integral part of this statement.

**Combined Statement of Changes in Fund Balances -
University of Wisconsin System
For the Fiscal Year Ended June 30, 2000**

(In Thousands)

	Current Funds		Loan Funds	Endowment and Similar Funds	Plant Funds
	Unrestricted	Restricted			
Revenues and Other Additions:					
Unrestricted Current Funds					
Revenues	\$ 1,324,318	\$ -	\$ -	\$ -	-
Grants and Contracts	-	449,894	-	-	-
Restricted Gifts Received	-	301,683	360	2,722	-
Investment Income - Restricted	-	363	480	-	247
Endowment Income - Restricted	-	8,150	279	-	-
Federal Reimbursement of Loan Cancellations	-	-	1,485	-	-
Delinquent Loan and Collection Penalty	-	-	897	-	-
U.S. Government Advances	-	-	93,111	-	-
Interest Accrued on Loans Outstanding	-	-	3,670	-	-
Net Increase in Fair Market Value of Investments	-	-	-	18,910	-
Proceeds from the Sale of Notes and Bonds	-	-	-	-	97,142
Retirement of Indebtedness	-	-	-	-	72,858
Additions to Land, Buildings and Improvements	-	-	-	-	96,139
Equipment and Library Acquisitions (Net of Disposals)	-	-	-	-	68,797
Gifts-in-Kind	-	-	-	-	4,213
Gain on the Sale of Fixed Assets	-	-	-	-	707
Other Additions	449	4,005	146	-	929
Total Revenues and Other Additions	1,324,768	764,095	100,429	21,631	341,032
Expenditures and Other Deductions:					
Current Funds Expenditures	2,119,299	634,662	-	-	-
Indirect Costs Recovered	-	80,547	-	-	-
Loan Cancellations and Write-offs	-	-	1,056	-	-
Loans Granted	-	-	91,980	-	-
Administrative Allowances-Perkins Loans	-	-	625	-	-
Administrative Expenses	-	-	1,073	-	-
Notes and Bonds Issued	-	-	-	-	97,142
Expended for Plant Facilities	-	-	-	-	127,636
Disposal of Plant Facilities	-	-	-	-	5,325
Retirement of Indebtedness	-	-	-	-	72,858
Interest on Indebtedness	-	-	-	-	45,792
Reduction of Capital Lease Receivable	-	-	-	-	7,930
Other Deductions	3,156	43	79	1,357	-
Total Expenditures and Other Deductions	2,122,455	715,252	94,813	1,357	356,682

(Continued)

**Combined Statement of Changes in Fund Balances -
University of Wisconsin System
For the Fiscal Year Ended June 30, 2000**

(Continued)

	Current Funds		Loan Funds	Endowment and Similar Funds	Plant Funds
	Unrestricted	Restricted			
Transfers Among Funds:					
Operating Transfers In	953,947	16,089	-	-	6,707
Operating Transfers Out	(6,464)	(641)	-	-	(5,915)
Mandatory Transfers:					
Debt Service on Academic Facilities	(93,257)	-	-	-	93,257
Debt Service on Self-Amortizing Facilities	(17,651)	(1,028)	-	-	18,679
Debt Service on Hospital Facilities	-	(3,984)	-	-	3,984
Student Loan Matching	(779)	-	779	-	-
Nonmandatory Transfers	1,948	(527)	115	(1,536)	-
Transfers to Plant Funds	(19,431)	(48,296)	-	303	67,424
Net Transfers Among Funds	818,314	(38,387)	893	(1,233)	184,135
Net Increase (Decrease) for the Year	20,627	10,455	6,510	19,042	168,485
Fund Balances, Beginning of Year Restated	199,479	43,409	174,145	296,985	2,916,507
Fund Balances, End of Year	\$ 220,106	\$ 53,865	\$ 180,655	\$ 316,026	\$ 3,084,993

The notes to the financial statements are an integral part of this statement.

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Notes To The Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying general purpose financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements of the University of Wisconsin System have been prepared in conformity with generally accepted accounting principles for colleges and universities as prescribed by the American Institute of Certified Public Accountants and the National Association of College and University Business Officers.

B. Financial Reporting Entity

For GAAP purposes, the State of Wisconsin includes all funds, account groups, elected offices, departments and agencies of the State, as well as boards, commissions, authorities and universities. The State has also considered all potential "component units" for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete.

The decision to include a potential component unit in the State's reporting entity is based on the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity*, which include the ability to appoint a voting majority of an organization's governing body and (1) the ability of the State to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State.

Based upon the application of the criteria contained in GASB Statement No. 14, the Wisconsin Public Broadcasting Foundation, Inc. is reported as a blended component unit; and the Wisconsin Housing and Economic Development Authority, the Wisconsin Health Care Liability Insurance Plan and the University of Wisconsin Hospitals and Clinics Authority are presented as discrete component units, as discussed below.

Complete financial statements of the individual component units that issue separate statements can be obtained from their respective administrative offices:

Wisconsin Public Broadcasting Foundation Inc.
Wisconsin Educational Communications Board
3319 West Beltline Highway
Madison, WI 53702

Wisconsin Housing and Economic Development Authority
201 West Washington Avenue, Suite 700
Madison, WI 53702

Wisconsin Health Care Liability Insurance Plan
Office of the Commissioner of Insurance
121 East Wilson Street, 1st Floor
Madison, WI 53702

University of Wisconsin Hospitals and Clinics Authority
205 WARF Building
610 Walnut Street
Madison, WI 53705

Blended Component Units

Blended component units are entities which are legally separate from the State, but are so intertwined with the State that they are, in substance, the same as the State. The blended component unit serves or benefits the primary government. They are reported as part of the State and blended into the appropriate funds.

Wisconsin Public Broadcasting Foundation, Inc. - The Wisconsin Public Broadcasting Foundation, Inc. (Foundation), created in 1983 by the Wisconsin Legislature, is a private, nonstock, nonprofit Wisconsin Corporation, wholly owned by the Wisconsin Educational Communications Board (ECB), a unit of the State. The Foundation solicits funds in the name of, and with the approval of, the ECB. The Foundation's funds are managed by a five member board of trustees consisting of the executive director of the ECB and four members of the ECB board. In addition to accountability for fiscal matters, the State has the ability to significantly influence operations of the Foundation through legislation. The Foundation is reported as a special revenue fund.

Discrete Component Units

These component units are entities which are legally separate from the State, but are financially accountable to the State, or whose relationship with the State is such that exclusion would cause the State's financial statements to be misleading or incomplete. The Component Units' column of the combined financial statements include financial data of these entities. One of the component units reports on a fiscal year ended December 31.

Wisconsin Housing and Economic Development Authority - The Wisconsin Housing and Economic Development Authority (Authority) was established by the Wisconsin Legislature in 1972 to help meet the housing needs of Wisconsin's low and moderate income citizens. The State has significantly expanded the scope of services of the Authority by adding programs which include financing for farmers and for economic development projects. While the Authority receives no State tax dollars for its bond-supported programs and the State is not liable on bonds the Authority issues, the State has the ability to significantly influence operations of the Authority through legislation. The State appoints the Authority's Board and has the ability to impose its will on the Authority.

Wisconsin Health Care Liability Insurance Plan - The Wisconsin Health Care Liability Insurance Plan (Plan) was established by rule of the Commissioner of Insurance of the State of Wisconsin to provide health care liability insurance and liability coverage normally incidental to health care liability insurance to eligible health care providers in the State. Eight out of 13 members of the Board of Directors are appointed by the Governor, and the State has the ability to impose its will upon the Plan. The Plan reports on a fiscal year ended December 31.

University of Wisconsin Hospitals and Clinics Authority - The University of Wisconsin Hospitals and Clinics Authority (Hospital) is a not-for-profit academic medical center. The Hospital operates an acute-care hospital with approximately 480 available beds, numerous specialty clinics, and seven ambulatory facilities providing comprehensive health care to patients, education programs, research and community service to residents of southern Wisconsin. Prior to June 1996, the Hospital was a unit of the University of Wisconsin-Madison. In June 1996, in accordance with legislation enacted by the State Legislature, the Hospital was restructured as a Public Authority, a public body corporate and politic created by State statutes. Eleven of the

thirteen members of the Hospital's Board of Directors are appointed by the State.

The legislation that created the Hospital Authority also provided, among other things, for the Board of Regents of the University of Wisconsin System to execute various agreements with the Hospital. These agreements include an Affiliation Agreement, a Lease Agreement, a Conveyance Agreement and a Contractual Services Agreement and Operating and Service Agreement.

The Affiliation Agreement requires the Hospital to continue to support the educational, research and clinical activities of the University of Wisconsin-Madison, which are administered by the Hospital. Under the terms of a Lease Agreement, the Hospital leases facilities, which were occupied by the Hospital as of June 29, 1996 (see Note 7A to the financial statements). Under a Conveyance Agreement, certain assets and liabilities related to the Hospital were identified and transferred to the Hospital effective July 1, 1996. Subject to the Contractual Services Agreement and Operating and Service Agreement between the Board of Regents and the Hospital, the two parties have entered into contracts for the continuation of services in support of programs and operations.

Related Organizations

These related organizations are excluded from the reporting entity because the State's accountability does not extend beyond appointing a voting majority of the organization's board members. Financial statements are available from the respective organizations.

Wisconsin Health and Educational Facilities Authority - a public body politic and corporate that provides financing for capital expenditures and refinancing of indebtedness for Wisconsin health care and educational institutions.

Bradley Center Sports and Entertainment Corporation - a public body politic and corporate that operates the Bradley Center.

World Dairy Center Authority - an authority created to establish a center for the development of dairying in the United States and the world; to analyze worldwide trends in the dairy industry and recommend actions to be taken by the State; promote dairy cattle, technology, products and services; and develop new markets for dairy and dairy-related products.

Wisconsin Advanced Telecommunications Foundation - organized as a nonstock corporation, administers an endowment fund to support advanced telecommunications technology application projects and efforts to educate telecommunications users about advanced services.

C. Fund Structure

The State uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly effect net expendable available financial resources.

The financial activities of the State are recorded in the fund types and account groups identified below.

Governmental Fund Types

General Fund - the primary operating fund of the State used to account for all financial transactions except those required to be accounted for in another fund.

Special Revenue Funds - used to account for the proceeds of specific revenue sources that are legally restricted for specified purposes.

Capital Projects Funds - used to account for the acquisition or construction of major State-owned capital facilities.

Debt Service Funds - used to account for the accumulation of resources for, and the payment of, principal, interest and related costs of general long-term obligations.

Proprietary Fund Types

Enterprise Funds - used to account for operations where the State's intent is that the cost of providing goods or services to the general public be financed or recovered primarily through user charges or where the periodic determination of net income is appropriate for capital maintenance, management control, public policy, accountability or other purposes.

Internal Service Funds - used to account for the operations of State agencies which render services or provide goods to other State units on a cost-reimbursement basis.

Fiduciary Fund Types

Trust and Agency Funds - used to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

These include (a) expendable trust funds, (b) nonexpendable trust funds, (c) pension trust funds, (d) investment trust funds and (e) agency funds.

Account Groups

General Fixed Assets Account Group - used to account for fixed assets of the State not accounted for in specific proprietary or trust funds.

General Long-term Debt Account Group - used to account for the unmatured general long-term liabilities of the State, except for debt accounted for directly in proprietary or trust funds.

University Funds

The University of Wisconsin System is comprised of 13 State-owned universities, 13 two-year colleges, the University of Wisconsin-Extension and the System Administration. The accounts of the University of Wisconsin System are maintained in accordance with the concept of fund accounting; resources are segregated for control purposes in discrete funds in accordance with specified activities or objectives. Separate accounts are maintained for each fund. Funds are classified into the five groups described below. Included in these funds are the accounts of the Wisconsin State Colleges Building Corporation. This corporation was established by the Wisconsin Legislature as a means for financing capital improvements at a time when the State Constitution prohibited the contracting on public debts. This corporation was empowered to borrow money to construct, equip and furnish buildings, structures, facilities and permanent improvements for the University of Wisconsin and the former State Universities. Upon debt retirement, the corporation deeds the property titles to the State.

Current Funds - are those resources which are available for current operating purposes. They are further designated as either "Unrestricted" or "Restricted." Unrestricted current funds consist of those funds over which the governing board retains full control for use in achieving its authorized institutional purposes. Restricted current funds are limited to specific purposes, programs or departments as specified in agreements with donors or agencies external to the University of Wisconsin System.

Loan Funds - consist of federal or institutional resources available for loans to students.

Endowment and Similar Funds - are funds with respect to which donors have stipulated as a condition of the gift, or management has determined, that the principal is to be maintained inviolate and invested for the purpose of producing income. Investment earnings on the principal amount are reported as endowment income in Current Funds and Loan Funds. Investment earnings and gifts which the governing board, rather than a donor, has

elected to retain and invest are transferred into the Endowment and Similar Funds group.

Plant Funds - are resources invested in and available for the acquisition of capital assets. Within the Plant Funds, separate fund balances are reported in three sub-groupings: accounts related to current capital projects; resources associated with the retirement of indebtedness; and the investment in plant, including land, buildings, equipment and library holdings.

Agency Funds - consist of deposits held by the University of Wisconsin System on behalf of student organizations, individual students or faculty members. University of Wisconsin System institutions act solely as an agent in handling these funds and transactions do not effect the operating statements.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases, i.e., revenues and other financing sources, and decreases, i.e., expenditures and other financing uses, in net available financial resources.

Proprietary funds, nonexpendable trust funds, pension trust funds, investment trust funds and discretely presented component units are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases, i.e., revenues, and decreases, i.e., expenses, in net total assets.

Governmental funds, expendable trust funds and agency funds are reported on the modified accrual basis of accounting. This basis of accounting recognizes revenues generally when they become measurable and available to pay current reporting period liabilities. Material revenue sources susceptible to accrual include individual and corporate income taxes, sales taxes, public utility taxes, motor fuel taxes and federal revenues. Individual and corporate income taxes, sales taxes and other taxes received in July and August that relate to the prior fiscal year are accrued for that fiscal year ended June 30.

Expenditures and related liabilities are recognized when obligations are incurred as a result of the receipt of goods and services. Modifications include:

- Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments of principal and interest to be made early in the following year.
- Employees' vested annual leave, compensatory time, personal holiday hours, Saturday/legal hours and sick leave are recorded as expenditures when utilized. Accumulated annual leave, compensatory time, personal holiday hours and Saturday/legal time and the long-term portion of accumulated sick leave unpaid at June 30, 2000 have been reported in the General Long-term Debt Account Group. (See Note 1-Q to the financial statements.)
- Inventories are reported as expenditures when purchased. (See Note 1-I to the financial statements.)

Proprietary, nonexpendable trust, pension trust, and investment trust funds are reported on the accrual basis of accounting. Under the accrual basis, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

In reporting the financial activity of its proprietary funds, except for the State Life Insurance Fund, the State applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure. The State Life Insurance Fund is reported as an insurance enterprise fund and, accordingly, applies the provisions of relevant pronouncements of FASB, including those issued after November 30, 1989.

The University of Wisconsin System's financial statements are reported on an accrual basis except that depreciation of the plant assets is not recorded. In addition, revenues and expenditures of an academic term that spans two fiscal years are reported totally within the fiscal year in which the program is predominantly conducted.

Component Units

The University of Wisconsin Hospitals and Clinics Authority (the Hospital) applies the provisions of the American Institute of Certified Public Accountants Audit and Accounting Guide, *Audits of Providers of Health Care Services*. In applying GAAP, the Hospital has elected to apply the provisions of relevant pronouncements of FASB issued after November 30, 1989.

E. Budgets

The State's biennial budget is prepared using a mixture of the cash and modified accrual bases of accounting and represents departmental appropriations based on agency requests reviewed by the Department of Administration, Division of Executive Budget and Finance, and recommended by the Governor. The Governor's budget is submitted to the State Legislature for approval. Following debate, amendment and approval by the Senate and Assembly, the budget bill is returned to the Governor for his signature or veto in entirety or in part.

The final budget is primarily a general purpose revenue and expenditure budget. General purpose revenues consist of general taxes and miscellaneous receipts which are paid into the General Fund, lose their identity, and are then available for appropriation by the Legislature. The remaining revenues consist of program revenues, which are credited by law to an appropriation to finance a specified program or State agency, and segregated revenues which are paid into separate identifiable funds.

While State departments and agencies are required to submit estimates of expected revenues for program revenue and segregated revenue categories, these estimates are not formally incorporated into the adopted budget except for revenues of the Lottery Fund. As a result, legally budgeted revenues for these categories are not available and, consequently, actual amounts are reported in the budget column in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis).

Expenditure budgeting differs for the various types of appropriations. For most appropriations, budgeted expenditures equal the amount from the adopted budget plus any subsequent legislative or administrative revisions. While State statutes prohibit spending beyond budgetary authority, a provision is made to include the value of accounts receivable, inventories and work in process in identifying available revenues. The State also utilizes nonbudget accounts for which no budget is established but expenditures may be incurred. As a result, actual expenditures may exceed budgeted amounts in certain categories.

Budgets are required by State law for the statutorily defined General Fund, and certain special revenue funds. The budgetary basis of accounting required by State law differs materially from the basis used to report revenues and expenditures in accordance with GAAP. In addition, the State's biennial budget is developed according to the statutory required fund structure which differs extensively from the fund structure used in the nonbudgetary financial statements. This difference is primarily caused by the elimination of the University of Wisconsin System, and various fiduciary, proprietary and other governmental fund category activity from the statutory General and special revenue

funds. Consequently, a reconciliation between budgetary basis and GAAP basis is provided in Note 2 to the financial statements.

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis) reports expenditures by function for the General Fund and all budgeted special revenue funds. (The Employee Trust Fund Administration Fund is extracted from a statutory unbudgeted fund type and is not considered a special revenue fund under budgetary reporting. The Wisconsin Public Broadcasting Foundation is a blended component unit that is not budgeted nor included under statutory reporting.) While budgetary control for the reported funds is maintained at the appropriation level as specified by the Legislature in Chapter 20 of the Wisconsin Statutes, this level of detail is impractical for inclusion in the Comprehensive Annual Financial Report. Accordingly, a supplementary report is available upon request which provides budgetary comparisons at the legal level of control.

The capital projects funds and debt service funds are not included in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis). A comprehensive budget is not approved for the capital projects funds. Debt service expenditures reported in the debt service funds are budgeted through appropriations in the General and special revenue funds. The Operating Transfers In of \$224.5 million reported in the Bond Security and Redemption Fund of the debt service funds primarily represent the appropriations from these other funds.

The legal level of budgetary control for Wisconsin is at the function, agency, program, appropriation-level. Expenditure control is monitored through the use of allotments. Allotments are required for all appropriations and are utilized to establish spending limits. The State Controller's Office reviews all expenditures to ensure compliance with these spending guidelines. Initial allotments are prepared by the Division of Executive Budget and Finance with input from State agencies. Supplemental appropriations require the approval of the Joint Finance Committee of the Legislature. Routine adjustments, such as pay plan supplements and rent increases, are distributed by the Division of Executive Budget and Finance from non-agency specific appropriations authorized by the Legislature. Various supplemental appropriations were approved during the year and have been incorporated into the budget figures.

Appropriation unexpended balances lapse at year end or forward to the subsequent fiscal year depending on the type of appropriation involved:

- *Continuing* - unexpended balances automatically forward to ensuing years until fully depleted or repealed by subsequent action of the Legislature.
- *Annual*:
 - *General Purpose Revenue* - unencumbered balances lapse at year end.
 - *Program Revenue* - unexpended cash balances may be forwarded to the next fiscal year.
- *Biennial* - unexpended balances or deficits automatically forward to the second year. At the end of the second year all unencumbered general purpose revenue balances lapse.
- *Sum sufficient* - moneys are appropriated and expended in the amounts necessary to accomplish the purpose specified.

Encumbrance accounting is utilized in the General, special revenue, capital projects, and trust funds and the University of Wisconsin System. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances may be carried over to the next fiscal year as a revision to the budgetary appropriation with Department of Administration approval. Under budgetary reporting, encumbrances are treated like expenditures and are shown as a reduction of fund balance. Under GAAP reporting, encumbrances outstanding at year end for purchase orders and contracts expected to be honored in the following year are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

F. Cash and Cash Equivalents

Cash balances of most funds are deposited with the State Treasurer where the available balances beyond immediate needs are pooled in the State Investment Fund for short-term investment purposes. Balances pooled are restricted to legally stipulated investments valued consistent with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Cash balances not controlled by the State Treasurer may be invested where permitted by statute.

Cash and cash equivalents, reported on the balance sheet and statement of cash flows, include bank accounts, petty cash, cash in transit, short-term investments with an original maturity of three months or less such as certificates of deposit, money market certificates and repurchase agreements and individual funds' shares in the State Investment Fund.

G. Investments

Primary Government

The State may invest in direct obligations of the United States and Canada, securities guaranteed by the United States, certificates of deposit issued by banks in the United States and solvent financial institutions in the State, commercial paper and nonsecured corporate notes and bonds, bankers acceptances, participation agreements, privately placed bonds and mortgages, common and preferred stock and other securities approved by applicable sections of the Wisconsin Statutes, bond resolutions, and various trust indentures (see Note 3 to the financial statements).

Generally, investments of the primary government are reported at fair value consistent with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Typically, fair value information is determined using quoted market prices. However, when quoted market prices are not available for certain securities, fair values are estimated through techniques such as discounted future cash flows, matrix pricing and the Black-Scholes model.

There are a certain number of securities carried at cost. Certain non-public or closely held stock are carried at cost since no independent quotation is available to price these securities. Further, certain investment agreements are reported on a cost basis because the State cannot readily determine whether these agreements meet the definition of interest-earning investment contracts as defined by GASB Statement No. 31. However, the impact on the financial statements is immaterial.

Under Wisconsin Statutes, the investment earnings of certain Nonexpendable Trust Funds are assigned to other funds. The following table shows the funds earning the investment income and the ultimate recipients of that income:

Fund Generating Investment Income	Fund Receiving Investment Income
Agricultural College	University of Wisconsin System
Common School	Common School Income
Normal School	General
University	University of Wisconsin System
Benevolent	General

Component Units

Investments of the Wisconsin Housing and Economic Development Authority (the Authority) are reported at fair value based on quoted market prices. Collateralized and uncollateralized investment agreements are not transferable and

are considered nonparticipating contracts. As such, both types of investment agreements are reported at contract value.

Investments of the University of Wisconsin Hospitals and Clinics Authority (the Hospital) in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value.

Certain investments of the Wisconsin Health Care Liability Insurance Plan are reported on a cost basis; however, the impact on the financial statements is not material.

H. Interfund Assets/Liabilities

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The balance sheet classifies these receivables and payables as "Due from Other Funds" or "Due to Other Funds." Short-term interfund loans are classified as "Interfund Loans Receivable" or "Interfund Loans Payable." Long-term interfund loans are classified as "Advances to Other Funds" and "Advances from Other Funds."

Transactions that occur between the primary government and component units are classified as "Due to/from Primary Government" and, correspondingly, "Due to/from Component Units".

I. Inventories and Prepaid Items

Inventories of governmental and proprietary funds are valued at cost, which approximates market, using the first-in/first-out or weighted-average method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

Inventories of the University of Wisconsin System held by central stores are valued at average cost, fuels are valued at market, and other inventories held by individual institutional cost centers are valued using a variety of cost flow assumptions that, for each type of inventory, are consistently applied from year to year.

In addition to inventories reported in the accompanying financial statements, the State had food commodities inventories valued at \$2.1 million at June 30, 2000.

Prepaid items reflect payments for costs applicable to future accounting periods.

The fund balances of governmental fund types and expendable trust funds are reserved for inventories and prepaid items, except in cases where prepaid items are offset by deferred revenues, to indicate that these accounts do not represent expendable available financial resources.

J. Fixed Assets

General fixed assets are recorded as expenditures in the governmental funds and capitalized in the General Fixed Assets Account Group and are valued at cost or estimated historical cost if historical cost is not practicably determinable. Donated fixed assets are recorded at their fair value at the time received. Of the \$1,822.4 million total fixed assets at June 30, 2000, 62 percent were valued using historical cost and 38 percent were valued using estimated historical cost. Public domain (infrastructure) fixed assets such as highways, bridges and rights of way are not capitalized. In addition, interest is not capitalized on constructed general fixed assets. General fixed assets are not depreciated.

Proprietary and similar trust fund fixed assets are valued at cost or estimated historical cost if cost is not practicably determinable. Donated fixed assets are valued at their fair value at the time received. In accordance with Financial Accounting Standards Board (FASB) Statement No. 62, the State has adopted the policy of capitalizing net interest costs on funds borrowed to finance the construction of fixed assets, where appropriate.

Straight-line depreciation is taken on fund fixed assets with the following estimated useful lives:

Buildings and improvements	7 - 45 years
Equipment, machinery and furnishings	2 - 25 years

Fixed assets of the University of Wisconsin System are reported at cost at date of acquisition. Donated fixed assets are reported at fair value at the time received. Fixed assets of the University of Wisconsin System are not depreciated.

Property, plant and equipment of the University of Wisconsin Hospitals and Clinics Authority (a discretely presented component unit) are stated at cost. Donated assets are recorded at fair market value at the date of donation. Straight-line depreciation is taken over the estimated useful lives of the assets.

K. Mortgage and Other Loans

Mortgage loans of the Wisconsin Housing and Economic Development Authority, a component unit, are carried at their unpaid principal balance, less allowance for possible loan losses. Loan origination fees and associated costs are deferred and recognized as income or expenses over the life of the loan using the effective interest method.

Mortgage loans of the Veterans Mortgage Loan Repayment Bonds and the Veterans Trust Fund programs, enterprise funds, are stated at the outstanding loan balance with origination fees and associated costs deferred and recognized over a fifteen year period using the straight-line method.

L. Support Collection Trust Fund Receivables

The Support Collection Trust Fund, an agency fund, accounts for the receipt and disbursement of all court-ordered support, including child support, spousal support and family maintenance. Due to the uncertainty in determining the amount that will ultimately be collected on behalf of others, the accounts receivable reported for this fund do not include amounts for support in arrears.

M. Deferred Charges

The most significant deferred charges are debt issuance costs. Significant deferred charges for the State include:

Debt issuance costs of the Wisconsin Housing and Economic Development Authority, a component unit, are amortized ratably over the life of the obligations to which they relate.

Issuance costs relating to revenue obligations of the Environmental Improvement Fund, an enterprise fund, were capitalized and are being amortized using the effective interest rate method.

Issuance costs relating to general obligation bonds of the Veterans Mortgage Loan Repayment Fund, an enterprise fund, are amortized ratably over the life of the obligations to which they relate. Results from the use of this method do not vary materially from those that would be obtained by use of the effective interest rate method.

The University of Wisconsin System's debt issuance costs are amortized ratably over the life of the obligations to which they relate. Results from the use of this method do not vary materially from those that would be obtained by use of the effective interest method.

N. Deferred Revenue

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred revenues arise when resources are received by the State before it has a legal claim to them, as when grant moneys are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the State has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized. Revenues are also deferred in governmental funds and expendable trust funds for amounts that are not yet available to pay current reporting period liabilities.

The majority of the \$628.0 million deferred revenues presented in the accompanying financial statements consists of \$462.4 million reported within the General Fund. This amount includes \$257.1 million relating to tax revenues received in advance of the year in which earned.

Deferred revenues of the University of Wisconsin System consist of payments received but not earned at June 30, 2000, primarily for summer session tuition, tuition and room deposits for the next fall term, and advance ticket sales for upcoming intercollegiate athletic events.

O. Fund Equity Reserves

Reservations of fund balance represent amounts that are not appropriable for expenditures or that are legally segregated for a specific purpose. Reservations of retained earnings reflect legal restrictions on the use of assets. Details related to the make-up of reserved fund balances and retained earnings are reported in Note 13.

P. Local Assistance Aids

Municipal and County Shared Revenue Program

Through the Municipal and County Shared Revenue Program, the State distributes general revenues collected from general State tax sources to municipal and county governments to be used for providing local government services. State statutes require that payment to local governments be made during July and November.

At June 30, 2000, the State was liable to various local governments for unpaid shared revenue aid. To measure the amount of the program allocable to the State's fiscal year, the amount is prorated over portions of recipient local governments' calendar fiscal years which are within the State's fiscal year. The result is that a liability of \$509.6 million representing one-half of the total appropriated amount is reported at June 30, 2000 as Due To Other Governments.

State Property Tax Credit Program

At June 30, 2000, the State was liable to various taxing jurisdictions for property tax credits paid through the State Property Tax Credit Program. Under the program, payments to local taxing jurisdictions provide property tax relief directly to taxpayers in the form of State credits on individual property tax bills. State statutes require that payment to local taxing jurisdictions be made during July. Although the property tax credit is calculated on the property tax levy for school purposes, the State's July payment is paid to an administering municipality who treats the payment the same as other tax collections and distributes the collections to the various tax levying jurisdictions (e.g., cities; towns; villages; school districts; technical colleges).

The school portion of the property tax credit liability represents the amount of the July payment earned over the school districts' previous fiscal year ended June 30. Since the entire school districts' portion of the July payment occurs within the State's fiscal year, 100 percent of the July payment relating to the school taxing jurisdictions' levy is reported as a liability at June 30, 2000.

The general government portion of the property tax credit liability represents the amount of the July payment prorated over the portion of the local governments' calendar year which is within the State's fiscal year. The result is that 50 percent of the July payment based on the general government taxing jurisdictions' levy is reported as a liability at June 30, 2000.

The aggregated State Property Tax Credit Program liability of \$356.9 million is reported in the General Fund as Due to Other Governments.

Lottery Property Tax Credit Program

The Lottery Property Tax Credit provides direct property tax relief to taxpayers in the form of State Credits on property tax bills. Under the program, owners of property used as a primary residence receive a tax credit equal to the school property tax on a portion of the dwelling's value.

The State pays municipal treasurers for lottery credits who distribute the moneys to the various taxing jurisdictions. For credits reducing the calendar year 2000 property tax bills, the State made this payment in March 2000.

The Lottery Tax Credit Program is accounted for in the Lottery Fund, an enterprise fund, that records revenues and expenses on the accrual basis. A portion of the State's March payment distributed to the general government taxing jurisdictions applies to their fiscal year which ends on December 31. Therefore, part of the March distribution represents an expense of the State in Fiscal Year 2000, while the remaining portion represents a prepaid item. The resulting Prepaid Item reported within the Lottery Fund totals \$51.4 million at June 30, 2000.

Q. Compensated Absences

Consistent with the compensated absences reporting standards of GASB Statement No. 16, *Accounting for Compensated Absences*, an accrual for certain salary-related payments associated with annual leave and an accrual for sick leave is included in the compensated absences liability at year end.

Annual Leave

Full-time employees' annual leave days are credited on January 1 of each calendar year at a minimum of 10 days per year. There is no requirement to use annual leave. However, unused leave is lost unless approval to carry over the unused portion is obtained from the employing agency. Compensatory time accumulates for eligible employees for hours worked in excess of forty hours per week. Each full-time employee is eligible for three and one-half personal holidays each calendar year, provided the employee is in pay status for at least one day in the year. If a holiday occurs on a Saturday, employees receive leave time proportional to their working status to use at their discretion.

The State's compensated absence liability at June 30 consists of accumulated unpaid annual leave, compensatory time, personal holiday hours, and Saturday/legal hours earned and vested during January through June. The liability is reported in the General Long-term Debt Account Group for all governmental fund types and similar trust funds. These unpaid amounts will be paid from expendable resources provided for in the budget of future years. In the proprietary fund types and similar trust funds, component units, and the University of Wisconsin System, the obligation is reported as a fund liability.

Sick Leave

Full-time employees earn sick leave at a rate of five hours per pay period. Unused sick leave is accumulated from year to year without limit until termination or retirement. Accumulated sick leave is not paid. However, at employee retirement the accumulated sick leave may be converted to pay for the retiree's health insurance premiums. The State accumulates resources to pay for the expected health insurance premiums of retired employees. That portion of the total health insurance obligation for which the State has already accumulated resources is presented in the Accumulated Sick Leave Fund, an expendable trust fund, while the remaining portion is reported in the General Long-term Debt Account Group.

R. Restricted and Limited Use Assets

Proprietary Fund and component unit assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions, and donor specifications have been reported as Restricted and Limited Use Assets. These assets are classified into two categories: Cash and Cash Equivalents, and Investments.

S. Self-Insurance

Consistent with the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the State's risk management activities are reported in an internal service fund, and the claims liabilities associated with that fund are reported therein.

The State's policy is generally not to purchase commercial insurance for the risk of losses to which it is exposed. Instead, State management believes it is more economical to manage its own risks internally. The Risk Management Fund, an internal service fund, is used to pay for losses incurred by any State agency and for administrative costs incurred to manage a state-wide risk management program. These losses include damage to property owned by the agencies, personal injury or property damage liabilities incurred by a State officer, agent or employee, and worker's compensation costs for State employees. A limited amount of insurance is purchased to limit the exposure to catastrophic losses. Annually, a charge is allocated to each agency for its proportionate share of the estimated cost attributable to the program per Wis. Stat. Sec. 16.865(8).

T. Forestation State Tax

The State levies an annual tax of two-tenths of one mill for each dollar of the assessed valuation of the property in the State, as described in Wis. Stat. Sec. 70.58. This tax is levied for the purpose of acquiring, preserving and developing the forests of the state; for forest crop law and county forest law administration and aid payments; and for the acquisition, purchase and development of forests. The proceeds of the tax are paid to the Conservation Fund.

This tax, the only property tax levied by the State, is levied to each county on or before the fourth Monday in August of each year on assessed valuation as of January 1 of that year. The tax is due and payable January 31 or on the due dates established through an installment option permitted under Wis. Stat. Sec. 74.12.

Consistent with the requirements of GASB Interpretation No. 5, *Property Tax Revenue Recognition in Governmental Funds*, collections received July 1 through August 31 that were due but unpaid at June 30 are accrued.

U. Total Columns - Memorandum Only

Total columns on the Combined Financial Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2. BUDGETARY-GAAP REPORTING RECONCILIATION

The accompanying Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - General and Special Revenue Funds presents comparisons of the legally adopted budget (more fully described in Note 1-E to the financial statements) with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of basis, timing, perspective and entity differences in the fund balance as of June 30, 2000 is presented below (in thousands):

	General	Special Revenue
Fund balance June 30, 2000 (budgetary basis – budgetary fund structure) as reported on budget to actual combined statement	\$ 610,987	\$ (331,425)
Reclassifications:		
To eliminate outstanding encumbrances from expenditures	735,929	875,168
To include non-budgeted funds		7,251
To reclassify activities reported in another GAAP fund type	(270,746)	41,456
Fund balance June 30, 2000 (GAAP fund structure – budgetary basis, excluding encumbrances outstanding at year end)	1,076,170	592,449
Adjustments:		
To adjust expenditures for the municipal and county shared revenue program	(509,612)	
To adjust expenditures for State property tax credit program	(356,901)	
To accrue receivables and establish payables for individual income taxes (net)	(387,345)	
To defer revenues for gross receipts public utility taxes	(226,764)	
To adjust revenues and expenditures for tax-related items and other tax credit/aid programs (net)	(214,694)	(4,433)
To adjust expenditures/revenues for petroleum inspection liabilities		(99,317)
To accrue unpaid Medicaid claims (net of receivable from federal government)	(119,453)	
To adjust expenditures/revenues for certain major Health and Family Services and Workforce Development accruals and deferrals (net)	(22,728)	
To accrue State educational aids payments deferred until the subsequent year	(75,000)	
To adjust revenues and expenditures for other items (net)	5,977	4,884
Fund balance June 30, 2000 (GAAP basis)	\$ (830,349)	\$ 493,583

NOTE 3. DEPOSITS AND INVESTMENTS

The State maintains a short-term investment "pool", the State Investment Fund, for the State, its agencies and departments, and certain other public institutions which elect to participate. The investment "pool" is managed by the State of Wisconsin Investment Board (the Board) which is further authorized to carry out investment activities for certain enterprise, trust and agency funds. A small number of State agencies and the University of Wisconsin System also carry out investment activities separate from the Board. Disclosures of the State's investment activities are presented in the following categories: State Investment Fund, Other Funds Managed by the Board, Other State Agencies and Funds, the University of Wisconsin System, and Component Units.

A. Deposits**Primary Government**

Deposits include cash and cash equivalents on deposit in banks or other financial institutions, and nonnegotiable certificates of deposit. The majority of the State's deposits are under the control of the State Treasurer. The State Treasurer maintains multiple accounts with an agreement with the bank that allows an overdraft in one account if the overdraft is offset by balances in other accounts.

The State's insured deposits are covered by the Federal Deposit Insurance Corporation (FDIC) and an appropriation for losses on public deposits. The State, as required by Wis. Stat. Sec. 34.08, is to make payments to public depositors for proofs of loss up to \$400 thousand per depositor above the amount of federal insurance. Payments are made, until the funds available in the appropriation are exhausted, in the order in which satisfactory proofs of loss are received by the State's Department of Financial Institutions.

At June 30, 2000, the carrying amount of the primary government deposits was \$414.0 million and the bank balance was \$235.9 million. Of the bank amount, excluding a bank overdraft of \$37.9 million in two bank accounts that are covered by compensating balances in other accounts,

- \$14.2 million was covered by federal depository insurance, the State Public Deposit Guarantee Fund or collateralized with securities held by the State or its agent in the State's name, and
- \$259.6 million was uncollateralized and uninsured.

The State's unemployment compensation program had \$1,803.1 million on deposit with the U.S. Treasury. This amount is presented as Cash and Cash Equivalents and is not included in the carrying amount of deposits nor is it categorized according to

risk because it is neither a deposit with a financial institution nor an investment.

Petty cash and contingent accounts authorized under Wis. Stat. Sec 20.920, which are held by agencies and reported as "Cash and Cash Equivalents in the amount of \$303 thousand, are not included in the carrying amount nor bank balance of deposits in this note because these are neither deposits nor investments.

Component Units

At June 30, 2000, the carrying amount of the component units' deposits was \$26.8 million and the bank balance was \$27.3 million. Of the bank amount, \$1.5 million was covered by federal depository insurance, the State Public Deposit Guarantee Fund or collateralized with securities held by the State or its agent in the State's name and \$25.8 million was uncollateralized and uninsured.

B. Investments**Primary Government****State Investment Fund**

This fund functions as the State's cash management fund by "pooling" the idle cash balances of all State funds and other public institutions. In the State's Comprehensive Annual Financial Report, the State Investment Fund is not reported as a separate fund; rather, each State fund's share in the "pool" is reported on the balance sheet as "Cash and Cash Equivalents." Shares of the fund belonging to other participating public institutions are presented in the Local Government Pooled Investment Fund, an investment trust fund.

Wis. Stat. Secs. 25.17(3)(b), (ba) and (bd) enumerate the various types of securities in which the State Investment Fund can invest, which include direct obligations of the United States and Canada, securities guaranteed by the United States, securities of federally chartered corporations such as the African Development Bank, unsecured notes of financial and industrial issuers, Yankee/Euro dollar issues, certificates of deposit issued by banks in the United States and solvent financial institutions in this State, and bankers acceptances. Other prudent investments may be approved by the State of Wisconsin Investment Board's Board of Trustees. The Board of Trustees has given standing authority to the Board to invest in resale agreements, financial futures contracts, options and interest rate swaps.

Valuation of Securities

Investments are valued at fair value for financial statement purposes and amortized cost for purposes of calculating income to participants. The custodial bank has compiled fair value information for all securities by utilizing third party pricing services. Government and agency securities and commercial paper are priced using matrix pricing. This method estimates a security's fair value by using quoted market prices for securities with similar interest rates, maturities, and credit ratings. Repurchase agreements and certificates of deposit are valued at cost because they are nonparticipating contracts that do not capture interest rate changes in their value. Swaps are valued at the net present value of estimated expected future cash flows using discount rates commensurate with the risk involved. In addition, two bonds issued by other state agencies having a combined par value of \$4.6 million are valued at par, which management believes approximates fair value. The fair value of investments is determined at the end of each month.

Pool Earnings and Pool Shares

For purposes of calculating earnings to each participant, all investments are valued at amortized cost. Specifically, income is distributed to pool participants monthly based on their average daily share balance. Distributed income includes realized investment gains and losses calculated on an amortized cost basis, interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, and investment and administrative expenses. This method differs from the fair value method used to value investments because the amortized cost method is not designed to distribute to participants all unrealized gains and losses in the fair values of the pool's investments.

Derivative Financial Instruments

As of June 30, 2000, the only derivative financial instruments held by the State Investment Fund were restructured interest rate swaps. Each swap transaction involves the exchange of interest rate payment obligations without the exchange of underlying principal amounts. The notional amounts used to express the volume of these transactions do not represent the amounts subject to risk, but represent the amount on which both parties calculate interest rate obligations. The settlement of the interest rate exchange occurs at predetermined dates, with the net difference between the interest paid and interest received reflected as an increase in income. Entering into interest rate swap agreements subjects the investor to the possibility of financial loss in the event of adverse changes in market rates or nonperformance by the counterparty to the swap agreement. Selecting creditworthy counterparties mitigates credit risks arising from derivative transactions.

Restructured Investments - During fiscal year 1995, the State of Wisconsin Investment Board became aware of the existence of market exposure in certain swap agreements and structured bonds which could impair the earnings of the fund.

The State of Wisconsin Investment Board entered into agreements with two counterparties which resulted in the counterparties' assumption of all future market risk associated with ten swap agreements and two structured bonds. At the time of the agreement the counterparties assigned a market value to these investments of negative \$95.3 million. Within this restructuring, one swap agreement requires periodic payments over a period of ten years, while the other agreement requires periodic payment of the loss over a period of five years. Interest costs associated with the periodic payment of the loss over time is estimated to be \$24.8 million. Future period earnings will be charged as payments are made.

As of June 30, 2000, the fair value of the restructured investments was negative \$16.3 million while the amortized deferred loss was negative \$20.5 million.

The State of Wisconsin Investment Board has suspended the use of nonrisk reducing derivatives in the fund and investment guidelines prohibiting the use of such instruments were adopted by the Board on November 2, 1995.

Deposits

The State Investment Fund holds certificates of deposit at various Wisconsin banks as part of the Wisconsin Certificate of Deposit Program implemented in July 1987. As of June 30, 2000, the fair value of these certificates of deposit was \$398.0 million.

Approximately \$317.4 million are Category 1 risk level deposits which are insured by the FDIC, the Wisconsin State Deposit Guarantee Fund and Financial Securities Assurance Corporation insurance. The remaining \$80.6 million are considered Category 3 uncollateralized deposits.

Investments

The following table presents investments held by the State Investment Fund categorized in accordance with GASB Statement No. 3 requirements to indicate the level of risk assumed by the fund at year-end:

- Category 1 are those investments which are insured or registered, or securities which are held by the State Investment Fund in this fund's name or its agent in the name of this Fund.
- Category 2 are those investments which are uninsured and unregistered, with the securities held by the counterparty's trust department or agent in the State Investment Fund's name.
- Category 3 are those investments which are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or agent, but not in the State Investment Fund's name.

At June 30, 2000, the State Investment Fund's investments are as follows (in millions):

	Category			Fair Value
	1	2	3	
U.S. government and agency holdings	\$ 3,890.3	--	--	\$ 3,890.3
Repurchase agreements	806.0	--	--	806.0
Commercial paper	40.9	--	--	40.9
Asset backed securities	21.3	--	--	21.3
Mortgage backed securities	3.3	--	--	3.3
	<u>\$ 4,761.8</u>	<u>--</u>	<u>--</u>	<u>4,761.8</u>
Swaps				(21.2)
				<u>\$ 4,740.6</u>

Copies of the separately issued financial report that includes financial statements and other supplementary information for the State Investment Fund may be obtained by writing to:

State of Wisconsin Investment Board
 PO Box 7842
 Madison, WI 53707-7842

Other Funds Managed by the Board

Other investments under exclusive control of the Board which are not held in the cash management pool include those held by certain proprietary, trust and agency funds. A discussion of these investment activities follows:

Pension Trust Fund – This trust is a pooled fund consisting of retirement contributions made by and on behalf of participants in the Wisconsin Retirement System (WRS) (see Note 16 to the financial statements). At June 30, 2000, the Pension Trust Fund held \$64,325.8 million of investments consisting of bonds, stocks, limited partnerships, real estate, mortgages and other investments valued at fair value in accordance with Wis. Stat. Sec. 25.17(14).

In addition, \$3,727.3 million of securities lending transactions were held at June 30, 2000. These transactions are categorized consistent with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*.

Local Government Property Insurance, State Life Insurance, and Patients Compensation Funds - At June 30, 2000, investments were \$11.9 million for the Local Government Property Insurance Fund, \$61.3 million for the State Life Insurance Fund, and \$516.4 million for the Patients Compensation Fund, consisting of bonds, stocks and private placements.

Historical Society Nonexpendable Trust Fund - At June 30, 2000, investments of \$12.7 million consisted of bonds and stocks.

Tuition Trust Fund – At June 30, 2000, investments of \$5.9 million consisted of bonds and principal only strips.

The following table presents investments of these funds at June 30, 2000, categorized in accordance with the requirements of GASB Statement No. 3.

At June 30, 2000, the investments of the Other Funds Managed by the Board consisted of (in millions):

	Category			Fair Value
	1	2	3	
Bonds	\$ 8,813.1	\$ --	\$ --	\$ 8,813.1
Stocks	19,117.4	7.2	--	19,124.6
Repurchase Agreements	856.2	--	--	856.2
Bankers Acceptances	1,213.2	--	--	1,213.2
	<u>\$ 29,999.9</u>	<u>\$ 7.2</u>	<u>\$ --</u>	30,007.1
Private Placements				3,299.9
Limited Partnerships				2,943.7
Pooled Equity Funds				21,747.9
Pooled Bond Funds				5,949.0
Mortgages				396.2
Real Estate				456.7
Investments Held by Broker Dealers Under Securities Loans:				
Bonds				2,445.4
Equities				1,182.7
Securities Lending Cash Collateral Pooled Investments				232.7
				<u>\$ 68,661.3</u>

Securities Lending Transactions – State statutes and State of Wisconsin Investment Board (SWIB) policies permit the use of investments to enter into securities lending transactions. These transactions involve the lending of securities to broker-dealers and other entities for collateral, in the form of cash or securities, with the simultaneous agreement to return the collateral for the same securities in the future. The securities custodian is an agent in lending the domestic and international securities for collateral of 102 percent and 105 percent, respectively, of the

loaned securities' market value. The cash collateral is reinvested by the lending agent in accordance with contractual investment guidelines which are designed to insure the safety of principal and obtain a moderate rate of return. The investment guidelines include very high credit quality standards and also allow for a portion of the collateral investments to be invested with short-term securities. The earnings generated from the collateral investments, less the amount of rebates paid to the dealers,

results in the gross earnings from lending activities, which is then split on a percentage basis with the lending agent.

Securities on loan at June 30, 2000 are presented in the preceding schedule of custodial risk.

At year end, no credit risk exposure to borrowers existed because the amounts owed the borrowers exceeded the amounts the borrowers owed. The contract with the lending agent requires them to indemnify if the borrowers fail to return the loaned securities (and the collateral is inadequate to replace the securities lent).

The majority of securities loans can be terminated on demand, although the average term of the loans is approximately one week. The term to maturity of the securities loans is matched with the term to maturity of the investments of the cash collateral by investing in a variety of short term investments with a weighted average maturity of 35 days.

The ability to pledge or sell collateral securities cannot be made without a borrower default. In addition, no restrictions on the amount of the loans exist or can be made.

Derivative Financial Instruments

As of June 30, 2000, the State of Wisconsin Investment Board (SWIB) utilized various derivative financial instruments, including forward contracts, collateralized mortgage obligations and principal only strips in the pension trust fund. All financial derivative instruments are reported at fair value, regardless of whether the instruments are held for trading or nontrading purposes. The instruments are marked to market monthly, with valuation changes recognized in income.

Foreign Currency Forwards and Options - The State of Wisconsin Investment Board's derivative trading activities primarily involve foreign currency forward contracts and options. Generally, foreign currency forwards and options are held to hedge foreign exchange risk. Market risk is generally controlled by holding substantially offsetting purchase and sell positions. At June 30, 2000 the fair value of foreign currency forward contracts assets totaled \$1.8 billion, while the liabilities totaled \$1.8 billion.

Forward commitments represent obligations to purchase or sell foreign currencies, with the seller agreeing to make delivery at a specified future date and a specified price. Options on foreign currencies provide the holder the right, but not the obligation, to purchase or sell foreign currencies on a certain date at a specified price. The seller (writer) of an option contract is subject to market risk, while the purchaser is subject to credit risk and market risk to the extent of the premium paid.

Other Options - Other options also are held for trading purposes. These option contracts give the purchaser of the contract the right to buy (call) or sell (put) the equity security or index underlying the contract at an agreed upon price (strike price) during or at the conclusion of a specified period of time. The seller (writer) of the contract is subject to market risk, while the purchaser is subject to credit risk and market risk to the extent of the premium paid.

Futures Contracts - One of the outside investment managers uses futures contracts to manage exposure to the stock market. Upon entering into a futures contract, the outside manager is required to deposit with the broker, in SWIB's name, an amount of U.S. government obligations in accordance with the initial margin requirements of the broker. Futures contracts are marked to market daily with gains and losses being recognized. The variation margin is settled daily until the contracts expire or are closed. Futures contracts involve, to varying degrees, risk of loss in excess of the variation. Losses may arise from the changes in the value of the underlying instrument, illiquidity in the secondary market for the contracts, or if the counterparties do not perform under the terms of the contract. Futures contracts are valued each day at the settlement price established by the board of trade or exchange on which they are traded.

Collateralized Mortgage Obligations (CMO's) - Bonds that are collateralized by whole loan mortgages, mortgage pass-through securities or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with each CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates while others are significantly more sensitive to interest rate fluctuations. In a declining interest rate environment, some CMO's may be subject to a reduction in interest payments as a result of prepayments of mortgages which make up the collateral pool. A reduction in interest payments causes a decline in cash flows and thus a decline in the fair value of the security. Rising interest rates may cause an increase in interest payments, thus an increase in fair value of the security. CMO's are held to maximize yields and in part to hedge against a rise in interest rates.

Principal Only Strips - Securities that derive cash flow from the payment of principal on underlying debt securities. SWIB holds several principal only strips for yield enhancing purposes. The underlying securities are United States Treasury obligations, therefore the credit risk is low. On the other hand, principal only strips are more volatile in terms of pricing, and thus the market risk is higher than traditional United States Treasury obligations.

Unfunded Capital Commitments

Partnership agreements generally set a limit on the total dollar amount that limited partners must commit to funding when entering the partnership. Over the life of the partnership, the general partner will request capital contributions totaling the agreed upon limit. As of June 30, 2000, unfunded capital commitments totaled \$1.3 billion.

Other State Agencies and Funds

The following funds also make investments following pertinent State statutes and policy provisions as set out by the appropriate governing boards or bond resolutions:

Lottery Fund - Investments are all in the form of U.S. Treasury zero coupon bonds. At June 30, 2000, investments of \$228.8 million which meet Category 1 risk criteria were held.

Transportation Revenue Bond Funds - At June 30, 2000, the Transportation Revenue Bond Capital Projects Fund and the Transportation Revenue Bond Debt Service Fund had investments totaling \$61.2 million which meet Category 1 risk criteria. All investments are reported as cash equivalents.

Environmental Improvement Fund - The fund's aggregate investments at June 30, 2000, were \$153.9 million, of which \$35.7 million are reported as cash equivalents consisting of a repurchase agreement which is a Category 2 level of risk. Investments of \$118.2 million consist of government and agency holdings and satisfy Category 1 risk criteria.

The Wisconsin Public Broadcasting Foundation Fund - The fund's investments at June 30, 2000, were \$6.1 million, which consists of \$4.4 million of various investments and \$1.7 million of money market funds which are reported as cash equivalents. All investments meet Category 1 risk criteria.

The Petroleum Inspection Fund – The fund's investments at June 30, 2000, were \$.8 million consisting of government and agency holdings. These investments satisfy Criteria 1 risk category.

Inmate and Resident Fund – At June 30, 2000, investments totaling \$1.0 million of which \$.8 million meet risk Category No. 1 and \$.2 million meet risk Category No. 3.

At June 30, 2000, the State has approximately \$252.1 million of securities which it holds for banks and insurance companies. These assets are held for the period of time specified by statute and then returned to their owner. The assets are presented in the *Bank and Insurance Company Deposits Fund* as "Other Assets". All investments meet risk Category 1.

Unclaimed property, usually in the form of stocks, bank accounts, insurance proceeds, utility deposits and uncashed checks, are transferred periodically to the *Unclaimed Property Program Fund*. The \$10.0 million securities, presented as "Other Assets" on the financial statements, include \$8.3 million of various investments which meet risk Category 1 and \$1.7 million of mutual funds which meet Category 1.

The State's Section 457 *Deferred Compensation Plan Fund* investments, totaling \$1,233.2 million at June 30, 2000, are in the form of equity, bond and money market mutual funds, insured savings accounts and investment contracts with insurance companies.

The following table presents investments of the Other State Agencies and Funds at June 30, 2000, categorized in accordance with the requirements of GASB Statement No. 3.

At June 30, 2000, the Other State Agencies and Funds' investments consisted of (in millions):

	Category			Reported Amount	Fair Value
	1	2	3		
Government and agency holdings	\$ 544.1	\$ --	\$.2	\$ 544.3	\$ 542.1
Municipal bonds	53.7	--	--	53.7	53.7
Commercial paper and nonsecured corporate notes and bonds	11.4	--	--	11.4	11.4
Repurchase agreements	--	35.7	--	35.7	35.7
Negotiable certificates of deposit	4.2	--	--	4.2	4.2
	<u>\$ 613.4</u>	<u>\$ 35.7</u>	<u>\$.2</u>	649.3	647.1
Mutual Funds				1.7	1.7
Money market funds				62.8	62.8
Deferred compensation investments				1,233.2	1,233.2
				<u>\$ 1,947.0</u>	<u>\$ 1,944.8</u>

University of Wisconsin System

The University of Wisconsin System had investments as of June 30, 2000 with a reported fair value of \$321.5 million, primarily assets of Endowment and Similar Funds (\$310.7 million) with most of the remainder the property of Current Restricted Funds. Investments, which are Category 1 Risk level, except for \$37.2 million invested in unit trusts that is uncategorized, were comprised of the following:

	Book	Fair
Common and preferred stock	57.4%	63.4%
Bonds, notes and debentures	42.6	36.6
Total investments	<u>100.0%</u>	<u>100.0%</u>

Component Units

Wisconsin Housing and Economic Development Authority (Authority) - The Authority is required by statute to invest at least 50 percent of its General Fund funds in obligations of the State, of the United States, or of agencies or instrumentalities of the United States, or obligations the principal and interest of which are guaranteed by the United States, or agencies or instrumentalities of the United States. Each bond resolution specifies what constitutes a permitted investment and such investments may include obligations of the U.S. Treasury, agencies and instrumentalities; commercial paper; bankers acceptances; and repurchase agreements and investment agreements.

The Authority's aggregate investments at June 30, 2000, were \$696.8 million of which \$209.3 million are reported as cash equivalents consisting of repurchase agreements, commercial paper, money market funds, and short-term investment agreements. The Authority's investments except for uncollateralized investment agreements of \$145.1 million are a Category 1 level of risk. The Authority's investments in uncollateralized investment agreements are a Category 3 level of risk.

The Authority enters into collateralized investment contracts with various financial institutions. The investment contracts are generally collateralized by obligations of the United States government.

The Authority is also authorized to invest its funds in the State Investment Fund. The Authority has established a Master Repurchase Agreement with its banking institutions to govern the purchase of repurchase agreements. This agreement requires the institution to take possession of collateral having a market value of at least 103 percent of the cost of the repurchase

agreement. The underlying collateral must be maintained at this level at all times.

Wisconsin Health Care Liability Insurance Plan - The investments of the Wisconsin Health Care Liability Insurance Plan at December 31, 1999 were \$140.7 million, of which \$8.6 million are reported as cash equivalents. All investments meet the Category 2 risk level.

University of Wisconsin Hospitals and Clinics Authority - The University of Wisconsin Hospitals and Clinics Authority (the Hospital) aggregate investments of \$181.6 million consist of \$137.5 million of restricted and limited use investments and \$44.1 million of unrestricted investments. All investments, excluding guaranteed investment contracts, money market funds and international equities are Category 2 level of risk.

Restricted and limited investments consisting of stocks, bonds, international equities and guaranteed investment contracts are limited or restricted by one of the following: a trustee under a bond indenture agreement, the Board for capital replacement and debt retirement, or donors. Unrestricted investments consist of stocks, bonds, international equities and other securities.

The guaranteed investment contracts, which are held with a financial institution in accordance with provisions of a bond indenture, matures in December, 2000 and guarantees a rate of return of 1.88 percent above the interest expense on the Hospital's Series 1997 Bonds. The guaranteed investment contract is recorded at original cost plus accrued earnings which approximates fair value.

The following table presents investments of component units at December 31, 1999 or June 30, 2000, categorized in accordance with the requirements of GASB Statement No. 3.

At December 31, 1999 or June 30, 2000, the component units' investments consisted of (in millions):

	Category			Reported Amount	Fair Value
	1	2	3		
Bonds	\$ 97.4	\$ 204.3	\$ --	\$ 301.7	\$ 284.2
Negotiable certificates of deposit	20.2	--	--	20.2	20.2
Commercial Paper	8.9	--	--	8.9	8.9
Uncollateralized investment agreements	--	--	145.1	145.1	145.1
Mortgage-backed securities	2.0	51.5	--	53.5	53.5
Collateralized investment contracts	222.8	--	--	222.8	222.8
	<u>\$ 351.3</u>	<u>\$ 255.8</u>	<u>\$ 145.1</u>	752.2	734.7
Money market funds				209.0	209.0
Guaranteed investment contracts				50.0	50.0
International equities				7.9	7.9
				<u>\$ 1,019.1</u>	<u>\$ 1,001.6</u>

The following schedule summarizes investments presented in the above note discussions (in millions):

Other Funds Managed by the Board	\$ 68,661.3
Other State Agencies and Funds	1,947.0
University of Wisconsin System	321.5
Component Units	1,019.1
Total Investments	<u>\$ 71,948.9</u>

C. Lottery Investments and Related Future Prize Obligations

Investments of the State Lottery Fund totaling \$228.8 million are held to finance grand prizes payable over a 20-year or 25-year period. The investments in prize annuities are debt obligations of the U.S. government and backed by its full faith and credit as to both principal and interest. Liabilities related to the future prize obligations are presented at their present value and included as Accounts Payable and Other Accrued Liabilities. The following is a schedule of future prize obligations (in thousands):

Fiscal Year	Amount
2001	\$ 24,903
2002	25,054
2003	25,212
2004	25,375
2005	25,543
Thereafter	243,054
Total future value	369,141
Less: Present value adjustment	(141,821)
Present value of payments	<u>\$ 227,320</u>

NOTE 4. FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year (in thousands).

	Balance July 1, 1999	Additions	Retirements	Completed Construction	Transfers to/from Other Funds	Balance June 30, 2000
Land	\$ 378,866	\$ 46,695	\$ (2,334)	\$ 3,753	\$ --	\$ 426,979
Buildings and improvements	728,072	8,283	(942)	58,189	--	793,602
Machinery and equipment	364,510	48,884	(23,525)	3,212	--	393,081
Construction in progress	156,604	117,323	--	(65,154)	--	208,774
Total general fixed assets	\$ 1,628,052	\$ 221,185	\$ (26,801)	\$ --	\$ --	\$ 1,822,436

Construction in progress reported in the General Fixed Asset Account Group at June 30, 2000 included the following projects (in thousands):

	Allotments	Expended to June 30, 2000	Encumbrances Outstanding	Unencumbered Allotment Balance
Waupun Housing/Freezer/Locks	\$ 20,487	\$ 19,942	\$ 544	\$ --
Milwaukee Probation/Parole Prison	69,150	27,189	34,787	7,174
New Lisbon Correctional Institution	48,250	2,022	37,677	8,551
Taycheedah Correctional Institution additions	17,285	1,538	12,945	2,802
Red Granite Medium Security Correction Institution	52,900	42,580	10,320	--
Secure Treatment Facility	39,740	23,458	13,411	2,872
Other projects with allotments totaling less than \$10 million		92,045		
Total construction in progress		\$ 208,774		

The following is a summary of proprietary and fiduciary fund-type, University of Wisconsin System, and component unit fixed assets at June 30, 2000 (in thousands):

	Enterprise	Internal Service	Nonexpendable Trust	University of Wisconsin System	Component Units
Land	\$ 10,453	\$ 8,450	\$ 635	\$ 92,157	\$ 6,032
Buildings and improvements	216,706	208,336	--	2,314,825	191,141
Machinery and equipment	24,168	119,661	--	1,518,194	137,057
Less: Accumulated depreciation	(127,287)	(144,450)	--		(177,136)
Construction in progress	2,269	31,886	--		6,809
Total	\$ 126,309	\$ 223,883	\$ 635	\$ 3,925,176	\$ 163,903

NOTE 5. CHANGES IN LONG-TERM OBLIGATIONS REPORTED IN THE GENERAL LONG-TERM DEBT ACCOUNT GROUP

During the year ended June 30, 2000, the following changes occurred in liabilities reported in the General Long-term Debt Account Group (in thousands):

	Balance July 1, 1999	Additions	Reductions	Balance June 30, 2000
Capital Leases	\$ 10,494	\$ 9,996	\$ 5,890	\$ 14,600
Installment Contracts Payable	1,066	1,022	1,028	1,060
Compensated Absences	429,911	27,337	--	457,248
Employer Pension Costs	650,243	50,365	25,412	675,196
General Obligation Bonds Payable	1,743,029	169,740	144,312	1,768,457
Revenue Bonds Payable	769,150	168,500	33,705	903,945
Long-Term Notes Payable	--	117,705	--	117,705
Claims, Judgments and Commitments	2,316	--	195	2,121
	<u>\$ 3,606,209</u>	<u>\$ 544,665</u>	<u>\$ 210,542</u>	<u>\$ 3,940,331</u>

* Due to the inclusion of accretion amounts on original issue discounts of the State's zero coupon bonds and underwriter discounts on new general obligation bond issues sold during Fiscal Year 2000, the amount presented for "Additions" to general obligation bonds payable differs from the amount presented for "Proceeds from Sale of Bonds" on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances, which is reported net of the discussed items.

NOTE 6. BONDS, NOTES AND OTHER FINANCING AGREEMENTS PAYABLE

The following schedule summarizes outstanding long-term bonds and notes payable at June 30, 2000 (in thousands):

Primary Government:

General Long-term Debt Account Group:	
General Obligation Bonds	\$ 1,768,457
Petroleum Inspection Revenue Bonds	168,500
Transportation Revenue Bonds	735,445
Long-term Notes	<u>117,705</u>
Total General Long-term Debt Account Group	<u>2,790,107</u>
Debt Service Funds:	
Bond Security and Redemption General Obligation	585
Petroleum Inspection Revenue Bonds	1,750
Transportation Revenue Bonds	<u>33,705</u>
Total Debt Service Funds	<u>36,040</u>
Enterprise Funds:	
State Fair Park General Obligation Bonds	14,817
Veterans Mortgage Loan Repayment General Obligation Bonds	757,244
Veterans Trust General Obligation Bonds	1,079
Wisconsin Education Revenue Bonds	1,140
Environmental Improvement Fund Revenue Bonds	<u>543,618</u>
Total Enterprise Funds	<u>1,317,898</u>
Internal Service Funds:	
Facilities Operations and Maintenance	
General Obligation Bonds	107,343
Badger State Industries General Obligation Bonds	<u>716</u>
Total Internal Service Funds	<u>108,059</u>
University of Wisconsin System:	
General Obligation Bonds	769,954
Other Bonds	<u>125</u>
Total University of Wisconsin System	<u>770,079</u>
Component Units:	
Wisconsin Housing and Economic Development Authority Bonds and Notes	
	2,189,250
University of Wisconsin Hospitals And Clinics Authority	
	<u>106,500</u>
	<u>2,295,750</u>
Total at June 30, 2000	<u><u>\$ 7,317,934</u></u>

A. General Obligation Bonds

Primary Government

The State of Wisconsin Building Commission, an agency of the State, is empowered by law to consider, act upon, authorize, issue and sell all debt obligations of the State. To date, the Commission has authorized and issued general obligation bonds primarily to provide funds for the acquisition or improvement of land, water, property, highways, buildings, equipment or facilities for public purposes. Occasionally, general obligation bonds are also issued for the purpose of providing funds for veterans housing loans and to refund general obligation bonds. All general obligation bonds authorized and issued by the State are secured by a pledge of the full faith, credit and taxing power of the State of Wisconsin and are customarily repaid over a period of twenty to thirty years.

Article VIII of the Wisconsin Constitution and Wis. Stat. Sec. 18.05 set limits on the amount of debt that the State can contract in total and in any calendar year. In total, debt outstanding cannot exceed five percent of the value of all taxable property in the State. Annual debt issued cannot exceed the lesser of three-quarters of one percent or five percent of the value of all taxable property in the State less net indebtedness at January 1.

The outstanding principal and interest for general obligation debt to be financed from governmental funds and similar trust funds are accounted for in the General Long-term Debt Account Group (GLTDAG). Repayment of the bonds is made from the Bond Security and Redemption Fund and the corresponding amount removed from the GLTDAG when paid. The bonds payable amount presented in the Bond Security and Redemption Fund represents the liability to be paid from resources accumulated to provide debt service payments in Fiscal Year 2001. Repayment of principal and interest and the related outstanding liability on general obligation bonds made from fees and revenues of proprietary funds and similar trust funds are recorded in those funds.

At June 30, 2000, \$2,405.9 million of general obligation bonds were authorized but unissued.

General obligation bonds issued and outstanding as of June 30, 2000 were as follows (in thousands):

Fiscal Year Issued	Series	Dates	Interest Rates	Maturity Through	Amount Issued	Amount Outstanding
1977	1976 Series C and 1977 Series B	11/76; 5/77	5.0	5/02	\$ 168,000	\$ 3,000
1979	1978 Series C	11/78	5.1	11/03	77,300	2,940
1990	1990 Series B and D	3/90; 5/90	6.8 to 7.6	1/20	85,859	32,971
1991	1990 Series F; 1991 Series A, B and Series I	10/90 4/91; 5/91; 6/91	5.25 to 7.6	1/21	272,136	152,428
1992	1992 Series A and B, and Refunding Issue	3/92 6/92; 3/92	5.8 to 6.6	1/22	697,975	411,555
1993	1992 C and 2	10/92; 11/92				
	1993 1, 2 and A	1/93; 3/93; 5/93	4.2 to 7.75	5/15	721,175	388,955
1994	1993 Refunding Issues 3, 4, 5, 6; 1994 Refunding Issues 1 and 2; and 1994 Series A and B	7/93; 12/93; 12/93; 10/93; 3/94; 1/94; 6/94	4.0 to 7.0	5/24	929,825	548,465
1995	1994 Series 3 and C; 1995 Series A, B, and 1	9/94; 9/94 1/95; 2/95; 2/95	5.1 to 7.0	5/25	331,715	145,025
1996	1995 Series 2 and C; 1996 Series 1, A and B; and Note 995B	10/95; 9/95; 2/96; 1/96; 5/96 and 7/95	4.35 to 7.3	11/26	448,537	351,627
1997	1996 C and D; 1997 1 and A	9/96; 10/96; 3/97; 3/97	4.75 to 6.25	5/28	190,230	121,585
1998	1997 B, C and D; 1998 A, B and C	7/97; 9/97; 9/97; 3/98; 5/98; 5/98	4.25 to 7.25	11/28	411,765	382,505
1999	1998 Series 1, 2, D, E and F; 1999 Series 1, A and B	8/98; 9/98; 9/98; 10/98 10/98; 2/99; 5/99; 5/99	4.0 to 7.25	11/30	590,675	565,815
2000	1999 C and D; 2000 A	10/99; 11/99; 3/00	5.0 to 7.7	11/30	315,000	315,000
Total					5,240,192	3,421,871
Proprietary Fund (Discounts)/Premiums						(1,675)
Total General Obligation Bonds and Notes, net of discounts					\$ 5,240,192	\$ 3,420,196

As of June 30, 2000, general obligation debt service requirements for principal and interest in future years are as follows (in thousands):

Fiscal Year Ended June 30	Principal	Interest	Total
2001	\$ 248,852	\$ 184,847	\$ 433,699
2002	245,019	171,316	416,335
2003	240,833	158,508	399,341
2004	225,258	146,199	371,457
2005	220,386	134,029	354,415
Thereafter	2,278,911	976,635	3,255,546
Total	3,459,259	1,771,534	5,230,793
Proprietary Fund (Discounts)/Premiums	(1,675)		(1,675)
Unamortized zero coupon	(37,388)		(37,388)
Total, net of discounts	\$3,420,196	\$ 1,771,534	\$5,191,730

Zero Coupon Bonds

The general obligation bonds of 1990, Series D (Higher Education Series), are zero coupon bonds recorded in the amount of \$31.0 million which is the accreted value at June 30, 2000. The bonds mature on May 1 through the year 2010.

The general obligation bonds of 1991, Series B, are zero coupon bonds recorded in the amount of \$56.0 million. The bonds mature on May 1 through the year 2011.

B. Revenue Bonds

Primary Government

Chapter 18, Wisconsin Statutes, authorizes the State to issue revenue obligations secured by a pledge of revenues or property derived from the operation of a program funded by the issuance of these obligations. The resulting bond obligations are not general obligations of the State.

Transportation Revenue Bonds

Transportation Revenue Bonds are issued to finance part of the costs of certain transportation facilities and major highway projects. Chapter 18, Subchapter II of the Wisconsin Statutes as amended, Wis. Stat. Sec. 84.59 and a general bond resolution and series resolutions authorize the issuance of these bonds.

The Department of Transportation is authorized to issue a total of \$1,447.1 million Series A revenue bonds. Presently, there are nine issues of Transportation Revenue Bonds totaling \$769.2 million. Debt service payments are secured by driver and vehicle registration fees and also a reserve fund, which will be used in the event that a deficiency exists in the redemption fund.

The Transportation Revenue Bonds issued and outstanding as of June 30, 2000 were as follows (in thousands):

Issue	Issue Date	Interest Rates	Maturity Through	Issued	Outstanding
1998A&B	8&10/98	4.0 to 5.5	7/19	\$ 240,590	\$ 239,220
1996A	5/96	5.0 to 6.0	7/10	67,330	56,325
1995A	9/95	4.45 to 6.25	7/15	97,930	84,380
1994A	7/94	4.9 to 7.5	7/14	62,615	46,285
1993A	9/93	4.1 to 5.0	7/12	116,450	95,160
1992A&B	7/92	5.0 to 5.8	7/22	265,625	238,590
1991A	10/91	6.0 to 6.1	7/01	37,050	9,190
Total				\$ 887,590	\$ 769,150

As of June 30, 2000, debt service requirements for principal and interest for the Transportation Revenue Bonds are as follows (in thousands):

Fiscal Year Ended June 30	Principal	Interest	Total
2001	\$ 33,705	\$ 39,488	\$ 73,193
2002	36,560	37,739	74,299
2003	38,115	35,840	73,955
2004	40,020	33,787	73,807
2005	46,150	31,458	77,608
Thereafter	574,600	220,099	794,699
Total	\$ 769,150	\$ 398,411	\$ 1,167,561

Petroleum Environmental Cleanup Fund Award Revenue Bonds

Petroleum Environmental Cleanup Fund Award (PECFA) Bonds are issued to finance claims made under the PECFA Program for reimbursement of cleanup costs to soil and groundwater contamination. The program reimburses owners for 75 percent to 99 percent of cleanup costs associated with soil and groundwater contamination.

Presently, there is one issue of PECFA Bonds outstanding totaling \$170.3 million. Debt service payments are secured by petroleum inspection fees.

As of June 30, 2000, debt service requirements for principal and interest for the PECFA Revenue Bonds are as follows (in thousands):

Fiscal Year Ended June 30	Principal	Interest	Total
2001	\$ 1,750	\$ 8,002	\$ 9,752
2002	--	9,600	9,600
2003	11,440	9,286	20,726
2004	12,070	8,639	20,709
2005	12,735	7,925	20,660
Thereafter	132,255	32,283	164,538
Total	<u>\$ 170,250</u>	<u>\$ 75,735</u>	<u>\$ 245,985</u>

Wisconsin Education Revenue Bonds

The Wisconsin Higher Educational Aids Board (HEAB) was created in 1967 to replace the State Commissioner for Higher Educational Aids and to administer the State's Student Loan Program. Through its administration of the Student Loan Program, HEAB provides funds to finance Health Education Assistance Loans.

Health Education Assistance Loan Program

At June 30, 2000, there was one issue of Health Education Assistance Loan program bonds outstanding totaling \$1.1 million. These bonds are secured by student loan repayments and interest income.

The Health Education Assistance Loan program bonds issued and outstanding as of June 30, 2000 were as follows (in thousands):

Issue	Issue Date	Maturity Through	Issued	Outstanding
1994	12/94	12/04	\$ 19,100	\$ 1,240
Less: Unamortized discount				(100)
Total			<u>\$ 19,100</u>	<u>\$ 1,140</u>

The provisions of the 1994 Series A bond issue requires interest and principal payments are to be made to the bond holder on the first working day of the month until maturity in December 2004. The interest portion of each monthly payment is based on the effective Federal funds rate plus 0.25% for each day in the month. The principal amount paid each month varies depending on the amount of student loans receivable that is collected and working cash flow for each month. Therefore, bond amortization varies through final maturity in the year 2004.

Environmental Improvement Fund

The Environmental Improvement Fund (the Fund) provides loans and grants to local municipalities to finance wastewater treatment planning and construction. The Fund is authorized to issue up to \$1,298.0 million in Revenue Bonds. At June 30, 2000, there were eight issues of Revenue Bonds outstanding totaling \$543.6 million. These bonds are secured by payments on program loans and earnings of investments.

Bonds issued and outstanding for the Fund as of June 30, 2000 were as follows (in thousands):

Issue	Issue Date	Interest Rates	Maturity Through	Issued	Outstanding
1999-1	9/99	5.0 to 5.75	6/20	\$80,000	\$80,000
1998-2	8/99	4.0 to 5.5	6/17	104,360	102,560
1998-1	1/98	4.0 to 5.0	6/18	90,000	84,015
1997-1	2/97	4.5 to 6.0	6/17	80,000	51,105
1995-1	7/95	4.0 to 6.25	6/15	80,000	34,080
1993-2	9/93	2.75 to 6.13	6/08	81,950	77,395
1993-1	9/93	3.6 to 5.3	6/13	84,345	36,955
1991-1	4/91	5.4 to 6.9	6/11	225,000	79,515
				<u>825,655</u>	<u>545,625</u>
Unamortized Premium					9,490
Less: Unamortized discount and charge					(11,497)
Total, net of discount, charge and premium				<u>\$ 825,655</u>	<u>\$ 543,618</u>

As of June 30, 2000, debt service requirements for principal and interest for the Fund were as follows (in thousands):

Fiscal Year Ended June 30	Principal	Interest	Total
2001	\$ 27,245	\$ 29,651	\$ 56,896
2002	28,665	28,195	56,860
2003	30,270	26,617	56,887
2004	31,875	25,113	56,988
2005	33,415	23,557	56,972
Thereafter	394,155	131,696	525,851
Total	<u>545,625</u>	<u>264,829</u>	<u>810,454</u>
Unamortized Premium		9,490	9,490
Less: Unamortized discount and charge		(11,497)	(11,497)
Total, net		<u>\$ 543,618</u>	<u>\$ 808,447</u>

Component Units

Wisconsin Housing and Economic Development Authority

Bonds and notes payable at June 30, 2000 of the Wisconsin Housing and Economic Development Authority (Authority) consisted of the following (in thousands):

Revenue bonds and notes	\$ 1,854,742
Special obligation and subordinated Special obligation	<u>337,486</u>
Total	2,192,228
Less: Deferred amount on refunding	<u>(2,978)</u>
Total, net	<u>\$ 2,189,250</u>

Authority's Revenue Bonds and Notes

The Authority's revenue bonds and notes are collateralized by the revenues and assets of the Authority, subject to the provisions of resolutions and note agreements which pledge particular revenues or assets to specific bonds or notes. The bonds are subject to mandatory sinking fund requirements and may be redeemed at the Authority's option at various dates and at prices ranging from 100 percent to 103 percent of par value. Any particular series contains both term bonds and serial bonds which mature at various dates.

The Authority's revenue bonds and notes outstanding at June 30, 2000 consisted of the following (in thousands):

Series/ Issue	Date	Rates	Maturity Through	Outstanding
Housing Revenue Bonds:				
1992 A	1/92	6.0 to 6.85	2012	\$ 55,915
1992 B, C, D	4/92	6.5 to 7.2	2022	68,095
1993 A & B	10/93	4.6 to 5.65	2023	62,225
1993 C	12/93	4.8 to 5.875	2019	120,980
1995 A & B	7/95	4.85 to 6.5	2026	45,965
1998 A, B & C	2/98	4.4 to 6.88	2032	38,760
1999 A & B	10/99	4.0 to 6.18	2031	<u>41,400</u>
				<u>433,340</u>

(Continued)

Series/ Issue	Date	Rates	Maturity Through	Outstanding
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Home Ownership Revenue Bonds:

1987 B&C	8/87	7.375 to 7.85	2015	2,505
1991 A&B	12/90	6.95 to 7.15	2001	665
1991 1,2&3	7/91	6.7 to 7.125	2022	28,285
1992 A&B	3/92	6.1 to 7.1	2023	44,555
1992 1,2	6/92	6.15 to 6.875	2024	53,790
1994 A&B	4/94	5.0 to 6.75	2025	45,080
1995 A&B	1/95	6.0 to 7.1	2025	62,935
1995 C,D&E	5/95	5.1 to 6.3	2026	69,410
1995 F,G&H	9/95	4.9 to 7.875	2026	42,535
1996 A&B	3/96	4.8 to 6.15	2027	63,135
1996 C&D	7/96	5.0 to 6.45	2027	61,945
1996 E&F	11/96	4.55 to 6.2	2027	49,850
1997 A, B & C	4/97	4.6 to 7.31	2028	64,950
1997 D & E	6/97	4.5 to 6.0	2028	82,020
1997 F	7/97	Variable	2007	2,670
1997 G, H&I	11/97	4.35 to 7.39	2028	69,505
1998 A, B&C	4/98	4.8 to 6.3	2028	115,860
1998 D & E	6/98	4.15 to 6.04	2028	111,045
1999 A & B	8/99	5.3 to 5.8	2021	63,220
1999 C, D&E	4/99	3.4 to 7.29	2029	89,065
1999 F & G	7/99	4.3 to 5.75	2030	53,985
1999 H	7/99	Variable	2022	25,935
1999 I	8/99	3.55 to 4.15	2001	75,000
2000 A, B &C	3/00	4.5 to 8.57	2030	70,000

1,347,945

Business Development Bonds:

1989 3 & 28	Various	4.3 to 7.75	2014	2,530
1990 4, 6	Various	7.2 to 7.50	2010	2,040
1991 4, 6	Various	6.1 to 6.5	2006	3,165
1994 1, 4	Various	Variable	2004	3,355
1995 1-2, 4-9	Various	Variable	2015	<u>15,045</u>

26,135

Notes Payable Various Variable 2000

47,322

Authority's Total Revenue Bonds and Notes

\$1,854,742

Authority's Special Obligation Bonds

The Authority's Special Obligation Bonds are special limited obligations of the Authority and are collateralized by the revenues and assets of each bond resolution.

Special obligation bonds at June 30, 2000 consist of the following (in thousands):

Series/ Issue	Date	Rates	Maturity Through	Outstanding
Home Ownership Revenue Bonds:				
1993 A	6/92	5.2 to 6.5	2025	77,545
1994 C&D	8/94	5.3 to 6.65	2025	31,290
1994 E&F	12/94	6.15 to 7.55	2026	2,965
1998 F&G	10/98	3.7 to 6.7	2029	92,725
				<u>204,525</u>
Single Family Drawdown Revenue Bonds:				
1998	8/98	Variable	2001	51,565
1999	7/99	Variable	2002	81,396
				<u>132,961</u>
Total Special Obligation Bonds				<u>\$ 337,486</u>

As of June 30, 2000, debt service requirements for principal and interest of the Authority's revenue bonds and special obligation bonds were as follows (in thousands):

Fiscal Year Ended June 30	Principal	Interest	Total
2001	\$ 167,432	\$ 123,697	\$ 291,129
2002	99,160	116,968	216,128
2003	131,471	110,389	241,860
2004	54,495	106,722	161,217
2005	57,770	103,671	161,441
Thereafter	1,681,900	1,271,518	2,953,418
Total	2,192,228	1,832,965	4,025,193
Less: Deferred Refunding Amount	(2,978)		(2,978)
Total	<u>\$ 2,189,250</u>	<u>\$ 1,832,965</u>	<u>\$ 4,022,215</u>

Under a Business Development Program and a Beginning Farmer Program, revenue bonds are issued which do not constitute indebtedness of the Authority within the meaning of any provision or limitation of the Constitution or Statutes of the State of Wisconsin. They do not constitute or give rise to a pecuniary liability of the Authority or a charge against its general credit. They are payable solely out of the revenues derived pursuant to the loan agreement, or in the event of default of the loan agreement, out of any revenues derived from the sale, releasing or other disposition of the mortgaged property. Therefore, the bonds are not reflected in the financial statements. As of June 30, 2000, the Authority had issued 133 series of such bonds in an aggregate principal amount of \$81.5 million for economic projects in Wisconsin.

University of Wisconsin Hospitals and Clinics Authority

In April 1997, the University of Wisconsin Hospitals and Clinics Authority (the Hospital) issued \$50.0 million of Variable Rate Demand Hospital Revenue Bonds, Series 1997. The bond proceeds are designated to finance qualified capital projects. Principal payments on the Series 1997 Bonds are due annually commencing in April 2010 through April 2026. Interest is payable monthly. The effective annual estimated interest rate was 3.8 percent at the time of issuance.

In March 2000, the Hospital issued \$56.5 million of Hospital Revenue Bonds Series 2000. The bond proceeds are designated to finance qualified capital projects. Principal payments are due annually commencing in April 2007 through April 2029. Interest rates range from 5.35 percent to 6.20 percent and interest is payable semiannually on April 1 and October 1 each year beginning October 1, 2000.

The Series 1997 Bonds and Series 2000 Bonds are collateralized by a security interest in substantially all of the Hospital's revenue. The borrowing agreements contain various covenants and restrictions including the establishment and maintenance of certain funds under the control of a trustee. These funds are held by the trustee and are reflected in Restricted and Limited Use Assets – Investments in the accompanying financial statements.

The Hospital is limited to total borrowings, exclusive of amounts outstanding prior to issuance of the Series 1997 bonds, to \$106.5 million, with limited exceptions.

The revenue bonds of the Hospital do not constitute debt of the State nor is the State liable on those bonds.

As of June 30, 2000, debt service requirements for the Hospital's revenue bonds were as follows (in thousands):

Fiscal Year Ended June 30	Principal	Interest	Total
2001	\$	\$ 5,437	\$ 5,437
2002		5,366	5,366
2003		5,366	5,366
2004		5,370	5,370
2005		5,361	5,361
Thereafter	106,500	89,403	195,903
Total	<u>\$ 106,500</u>	<u>\$ 116,303</u>	<u>\$ 222,803</u>

C. University of Wisconsin System

Bonds payable included in the University of Wisconsin System's Plant Funds at June 30, 2000 consist of general obligation bonds of \$769.9 million, and \$.1 million of Wisconsin State College Building Corporation bonds.

Debt of this corporation are general obligations, but not of the State. Revenues pledged to the repayment of these bonds are derived through lease-rental agreements between the University of Wisconsin System and the corporation.

On June 30, 2000, future principal payments on bonds payable were as follows (in thousands):

Fiscal Year Ended June 30	Total
2001	\$ 68,309
2002	64,687
2003	60,577
2004	56,290
2005	54,709
Thereafter	465,507
Total	<u>\$770,079</u>

D. Refundings and Early Extinguishments

Refunding Provisions of GASB Statement No. 23

The State implemented the provisions of GASB Statement No. 23. *Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities* beginning with Fiscal Year 1996. This Statement requires proprietary activities to adopt certain accounting and reporting changes for both current refunding and advance refunding resulting in defeasance of debt. GASB Statement No. 23 permits, but does not require, retroactive application of its provisions. The State has chosen

not to apply the provisions retroactively to previously issued financial statements.

In February 1996, the State participated in a refunding (1996 Series 1) of general obligation debt that fell within the provisions of GASB Statement No. 23. The State is amortizing these deferred amounts over a period of approximately 19 years, using the straight-line method.

Prior Year Refundings/General Obligation Bonds

Government Accounting Standards Board Statement No. 7 *Advance Refundings Resulting in Defeasance of Debt*, provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. At June 30, 2000, approximately \$528.0 million of general obligation bond principal, defeased in prior years, is not included as a liability in the accompanying financial statements.

Prior Year Refundings/Revenue Bonds

For financial reporting purposes, the following primary government revenue bonds have been defeased, and therefore, removed as a liability from the balance sheet:

- Environmental Improvement Fund revenue bonds – At June 30, 2000, revenue bonds outstanding of \$178.0 million have been defeased.
- Transportation revenue bonds – At June 30, 2000, revenue bonds outstanding of \$183.0 million have been defeased.
- Wisconsin Education revenue bonds – At June 30, 2000, revenue bonds outstanding of \$103.8 million have been defeased.

In addition, the Wisconsin Housing and Economic Development Authority (the Authority), a proprietary component unit, defeased Insured Mortgage Revenue Bonds payable aggregating \$48.4 million and sold the related Insured Mortgage Loan portfolio on March 1, 1990. As of June 30, 2000, the remaining outstanding defeased debt was \$35.7 million.

Early Extinguishments

Component Units

Wisconsin Housing and Economic Development Authority

During 2000, the Wisconsin Housing and Economic Development Authority (the Authority) redeemed early various outstanding bonds according to the redemption provisions in the bond resolutions. These redemptions resulted in extraordinary losses due to the write-off of remaining unamortized deferred debt financing costs and, in certain instances, the payment of an early redemption premium. A summary of these early redemptions follows (in thousands):

Bond Issue	Extraordinary	
	Redemptions	Losses
	2000	2000
Home Ownership Revenue		
Bond Resolutions:		
1987	\$ 37,695	\$ --
1988	137,498	--
All Other	74,230	--
General funds	8,475	--
State of Wisconsin Programs	5,790	108
Housing Revenue Bonds	20,530	--

E. Short-Term Financing

The State of Wisconsin Building Commission, an agency of the State, is empowered by law to consider, authorize, issue, and sell debt obligations of the State. To date, the Commission has authorized the issuance of notes in anticipation of revenue or bond financing. When this short-term debt does not meet long-term financing criteria, it is classified among fund liabilities.

General Obligation Commercial Paper Notes

The State has authorized General Obligation Commercial Paper Notes for the acquisition, construction, development, extension, enlargement, or improvement of land, waters, property, highway, buildings, equipment or facilities. As of June 30, 2000, the State issued \$166.7 million of general obligation commercial paper notes. Periodically, additional commercial paper notes are issued to pay for maturing commercial paper notes. The State intends to make annual May 1 payments on the outstanding commercial paper notes that reflect principal amortization of the notes. The State also intends to make regular payments to the issuing and paying agent that will be equal to the interest due on maturing notes. At June 30, 2000, the amount of commercial paper notes outstanding was \$146.8 million which had interest rates ranging from 3.9 percent to 4.75 percent and maturities ranging from July 5, 2000 to October 12, 2000.

A portion of State general obligation bonds issued on November 16, 2000, will retire \$51.4 million of these general obligation commercial paper notes. This amount of commercial paper notes will be retired as the notes mature, commencing on November 16, 2000, and completed no later than February 14, 2001. Because the criteria of the Financial Accounting Standards Board's (FASB) Statement No. 6, *Classification of Short-Term Obligations Expected to Be Refinanced*, have been met for the \$51.4 million of short-term notes, they have been reclassified as long-term notes payable and reported as such in the GLTDAG or a proprietary fund specific liabilities.

General Obligation Extendible Commercial Notes

The State has authorized general obligation extendible commercial notes for the acquisition, construction, development, extension, enlargement, or improvement of land, waters, property, highway, buildings, equipment or facilities. As of June 30, 2000, the State issued \$125.0 million of general obligation extendible commercial notes. Periodically, additional extendible commercial notes are issued to pay for maturing extendible commercial notes. The State intends to make annual May 1 payments on the outstanding extendible commercial notes that reflect principal amortization of the notes. The State also intends to make regular payments to the issuing and paying agent that will be equal to the upcoming interest due on maturing notes. At June 30, 2000, the amount of extendible commercial notes

outstanding was \$125.0 million which had interest rates ranging from 3.9 percent to 4.9 percent and maturities ranging from July 12, 2000, to September 12, 2000.

On August 8, 2000, all of the outstanding extendible commercial notes were refunded by the issuance of general obligation extendible municipal commercial paper. This refunding occurred between August 8, 2000, and November 6, 2000.

A portion of State general obligation bonds issued on November 16, 2000, will retire \$66.3 million of this general obligation extendible municipal commercial paper. This amount of extendible municipal commercial paper will be retired as the notes mature, commencing on November 16, 2000, and completed no later than February 14, 2001. Because the criteria of the FASB Statement No. 6, *Classification of Short-Term Obligations Expected to Be Refinanced*, have been met for the \$66.3 million of short-term notes, they have been reclassified as long-term notes payable and reported as such in the GLTDAG or as proprietary fund specific liabilities.

Petroleum Inspection Fee Revenue Extendible Municipal Commercial Paper

The State has authorized petroleum inspection fee revenue extendible municipal commercial paper to pay the costs of claims under the Petroleum Environmental Cleanup Fund Award (PECFA) Program. As of June 30, 2000, the State issued \$60.0 million of petroleum inspection fee revenue extendible municipal commercial paper. Periodically, additional extendible municipal commercial paper is issued to pay for maturing notes. The State may periodically deposit money into the Junior Subordinate Principal Account, which represents principal payments to be made on the extendible municipal commercial paper. The State also intends to make regular payments to the issuing and paying agent that will be equal to the upcoming interest due on maturing notes. At June 30, 2000, the amount of extendible commercial notes outstanding was \$60.0 million which had interest rates ranging from 4.625 percent to 4.9 percent and maturities ranging from July 19, 2000 to August 25, 2000.

Transportation Revenue Commercial Paper Notes

The State authorized transportation revenue commercial paper notes to pay the costs of major highway projects and certain State transportation facilities. As of June 30, 2000, the State issued \$154.8 million of transportation revenue commercial paper notes. Periodically, additional commercial paper notes are issued to pay for maturing commercial paper notes. The State intends to make annual July 1 payments on the commercial paper notes that reflect principal amortization of the notes. The State also intends to make regular payments to the issuing and paying agent that will be equal to the upcoming interest due on maturing notes. At June 30, 2000, the amount of commercial

paper notes outstanding was \$147.3 million which had interest rates ranging from 4.0 percent to 4.6 percent and maturities ranging from July 6, 2000 to September 12, 2000.

F. Certificates of Participation

The State established a facility in 1992 that provides lease purchase financing for property and certain service items acquired by State agencies. This facility is the Third Amended and Restated Master Lease 1992-1. Pursuant to the terms and conditions of this agreement, the trustee for the facility issues parity Master Lease certificates of participation that evidence proportionate interest of the owners thereof in lease payments. A common pool of collateral ratably secures all Master Lease certificates. Title in the property and service items purchased under the facility remains with the State and the State grants to the Trustee, for the benefit of all Master Lease certificate holders, a first security interest in the leased items. At June 30, 2000, the following parity Master Lease certificates were outstanding:

- Master Lease Certificates of Participation of 1996, Series B, in the amount of \$2.0 million. This series of Master Lease certificates had interest rates ranging from 4.5 percent to 4.9 percent and matures semi-annually through September 1, 2000 and annually through 2003.
- Master Lease Certificates of Participation of 1996, Series A, in the amount of \$38.5 million. This Master Lease certificate evidences the State's obligation to repay revolving loans under a Revolving Credit Agreement, dated July 1, 1996 between Firststar Bank National Association (Trustee) and the Bank of America, as amended. This Master Lease certificate shall bear interest at the rates provided for in the Revolving Credit Agreement and matures on March 1, 2009. The balance of this certificate of participation may include some accrued interest that will be payable at the next semi-annual interest payment date.
- Master Lease Certificates of Participation of 1999, Series A, in the amount of \$18.1 million. These series of Master Lease certificates have interest rates ranging from 3.3 percent to 3.9 percent and mature semi-annually through March 1, 2005.
- Master lease Certificates of Participation of 1999, Series B (Taxable), in the amount of \$12.1 million. These series of Master Lease certificates have interest rates ranging from 5.2 percent to 5.6 percent and mature semi-annually through September 1, 2005.

The Third Amended and Restated Master Lease 1992-1 provides that certain lease schedules to the facility can be terminated if the State deposits with the Trustee an amount that is equal to the outstanding amount of the lease schedule, or in amounts that are

sufficient to purchase investments that mature on dates and in amounts to make the lease payments when due. At June 30, 2000, the State has deposited with the Trustee amounts, that when invested, will terminate lease schedules having an aggregate outstanding amount of \$1.7 million. As a result of terminating these lease schedules, the associated liability is removed from the financial statements.

G. Arbitrage Rebate

The Tax Reform Act of 1986 requires that governmental entities issuing tax-exempt debt subsequent to August 1986, calculate and rebate arbitrage earnings to the federal government. Specifically, the excess of the aggregated amount earned on investments purchased with bond proceeds over the amount that would have been earned if the proceeds were invested at a rate equal to the bond yield, is to be rebated to the federal government. As of June 30, 2000, no arbitrage liability existed.

H. Moral Obligation Debt

Through legislation enacted in 1994, the State authorized the creation of local exposition districts. These districts are authorized to issue bonds for costs related to an exposition center, and if the State determines that certain conditions are satisfied, the State may have a moral obligation to appropriate moneys to make up deficiencies in the districts' reserve funds that secure up to \$200 million principal amount of bonds. To date, one such district has been created, and it has issued \$125.8 million of bonds that are subject to the moral obligation.

I. Credit Agreements

Primary Government

The State has, as part of the working bank contract, a letter of credit agreement with the Firststar Bank National Association, Milwaukee, Wisconsin under which the Bank has agreed to provide to the State an open line of credit in the amount of \$50.0 million. The agreement provides for advances in anticipation of bond issuance proceeds. As of June 30, 2000, \$50.0 million was unused and available.

The State has previously entered into a credit agreement with two banks to provide a line of credit for liquidity support for up to \$160.0 million of general obligation commercial paper notes. The line of credit expires in March, 2001, but is subject to annual renewal as provided for in the credit agreement. The cost of this line of credit is 0.075 percent per year.

Also, the State has previously entered into a credit agreement with two banks to provide a stand-by letter of credit for credit and liquidity support for its transportation revenue commercial paper program. The stand-by letter of credit is available to secure up to

\$155.0 million of transportation revenue commercial paper and interest thereon. No advances were drawn during the fiscal year ended June 30, 2000. This stand-by letter of credit expires in May, 2002, but is subject to renewal as provided for in the credit agreement. The cost of this stand-by letter of credit is 0.085 percent on unutilized amounts and 0.160 percent per year on utilized amounts.

NOTE 7. LEASE COMMITMENTS

The State leases office buildings, space, and equipment under a variety of agreements that vary in lease term, many of which are subject to appropriation from the State Legislature to continue the lease commitment. If such funding, i.e., through legislative appropriation, is judged to be assured, and the likelihood of cancellation through exercise of the fiscal funding clause is remote, leases are considered noncancelable and reported in the General Long-term Debt Account Group or appropriate proprietary fund or university fund types.

A. Capital Leases

Primary Government

Capital lease commitments for the governmental fund types are reported in the General Long-term Debt Account Group and the related assets are reported in the General Fixed Assets Account Group. Capital lease commitments for proprietary funds are reported as liabilities of those funds. The related assets along with the depreciation are also reported in those proprietary funds. Capital lease commitments for the University of Wisconsin System are reported in the University of Wisconsin System Plant Funds.

Assets acquired through capital leases are valued at the lower of fair market value or the present value of minimum lease payments at the inception of the lease. The following is an analysis of General Fixed Assets and proprietary fund type assets leased under capital leases as of June 30, 2000 (in thousands):

	General Fixed Assets	Enterprise Funds	Internal Service Funds
Buildings and Improvements	\$ 1,761	\$ --	\$ --
Machinery and Equipment	18,176	1,055	23,838
Less: Accumulated Depreciation	--	(308)	(14,803)
Carrying Amount	<u>\$ 19,936</u>	<u>\$ 746</u>	<u>\$ 9,035</u>

The following is an analysis of the gross minimum lease payments along with the present value of the minimum lease payments as of June 30, 2000 for capital leases (in thousands):

Fiscal Year	General Long-term		University of Wisconsin
	Debt Account Group	Proprietary Funds	
2001	\$ 4,861	\$ 5,533	\$ 4,647
2002	3,511	2,121	3,547
2003	2,966	1,332	2,371
2004	1,730	472	1,522
2005	1,501	54	844
Thereafter	2,680	349	7,186
Total minimum future payments	17,248	9,861	20,117
Less: Executory costs	(46)	--	--
Less: Interest	(2,603)	(823)	(4,781)
Present value of net minimum lease payments	<u>\$ 14,600</u>	<u>\$ 9,038</u>	<u>\$ 15,336</u>

Master Lease Program

The State established a facility in 1992 that provides lease purchase financing for property and certain service items acquired by state agencies. This facility is the Third Amended and Restated Master Lease between the State acting by and through the Department of Administration and Firststar Bank National Association. Lease purchase obligations under the Master Lease are not general obligations of the State, but are payable from appropriations of State agencies participating in the Master Lease Program, subject to annual appropriation. The interest component of each lease/purchase payment is subject to a separate determination. Pursuant to terms of the Master Lease, the Trustee for the facility issues parity Master Lease Certificates of Participation that evidence proportionate interest of the owners thereof in lease payments. Items acquired and outstanding on June 30, 2000 consisted of:

Balance Due	Average Life (Weighted Term)
\$69,337,490	2.1899 Years

The assets acquired and corresponding obligations, for governmental funds and similar trust funds are reported in the General Fixed Asset Account Group and the General Long-term Debt Account Group. Assets acquired and the corresponding liability for proprietary funds and similar trust funds are reported in those funds.

Component Unit

Under the terms of a lease agreement, the University of Wisconsin Hospitals and Clinics Authority (the Hospital) leases facilities which were occupied by the Hospital as of June, 1996 (see Note 1B to the financial statements). The initial term of the lease is 30 years to be renewed annually with automatic extensions of one additional year on each July 1 until action is taken to stop the extensions. Included in the consideration for the lease is an amount equal to the debt service during the term of the lease agreement on all outstanding bonds issued by the State for the purpose of financing the acquisition, construction or improvement of the leased facilities. Interest rates on the related bonds range from 3.9 percent to 7.8 percent, with final maturities due beginning in April 2000 through April 2016. Scheduled principal and interest payments through April 2016 are \$41.4 million.

In addition, scheduled principal and interest payments through December 2000 are \$.4 million for equipment acquired under a capital lease agreement.

B. Operating Leases

Operating leases, those leases not recorded as capital leases as required by FASB Statement No. 13, are not recorded in the balance sheet. These leases contain various renewal options, the effect of which are reflected in the minimum lease payments only if it is considered that the option will be exercised. Certain other operating leases contain escalation clauses and contingent rentals which are not included in the calculation of the future minimum lease payments. The State has adopted the operating lease scheduled rent increase provisions of FASB Statement No. 13 prospectively. Operating lease expenditures/expenses are recognized as incurred or paid.

Governmental and proprietary fund rental expenditures/expenses under operating leases for Fiscal Year 2000 were \$40.7 million. Of this amount, \$40.2 million relates to minimum rental payments stipulated in lease agreements, \$489 thousand relates to contingent rentals. The University of Wisconsin System operating lease expenditures totaled \$ 4.5 million for Fiscal Year 2000.

The following is an analysis of the future minimum rental payments due under operating leases (in thousands):

Fiscal Year	Governmental and Proprietary Funds	University of Wisconsin System	Component Units
2001	\$ 37,635	\$ 8,032	\$ 3,341
2002	31,677	5,356	3,370
2003	21,866	4,722	3,142
2004	14,798	4,071	2,972
2005	10,502	3,867	2,957
Thereafter	23,315	21,221	10,832
Minimum lease payments	\$ 139,793	\$ 47,269	\$ 26,614

NOTE 8. INSTALLMENT PURCHASES

Installment purchase liabilities for the governmental fund types are reported in the General Long-term Debt Account Group and the related assets are reported in the General Fixed Assets Account Group.

The following is an analysis of the gross minimum installment payments along with the present value of the minimum installment payments as of June 30, 2000 for installment purchases (in thousands):

Fiscal Year	General Long-term Debt Account Group
2001	\$ 565
2002	401
2003	175
2004	17
Total minimum future payments	1,158
Less: Interest	(98)
Present value of net minimum installment payments	\$ 1,060

NOTE 9. SEGMENT INFORMATION AND CONDENSED FINANCIAL DATA**Primary Government**

The State maintains 24 enterprise funds which are intended to be self-supporting through user fees charged to the public. Financial statement information as of and for the year ended June 30, 2000 is presented below (in thousands):

	Home for Veterans (1)	Mental Health Institutes (2)	Developmental Disabilities Centers (3)	Lottery (4)	Health Insurance Risk Sharing Plan (5)	Local Government Property Insurance (6)
Operating revenues:						
Total revenues	\$ 37,776	\$ 31,793	\$ 118,813	\$406,784	\$ 29,311	\$ 10,746
Revenues from sales/services provided to other GAAP funds	--	--	--	--	--	--
Depreciation, depletion and amortization expense	2,166	1,356	3,011	225	--	63
Operating income or loss	(2,247)	(48,324)	3,337	114,685	(10,043)	1,831
Operating grants, entitlements, and shared revenues	30	183	72	--	--	--
Operating interfund transfers:						
In	17	40,581	99	59,995	10,681	--
Out	581	1,473	7,570	8,200	--	--
Extraordinary gain (loss)	--	--	--	--	--	--
Net income (loss)	(2,400)	(6,034)	(804)	(35,786)	991	1,831
Current capital:						
Contributions	--	146	268	--	--	--
Transfers In	393	305	--	--	--	--
Transfers Out	--	--	--	--	--	--
Property, plant and equipment:						
Additions	638	566	1,042	17	--	--
Deletions	387	1,454	702	2,843	--	--
Net working capital (current assets less current liabilities)	4,394	(12,383)	(9,034)	59,815	12,063	11,505
Total assets	31,890	54,861	61,224	312,310	17,599	31,760
Bonds and other material long-term liabilities outstanding:						
Amounts payable solely from operating revenues	157	--	--	202,684	13,414	--
Amounts potentially payable from other sources	--	--	--	--	--	--
Total equity	27,602	15,482	26,101	62,006	(1,732)	23,381

Description of Programs

- (1) Nursing home care for veterans and their spouses.
- (2) Diagnosis, care and treatment of individuals with mental and emotional disturbances (two institutes).
- (3) Services provided to developmentally disabled citizens (three centers).
- (4) State managed lottery activities used to provide property tax relief.
- (5) Medical insurance provided to Wisconsin residents under sixty-five who are unable to obtain private coverage.
- (6) Property insurance coverage provided to local governments.
- (7) State sponsored life insurance.
- (8) Excess medical malpractice insurance for Wisconsin health care providers.
- (9) Government Employee Benefit Plans include:
 - Income Continuation Insurance - disability benefits for government employees.
 - Duty Disability – Compensation for duty-related disabilities of government employees.
 - Health Insurance - Group health insurance for government employees.
 - Long-term Disability Insurance – Long-term disability benefits for government employees.

State Life Insurance (7)	Patients Compensation (8)	Government Employee Benefit Plans (9)	Environmental Improvement (10)	Veterans Mortgage Loan Repayment (11)	State Fair Park (12)	Wisconsin Education Revenue Bonds (13)	Other (14)	Total
\$ 5,558	\$ 67,995	\$ 561,030	\$ 28,601	\$ 46,452	\$ 15,754	\$ 430	\$ 20,268	\$1,381,311
--	--	436,166	--	--	--	--	1,617	437,783
24	6	--	957	462	1,759	100	565	10,696
(1,874)	18,268	(7,247)	(6,399)	(5,466)	941	150	325	57,935
--	--	--	1,491	--	--	--	235	2,009
--	--	--	--	1,820	25	--	1,630	114,849
--	--	--	--	--	254	--	836	18,914
--	--	--	--	--	--	--	169	169
(1,874)	18,652	(6,685)	877	1,983	(612)	154	(1,598)	(31,306)
--	--	--	33,740	--	--	--	706	34,861
--	--	--	21,000	--	406	--	201	22,306
--	--	--	4,000	--	--	--	873	4,873
43	--	--	--	42	1,634	--	1,972	5,954
--	48	--	118	--	396	--	1,075	7,023
5,949	24,956	448,599	192,369	102,522	(225)	(133)	36,245	876,642
72,398	542,613	506,151	1,320,090	857,457	32,202	3,505	139,735	3,983,795
64,517	514,125	333,799	--	730,649	14,817	--	7,094	1,881,256
--	--	--	518,380	--	--	1,140	--	519,520
7,257	27,230	114,800	770,311	78,561	13,712	1,966	124,844	1,291,522

- (10) Funding for clean water projects, safe drinking water and the land recycling loan program.
- (11) Issuance and administration of veteran's first mortgage loans.
- (12) State Fair Park - State Fair Exposition Center revenues and operations.
- (13) Health education loans provided to full-time medical and dental students and eligible residents.
- (14) Other funds include: Transportation Infrastructure Loan – Federal and state funding for loans to finance infrastructure; Institutional Farm Operations – Funds associated with employing inmates in agricultural activities; Institutional Canteen Operations – Sale of goods for the use of institutionalized patients and inmates; Tuition Trust – Taxpayers' investment to cover future tuition expenses; Veterans Trust- Various programs for veterans, including loans and grants.

Component Units

Significant financial data for the State's three component units for the year ended December 31, 1999 or June 30, 2000 is presented below (in thousands):

	Wisconsin Housing and Economic Development Authority	Wisconsin Health Care Liability Insurance Plan	University of Wisconsin Hospitals and Clinics Authority	Total
Condensed Balance Sheet				
Assets:				
Current Assets	\$ 522,625	\$ 150,749	\$ 105,397	\$ 778,771
Due From Primary Government	--	--	2,622	2,622
Long-term Receivables	1,887,286	--	--	1,887,286
Deferred Charges	14,732	--	--	14,732
Fixed Assets	22,909	--	140,994	163,903
Other Assets	203,999	--	185,778	389,777
Total Assets	\$ 2,651,551	\$ 150,749	\$ 434,791	\$ 3,237,090
Liabilities:				
Current Liabilities	\$ 170,224	\$ 21,306	\$ 41,053	\$ 232,583
Due to Primary Government	92	--	7,441	7,533
Future Benefits and Loss Liability	--	102,031	--	102,031
Other Liabilities	391	--	33,789	34,180
Bonds and Notes Payable	2,189,250	--	106,500	2,295,750
Total Liabilities	2,359,957	123,337	188,783	2,672,076
Equity:				
Retained Earnings	291,594	27,412	246,008	565,014
Total Equity	291,594	27,412	246,008	565,014
Total Liabilities and Equity	\$ 2,651,551	\$ 150,749	\$ 434,791	\$ 3,237,090

Condensed Statement of Revenues, Expenses and Changes in Retained Earnings

Operating Revenues	\$ 149,272	\$ 13,121	\$ 392,482	\$ 554,875
Operating Expenses:				
Depreciation	5,267	--	17,950	23,217
Other	211,487	9,130	377,017	597,634
Operating Income (Loss)	(67,482)	3,991	(2,485)	(65,976)
Other Nonoperating Revenues (Expenses)	94,894	--	14,825	109,719
Income (Loss) Before Operating Transfer	27,412	3,991	12,341	43,744
Operating Transfer to Primary Government	--	--	(2,400)	(2,400)
Net Income Before Extraordinary Item	27,412	3,991	9,941	41,344
Extraordinary Item	(108)	--	--	(108)
Net Income	27,304	3,991	9,941	41,236
Retained Earnings-Beginning of Year	264,290	23,422	236,067	523,779
Retained Earnings-End of Year	\$ 291,594	\$ 27,412	\$ 246,008	\$ 565,014

NOTE 10. INTERFUND ASSETS/LIABILITIES

Interfund assets and liabilities at June 30, 2000 consist of the following (in thousands):

A. Due from/to Other Funds:

Due from Other Funds	\$ 407,381
Due to Other Funds	\$ 407,381

Due from/to Other Funds represent short-term interfund accounts receivable and payable. The totals of Due from/to Other Funds at June 30, 2000 by individual fund were as follows (in thousands):

Fund	Due from Other Funds	Due to Other Funds
General	\$ 126,622	\$ 105,766
Special Revenue:		
Transportation	17,740	32,619
Conservation	10,007	14,454
Heritage State		
Parks and Forests	--	84
Wisconsin Health		
Education Loan		
Repayment	22	12
Tobacco Control	--	2,108
Uninsured Employers	1	--
Mediation	2	6
Agriculture Chemical		
Cleanup	--	1,500
Agrichemical Management	64	1,176
Employee Trust Fund		
Administration	1,521	1,306
Petroleum Inspection	12,135	2,886
Environmental	4,712	1,938
Dry Cleaner		
Environmental Response	--	76
Recycling	8,190	1,053
Information Technology		
Investment	--	162
Universal Service	269	1,938
Wisconsin Public		
Broadcasting Foundation	179	1,351
Debt Service:		
Bond Security and Redemption	410	1,803
Transportation Revenue		
Bonds	--	9

(Continued)

Fund	Due from Other Funds	Due to Other Funds
Capital Projects:		
Building Trust	364	160
Capital Improvement	7,079	3,740
Transportation Revenue		
Bonds	9	14,977
Enterprise:		
State Fair Park	--	630
Home for Veterans	--	1,530
Mendota Mental Health Institute	579	10,176
Winnebago Mental Health Institute	433	10,836
Northern Developmental Disabilities Center	2,376	3,836
Central Developmental Disabilities Center	3,998	4,710
Southern Developmental Disabilities Center	2,952	3,845
Institutional Farm Operations	49	35
Institutional Canteen Operations	4	78
Lottery	10,118	11,254
Health Insurance Risk Sharing Plan	--	95
Local Government Property Insurance	--	2
State Life Insurance	--	48
Patients Compensation	--	21
Income Continuation Insurance	3,013	67
Duty Disability	8,761	45
Long-term Disability Insurance	7,529	500
Health Insurance	1,248	186
Tuition Trust	--	805
Environmental Improvement	279	1,521
Veterans Trust	1,247	281
Veterans Mortgage Loan Repayment	51	1,344
Wisconsin Education Revenue Bonds	--	393
Internal Service:		
Information Technology Services	8,146	555
Fleet Services	1,849	143

(Continued)

Fund	Due from Other Funds	Due to Other Funds
Printing and Other		
Services	1,658	94
State Telephone System	9,398	449
Financial Services	975	177
Facilities Operations		
and Maintenance	4,100	7,490
Risk Management	--	135
Institutional Power Plant	932	329
Central Warehouse	480	38
Badger State Industries	3,240	424
Expendable Trust:		
Unclaimed Property		
Program	--	10
Children's Trust	15	13
Accumulated Sick Leave	33,881	21
Special Death Benefits	40	--
Employee Reimbursement		
Accounts	461	7
Life Insurance	13	1,040
Deferred Compensation	153	13
Common School Income	--	32,484
Unemployment Insurance		
Reserve	227	756
Nonexpendable:		
Common School	32,297	72
Normal School	185	--
Historical Society	--	125
Pension:		
Wisconsin Retirement		
System	42,430	60,790
Investment Trust:		
Local Government Pooled		
Investment	--	24
Milwaukee Retirement		
Systems	3,397	1,952
Agency:		
Inmate and Resident	442	290
Support Collection Trust	8,175	1,706
University of		
Wisconsin System	22,925	56,882
Total	\$ 407,381	\$ 407,381

B. Due to/from Component Units

Receivables and payables between funds and component units at June 30, 2000 were as follows (in thousands);

Fund/Component Unit	Due from Component Units/Primary Government	Due to Component Units/Primary Government
Primary Government:		
General Fund	\$ 6	\$ 1,506
Enterprise:		
Patients Compensation	12	--
Internal Service:		
Fleet Services	4	--
Printing and Other		
Services	113	--
State Telephone System	63	--
Badger State Industries	57	--
University of Wisconsin		
System	7,289	1,116
Component Unit:		
Wisconsin Housing and		
Economic Development		
Authority	--	92
Wisconsin Health Care		
Liability Insurance Plan	--	12
University of Wisconsin		
Hospitals and Clinics		
Authority	2,622	7,441
Total	\$ 10,167	\$ 10,167

C. Interfund Loans Receivable/Payable

Interfund Loans Receivable	\$ 382,376
Interfund Loans Payable	\$ 382,376

Interfund Loans Receivable/Payable represent loans from one fund to another to cover cash overdrafts. Interfund loans receivable/payable at June 30, 2000 by individual fund were as follows (in thousands):

Fund	Interfund Loans Receivable	Interfund Loans Payable
General	\$ 71,704	\$ --
Special Revenue:		
Transportation	26,478	--
Wisconsin Health Education Loan Repayment	--	10
Employee Trust Funds Administration	126	--
Capital Projects:		
Capital Improvement	1,285	
Transportation Revenue Bonds	--	26,478
Enterprise:		
Mendota Mental Health Institute	--	5,353
Winnebago Mental Health Institute	--	8,099
Northern Developmental Disabilities Center	--	1,607
Central Developmental Disabilities Center	--	4,712
Southern Developmental Disabilities Center	--	3,890
Institutional Farm Operations	--	4,472
Institutional Canteen Operations	--	14
Internal Service:		
Fleet Services	--	30,420
Printing and Other Services	--	2,997
State Telephone System	--	9,829
Institutional Power Plants	--	301
Expendable Trust:		
Accumulated Sick Leave	282,783	--
Deferred Compensation	--	126
Pension Trust:		
Wisconsin Retirement System	--	282,783
University of Wisconsin System	--	1,285
Total	\$ 382,376	\$ 382,376

D. Advances to/from Other Funds

Advances to/from Other Funds represent long-term loans to one fund from another fund. Advances at June 30, 2000 by individual fund were as follows (in thousands):

Fund	Advances to Other Funds	Advances from Other Funds
Special Revenue:		
Information Technology Investment	\$ --	\$ 3,183
Capital Projects:		
Energy Efficiency	2,000	--
Internal Service:		
State Telephone System	3,183	--
University of Wisconsin System	--	2,000
Total	\$ 5,183	\$ 5,183

NOTE 11. INTERFUND TRANSFERS**A. Residual Equity Transfers**

Residual equity transfers in and out that occurred during Fiscal Year 2000 were as follows (in thousands):

Fund	Residual Equity Transfers In	Residual Equity Transfers Out
General	\$ 1,000	\$ 744
Special Revenue:		
Transportation	315	21
Agrichemical Management	--	1,000
Historical Legacy Trust	146	--
Debt Service:		
Bond Security and Redemption	4,000	1
Capital Projects:		
Building Trust	1	360
Capital Improvement	--	21,239
Enterprise:		
State Fair Park	406	--
Home for Veterans	873	--
Mendota Mental Health Institute	218	--
Winnebago Mental Health Institute	87	--
Environmental Improvement	21,000	4,000
Veterans Trust	193	873
Total Residual Equity Transfers	<u>\$ 28,239</u>	<u>\$ 28,239</u>

Residual equity transfers to proprietary fund types are reported as additions to contributed capital; those from proprietary fund types are reported as reductions of retained earnings or contributed capital depending on whether the transfers represent a return of contributions. Transfers of purchased fixed assets from a proprietary fund to the General Fixed Assets Account Group are reported as a residual equity transfer out in the proprietary fund type and as an asset in the account group. Transfers of long-term debt from a proprietary fund to the General Long-term Debt Account Group are reported as a reduction of the residual equity transfer out of the proprietary fund and as a liability in the account group.

B. Operating Transfers

Operating transfers in and out that occurred during Fiscal Year 2000 were as follows (in thousands):

Fund	Operating Transfers In	Operating Transfers Out
General	\$ 117,939	\$ 1,360,407
Special Revenue:		
Transportation	406	21,707
Conservation	17,168	7,100
Wisconsin Elections Campaign	329	--
Investment and Local Impact	--	35
Tobacco Control	23,500	2,092
Agriculture Chemical Cleanup	--	1,500
Petroleum Inspection	--	1,916
Environmental	12,894	45
Recycling	285	15,606
Universal Service	--	817
Computer Escrow	--	64,000
Wisconsin Public Broadcasting Foundation	--	5,549
Debt Service:		
Bond Security and Redemption	224,455	4,689
Transportation Revenue Bonds	--	8,073
Capital Projects:		
Building Trust	14,444	1,350
Capital Improvement	17,647	4,656
Transportation Revenue Bonds	8,073	3,139
Enterprise:		
State Fair Park	25	254
Home for Veterans	17	581
Mendota Mental Health Institute	22,890	639
Winnebago Mental Health Institute	17,691	834
Northern Developmental Disabilities Center	11	2,555
Central Developmental Disabilities Center	88	2,714
Southern Developmental Disabilities Center	--	2,302
Institutional Farm Operations	912	60
Institutional Canteen Operations	284	368
Lottery	59,995	8,200
Health Insurance Risk Sharing Plan	10,681	--
Veterans Trust	433	408
Veterans Mortgage Loan Repayment	1,820	--

(Continued)

Fund	Operating Transfers In	Operating Transfers Out
Internal Service:		
Fleet Services	--	94
Printing and Other Services	250	--
Financial Services	--	769
Facilities Operations and Maintenance	8,162	1,612
Institutional Power Plants	--	41
Central Warehouse	--	10
Badger State Industries	180	143
Expendable Trust:		
Unclaimed Property Program	--	1,000
Capitol Restoration	--	20
Nonexpendable Trust:		
Common School	1,000	--
Historical Society	59	77
University of Wisconsin System	976,743	13,020
Total	\$1,538,382	\$1,538,382

NOTE 12. RESTATEMENTS OF BEGINNING FUND BALANCE/RETAINED EARNINGS AND OTHER CHANGES

For Fiscal Year 2000, the following reclassifications and adjustments have resulted in beginning fund balance/retained earnings restatement (in thousands):

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust
Fund Balances/Retained Earnings June 30, 1999 as previously reported	\$ (908,714)	\$ 342,099	\$ 6,320	\$ (195,685)	\$ 203,469	\$ (13,541)	\$ 66,359,621
Reclassification of fund structure:							
State Telephone System	(1,702)	--	--	--	--	85	--
Services to Non-state Governmental Units	(1,387)	--	--	--	--	694	--
Materials and Services to State Agencies	859	--	--	--	--	(1,112)	--
Building Construction Services	3,078	--	--	--	--	(2,640)	--
Petroleum Violation	10,968	--	--	--	--	--	(10,968)
Wisconsin Public Broadcasting Foundation	--	4,655	--	--	(4,655)	--	--
Revaluation of Public Defender receivables	(62,789)	--	--	--	--	--	--
Refinement of calculation of Health and Family Services prepayments and deferred revenue	(18,036)	--	--	--	--	--	--
Capitalization of the cost of surgical supplies inventory resulted in a cumulative effect of a change in accounting principle for the University of Wisconsin Hospitals and Clinics Authority (a discretely presented component unit)	--	--	--	--	--	--	--
Other adjustments of assets and liabilities as of June 30, 1999	(8,931)	(201)	206	(754)	9,580	425	--
Fund balances/retained earnings, July 1, 1999 as restated	\$ (986,654)	\$ 346,553	\$ 6,526	\$ (196,438)	\$ 208,394	\$ (16,089)	\$ 66,348,653
Effect of restatements on the amount of excess revenues and other sources over expenditures and other uses or the amount of the net income of Fiscal Year 1999	\$ (46,595)	\$ (84)	\$ 206	\$ (754)	\$ 8,869	\$ 510	\$ 0

Amounts reported for fixed assets as of July 1, 1999 in Note 4 have been restated from amounts previously reported in the 1999 Comprehensive Annual Financial Report to reflect additional assets identified as existing at that date.

University of Wisconsin System						Component Units
Current		Loan	Endowment And Similar	Plant		
Unrestricted	Restricted					
\$ 199,251	\$ 43,637	\$ 174,145	\$ 296,985	\$ 2,915,976	\$ 519,953	
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	3,825
228	(228)	--	--	531	--	--
\$ 199,479	\$ 43,409	\$ 174,145	\$ 296,985	\$ 2,916,507	\$ 523,779	

NOTE 13. FUND EQUITY

The following schedule enumerates the components of Fund Equity of the various funds as of June 30, 2000 (in thousands):

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types		University of Wisconsin System	Component Units	Total
	General	Special Revenue	Debt Service	Capital Projects	Enterpris e	Internal Service	Trust				
Contributed Capital	\$ --	\$ --	\$ --	\$ --	\$1,114,433	\$28,373	\$ --	\$ --	\$ --	\$ --	\$ 1,142,806
Retained Earnings:											
Reserved for:											
Future Benefits	--	--	--	--	18,653	--	--	--	--	4,010	22,663
Market Value Adjustments (Statutory Reservation)	--	--	--	--	90,204	--	--	--	--	--	90,204
Bonds	--	--	--	--	--	--	--	--	--	139,776	139,776
Donors for Operations	--	--	--	--	--	--	--	--	--	2,562	2,562
Unreserved	--	--	--	--	68,232	(3,385)	--	--	--	418,667	483,514
Fund Balances:											
Reserved for:											
Encumbrances	412,795	533,387	--	213,673	--	--	6	204,619	--	--	1,364,480
Inventory	9,178	18,098	--	--	--	--	--	25,667	--	--	52,943
Prepaid Items	187,727	16,577	--	16	--	--	4,844	16,451	--	--	225,615
Advances to Other Funds	--	--	--	2,000	--	--	--	--	--	--	2,000
Employee Benefits	--	--	--	--	--	--	52,024,647	--	--	--	52,024,647
Pool Participants	--	--	--	--	--	--	2,664,304	--	--	--	2,664,304
Market Value Adjustments	--	--	--	--	--	--	14,524,766	--	--	--	14,524,766
Unemployment Insurance	--	--	--	--	--	--	1,902,184	--	--	--	1,902,184
Auxiliary Operations	--	--	--	--	--	--	--	105,651	--	--	105,651
Restricted Funds	--	271	--	--	--	--	--	14,688	--	--	14,959
Loan Funds	--	--	--	--	--	--	--	180,655	--	--	180,655
Endowment and Similar Funds	--	--	--	--	--	--	--	316,026	--	--	316,026
Plant Funds	--	--	--	--	--	--	--	2,959,851	--	--	2,959,851
Unreserved:											
Designated for University Contingent Fund	--	--	--	--	--	--	--	3,949	--	--	3,949
Undesignated	(1,440,049)	(74,749)	7,787	(458,399)	--	--	1,717,004	28,088	--	--	(220,318)
Total Fund Equity	\$ (830,349)	\$493,583	\$7,787	\$(242,710)	\$1,291,522	\$24,988	\$72,837,755	\$3,855,645	\$565,014	\$78,003,235	

NOTE 14. DEFICIT FUND BALANCES/RETAINED EARNINGS

In addition to the General Fund, funds reporting a deficit fund balance or retained earnings position at June 30, 2000 are (in thousands):

Special Revenue:	
Petroleum Inspection	\$ 60,663
Information Technology Investment	3,127
Capital Projects:	
Capital Improvement	94,222
Transportation Revenue Bonds	188,681
Enterprise:	
State Fair Park	1,200
Home for Veterans	11,019
Mendota Mental Health Institute	19,073
Winnebago Mental Health Institute	16,572
Northern Developmental Disabilities Center	16,793
Central Developmental Disabilities Center	14,926
Southern Developmental Disabilities Center	22,533
Institutional Farm Operations	13
Health Insurance Risk Sharing Plan	1,732
Duty Disability	179,036
Tuition Trust	588
Veterans Trust	38,841
Internal Service:	
Printing and Other Services	1,401
Risk Management	70,651
Institutional Power Plant	3,576

NOTE 15. CONTRIBUTED CAPITAL

During the year, contributed capital increased by the following amounts (in thousands):

	Enterprise	Internal Service
Environmental Improvement Fund –		
Environmental Protection Agency grant for State revolving fund loans to municipalities	\$ 33,740	\$ --
Environmental Improvement Fund –		
Residual equity transfers in from the Capital Improvement Fund totaling \$21,000 less return of Contributed Capital to the Bond Security and Redemption Fund of \$4,000	17,000	--
Other changes to contributed capital	2,426	1,920
Subtotal	53,166	1,920
Contributed capital, beginning of year	1,061,267	26,453
Contributed capital, end of year	<u>\$1,114,433</u>	<u>\$ 28,373</u>

NOTE 16. RETIREMENT PLAN

The Wisconsin Retirement System (WRS) was established and is administered by the State of Wisconsin to provide pension benefits for State and local government public employees. The WRS consists of the fixed retirement investment trust, the variable retirement investment trust, and the police and firefighters trust. Although separated for accounting purposes, the assets of these trust funds can be used to pay benefits for any member of the WRS, and are reported as one pension plan.

The WRS is considered part of the State of Wisconsin's financial reporting entity. Copies of the separately issued financial report that includes financial statements and required supplementary information for the year ending December 31, 1999, may be obtained by writing to:

Department of Employee Trust Funds
 801 West Badger Road
 P.O. Box 7931
 Madison, WI 53707-7931.

Plan Description

The WRS, governed by Chapter 40 of the Wisconsin Statutes, is a cost-sharing multiple-employer defined benefit pension plan. It provides coverage to all eligible State of Wisconsin, local government and other public employees. Any employee of a participating employer who is expected to work at least 600 hours per year for at least one year must be covered by the WRS. As of December 31, 1999, the number of participating employers was:

State Agencies	60
Cities	153
Counties	71
4 th Class Cities	34
Villages	189
Towns	155
School Districts	426
Wisconsin Technical College System Board	
Districts	16
Cooperative Educational Service Agencies	12
Other	154
Total Employers	<u>1,270</u>

For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested. Employees who retire at or after age 65 (55 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors

influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is 2.0 percent for executives, elected officials and protective occupations with social security; 2.5 percent for protective occupations without social security; and 1.6 percent for all others.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits. The WRS also provides death and disability benefits for employees.

Accounting Policies and Plan Asset Matters

The financial statements of the WRS have been prepared in accordance with generally accepted accounting principles, using the flow of economic resources measurement focus and a full accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. Plan member contributions are recognized in the period in which contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

All assets of the WRS are invested by the State of Wisconsin Investment Board. The retirement fund assets consist of shares in the variable retirement investment trust and the fixed retirement investment trust. The variable retirement investment trust consists primarily of equity securities. The fixed retirement investment trust is a balanced investment fund made up of fixed income securities and equity securities. Shares in the fixed retirement investment trust are purchased as funds are made available from retirement contributions and investment income, and sold when funds for benefit payments and other expenses are needed.

The assets of the fixed and variable retirement investment trusts are carried at fair value with all market value adjustments recognized in current operations. Investments are revalued monthly to current market value. The resulting valuation gains or losses are recognized as income, although revenue has not been realized through a market-place transaction.

The WRS does not have any investments (other than those issued or guaranteed by the U.S. Government) in any one organization that represent 5.0 percent or more of plan net assets.

State Contributions Required and Contributions Made

Covered State employees in the General/Teacher category are required by statute to contribute 5.0% of their salary (4.3% for Executives and Elected Officials, 4.9% for Protective Occupations with Social Security, and 5.4% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees.

Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits. Required contributions were determined as part of an actuarial valuation at December 31, 1997. State contributions required and made for the years ended December 31, 1999, 1998, and 1997 were as follows (in millions):

	1999	1998	1997
Employer current service	\$ 121.6	\$ 124.1	\$ 125.0
Percent of payroll	4.9%	5.3%	5.4%
Employer prior service	\$ 31.9	\$ 30.6	\$ 29.7
Percent of payroll	2.5%	1.3%	1.3%
Employee required	\$ 124.2	\$ 119.9	\$ 116.9
Percent of payroll	5.0%	5.0%	5.0%
Benefit adjustment contrib.	\$ 17.6	\$ 25.9	\$ 29.3
Percent of payroll	.7%	1.1%	1.3%
Percent of Required Contributions	100%	100%	100%

The WRS uses the "Entry Age Normal with Frozen Initial Liability" actuarial method in establishing employer contribution rates. Under this method, the unfunded actuarial accrued liability (UAAL) is generally affected only by the monthly amortization payments, compound interest, the added liability created by new employer units, and any liabilities caused by changes in benefit provisions. The UAAL is being amortized over a 40 year period beginning January 1, 1990. However, periodically, the Employee Trust Funds Board has reviewed and, when appropriate, adjusted the actuarial assumptions used to determine this liability. Changes in the assumptions may affect the UAAL, and the resulting actuarial gains or losses are credited or charged to employers' unfunded liability accounts.

All actuarial gains or losses arising from the difference between actual and assumed experience are reflected in the determination of the normal cost.

As of June 30, 2000 and 1999, the WRS's unfunded actuarial accrued liability was \$2.1 billion and \$2.1 billion, respectively. These amounts are presented as Prior Service Contributions Receivable on the financial statements. New prior service liabilities resulting from employers entering the WRS or increasing

their prior service coverage are recognized as contributions in the year service is granted and are added to the Prior Service Contributions Receivable. Employer contributions for prior service reduce the receivable. The receivable is increased as of calendar year end with interest at the assumed interest rate of 8 percent.

Employer Pension Costs

The State's unfunded liability as of June 30, 2000, was \$675.2 million, or 32.2 percent of the total WRS unfunded liability of \$2.1 billion. This liability is determined in accordance with the provisions of GASB Statement No. 27. The State's unfunded liability for prior service is recorded in the General Long-term Debt Account Group.

NOTE 17. MILWAUKEE RETIREMENT SYSTEMS

The Milwaukee Retirement Systems (MRS), consisting of the City of Milwaukee Retirement System and the Milwaukee Public Schools Retirement System, is reported as an Investment Trust Fund. MRS provides assets to the State of Wisconsin, Department of Employee Trust Funds (DETF) for investing in its Fixed Retirement Investment Trust (FRIT), a "fund" of the Wisconsin Retirement System (WRS). Participation of the MRS in the FRIT is described in the DETF Administrative Code, Chapter 10.12. The State of Wisconsin Investment Board (SWIB) manages the FRIT with oversight by a Board of Trustees as authorized in Wis. Stat. 25.14 and 25.17. SWIB is not registered with the Securities and Exchange Commission as an investment company.

The investments of the FRIT consist of a highly diversified portfolio of securities. Wis. Stat. 25.17(3)(a) allow investments in loans, securities and any other investments as authorized by Wis. Stat. 620.22. Permitted classes of investments include bonds of governmental units or of private corporations, loans secured by mortgages, preferred or common stock, real property and other investments not specifically prohibited by statute.

Investments are revalued monthly to fair value, with unrealized gains and losses reflected in income.

Monthly, the DETF distributes a pro-rata share of the total FRIT earnings less administrative expenses to the MRS accounts. The MRS accounts are adjusted to fair value and gains/losses are recorded directly in the accounts per DETF Administrative Code, Chapter 10.12(2).

Neither State statute, a legal provision nor a legally binding guarantee exists to support the value of shares.

At June 30, 2000, the FRIT held a number of nonnegotiable short-term certificates of deposit. The fair value of these certificates of deposit was approximately \$70.6 million, all of which was uncollateralized.

At June 30, 2000, the FRIT held \$59,702.0 million of investments of which includes \$3,534.5 million of securities lending collateral. The following table presents investments of the FRIT at June 30, 2000, categorized in accordance with the level of risk requirements of GASB Statement No. 3 (in millions):

	Category			Fair Value
	1	2	3	
Bonds	\$ 8,200.6	\$ --	\$ --	\$ 8,200.6
Stocks	15,533.6	7.3	--	15,540.9
Repurchase Agreements	812.0	--	--	812.0
Bankers Acceptances	1,150.4	--	--	1,150.4
Total	\$ 25,696.6	\$ 7.3	\$ --	25,703.9
Private Placements				3,282.7
Limited Partnerships				2,943.7
Pooled Equities				17,304.7
Pooled Bonds				5,949.0
Mortgages				396.2
Real Estate Owned				456.5
Investments Held by Broker Dealers under Securities Loans:				
Bonds				2,445.4
Equities				999.4
Securities Lending Cash Collateral Pooled Investments				220.5
				\$ 59,702.0

The following schedule provides summary information by investment classification for the FRIT at June 30, 2000 (in thousands):

Classification	Interest/Coupon Rates	Maturity Dates	Cost	Fair Value
Bonds	Variable and .01 to 14.5	12/00 to 7/49	\$ 15,298,095	\$ 15,242,944
Common and Preferred Stock	N/A	N/A	30,333,799	33,844,976
Limited Partnerships	N/A	N/A	2,540,894	2,943,724
Mortgages	6.77 to 12.25	1/01 to 1/22	401,051	396,258
Real Estate Owned	N/A	N/A	404,508	456,797
Financial Futures Contracts	N/A	N/A	--	43
Private Placements	Variable and 5.3 to 14.75	8/00 to 12/31	3,244,396	3,282,711
Total Investments			<u>\$ 52,222,743</u>	<u>\$ 56,167,453</u>

Significant financial data for the FRIT for the year ended June 30, 2000 is presented below (in thousands):

Fixed Retirement Investment Trust Condensed Statement of Net Assets As of June 30, 2000		Fixed Retirement Investment Trust Condensed Statement of Changes in Net Assets For the Year Ended June 30, 2000	
Assets:		Additions:	
Cash and Cash Equivalents	\$ 740,719	Net Appreciation (Depreciation) in Fair Value of Investments	\$ 4,586,183
Securities Lending Collateral	3,534,521	Interest	1,219,197
Prepaid Items	1,411	Dividends	468,909
Due from Other Funds	3	Real Estate Income	61,370
Investment Receivables	831,032	Securities Lending Income	185,673
Investments, at Fair Value	56,167,453	Other	86,112
Total Assets	<u>\$ 61,275,139</u>	Total Additions	<u>6,607,444</u>
Liabilities:		Deductions:	
Securities Lending Collateral Liability	\$ 3,534,521	Investment Expense	84,755
Investment Payables	448,637	Securities Lending Rebates and Fees	168,031
Total Liabilities	<u>3,983,158</u>	Net Withdrawals by Pool Participants	581,647
Net Assets Held in Trust of:		Total Deductions	<u>834,433</u>
Internal Investment Pool Participants	57,191,598	Net Increase (Decrease)	5,773,011
Milwaukee Retirement Systems	100,383	Net Assets Held in Trust for Pool Participants	
Total	<u>\$ 57,291,981</u>	Beginning of Year	51,518,970
		End of Year	<u>\$ 57,291,981</u>

NOTE 18. OTHER POSTEMPLOYMENT BENEFITS

In addition to providing pension benefits, the State participates in the Department of Employee Trust Funds administered post retirement life insurance and health insurance benefit programs. The State provides life and health insurance benefits for retired employees in accordance with Chapter 40 of the Wisconsin Statutes.

Post retirement life insurance is provided to employees retiring before age 65 if they (1) have 20 years of creditable service, and (2) are eligible for a retirement annuity. This coverage is at the employee's expense (employee must pay the full premium) until age 65 when reduced coverage is provided at no cost. Employees retiring at or after age 65 are immediately eligible for reduced coverage at no cost. Beginning in the month in which an insured annuitant reaches age 65, premiums are no longer collected and coverage is continued for life. Approximately 11,965 State annuitants currently qualify for coverage without premium. Post retirement life insurance is fully insured by an independent insurance carrier. Premiums are prefunded with employer paid premiums during the employee's active career. The amount of premiums is determined by the insurer. The accrued liability and assets specifically related to post employment benefits could not be determined.

In accordance with Chapter 40, Wisconsin Statutes, the State also provides that employees retiring and beginning an immediate annuity are eligible for conversion of unused sick leave to post retirement health insurance. At the time of eligibility for an immediate annuity or employee's death, that employee's accumulated unused sick leave balance may be converted at the employee's current rate of pay to credits for the payment of health insurance premiums for the employee or the employee's surviving dependents. The program also provides partial matching of sick leave accumulation depending on years of service and employment category. Health insurance premiums are paid on the employee, or employee's dependents behalf, until the sick leave conversion credits are exhausted. At that time, the employee has the option to continue coverage by paying the total cost of the premiums. Approximately 8,137 annuitants are currently receiving health insurance coverage through sick leave conversion credits. Accumulated sick leave conversion is prefunded based on an actuarially determined percentage of payroll. The actuarial valuation is based on the entry age actuarial cost method.

Significant actuarial assumptions include an 8 percent assumed interest rate, 4.8 percent assumed annual salary growth, and an average sick leave accumulation of 6.1 days per year for non-University employees and 7.2 days per year for University employees. The assets and reserves of the sick leave conversion program are accounted for as an expendable trust fund. The accrued liability for the post retirement health insurance benefits

at December 31, 1999, determined through an actuarial valuation performed on that date, was \$929.5 million. The program's assets on that date were \$526.4 million. The unfunded liability was \$403.1 million.

Assets of the life insurance and health insurance benefit programs are valued at fair value.

The State's postemployment life and health insurance required and actual contributions totaled \$3.2 million and \$67.4 million, respectively, during the calendar year ended December 31, 1999.

**NOTE 19. PUBLIC ENTITY RISK POOLS
ADMINISTERED BY THE DEPARTMENT
OF EMPLOYEE TRUST FUNDS**

The Department of Employee Trust Funds operates four public entity risk pools: group health insurance, group income continuation insurance, protective occupation duty disability insurance and long-term disability insurance. The information provided in this note applies to the period ending December 31, 1999.

A. Description of Funds

The Health Insurance Fund offers group health insurance for current and retired employees of the State government and of participating local public employers. All public employers in the State are eligible to participate. One hundred ninety-five local employers plus the State currently participate. The State and local government portions of the fund are accounted for separately and have separate contribution rates, benefits, and actuarial valuations. The fund includes both a self-insured, fee-for-service plan as well as various prepaid plans, primarily Health Maintenance Organizations (HMO's).

The Income Continuation Insurance Fund offers disability wage continuation insurance for current employees of the State government and of participating local public employers. All public employers in the State are eligible to participate. One hundred and two local employers plus the State currently participate. The State and local government portions of the fund are accounted for separately and have separate contribution rates, benefits, and actuarial valuations. The plan is self-insured.

The Duty Disability Fund offers special disability insurance for State and local Wisconsin Retirement System participants in protective occupations. Participation in the program is mandatory for all Wisconsin Retirement System employers with protective occupation employees. Four hundred thirty-five local employers plus the State currently participate. The plan is self-insured and risk is shared between the State and local portions of the plan.

The Long-term Disability Insurance Fund offers long-term disability benefits to participants in the Wisconsin Retirement System (WRS). The long-term disability benefits provided by this program are an alternative coverage to that currently provided by the WRS. All new WRS participants on or after October 15, 1992, are eligible only for the long-term disability insurance coverage, while participating employees active prior to October 15, 1992, may elect coverage through WRS or the long-term disability insurance program.

B. Accounting Policies for Risk Pools

Basis of Accounting - All Public Entity Risk Pools are accounted for in enterprise funds using the full accrual basis of accounting and the flow of economic resources measurement focus.

Valuation of Investments - Assets of the Health Insurance Fund are invested in the State Investment Fund. Assets of the Income Continuation Insurance, Duty Disability and Long-term Disability Insurance funds are invested in the fixed retirement investment trust. Investments are valued at fair value.

Unpaid Claims Liabilities - Claims liabilities are based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The estimate includes the effects of inflation and other societal and economic factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. Unpaid claims liability is presented at face value and is not discounted for health insurance. It is discounted using interest rates of 8 percent for income continuation and long-term disability insurance, and 5 percent for duty disability insurance. The unpaid claims liability for health insurance was calculated by the State. The liabilities for income continuation, long-term disability, and duty disability insurance were determined by actuarial methods. The Duty Disability Fund's accounting deficit is being amortized over a twenty-three year period beginning January 1, 2000. Face values are not available.

Administrative Expenses - All maintenance expenses are expensed in the period in which they are incurred. Acquisition costs are immaterial and are treated as maintenance expenses. Premium deficiencies are not calculated because acquisition costs are immaterial. Claim adjustment expenses are also immaterial.

Reinsurance - Health insurance plans provided by HMO's and health insurance for local government annuitants are fully insured by outside insurers. All remaining risk is self-insured with no reinsurance coverage.

Risk Transfer - Participating employers are not subject to supplemental assessments in the event of deficiencies. If the assets of the fund were exhausted, participating employers would not be responsible for the fund's liabilities.

Premium Setting - Premiums are established by the Group Insurance Board (Health, Income Continuation Insurance and Long-term Disability Insurance) and the Employee Trust Funds Board (Duty Disability) in consultation with actuaries.

C. Unpaid Claims Liabilities

As discussed in Section B of this Note, each fund establishes a liability for both reported and unreported insured events, which is an estimate of future payments of losses. The following represents changes in those aggregate liabilities for the nonreinsured portion of each fund during Calendar Year 1999 (in millions):

	Health Insurance		Income Continuation Insurance		Duty Disability		Long-term Disability Insurance	
	1999	1998	1999	1998	1999	1998	1999	1998
Unpaid claims at beginning of the calendar year	\$ 16.6	\$8.9	\$44.2	\$44.2	\$215.3	\$197.0	\$19.9	\$ 14.6
Incurred claims:								
Provision for insured events of the current calendar year	64.8	58.5	17.3	19.2	21.7	16.9	9.1	7.7
Changes in provision for insured events of prior calendar years	(7.2)	(0.2)	(11.8)	(11.5)	44.9	16.9	(0.3)	0.6
Total incurred claims	57.6	58.3	5.5	7.7	66.6	33.8	8.8	8.3
Payments:								
Claims and claim adjustment expenses attributable to insured events of the current calendar year	51.6	42.4	2.4	2.4	0.1	0.1	0.1	0.1
Claims and claim adjustment expenses attributable to insured events of prior calendar years	9.2	8.2	4.4	5.3	16.9	15.4	2.7	2.9
Total Payments	60.8	50.6	6.8	7.7	17.0	15.5	2.8	3.0
Total unpaid claims expenses at end of the calendar year	\$ 13.4	\$ 16.6	\$42.9	\$44.2	\$264.9	\$215.3	\$25.9	\$19.9

D. Trend Information

Historical trend information showing revenue and claims development information is presented in the Department of Employee Trust Funds December 31, 1999 audited financial statements. Copies of these statements may be requested from:

The Department of Employee Trust Funds
 801 West Badger Road
 P.O. Box 7931
 Madison, Wisconsin 53707-7931

NOTE 20. SELF-INSURANCE

It is the general policy of the State not to purchase commercial insurance for the risks of losses to which it is exposed. Instead, the State believes it is more economical to manage its risks internally and set aside assets for claim settlement in its internal service fund, the Risk Management Fund. The fund services most claims for risk of loss to which the State is exposed, including damage to State owned property, liability for property damages and injuries to third parties, and worker's compensation. All funds and agencies of the State participate in the Risk Management Fund.

State Property Damage

Property damages to State-owned properties are covered by the State's self-funded property program up to \$2.5 million. When claims, which exceed \$10,000 per occurrence, total \$2.5 million, the State's private insurance becomes available. Losses to property occurring after the threshold are first subject to a \$10,000 deductible. The amount of loss in excess of \$10,000 is covered by the State's private insurance company. During Fiscal Year 2000, the excess insurance limits were written to \$300 million.

The liabilities for State property damage are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The estimate for future benefits and loss liabilities is based on the reserves on open claims and paid claims. Losses incurred but not reported are expected to be immaterial. Claims incurred but not paid as of June 30, 2000 are estimated to total \$2.6 million.

Property Damages and Bodily Injuries to Third Parties

The State is self-funded for third party liability to a level of \$2 million per occurrence and purchases insurance in excess of this self-funded retention. The policy limit during Fiscal Year 2000 was \$50 million.

The liabilities for property damages and injuries to third parties are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The estimate for future benefits and loss liabilities for the prior fiscal year was the reserves on open claims. The estimate for future benefits and loss liabilities is calculated by an actuary based on the reserves on open claims and prior experience. No liability is reported for environmental impairment liability claims either incurred or incurred but not reported because existing case law makes it unlikely the State would be held liable for material amounts. Because actual claims liabilities depend upon complex factors such as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not

necessarily result in an exact amount. Claims incurred but not paid as of June 30, 2000 are estimated to total \$34.1 million.

Worker's Compensation

The Worker's Compensation Program was created by Wisconsin Statutes Chapter 102 to provide benefits to workers injured on the job. All employees of the State are included in the program. An injury is covered under worker's compensation if it is caused by an accident that arose out of and in the course of employment.

The responsibility for claiming compensation is on the employee. A claim must be filed with the program within two years from the date of injury, otherwise the claim is not allowable.

The worker's compensation liability has been determined by an actuary using paid claims and current claims reserves. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities are affected by external factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims incurred but not paid as of June 30, 2000 are estimated to total \$44.6 million.

Changes in the balances of claims liability for the Risk Management Fund during the current and prior fiscal years are as follows (in thousands):

	1999	2000
Beginning of fiscal year liability	\$ 78,654	\$ 80,529
Current year claims and changes in estimates	20,745	19,216
Claim payments	(18,870)	(18,410)
Balance at fiscal year-end	<u>\$ 80,529</u>	<u>\$ 81,335</u>

Annuity Contracts

The Risk Management Fund purchased annuity contracts in various claimants' names to satisfy claim liabilities. The likelihood that the fund will be required to make future payments on those claims is remote and, therefore, the fund is considered to have satisfied its primary liability to the claimants. Accordingly, the annuity contracts are not reported in, and the related liabilities are removed from, the fund's balance sheet. The aggregate outstanding amount of liabilities removed from the financial statements at June 30, 2000 is \$ 2.9 million.

NOTE 21. INSURANCE FUNDS**A. Local Government Property Insurance Fund**

Created by the Legislature in 1911, the purpose of the Local Government Property Insurance Fund is to provide property insurance coverage to tax-supported local government units such as counties, towns, villages, cities, school districts and library boards. Property insured includes government buildings, schools, libraries and motor vehicles. Coverage is available on an optional basis. As of June 30, 2000, the Local Government Property Insurance Fund insured 1,113 local governmental units. The total amount of insurance in force as of June 30, 2000 was \$25.1 billion.

Valuation of Cash Equivalents and Investments - All investments of the Local Government Property Insurance Fund are managed by the State of Wisconsin Investment Board, as discussed in Note 3-B to the financial statements. At June 30, 2000, the fund had \$16.5 million of shares in the State Investment Fund which are considered cash equivalents and \$11.9 million of high grade, long-term, fixed income obligations.

Premium - Unearned premium reported as deferred revenue represents the daily pro rata portion of premium written which is applicable to the unexpired terms of the insurance policies in force. Policies are generally written for annual terms.

Unpaid Claims Liabilities - The Local Government Property Insurance Fund establishes future benefits and loss liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. Estimated amounts of reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Claims liabilities are recomputed periodically to produce current estimates that reflect recent settlements, claim frequency, and other economic factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to future benefits and loss liabilities are charged or credited to expense in the periods in which they are made.

Policy Acquisition Costs - Since the Local Government Property Insurance Fund has no marketing staff and incurs no sales commissions, acquisition costs are minimal and charged to operations as incurred.

Premium Deficiency - Investment income is considered in determining whether a premium deficiency exists. No premium deficiency existed at June 30, 2000.

Reinsurance - The Local Government Property Insurance Fund uses reinsurance agreements to reduce its exposure to large losses on all types of insured events. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the fund as direct insurer of the risks reinsured. The fund does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers. As of June 30, 2000 the fund had \$200 million of per occurrence excess of loss reinsurance in force with a \$500 thousand combined single limit retention for each occurrence, and an annual aggregate reinsurance contract with a \$6 million annual aggregate retention plus a per claim retention of \$10 thousand once the aggregate is met, as respects occurrences for the term of the agreement. Premium ceded to reinsurers during the fiscal year amounted to \$1.1 million. Reinsurance loss and adjusting expense recoveries earned for the year amounted to \$5.9 million.

Unpaid Claims Liabilities

As discussed above, the Local Government Property Insurance Fund establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents changes in those aggregate liabilities for the fund during the past two fiscal years (in thousands):

	2000	1999
Unpaid claims and claim adjustment expenses at beginning of the year	\$10,875	\$11,050
Less: Reinsurance recoverable	(6,431)	(6,687)
Net unpaid loss liability at beginning of year	<u>4,444</u>	<u>4,363</u>
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	8,253	8,484
Increase (decrease) in provision for insured events of prior years	<u>(380)</u>	<u>(91)</u>
Total incurred claims and claim adjustment expenses	<u>7,873</u>	<u>8,393</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	4,867	4,274
Claims and claim adjustment expenses attributable to insured events prior years	<u>4,027</u>	<u>4,037</u>
Total payments	<u>8,894</u>	<u>8,311</u>
Net unpaid claims and claim adjustment expenses at end of year	3,423	4,444
Reinsurance recoverable	<u>8,467</u>	<u>6,431</u>
Total unpaid claims and claim adjustment expenses	<u>\$11,890</u>	<u>\$10,875</u>

Trend Information

Historical trend information showing revenue and claims development information is presented in the Office of the Commissioner of Insurance June 30, 2000 financial statements. Copies of these statements may be requested from:

Office of the Commissioner of Insurance
 121 East Wilson Street
 Madison, Wisconsin 53702

B. State Life Insurance Fund

The State Life Insurance Fund was created under Chapter 607, Wisconsin Statutes, to offer life insurance to residents of Wisconsin in a manner similar to private insurers. This fund functions much like a mutual life insurance company and is subject to the same regulatory requirements as any life insurance company licensed to operate in Wisconsin.

Premiums are reported as earned when due. Benefits and expenses are associated with earned premiums so as to result in recognition of profits over the life of the contracts. This association is accomplished by means of the provision for liabilities for future benefits and the amortization of acquisition costs.

The costs of policy issuance and underwriting, all of which vary with, and are primarily related to, the production of new business, have been deferred. These deferred acquisition costs are amortized over a forty year period, considered representative of the life of the contract. The amortization is in proportion to the ratio of annual in-force business to the amount of business issued. Such anticipated in-force business was estimated using similar assumptions to those used for computing liabilities for future policy benefits.

Deferred Acquisition Cost Assumptions

Issue Years	Interest Rate	Lapse Rate	Mortality
1913-1966	3.0%	2.0%	None
1967-1976	3.0	2.0	None
1977-1985	4.0	2.0	None
1986-1994	5.0	2.0	None
1995+	4.0	2.0	None

Amortization for the year ended June 30, 2000 amounted to \$22 thousand. The State Life Insurance Fund does not pay commissions nor does it incur agent expenses.

Future benefits and loss liabilities have been computed by the net level premium method based upon estimated future investment yield and mortality. The composition of liabilities and the more material assumptions pertinent thereto are presented below (in thousands):

Issue Year	Ordinary Life Insurance in Force	Amount of Policy Liability
1913-1966	\$ 15,354	\$ 9,256
1967-1976	42,744	14,818
1977-1985	80,560	18,498
1986-1994	57,150	4,880
1995+	24,049	1,463
	<u>\$ 219,857</u>	<u>\$ 48,915</u>

Bases of Assumptions

Issue Year	Interest Rate	Mortality
1913-1966	3.0%	American Experience, ALB*
1967-1976	3.0	1958 CSO, ALB, Unisex
1977-1985	4.0	1958 CSO, ALB, Female Setback 3 years
1986-1994	5.0	1980 CSO, ALB, Aggregate
1995+	4.0	1980 CSO, ALB, Aggregate

* Age Last Birthday

All of the State Life Insurance Fund's ordinary life insurance in force is participating. This fund is required by statute to maintain surplus at a level between 7 percent and 10 percent of statutory admitted assets as far as practicably possible. All excess surplus is to be returned to the policyholders in the form of policyholder dividends. Policyholder dividends are declared each year in order to achieve the required level of surplus.

The statutory assets at December 31, 1999 were \$69.4 million and the statutory capital and surplus were \$7.0 million, and the capital and surplus at June 30, 2000 was \$7.3 million.

C. Patients Compensation Fund

The Patients Compensation Fund was created in 1975 for the purpose of providing excess medical malpractice insurance for health care providers in the state. The Patients Compensation Fund pays that portion of a medical malpractice claim which is in excess of the legal primary insurance limit prescribed under law, or the maximum liability limit for which the health provider is insured, whichever limit is greater. Most health care providers permanently practicing or operating in the State of Wisconsin are required to pay Patients Compensation Fund operating fees. Risk of loss is retained by the fund.

The Future Benefits and Loss Liability Account includes individual case estimates for reported losses and estimates for incurred but not reported losses based upon the projected ultimate losses. Individual case estimates of the liability for reported losses and net losses paid from inception of the Patients Compensation Fund are deducted from the projected ultimate loss liabilities to determine the liability for incurred but not reported losses as of June 30, 2000 as follows (in thousands):

Projected ultimate loss liability	\$ 1,160,385
Less: Net loss paid from inception	(443,105)
Less: Liability for reported losses	<u>(46,463)</u>
Liability for incurred but not reported losses	<u>\$ 670,817</u>

The Future Benefits and Loss Liability Account also includes a provision for the estimated future payment of the costs to settle claims. These ultimate loss adjustment expenses as of June 30, 2000 are estimated at 5.0 percent of the projected ultimate loss liabilities. The loss reserves are actuarially determined. The loss adjustment expenses paid from the inception of the Patients Compensation Fund are deducted from the projected ultimate loss adjustment expenses provision to determine the liability for loss adjustment expenses as of June 30, 2000 as follows (in thousands):

Projected ultimate loss adjustment expense liability	\$ 58,019
Less: Loss adjustment expense paid from inception	<u>(26,638)</u>
Liability for loss adjustment expense	<u>\$ 31,381</u>

The uncertainties inherent in projecting the frequency and severity of large claims because of the Patients Compensation Fund's unlimited liability coverage, and extended reporting and settlement periods, makes it likely that the amounts ultimately paid will differ from the recorded estimated liabilities. These differences cannot be quantified.

The liability for reported losses, liability for incurred but not reported losses, and liability for loss adjustment expense is maintained on a present value basis with the difference from full value being reported as a contra account to the loss reserve liabilities. The loss reserve liabilities are discounted only to the extent that they are matched by cash and invested assets. If all loss liabilities are discounted, the discounted loss liability would be as follows as of June 30, 2000 (in thousands):

Estimated unpaid loss liabilities	\$ 717,280
Estimated unpaid loss adjustment expense	31,382
Total estimated loss liabilities	748,662
Less: Amount representing interest	235,080
Discounted loss liabilities	<u>\$ 513,582</u>

The future benefits and loss liabilities are continually reviewed as adjustments to these liabilities become necessary. Such adjustments are reflected in current operations. Because of the changes in these estimates, the benefit expense for the fiscal year is not necessarily indicative of the loss experience for the year.

D. Health Insurance Risk Sharing Plan

The Health Insurance Risk Sharing Plan Fund was established in 1980 to provide major medical and Medicare supplemental insurance for persons unable to obtain this insurance in the private market, or who can only obtain substandard or excessively costly insurance due to their health status, or have tested positive for the presence of HIV, products of HIV, or an antibody to HIV. The Health Insurance Risk Sharing Plan is funded primarily by premiums paid by insureds of the plan, assessments made to participating insurers, reduction of provider payments rates, and general purpose revenue from the State of Wisconsin.

The financial statements of the Health Insurance Risk Sharing Plan fund are prepared in conformity with generally accepted accounting principles for governments as prescribed by the Governmental Accounting Standards Board. Premiums are recognized as revenues over the terms of the insurance policies, and a liability for unearned premiums is established to reflect premiums received applicable to subsequent accounting periods. Participating insurers are assessed every six months, and revenue is recognized in the period covered by the assessments.

The future benefits and loss liabilities include loss reserves reflecting the accumulation of losses reported but not paid prior to the close of the accounting period and estimates of incurred but unreported losses. Loss reserves are actuarially determined and are based on historical patterns of claim payments and represent the estimated ultimate cost of settling claims incurred prior to June 30. Due to the inherent uncertainties in the reserving process, loss reserves as computed may not reflect the actual payments ultimately to be made. The methods for making such estimates and for establishing the resulting reserves are continually reviewed, and any adjustments are reflected in earnings currently.

The following represents changes in the Future Benefit and Loss Liability account balances for the prior two fiscal years (in thousands):

	2000	1999
Balance, beginning of year	\$ 9,456	\$ 10,461
Incurred related to:		
Current year	41,303	35,435
Prior years	(2,878)	(4,032)
Total Incurred	<u>38,425</u>	<u>31,403</u>
Paid related to:		
Current year	27,889	26,435
Prior years	6,578	5,973
Total Paid	<u>34,467</u>	<u>32,408</u>
Balance, end of year	<u>\$ 13,414</u>	<u>\$ 9,456</u>

The Future Benefits and Loss Liability Account also includes a reserve for loss adjustment costs to be incurred in settlement of the claims provided for in the loss reserves.

E. Wisconsin Health Care Liability Insurance Plan

The Wisconsin Health Care Liability Insurance Plan (the Plan) is a statutory unincorporated association established by rule of the Commissioner of Insurance of the State of Wisconsin as mandated by the State of Wisconsin legislature. The Plan provides health care liability insurance and liability coverages normally incidental to health care liability insurance to eligible health care providers in the State of Wisconsin calling for payment of premium prior to the effective date of the policy. All insurers authorized to write personal injury liability insurance in the State of Wisconsin, with certain minor exceptions, are required to be members of the Plan.

The Plan generates its premium written revenue by selling medical malpractice insurance. Rates are calculated in accordance with generally accepted actuarial principles. The rates are set so that the Plan will be self-supporting. Profit is not the intent of the Plan.

Since the inception of the Plan in 1975, the health care liability coverage limits have increased from \$200 thousand per occurrence and \$600 thousand annual aggregate to the current limits of \$1.0 million per occurrence and \$3.0 million annual aggregate effective July 1, 1998. A general liability coverage is also available to participating health care providers with limits of \$1.0 million per occurrence and \$3.0 million annual aggregate effective July 1, 1990. The Plan is not covered under any reinsurance contracts.

In the event that sufficient funds are not available for the sound financial operation of the Plan, all members shall, on a temporary basis, contribute to the financial needs of the Plan. Members shall participate in the contributions in the proportion of their respective premiums to the aggregate premiums written by all members of the Plan. Such assessments shall be recouped by rate increases applied prospectively. There were no assessments for the year ended December 31, 1999.

The future benefits and loss liability includes amounts determined from individual reported losses (case reserves) and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on estimates and, while management believes that the amounts are adequate, the ultimate liability will differ from the amounts provided. The methods for making such estimates and for establishing the resulting liability are annually reviewed, and any adjustments are reflected in income currently. Specific account balances as of December 31, 1998 and December 31, 1999, are as follows (in thousands):

	1999	1998
Balance at January 1	\$ 115,776	\$ 126,084
Incurred related to:		
Current year	5,273	6,510
Prior years	(17,147)	(14,671)
Total Incurred	(11,874)	(8,161)
Paid related to:		
Current year	137	122
Prior years	1,735	2,025
Total paid	1,872	2,147
Balance at December 31	\$ 102,030	\$ 115,776

As a result of changes in estimates of insured events of prior years, the provisions for losses and loss adjustment expenses were decreased as indicated in the table above. Also, because of the significant length of time between the date these type of losses are reported and paid, these changes were greater than actual losses incurred for the current year, causing negative incurred losses.

NOTE 22. LITIGATION, CONTINGENCIES AND COMMITMENTS

A. Litigation and Contingencies

The State is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine governmental operations.

Claims and Judgments Reported in General Long-term Debt Account Group

The State accrues liabilities related to legal proceedings, if a loss is probable and reasonably estimable. Such losses, totaling \$2.2 million on June 30, 2000 reported in the General Long-term Debt Account Group, are discussed below:

Litigation - The Department of Health and Family Services is involved in various legal proceedings where the ultimate disposition is estimated at \$.4 million which is reported in the General Long-term Debt Account Group.

Other Claims - Work Injury Supplemental Benefits - The Work Injury Supplemental Benefit Fund, administered by the Department of Workforce Development, provides compensatory payments to survivors of fatally injured employees or disabled employees with work-related injuries. The liability for annuities to be paid to the above individuals totaled \$1.8 million at June 30, 2000, and is reported in the General Long-term Debt Account Group.

Other Claims, Judgments, and Contingencies

The State is also named as a party in other legal proceedings where the ultimate disposition and consequence are not presently determinable. The potential liability amount relating to an unfavorable outcome for certain of these proceedings could impact the State by approximately \$3.4 million. However, the ultimate dispositions and consequences of any single legal proceeding or all legal proceedings collectively should not have a material adverse effect on the State's financial position, except as noted below.

Grants - The State has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a review or audit may become a liability of the State.

Wage Overtime Case - In May 1995, the Seventh Circuit Court of Appeals entered judgment relating to *Gerald Mueller vs Ronald Fiedler et al*, an action which was originally brought on behalf of certain State employees who have been categorized exempt from the Fair Labor Standards Act (FLSA) overtime provisions. The plaintiffs sought back-pay for overtime worked, plus liquidated damages, and attorney's fees.

The Seventh Circuit Court of Appeals reversed an earlier Federal District Court decision. The District Court had held that the Federal Department of Labor's criterion (known as the "salary basis test") for ruling that exempt employees are entitled to overtime pay was contrary to the intent of Congress because it would be unconstitutional to apply it to the State. The Circuit Court of Appeals held that the criterion was not unconstitutional as applied to the State because the test was equally valid in both the private sector as well as the public sector.

Currently, the State has petitioned the U.S. Supreme Court to review by writ of certiorari. Although at this time it is premature to estimate the potential impact of an unfavorable decision, a preliminary estimate indicates that the liability of the State could be approximately \$3.0 million. Due to the uncertainty in predicting the outcome and the amount of the settlement, a liability has not been recorded as of June 30, 2000.

Corporate Tax Measured by Interest from U.S. Securities - In this corporate franchise tax case, American Family Mutual Insurance Company and American Standard Insurance Company sought refunds of taxes paid that were measured by U.S. interest.

Federal law prohibits an income tax on U.S. interest, but allows a non-discriminatory franchise tax measured on U.S. interest. The insurance companies argued that because bonds authorized by

the State for housing and development were exempt from State taxes, that the franchise tax was discriminatory. The State had heretofore held that the exemption applied only to direct State taxes and had uniformly included interest on the State authorized bonds in the franchise tax measure. The Wisconsin Tax Appeals Commission and the County Circuit Court upheld the State.

The Court of Appeals, District IV, reversed the decisions. The Supreme Court reversed the Court of Appeals. The taxpayers maintain that the decision is not applicable to 1993 and 1994. The State maintains the principles of the decision are applicable to the subsequent years.

Due to the uncertainty in predicting the outcome, a liability has not been recorded as of June 30, 2000.

Federal Pension Income - Due to an adverse decision in *Hogan et al v. Wisconsin Department of Revenue*, settlement has been reached with approximately 3,200 military retirees and 14,000 federal civilian retirees for refunds of State income taxes, with interest, for the period 1984 through 1988. Hogan relied on the United States Supreme Court ruling in *Davis v. Michigan Department of the Treasury* that state governments may not discriminate against federal retirees in the taxation of their retirement benefits based on the source of such payments. The Department of Revenue is currently engaged in litigation with various individuals as to whether or not they were federal employees and, thus, included under the *Davis V. Michigan Department of the Treasury* decision. In November, 1999, the Dane County Circuit Court generally affirmed the Department of Revenue's statutory interpretation positions, but found a basis for estoppel to exist as to some litigants. A settlement requiring taxation in full commencing with the 1998 tax year was offered to all litigants who potentially had an estoppel claim. The final fiscal impact of the settlement is not known, as the settlement process is not completed. Additionally, an appeal to the Court of Appeals was taken by those federal retiree litigants who had withdrawn contributions, thus voiding membership in the retirement system as of the exemption cut-off date. The Department of Revenue is confident that it will continue to prevail on this issue. Because a fiscal impact cannot be readily determined if the State were not to prevail, and due to the uncertainty in predicting the outcome, a liability has not been recorded.

Environmental Clean-up Actions - The State is involved in environmental clean-up of property owned by the State that has the potential to cause soil and groundwater contamination. Twenty-six sites have soil and/or groundwater contamination associated with underground storage tank releases with an estimated remediation cost of \$1.0 million.

The State is also involved in environmental remediations on 11 properties that do not involve releases from underground storage tanks, with an estimated cost of \$4.0 million.

B. Commitments

In addition to legal proceedings, the State is party to commitments which normally occur in governmental operations.

In addition to the amount of encumbrances outstanding at June 30, 2000 reported as Fund Balance - Reserved for Encumbrances, additional obligations at June 30, 2000 representing multi-year, long-term commitments included (in thousands):

Transportation Fund	\$ 203,331
Transportation Revenue Bonds Capital Projects Fund	22,954
Conservation Fund	11
General Fund – Department of Commerce programs, including economic and community development programs	1,908
General Fund – Department of Workforce Development long-term W-2 contracts with local governments	96,068
General Fund – Other	31

The Environmental Improvement Fund (the Fund) was established to administer the Clean Water Fund Loan Program. Loans are made to local units of government for wastewater treatment projects for terms of up to 20 years. These loans are made at a number of prescribed interest rates based on environmental priority. The loans contractually are revenue obligations or general obligations of the local governmental unit. Additionally, various statutory provisions exist which provide further security for payment. The fund has made financial assistance commitments of \$148.7 million as of June 30, 2000. These loan commitments are expected to be met through additional federal grants and proceeds from issuance of revenue obligations.

In addition, the revenue obligation bonds of the Leveraged Loan Program in the Fund are collateralized by a security interest in all the assets of the Leveraged Loan Program. Neither the full faith and credit nor the taxing power of the State is pledged for the payment of the Fund’s revenue obligation bonds. However, as the loans granted to local units of government are at an interest rate less than the revenue bond rate, the State is obligated by the Fund’s General Resolution to fund, at the time each loan is made, a reserve which subsidizes the Leveraged Loan Program in an amount which offsets this interest disparity.

Also, Wisconsin Statutes require that the Fund provide financial hardship assistance for those communities that qualify under

Wis. Stat. Sec. 281.58. This assistance may come in the form of reduced interest rates or grants (not to exceed 70 percent of project costs). At fiscal year ended June 30, 2000, future commitments for hardship grants totaled \$8.9 million.

The Wisconsin Housing and Economic Development Authority’s mission was expanded since its creation to include administration of the Agricultural and Business Programs. These programs administer funds that are legislatively appropriated to subsidize interest and provide guarantees of principal balances of qualifying loans. At June 30, 2000, outstanding loan guarantees totaled \$31.8 million.

The *Patients Compensation Fund* may be required to purchase an annuity as a result of a claim settlement. Under specific annuity arrangements, the fund may have ultimate responsibility for annuity payments if the annuity company and the reassignment company default on annuity payments. One of the fund’s annuity providers has defaulted on \$600 thousand in annuity payments. The total estimated replacement value of the fund’s annuities as of June 30, 2000 was \$120.4 million. The fund reserves the right to pursue collection from State guarantee funds.

State Public Deposit Guarantee - As required by Wis. Stat. Sec. 34.08, the State is to make payments to public depositors for proofs of loss (e.g., loss resulting from a bank failure) up to \$400 thousand per depositor above the amount of federal insurance. This statutory requirement guarantees that the State will make payments in favor of the public depositor that has submitted a proof of loss. Payments would be made in the order in which satisfactory proofs of loss are received by the State’s Department of Financial Institutions, until the designated appropriation is exhausted. At June 30, 2000, the appropriation available totaled \$26.6 million. Losses become fixed as of the date of the loss. A public depositor experiencing a loss must assign its interest in the deposit, to the extent of the amount paid, to the Department of Financial Institutions. Any recovery made by the Department of Financial Institutions under the assignment is to be repaid to the appropriation. The possibility of a material loss resulting from payments to and recovery from public depositors is remote.

NOTE 23. SUBSEQUENT EVENTS

Bonds and Notes

Primary Government

Short-term Debt

In August through November 2000, the State issued three series of notes in its General Obligation Extendible Municipal Commercial Paper Note Program, Series A, B and C. The \$298.8 million of aggregate principal will be used for various governmental purposes and to retire the State's outstanding general obligation extendible commercial notes (See Note 6E to the financial statements).

Long-term Debt

State of Wisconsin General Obligation Bonds – In July 2000, the State issued \$35.0 million of 2000 Series B general obligation bonds to be used to fund veterans primary mortgage home loans. Interest is payable on May 1 and November 1, commencing May 1, 2001, with the bonds maturing November 1, 2010 and 2030.

In July 2000, the State issued \$87.7 million of 2000 Series C general obligation bonds to be used for the acquisition, construction, development, extension, enlargement, or improvement of land, water, property, highways, buildings, equipment, or facilities for public purposes. Interest is payable on May 1 and November 1, commencing May 1, 2001, with the bonds maturing on May 1, of the years 2012 through 2021.

In November 2000, the State issued \$199.9 million of 2000 Series D general obligation bonds of which \$82.2 million will be used for the acquisition, construction, development, extension, enlargement, or improvement of land, water, property, highways, buildings, equipment, or facilities for public purposes, and \$117.7 million of which will be used to retire a portion of the State's outstanding general obligation commercial paper notes and extendible municipal commercial paper (See Note 6E to the financial statements). Interest is payable on May 1 and November 1, commencing May 1, 2001, with the bonds maturing on May 1, of the years 2012 through 2021.

In November 2000, the State issued \$5.0 million of 2000 Series E general obligation bonds to be used for the veterans housing loan program, and \$5.0 million of general obligation 2000 Clean Water Fund Program Series A bonds to be used in the clean water fund program.

Revenue Bonds – In September, 2000, the Department of Transportation issued \$123.7 million of 2000 Series A Transportation Revenue Bonds. The bond proceeds will be used to pay the costs of major highway projects and construction or improvement of certain transportation facilities. Interest is

payable January 1 through July 1, beginning July 1, 2001. The bonds mature on July 1 of the years 2012 through 2021.

In December 2000, the Petroleum Environmental Cleanup Fund Award (PECFA) Program issued an additional \$20.0 of Extendible Municipal Commercial Paper to pay for PECFA claims that were incurred by the State.

Certificates of Participation

On September 19, 2000, the State issued the following series of Master Lease Certificates of Participation:

- Master Lease Certificates of Participation of 2000, Series A, in the amount of \$27.3 million. This series of Master lease certificates had interest rates ranging from 4.5 percent to 5.0 percent and matures semi-annually through September 1, 2007.
- Master Lease Certificates of Participation of 2000, Series B (Taxable), in the amount of \$11.3 million. This series of Master lease certificates had interest rates ranging from 6.7 percent to 7.0 percent and matures semi-annually through September 1, 2005.

Component Unit

Wisconsin Housing and Economic Development Authority – In September, 2000, the Authority issued \$95.0 million of Home Ownership Revenue Bonds, 2000 Series D, E and F to refund certain previously issued revenue bonds and to purchase new mortgage loans.

The Authority issued \$10.8 million of Housing Revenue Bonds, 2000 Series A and B. Proceeds will be used to purchase new mortgage loans and refund previously issued bonds.

In August 2000, the Authority issued \$21.3 million of Single Family Drawdown Revenue Bonds. These bonds were issued to refund existing bond issues and purchase new single family loans. In addition, the Authority issued \$60.0 million of Home Ownership Revenue Bonds, Series 2000 G and H.

In addition the Authority had the following (in thousands):

	<u>2000 Redemptions</u>
Home Ownership Revenue Bond Resolutions:	
1987	\$ 13,415
1988	25,320
All Other	32,935
Single Family Drawdown Revenue Bonds	32,000
Total	\$ 103,670



WISCONSIN

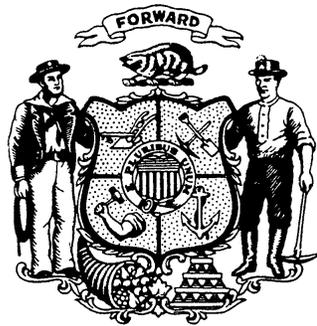
COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the fiscal year ended June 30, 2000

STATE OF **WISCONSIN**

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the fiscal year ended June 30, 2000

Tommy G. Thompson, Governor

Department of Administration
George Lightbourn, Secretary
William J. Raftery, State Controller

Prepared by the State Controller's Office

This document is available on the Department of Administration homepage
on the World Wide Web: <http://www.doa.state.wi.us/debf/cafr/FY00/00cafr.htm>

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**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2000**

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Special Revenue Funds

SPECIAL REVENUE: Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specified purpose. The State's special revenue funds are described below:

The **Transportation Fund** accounts for the proceeds from motor fuel taxes, vehicle registrations, licensing fees, and federal and local governments which are used to supply and support safe, efficient and effective transportation in Wisconsin.

The **Conservation Fund** accounts for the management of the State's fish, wildlife, parks and other natural resources with funds provided from hunting and fishing licenses, recreational fees and forestry taxes.

The **Heritage State Parks and Forests Fund** accounts for the funding for operations and maintenance of State parks, southern State forests, and recreation areas either by making partial matching grants to "friends groups" or by accepting expenditure transfers from park and forest programs in the Conservation Fund.

The **Wisconsin Health Education Loan Repayment Fund** accounts for administrative expenditures related to issuing Wisconsin Health Education Loan bonds. These expenditures are funded from trustee transfers.

The **Waste Management Fund** accounts for the closure and long-term care of approved landfills from fees imposed on landfill operators.

The **Wisconsin Election Campaign Fund** accounts for taxpayer donated funding for political candidates. The donations are intended to replace special interest funds.

The **Investment and Local Impact Fund** accounts for grants and loans to municipalities where metalliferous minerals exist to offset the negative effects of mining projects. These grants and loans are funded with taxes which have been imposed on mining activities.

The **Industrial Building Construction Loan Fund** accounts for economic development grants and loans for the construction of industrial buildings. These grants and loans are funded primarily with investment income.

The **Self-insured Employers Liability Fund** establishes a reserve to cover claims for employees of employers who have become insolvent. These employers were previously determined to be exempt from the requirement to carry accident or death insurance. The reserve is also used to cover the cost of insurance carrier or insurance service organization used to process, investigate, and pay valid claims from the injured employees.

The **Work Injury Supplemental Benefit Fund** accounts for compensatory payments to survivors of fatally injured employees or disabled employees with work-related injuries. This compensation is provided with funds collected from Wisconsin employers and insurance carriers.

The **Tobacco Control Fund** accounts for a portion of the moneys received from the settlement of the lawsuit between several states, including Wisconsin, and the tobacco companies. The moneys are used to fund health care related costs including grants for tobacco prevention, research, and intervention.

The **Uninsured Employers Fund** accounts for the administration of insurance enforcement activities and compensation to injured employees of uninsured employers. The revenue is primarily provided by funds collected from uninsured employers.

The **Mediation Fund** accounts for the resolution of disputes regarding medical malpractice. Dispute filing fees and fees charged to health care providers are the primary revenue sources.

The **Agricultural Chemical Cleanup Fund** accounts for the portion of the costs responsible persons pay to clean up fertilizer and pesticide spills and historical handling areas. Fertilizer and pesticide licenses and registration fees primarily provide the revenue.

The **Agrichemical Management Fund** accounts for the regulation and enforcement of pesticide, feed and fertilizer industries. The revenue is generated by licenses and fees assessed to these industries.

The **Employee Trust Funds Administration Fund** accounts for transactions related to the administration and general operations of the Department of Employee Trust Funds.

(Continued)



Special Revenue Funds

(Continued)

The **Historical Legacy Trust Fund** accounts for moneys to commemorate the 200th anniversary of Wisconsin statehood. Gifts, grants, and bequests generate the revenue. Also, all moneys received by the Wisconsin Sesquicentennial Commission after September 30, 1998 are reported in this fund.

The **Petroleum Inspection Fund** accounts for revenues received from inspection fees on petroleum products shipped into Wisconsin and proceeds received from revenue bonds. These resources are used for petroleum inspection programs, environmental cleanup awards, clean air and water administration and other environmental programs in the State of Wisconsin.

The **Environmental Fund** accounts for the development and enforcement of groundwater standards, as well as assistance in the emergency response, investigation and clean up of contaminated sites. This assistance is funded by fees on activities or substances which may contaminate groundwater and fees for solid waste tipping, pesticide licenses and oil inspections.

The **Dry Cleaner Environmental Response Fund** accounts for the financial assistance for the remediation of environmental contamination caused by the spillage of dry cleaning solvents. Revenues used to fund this program are dry cleaning facility license and solvent fees.

The **Recycling Fund** accounts for the moneys from the recycling surcharge tax and recycling fees, used to reduce the amount of solid waste disposed of in landfills and incinerators.

The **Information Technology Investment Fund** accounts for revenues, primarily subscription fees from vendors, used to carry out information technology development projects, including paying for costs associated with technology-related equipment, software and support.

The **Universal Service Fund** accounts for various programs that ensure that all Wisconsin residents receive essential telecommunication services at reasonable prices and that they have access to certain advanced telecommunications service capabilities. Assessment of entities in the telecommunications industry is the primary source of revenues.

The **Computer Escrow Fund** accounts for moneys that are set aside to reimburse local governments for the first year loss in tax base that resulted from the exemption of computers from property taxes.

The **Wisconsin Public Broadcasting Foundation (Foundation) Fund** accounts for financial resources generated to support the activities of the Wisconsin Educational Communications Board. The primary revenue sources of the Foundation are from gifts, grants and contributions.

State of Wisconsin

Combining Balance Sheet - All Special Revenue Funds

June 30, 2000

(In Thousands)

	Transportation	Conservation	Heritage State Parks and Forests	Wisconsin Health Education Loan Repayment	Waste Management
Assets					
Cash and Cash Equivalents	\$ 293,289	\$ 80,393	\$ 1,065	\$ -	\$ 9,406
Investments	-	-	-	-	-
Receivables (net of estimated uncollectible accounts):					
Taxes	81,983	19,051	-	-	-
Other Receivables	37,321	1,186	-	-	-
Due from Other Funds	17,740	10,007	-	22	-
Interfund Loans Receivable	26,478	-	-	-	-
Due from Other Governments	69,448	7,918	-	-	-
Inventories	16,337	1,638	-	-	-
Prepaid Items	3,131	952	-	1	-
Other Assets	27	-	-	-	-
Total Assets	\$ 545,755	\$ 121,144	\$ 1,065	\$ 24	\$ 9,406
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable and Other Accrued Liabilities	\$ 98,470	\$ 8,336	\$ -	\$ 1	\$ 3
Due to Other Funds	32,619	14,454	84	12	-
Interfund Loans Payable	-	-	-	10	-
Due to Other Governments	58,228	9,937	-	-	-
Tax Refunds Payable	14,802	96	-	-	-
Tax and Other Deposits	558	960	-	-	4,166
Deferred Revenue	4,184	3,290	-	-	-
Advances from Other Funds	-	-	-	-	-
Short-term Notes Payable	-	-	-	-	-
Total Liabilities	208,861	37,072	84	23	4,169
Fund Balances:					
Reserved for Encumbrances	499,594	15,254	-	-	-
Reserved for Inventories	16,337	1,638	-	-	-
Reserved for Prepaid Items	3,131	952	-	1	-
Reserved for Restricted Funds	-	271	-	-	-
Unreserved:					
Undesignated	(182,168)	65,958	981	(1)	5,238
Total Fund Balance	336,894	84,072	981	-	5,238
Total Liabilities and Fund Balance	\$ 545,755	\$ 121,144	\$ 1,065	\$ 24	\$ 9,406

Wisconsin Election Campaign	Investment and Local Impact	Industrial Building Construction Loan	Self-insured Employers Liability	Work Injury Supplemental Benefit	Tobacco Control	Uninsured Employers	Mediation
\$ 375	\$ 222	\$ 105	\$ 36	\$ 4,006	\$ 24,078	\$ 8,393	164
-	-	-	-	-	-	-	-
-	-	-	-	-	-	4,000	-
-	-	-	-	456	-	-	-
-	-	-	-	-	-	1	2
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	3	4
-	-	-	-	-	-	-	-
\$ 375	\$ 222	\$ 105	\$ 36	\$ 4,463	\$ 24,078	\$ 12,398	171
\$ -	\$ -	\$ -	\$ -	\$ 827	\$ 5	\$ 21	22
-	-	-	-	-	2,108	-	6
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,636	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	827	2,113	2,657	28
-	47	40	-	-	8	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	3	4
-	-	-	-	-	-	-	-
375	175	65	36	3,636	21,957	9,738	139
375	222	105	36	3,636	21,965	9,741	143
\$ 375	\$ 222	\$ 105	\$ 36	\$ 4,463	\$ 24,078	\$ 12,398	171

(Continued)

**Combining Balance Sheet - All Special Revenue Funds
June 30, 2000**

(Continued)

	Agricultural Chemical Cleanup	Agrichemical Management	Employee Trust Funds Administration	Historical Legacy Trust	Petroleum Inspection	Environmental
Assets						
Cash and Cash Equivalents	\$ 8,773	\$ 6,363	\$ 1,557	\$ 97	\$ 27,751	\$ 22,244
Investments	-	-	-	-	-	-
Receivables (net of estimated uncollectible accounts):						
Taxes	-	-	-	-	-	-
Other Receivables	-	-	6	-	106	4,084
Due from Other Funds	-	64	1,521	-	12,135	4,712
Interfund Loans Receivable	-	-	126	-	-	-
Due from Other Governments	-	-	-	-	-	1,085
Inventories	-	17	104	-	-	-
Prepaid Items	-	27	79	-	88	102
Other Assets	-	-	-	-	-	-
Total Assets	\$ 8,773	\$ 6,470	\$ 3,392	\$ 97	\$ 40,081	\$ 32,227
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable and Other Accrued Liabilities	\$ -	\$ 113	\$ 602	\$ -	\$ 35,332	\$ 662
Due to Other Funds	1,500	1,176	1,306	-	2,886	1,938
Interfund Loans Payable	-	-	-	-	-	-
Due to Other Governments	-	-	75	-	2,520	1,318
Tax Refunds Payable	-	-	-	-	-	-
Tax and Other Deposits	-	-	-	-	6	164
Deferred Revenue	-	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-	-
Short-term Notes Payable	-	-	-	-	60,000	-
Total Liabilities	1,500	1,289	1,983	-	100,744	4,081
Fund Balances:						
Reserved for Encumbrances	-	388	487	-	247	13,881
Reserved for Inventories	-	17	104	-	-	-
Reserved for Prepaid Items	-	27	79	-	88	102
Reserved for Restricted Funds	-	-	-	-	-	-
Unreserved: Undesignated	7,273	4,749	739	97	(60,999)	14,163
Total Fund Balance	7,273	5,181	1,409	97	(60,663)	28,146
Total Liabilities and Fund Balance	\$ 8,773	\$ 6,470	\$ 3,392	\$ 97	\$ 40,081	\$ 32,227

Dry Cleaner Environmental Response	Recycling	Information Technology Investment	Universal Service	Computer Escrow	Wisconsin Public Broadcasting Foundation	Totals
\$ 2,782	\$ 26,090	\$ 218	\$ 5,304	\$ -	\$ 1,767	524,480
-	-	-	-	-	4,360	4,360
-	167	-	-	-	-	105,201
57	521	-	889	-	528	45,154
-	8,190	-	269	-	179	54,842
-	-	-	-	-	-	26,604
-	86	-	-	-	32	78,570
-	-	-	-	-	-	18,098
1	12,189	-	-	-	-	16,577
-	-	-	-	-	11	38
\$ 2,839	\$ 47,244	\$ 218	\$ 6,462	\$ 0	\$ 6,878	873,923
\$ 274	\$ 245	\$ -	\$ 484	\$ -	\$ 14	145,411
76	1,053	162	1,938	-	1,351	62,669
-	-	-	-	-	-	10
-	5,929	-	70	-	-	78,076
-	129	-	-	-	-	15,027
-	-	-	-	-	-	5,854
-	-	-	-	-	-	10,110
-	-	3,183	-	-	-	3,183
-	-	-	-	-	-	60,000
350	7,357	3,345	2,492	-	1,364	380,339
7	2,541	-	893	-	-	533,387
-	-	-	-	-	-	18,098
1	12,189	-	-	-	-	16,577
-	-	-	-	-	-	271
2,481	25,157	(3,127)	3,077	-	5,513	(74,749)
2,489	39,887	(3,127)	3,970	-	5,513	493,583
\$ 2,839	\$ 47,244	\$ 218	\$ 6,462	\$ 0	\$ 6,878	873,923

State of Wisconsin

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
All Special Revenue Funds
For the Fiscal Year Ended June 30, 2000**

(In Thousands)

	Transportation	Conservation	Heritage State Parks and Forests	Wisconsin Health Education Loan Repayment	Waste Management
Revenues:					
Taxes	\$ 821,966	\$ 58,110	\$ -	\$ -	-
Intergovernmental	613,240	25,017	-	-	-
Licenses and Permits	326,510	83,401	-	-	-
Charges for Goods and Services	11,811	19,914	-	84	-
Investment and Interest Income	14,497	4,009	45	-	296
Gifts and Donations	11	1,183	-	-	-
Other Revenues	14,912	2,202	440	-	61
Total Revenues	1,802,945	193,836	485	84	357
Expenditures:					
Current:					
Commerce	-	-	-	-	-
Education	-	-	-	103	-
Transportation	1,759,513	-	-	-	-
Environmental Resources	-	201,145	114	-	58
Human Relations and Resources	-	-	-	-	-
General Executive	-	-	-	-	-
Judicial	-	-	-	-	-
Total Expenditures	1,759,513	201,145	114	103	58
Excess of Revenues Over (Under) Expenditures	43,432	(7,309)	371	(19)	299
Other Financing Sources (Uses):					
Proceeds from Sale of Bonds	-	-	-	-	-
Operating Transfers In	406	17,168	-	-	-
Operating Transfers Out	(21,707)	(7,100)	-	-	-
Capital Leases Acquisitions	3,124	1,827	-	-	-
Total Other Financing Sources (Uses)	(18,177)	11,894	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	25,256	4,585	371	(19)	299
Fund Balances, Beginning of Year	311,967	79,538	610	19	4,939
Increase (Decrease) in Reserve for Inventories	(621)	(52)	-	-	-
Residual Equity Transfer In	315	-	-	-	-
Residual Equity Transfer Out	(21)	-	-	-	-
Fund Balances, End of Year	\$ 336,894	\$ 84,072	\$ 981	\$ 0	\$ 5,238

	Wisconsin Election Campaign	Investment and Local Impact	Industrial Building Construction Loan	Self-insured Employers Liability	Work Injury Supplemental Benefit	Tobacco Control	Uninsured Employers	Mediation
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	6
	-	-	-	-	-	-	-	-
	-	-	-	-	1,115	-	323	147
	-	-	-	-	-	-	-	-
	18	63	14	2	277	579	450	14
	-	-	-	-	-	-	-	-
	2	-	-	-	-	-	1,294	-
	20	63	14	2	1,391	579	2,067	168
	-	-	200	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	1,182	-	-	-	-	-	-
	-	-	-	4	2,291	22	1,038	-
	27	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	338
	27	1,182	200	4	2,291	22	1,038	338
	(7)	(1,119)	(186)	(2)	(900)	557	1,030	(170)
	-	-	-	-	-	-	-	-
	329	-	-	-	-	23,500	-	-
	-	(35)	-	-	-	(2,092)	-	-
	-	-	-	-	-	-	-	-
	329	(35)	-	-	-	21,408	-	-
	322	(1,154)	(186)	(2)	(900)	21,965	1,030	(170)
	53	1,376	291	38	4,536	-	8,711	313
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
\$	375	\$ 222	\$ 105	\$ 36	\$ 3,636	\$ 21,965	\$ 9,741	\$ 143

(Continued)

State of Wisconsin

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
All Special Revenue Funds
For the Fiscal Year Ended June 30, 2000**

(Continued)

	Agricultural Chemical Cleanup	Agrichemical Management	Employee Trust Funds Administration	Historical Legacy Trust	Petroleum Inspection	Environmental
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	106,909	\$ -
Intergovernmental	-	-	-	-	-	2,847
Licenses and Permits	-	4,206	-	-	-	16,634
Charges for Goods and Services	-	-	17,368	-	-	1
Investment and Interest Income	576	369	206	25	1,556	1,064
Gifts and Donations	-	-	-	50	-	-
Other Revenues	-	1	7	-	32	4,955
Total Revenues	576	4,576	17,581	75	108,497	25,501
Expenditures:						
Current:						
Commerce	2,144	5,019	-	-	-	-
Education	-	-	-	161	-	-
Transportation	-	-	-	-	-	-
Environmental Resources	-	-	-	-	106,950	27,074
Human Relations and Resources	-	-	-	-	-	-
General Executive	-	-	17,384	-	-	-
Judicial	-	-	-	-	-	-
Total Expenditures	2,144	5,019	17,384	161	106,950	27,074
Excess of Revenues Over (Under) Expenditures	(1,568)	(444)	197	(86)	1,547	(1,573)
Other Financing Sources (Uses):						
Proceeds from Sale of Bonds	-	-	-	-	170,250	-
Operating Transfers In	-	-	-	-	-	12,894
Operating Transfers Out	(1,500)	-	-	-	(1,916)	(45)
Capital Leases Acquisitions	-	-	-	-	-	24
Total Other Financing Sources (Uses)	(1,500)	-	-	-	168,334	12,873
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(3,068)	(444)	197	(86)	169,881	11,300
Fund Balances, Beginning of Year	10,341	6,630	1,232	37	(230,544)	16,846
Increase (Decrease) in Reserve for Inventories	-	(5)	(20)	-	-	-
Residual Equity Transfer In	-	-	-	146	-	-
Residual Equity Transfer Out	-	(1,000)	-	-	-	-
Fund Balances, End of Year	\$ 7,273	5,181	\$ 1,409	\$ 97	\$ (60,663)	\$ 28,146

Dry Cleaner Environmental Response	Recycling	Information Technology Investment	Universal Service	Computer Escrow	Wisconsin Public Broadcasting Foundation	Totals
\$ -	\$ 19,016	\$ -	\$ -	\$ -	\$ -	1,006,006
-	-	-	-	-	-	641,104
1,266	1,019	-	14,108	-	-	448,729
-	-	204	-	-	779	50,161
108	3,001	12	212	-	423	27,816
-	-	-	-	-	7,514	8,757
-	165	-	-	-	-	24,071
1,375	23,201	216	14,320	-	8,716	2,206,644
-	-	-	12,259	-	-	19,622
-	-	-	-	-	2,276	2,540
-	-	-	-	-	-	1,759,513
425	27,977	-	-	-	-	364,925
-	-	-	-	-	-	3,355
-	-	89	-	-	-	17,500
-	-	-	-	-	-	338
425	27,977	89	12,259	-	2,276	2,167,794
950	(4,777)	126	2,061	-	6,439	38,850
-	-	-	-	-	-	170,250
-	285	-	-	-	-	54,582
-	(15,606)	-	(817)	(64,000)	(5,549)	(120,367)
-	-	-	-	-	-	4,975
-	(15,321)	-	(817)	(64,000)	(5,549)	109,440
950	(20,097)	126	1,245	(64,000)	891	148,290
1,540	59,985	(3,253)	2,725	64,000	4,623	346,553
-	-	-	-	-	-	(698)
-	-	-	-	-	-	460
-	-	-	-	-	-	(1,021)
\$ 2,489	\$ 39,887	\$ (3,127)	\$ 3,970	\$ 0	\$ 5,513	\$ 493,583

State of Wisconsin

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Budgeted Special Revenue Funds
For the Fiscal Year Ended June 30, 2000**

(In Thousands)

	Transportation		Conservation		Heritage State Parks and Forests	
	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:						
Taxes	\$ 834,765	\$ 834,765	\$ 58,061	\$ 58,061	\$ -	\$ -
Budgeted Transfers from:						
General Fund	-	-	-	-	-	-
Departmental	1,034,541	1,034,541	147,762	147,762	485	485
Total Revenues	<u>1,869,306</u>	<u>1,869,306</u>	<u>205,823</u>	<u>205,823</u>	<u>485</u>	<u>485</u>
Expenditures:						
Current:						
Commerce	-	-	1,773	1,372	-	-
Education	-	-	522	216	-	-
Environmental Resources	2,891,981	1,843,842	247,098	196,021	114	114
Human Relations and Resources	-	-	2,787	2,710	-	-
General Executive	2,325	1,197	-	-	-	-
Judicial	-	-	-	-	-	-
General	15,465	15,465	-	-	-	-
Budgeted Transfers to:						
General Fund	-	-	-	-	-	-
Total Expenditures	<u>2,909,770</u>	<u>1,860,504</u>	<u>252,181</u>	<u>200,318</u>	<u>114</u>	<u>114</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (1,040,464)</u>	<u>8,802</u>	<u>\$ (46,358)</u>	<u>5,505</u>	<u>\$ 371</u>	<u>371</u>
Fund Balances, Beginning of Year		321,760		82,574		610
Residual Equity Transfers		-		(630)		-
Fund Balances, End of Year Less Encumbrances		330,562		87,449		981
Outstanding at June 30, 2000		(824,971)		(25,213)		-
Fund Balances, End of Year Budgetary Basis		<u>\$ (494,409)</u>		<u>\$ 62,236</u>		<u>\$ 981</u>

Wisconsin Health Education Loan Repayment		Waste Management		Wisconsin Election Campaign		Investment and Local Impact	
Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
78	78	340	340	349	349	63	63
78	78	340	340	349	349	63	63
-	-	-	-	-	-	200	153
116	104	-	-	-	-	-	-
-	-	65	58	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	100	37	1,217	1,064
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
116	104	65	58	100	37	1,417	1,217
<u>\$ (38)</u>	<u>(26)</u>	<u>\$ 275</u>	<u>282</u>	<u>\$ 249</u>	<u>313</u>	<u>\$ (1,354)</u>	<u>(1,154)</u>
	5		4,988		53		1,376
	-		-		-		-
	(21)		5,271		366		222
	-		-		-		(47)
	<u>\$ (21)</u>		<u>\$ 5,271</u>		<u>\$ 366</u>		<u>\$ 175</u>

(Continued)

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Budgeted Special Revenue Funds
For the Fiscal Year Ended June 30, 2000

(Continued)

	Industrial Building Construction Loan		Self-insured Employers Liability		Work Injury Supplemental Benefit		Tobacco Control	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Budgeted Transfers from:								
General Fund	-	-	-	-	-	-	23,500	23,500
Departmental	14	14	2	2	1,142	1,142	663	663
Total Revenues	14	14	2	2	1,142	1,142	24,163	24,163
Expenditures:								
Current:								
Commerce	240	200	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Environmental Resources	-	-	-	-	-	-	-	-
Human Relations and Resources	-	-	25	4	2,500	2,329	2,109	17
General Executive	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
General	-	-	-	-	-	-	-	-
Budgeted Transfers to:								
General Fund	-	-	-	-	-	-	-	-
Total Expenditures	240	200	25	4	2,500	2,329	2,109	17
Excess of Revenues Over (Under) Expenditures	<u>\$ (226)</u>	<u>(186)</u>	<u>\$ (23)</u>	<u>(2)</u>	<u>\$ (1,358)</u>	<u>(1,187)</u>	<u>\$ 22,054</u>	<u>24,146</u>
Fund Balances, Beginning of Year		291		38		5,268		-
Residual Equity Transfers		-		-		-		-
Fund Balances, End of Year		105		36		4,081		24,146
Less Encumbrances								
Outstanding at June 30, 2000		(40)		-		-		(13)
Fund Balances, End of Year Budgetary Basis	<u>\$ 65</u>		<u>\$ 36</u>		<u>\$ 4,081</u>		<u>\$ 24,133</u>	

Uninsured Employers		Mediation		Agricultural Chemical Cleanup		Agrichemical Management	
Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
\$ -	\$ -	\$ 4	\$ 4	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
1,703	1,703	162	162	545	545	4,559	4,559
1,703	1,703	165	165	545	545	4,559	4,559
-	-	-	-	5,495	2,144	5,683	4,999
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,044	1,044	-	-	-	-	-	-
-	-	658	331	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,044	1,044	658	331	5,495	2,144	5,683	4,999
<u>\$ 658</u>	<u>658</u>	<u>\$ (492)</u>	<u>(165)</u>	<u>\$ (4,950)</u>	<u>(1,599)</u>	<u>\$ (1,124)</u>	<u>(440)</u>
	7,795		318		10,403		6,722
	-		-		(1,500)		(1,000)
	8,454		152		7,304		5,281
	-		-		-		(388)
	<u>\$ 8,454</u>		<u>\$ 152</u>		<u>\$ 7,304</u>		<u>\$ 4,894</u>

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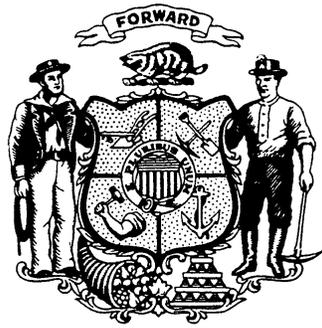
State of Wisconsin

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Budgeted Special Revenue Funds
For the Fiscal Year Ended June 30, 2000

(Continued)

	Historical Legacy Trust		Petroleum Inspection		Environmental		Dry Cleaner Environmental Response	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:								
Taxes	\$ -	\$ -	\$ 104,951	\$ 104,951	\$ -	\$ -	\$ -	\$ -
Budgeted Transfers from:								
General Fund	-	-	-	-	-	-	-	-
Departmental	70	70	207,999	207,999	40,035	40,035	1,363	1,363
Total Revenues	<u>70</u>	<u>70</u>	<u>312,950</u>	<u>312,950</u>	<u>40,035</u>	<u>40,035</u>	<u>1,363</u>	<u>1,363</u>
Expenditures:								
Current:								
Commerce	-	-	307,056	304,618	13,544	3,210	-	-
Education	-	-	-	-	106	35	-	-
Environmental Resource:	-	-	4,685	4,470	30,161	23,084	151	105
Human Relations and Resources	-	-	466	466	400	369	-	-
General Executive	814	799	127	92	-	-	64	49
Judicial	-	-	-	-	-	-	-	-
General	-	-	535	535	-	-	-	-
Budgeted Transfers to:								
General Fund	-	-	-	-	-	-	-	-
Total Expenditures	<u>814</u>	<u>799</u>	<u>312,868</u>	<u>310,182</u>	<u>44,211</u>	<u>26,698</u>	<u>215</u>	<u>155</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (744)</u>	<u>(729)</u>	<u>\$ 82</u>	<u>2,769</u>	<u>\$ (4,176)</u>	<u>13,338</u>	<u>\$ 1,148</u>	<u>1,208</u>
Fund Balances, Beginning of Year		680		10,522		14,019		1,498
Residual Equity Transfers		<u>146</u>		<u>-</u>		<u>-</u>		<u>-</u>
Fund Balances, End of Year Less Encumbrances		97		13,290		27,357		2,706
Outstanding at June 30, 2000		<u>-</u>		<u>(249)</u>		<u>(14,407)</u>		<u>(8)</u>
Fund Balances, End of Year Budgetary Basis		<u>\$ 97</u>		<u>\$ 13,041</u>		<u>\$ 12,949</u>		<u>\$ 2,698</u>

Recycling		Information Technology Investment		Universal Service		Computer Escrow		Totals	
Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
\$ 9,614	\$ 9,614	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,007,395	\$ 1,007,395
-	-	-	-	-	-	-	-	23,500	23,500
3,384	3,384	216	216	13,732	13,732	-	-	1,459,205	1,459,205
12,997	12,997	216	216	13,732	13,732	-	-	2,490,100	2,490,100
1,955	1,379	-	-	8,000	2,792	-	-	343,945	320,867
532	508	-	-	10,450	10,358	-	-	11,726	11,221
34,847	32,531	-	-	-	-	-	-	3,209,101	2,100,225
500	375	-	-	-	-	-	-	9,831	7,313
123	94	90	89	-	-	-	-	4,860	3,422
-	-	-	-	-	-	-	-	658	331
-	-	-	-	-	-	-	-	16,000	16,000
-	-	-	-	-	-	64,000	64,000	64,000	64,000
37,956	34,887	90	89	18,450	13,150	64,000	64,000	3,660,120	2,523,379
<u>\$ (24,959)</u>	<u>(21,890)</u>	<u>\$ 126</u>	<u>126</u>	<u>\$ (4,718)</u>	<u>582</u>	<u>\$ (64,000)</u>	<u>(64,000)</u>	<u>\$ (1,170,020)</u>	<u>(33,278)</u>
	62,339		(3,253)		2,715		64,000		594,721
	<u>(14,715)</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>(17,699)</u>
	25,733		(3,127)		3,297		-		543,743
	<u>(9,694)</u>		<u>-</u>		<u>(138)</u>		<u>-</u>		<u>(875,168)</u>
	<u>\$ 16,039</u>		<u>\$ (3,127)</u>		<u>\$ 3,160</u>		<u>\$ 0</u>		<u>\$ (331,425)</u>



Debt Service Funds

DEBT SERVICE: Debt service funds account for the accumulation of resources for, and the payment of, principal, interest and related costs of general long-term obligations.

The **Bond Security and Redemption Fund** accounts for the accumulation of resources for, and the payment of principal, interest and related costs of, general obligation bond debt.

The **Petroleum Inspection Revenue Bonds Fund** accounts for the accumulation of resources for, and the payment of principal, interest and related costs of, petroleum revenue bond obligations.

The **Transportation Revenue Bonds Fund** accounts for the accumulation of resources for, and the payment of principal, interest and related costs of, transportation revenue bond obligations.

**Combining Balance Sheet - All Debt Service Funds
June 30, 2000**

(In Thousands)

	Bond Security and Redemption	Petroleum Inspection Revenue Bonds	Transportation Revenue Bonds	Totals
Assets				
Cash and Cash Equivalents	\$ 4,366	\$ 5,668	\$ 60,964	\$ 70,998
Investments	-	800	-	800
Receivables (net of estimated uncollectible accounts):				
Other Receivables	-	8	25	32
Due from Other Funds	410	-	-	410
Total Assets	\$ 4,776	\$ 6,476	\$ 60,988	\$ 72,240
Liabilities and Fund Balances				
Liabilities:				
Due to Other Funds	\$ 1,803	\$ -	\$ 9	\$ 1,812
Interest Payable	779	3,692	22,130	26,601
General Obligations Bonds Payable	585	-	-	585
Revenue Bonds and Notes Payable	-	1,750	33,705	35,455
Total Liabilities	3,166	5,442	55,844	64,453
Fund Balances:				
Unreserved	1,609	1,034	5,144	7,787
Total Fund Balances	1,609	1,034	5,144	7,787
Total Liabilities and Fund Balances	\$ 4,776	\$ 6,476	\$ 60,988	\$ 72,240

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
All Debt Service Funds
For the Fiscal Year Ended June 30, 2000**

(In Thousands)

	Bond Security and Redemption	Petroleum Inspection Revenue Bonds	Transportation Revenue Bonds	Totals
Revenues:				
Taxes	\$ -	\$ 4,655	\$ -	\$ 4,655
Licenses and Permits	-	-	83,773	83,773
Investment and Interest Income	1,595	73	2,062	3,730
Other Revenues	428	-	-	428
Total Revenues	2,022	4,728	85,836	92,586
Expenditures:				
Debt Service:				
Principal	140,675	1,750	33,705	176,130
Interest	86,892	3,692	43,014	133,598
Other	-	1,044	-	1,044
Total Expenditures	227,567	6,486	76,719	310,773
Excess of Revenues Over (Under) Expenditures	(225,545)	(1,758)	9,116	(218,187)
Other Financing Sources (Uses):				
Proceeds from Sale of Bonds	964	2,791	-	3,756
Operating Transfers In	224,455	-	-	224,455
Operating Transfers Out	(4,689)	-	(8,073)	(12,762)
Total Other Financing Sources (Uses)	220,731	2,791	(8,073)	215,449
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(4,814)	1,034	1,043	(2,738)
Fund Balances, Beginning of Year	2,425	-	4,101	6,526
Residual Equity Transfers In	4,000	-	-	4,000
Residual Equity Transfers Out	(1)	-	-	(1)
Fund Balances, End of Year	\$ 1,609	\$ 1,034	\$ 5,144	\$ 7,787



Capital Projects Funds

CAPITAL PROJECTS: Capital projects funds account for financial resources used for the acquisition, construction, renovation or repair of major capital facilities (other than those financed by proprietary funds and trust funds). The State's capital projects funds are described below:

The **Building Trust Fund** accounts for repair projects of major capital facilities which are funded primarily through General Fund and agency transfers.

The **Energy Efficiency Fund** accounts for improvements on heating plants and loans to State agencies for energy efficiency projects. Revenues are primarily derived from utility rebates, utility matching funds, savings from improvements to heating costs and General Fund supported borrowing.

The **Capital Improvement Fund** accounts for revenues from general obligation bond proceeds, General Fund transfers and investment pool interest earnings which are primarily used for the acquisition or construction of major capital facilities and for repair and maintenance projects.

The **Transportation Revenue Bonds Fund** accounts for the accumulation of financing resources for the construction, maintenance, and repair of certain major highway projects and administrative facilities.

State of Wisconsin

**Combining Balance Sheet - All Capital Projects Funds
June 30, 2000**

(In Thousands)

	Building Trust	Energy Efficiency	Capital Improvement	Transportation Revenue Bonds	Totals
Assets					
Cash and Cash Equivalents	\$ 35,107	\$ 3,471	\$ 41,273	\$ 162	\$ 80,013
Receivables (net of estimated uncollectible accounts):					
Other Receivables	75	-	101	1	177
Due from Other Funds	364	-	7,079	9	7,453
Interfund Loans Receivable	-	-	1,285	-	1,285
Prepaid Items	-	-	-	16	16
Advances to Other Funds	-	2,000	-	-	2,000
Total Assets	\$ 35,546	\$ 5,471	\$ 49,739	\$ 188	\$ 90,944
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable and Other					
Accrued Liabilities	\$ 661	\$ -	\$ 19,618	\$ 97	\$ 20,375
Due to Other Funds	160	-	3,740	14,977	18,878
Interfund Loans Payable	-	-	-	26,478	26,478
Due to Other Governments	-	-	15,143	-	15,143
Deferred Revenue	4	-	-	-	4
Short-term Notes Payable	-	-	105,460	147,316	252,776
Total Liabilities	825	-	143,960	188,868	333,653
Fund Balances:					
Reserved for Encumbrances	15,917	-	137,027	60,729	213,673
Reserved for Prepaid Items	-	-	-	16	16
Reserved for Advances to Other Funds	-	2,000	-	-	2,000
Unreserved:					
Undesignated	18,805	3,471	(231,249)	(249,426)	(458,399)
Total Fund Balances	34,722	5,471	(94,222)	(188,681)	(242,710)
Total Liabilities and Fund Balances	\$ 35,546	\$ 5,471	\$ 49,739	\$ 188	\$ 90,944

**Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - All Capital Projects Funds
For the Fiscal Year Ended June 30, 2000**

(In Thousands)

	Building Trust	Energy Efficiency	Capital Improvement	Transportation Revenue Bonds	Totals
Revenues:					
Intergovernmental	\$ 321	\$ -	\$ -	\$ -	321
Licenses and Permits	-	-	-	416	416
Charges for Goods and Services	-	-	338	-	338
Investment and Interest Income	1,483	168	4,714	788	7,154
Gifts and Donations	144	-	-	-	144
Other Revenues	604	55	28	-	686
Total Revenues	2,551	223	5,080	1,204	9,058
Expenditures:					
Current:					
Commerce	-	-	926	-	926
Education	296	-	14,591	-	14,887
Transportation	782	-	1,997	-	2,779
Environmental Resources	917	-	40,997	-	41,915
Human Relations and Resources	1,436	-	17,049	-	18,485
General Executive	653	-	24,167	-	24,820
Other General Expenditures	814	-	2,759	-	3,573
Capital Outlay	7,156	-	137,171	85,824	230,151
Debt Service:					
Interest	-	-	6,117	-	6,117
Total Expenditures	12,055	-	245,772	85,824	343,651
Excess of Revenues Over (Under) Expenditures	(9,504)	223	(240,692)	(84,621)	(334,593)
Other Financing Sources (Uses):					
Proceeds from Sale of Bonds	-	-	277,880	-	277,880
Operating Transfers In	14,444	-	17,647	8,073	40,164
Operating Transfers Out	(1,350)	-	(4,656)	(3,139)	(9,145)
Installment Purchase Acquisitions	-	-	1,022	-	1,022
Total Other Financing Sources (Uses)	13,094	-	291,893	4,934	309,921
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	3,590	223	51,202	(79,687)	(24,673)
Fund Balances, Beginning of Year	31,491	5,248	(124,184)	(108,994)	(196,438)
Residual Equity Transfers In	1	-	-	-	1
Residual Equity Transfers Out	(360)	-	(21,239)	-	(21,600)
Fund Balances, End of Year	\$ 34,722	\$ 5,471	\$ (94,222)	\$ (188,681)	\$ (242,710)



Enterprise Funds

ENTERPRISE: Enterprise funds account for business-like State activities that provide goods and/or services to the public and are financed primarily through user charges. The State's enterprise funds are described below:

The **State Fair Park Fund** accounts for the annual State Fair, and various year round major sports events, agricultural and industrial expositions, and other programs of civic interest. Its revenues are derived from admissions, fees, rents and sales, with no contributions from the State.

The **Home For Veterans Fund** accounts for nursing home care for veterans and their spouses. The costs associated with providing this care are funded by private pay charges, the U.S. Department of Veterans Affairs and Medical Assistance.

The **Mendota Mental Health Institute Fund** and the **Winnebago Mental Health Institute Fund** account for the diagnosis, care and treatment of individuals with mental and emotional disturbances. The services are provided with funds collected from third parties and contributions from the State.

The **Northern Developmental Disabilities Center Fund**, the **Central Developmental Disabilities Center Fund** and the **Southern Developmental Disabilities Center Fund** account for services provided to developmentally disabled citizens with the goal of ultimately returning such persons to the community if possible. These services are provided with funds collected from third parties and contributions from the State.

The **Institutional Farm Operations Fund** accounts for the revenues and expenses associated with employing inmates in agricultural and other work activities. The associated costs are funded from farm product sales and a General Fund supplement.

The **Institutional Canteen Operations Fund** accounts for the program which provides goods for the education, recreation, and convenience of institutionalized patients and inmates. Charges made to patients and inmates are the primary source of funds for these activities.

The **Lottery Fund** accounts for State managed lottery activities used to provide property tax relief to taxpayers. Revenues are derived from ticket sales and general purpose revenues which are used to pay winners, commissions to retailers, operating expenses and property tax relief.

The **Health Insurance Risk Sharing Plan Fund** provides major medical and Medicare supplemental coverage for Wisconsin residents who are unable to obtain health insurance coverage in the private market. This service is funded by premiums paid by insureds of the Plan, assessments of health insurers doing business in Wisconsin, reduction of health care provider payments, and general purpose revenue from the State of Wisconsin.

The **Local Government Property Insurance Fund** accounts for property insurance coverage provided to local governments in Wisconsin. This insurance is financed with premiums collected from policyholders and income on investments.

The **State Life Insurance Fund** accounts for the program to provide State sponsored life insurance to residents of Wisconsin in a manner consistent with private insurers. This insurance is financed with premiums collected from policyholders and investment earnings.

The **Patients Compensation Fund** accounts for the program to provide excess medical malpractice insurance for Wisconsin health care providers. The revenues to finance this insurance are primarily derived from assessments against health care providers.

The **Income Continuation Insurance Fund** accounts for long-term and short-term disability benefits (up to 75 percent of gross salary) for employees of the State and of participating local public employers and operates on a self-insured basis.

The **Duty Disability Fund** accounts for the compensation of protective category employees of the Wisconsin Retirement System for duty-related disabilities.

The **Long-term Disability Insurance Fund** accounts for long term disability benefits paid to Wisconsin Retirement System participants. The premiums to finance this alternative disability coverage are received from the Wisconsin Retirement System.

The **Health Insurance Fund** accounts for group health insurance plans provided on a self-insured, fee for service basis or prepaid basis to current and retired employees of the State and of participating local public employers.

The **Tuition Trust Fund** accounts for the program that allows participants to invest in order to meet the cost of future tuition expenses.

(Continued)



Enterprise Funds

(Continued)

The **Environmental Improvement Fund** accounts for financial resources generated and used for clean water projects. Federal capitalization grants, interest earnings, revenue bond proceeds and general obligation bond proceeds are its primary revenue sources.

The **Veterans Trust Fund** accounts for various programs for veterans, including loans and grants to individuals and organizations and the operations of the Wisconsin Veterans Museum. Revenues to finance this program are primarily derived from veteran loan payments and investment income.

The **Veterans Mortgage Loan Repayment Fund** accounts for the issuance and administration of veterans' first mortgage loans. Revenues are primarily derived from bond proceeds, mortgage payments and investment income.

The **Wisconsin Education Revenue Bonds Fund** accounts for bond proceeds to provide health education loans to fulltime medical and dental students at qualifying universities or colleges in Wisconsin.

The **Transportation Infrastructure Loan Fund** accounts for the development of innovative financing mechanisms that will more effectively use federal financial transportation resources. Federal Highway Administration funds, and interest from the fund balance and from loan recipients, are the primary revenues for this fund.

State of Wisconsin

**Combining Balance Sheet - All Enterprise Funds
June 30, 2000**

(In Thousands)

	State Fair Park	Home for Veterans	Mendota Mental Health Institute	Winnebago Mental Health Institute	Northern Developmental Disabilities Center	Central Developmental Disabilities Center
Assets						
Cash and Cash Equivalents	\$ 2,305	\$ 4,160	\$ 4	\$ 13	\$ 5	\$ 3
Investments	-	-	-	-	-	-
Receivables (net of estimated uncollectible accounts):						
Student Loans	-	-	-	-	-	-
Veterans Loans	-	-	-	-	-	-
Mortgage Loans	-	-	-	-	-	-
Insurance Policy Loans	-	-	-	-	-	-
Loans to Local Governments	-	-	-	-	-	-
Other Receivables	781	1,232	9,471	15,034	4,269	6,033
Due from Other Funds	-	-	579	433	2,376	3,998
Due from Component Units	-	-	-	-	-	-
Due from Other Governments	-	1,836	-	-	-	-
Inventories	166	985	190	444	388	319
Prepaid Items	118	312	361	340	349	471
Restricted and Limited Use Assets:						
Cash and Cash Equivalents	-	-	-	-	-	-
Deferred Charges	16	-	-	-	-	-
Fixed Assets (net of accumulated depreciation)	28,815	23,365	13,992	13,999	12,095	11,057
Other Assets	-	-	-	-	-	-
Total Assets	\$ 32,202	\$ 31,890	\$ 24,597	\$ 30,264	\$ 19,482	\$ 21,881
Liabilities and Fund Equity						
Liabilities:						
Accounts Payable and Other						
Accrued Liabilities	\$ 1,222	\$ 1,831	\$ 1,405	\$ 1,320	\$ 2,092	\$ 3,091
Due to Other Funds	630	1,530	10,176	10,836	3,836	4,710
Interfund Loans Payable	-	-	5,353	8,099	1,607	4,712
Due to Other Governments	-	1	-	-	-	-
Tax and Other Deposits	86	17	-	-	-	-
Deferred Revenue	1,246	-	-	-	-	-
Interest Payable	121	2	-	-	-	-
Short-term Notes Payable	210	-	-	-	-	-
Future Benefits and Loss Liabilities	-	-	-	-	-	-
Capital Leases	87	157	175	-	-	-
Compensated Absences	71	750	1,072	943	761	1,585
General Obligation Bonds Payable	14,817	-	-	-	-	-
Revenue Bonds Payable	-	-	-	-	-	-
Total Liabilities	18,490	4,288	18,181	21,197	8,296	14,098
Fund Equity:						
Contributed Capital	14,912	38,621	25,489	25,639	27,979	22,709
Retained Earnings:						
Reserved for Future Benefits	-	-	-	-	-	-
Statutory Reservation for Market Value Adjustments	-	-	-	-	-	-
Unreserved	(1,200)	(11,019)	(19,073)	(16,572)	(16,793)	(14,926)
Total Fund Equity	13,712	27,602	6,415	9,067	11,186	7,783
Total Liabilities and Fund Equity	\$ 32,202	\$ 31,890	\$ 24,597	\$ 30,264	\$ 19,482	\$ 21,881

Southern Developmental Disabilities Center	Institutional Farm Operations	Institutional Canteen Operations	Lottery	Health Insurance Risk Sharing Plan	Local Government Property Insurance	State Life Insurance
\$ 8	\$ -	\$ 892	\$ 6,403	\$ 17,090	\$ 16,519	\$ 5,375
-	-	26	228,774	-	11,876	61,281
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	3,784
-	-	-	-	-	-	-
4,415	250	185	2,757	424	141	1,185
2,952	49	4	10,118	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	1,008	-
202	2,822	795	1,180	-	-	-
302	12	10	52,347	84	2,215	13
-	-	-	-	-	-	-
-	-	-	-	-	-	666
11,983	4,527	5	404	-	-	94
-	-	-	10,327	-	-	-
\$ 19,862	\$ 7,661	\$ 1,917	\$ 312,310	\$ 17,599	\$ 31,760	\$ 72,398

\$ 4,484	\$ 167	\$ 240	\$ 238,289	\$ 282	\$ 427	\$ 574
3,845	35	78	11,254	95	2	48
3,890	4,472	14	-	-	-	-
-	-	-	-	-	-	-
-	-	-	2	-	-	10,688
-	-	13	601	5,540	4,526	-
-	3	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	13,414	3,423	53,829
-	184	-	-	-	-	-
510	69	11	158	-	-	1
-	-	-	-	-	-	-
-	-	-	-	-	-	-
12,730	4,930	356	250,305	19,331	8,379	65,141
29,665	2,743	36	51	-	-	-
-	-	-	-	11,396	-	7,257
-	-	-	-	-	-	-
(22,533)	(13)	1,525	61,955	(13,128)	23,381	-
7,132	2,730	1,560	62,006	(1,732)	23,381	7,257
\$ 19,862	\$ 7,661	\$ 1,917	\$ 312,310	\$ 17,599	\$ 31,760	\$ 72,398

(Continued)

**Combining Balance Sheet - All Enterprise Funds
June 30, 2000**

(Continued)

	Patients Compensation	Income Continuation Insurance	Duty Disability	Long-term Disability Insurance	Health Insurance	Tuition Trust
Cash and Cash Equivalents	\$ 16,312	\$ 89,548	\$ 77,071	\$ 255,206	\$ 26,314	\$ 264
Investments	516,370	-	-	-	-	5,843
Receivables (net of estimated uncollectible accounts):						
Student Loans	-	-	-	-	-	-
Veterans Loans	-	-	-	-	-	-
Mortgage Loans	-	-	-	-	-	-
Insurance Policy Loans	-	-	-	-	-	-
Loans to Local Governments	-	-	-	-	-	-
Other Receivables	9,886	621	106	3	10	47
Due from Other Funds	-	3,013	8,761	7,529	1,248	-
Due from Component Units	12	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-
Inventories	2	-	-	-	-	-
Prepaid Items	2	-	-	-	36,722	-
Restricted Assets:						
Cash and Cash Equivalents	-	-	-	-	-	-
Deferred Charges	-	-	-	-	-	-
Fixed Assets (net of accumulated depreciation)	29	-	-	-	-	7
Other Assets	-	-	-	-	-	-
Total Assets	\$ 542,613	\$ 93,183	\$ 85,938	\$ 262,737	\$ 64,294	\$ 6,161
Liabilities and Fund Equity						
Liabilities:						
Accounts Payable and Other						
Accrued Liabilities	\$ 744	\$ 506	\$ -	\$ 295	\$ 2,314	\$ 4
Due to Other Funds	21	67	45	500	186	805
Interfund Loans Payable	-	-	-	-	-	-
Due to Other Governments	-	-	-	-	-	-
Tax and Other Deposits	-	-	-	-	-	-
Deferred Revenue	473	84	-	-	41,473	-
Interest Payable	-	-	-	-	-	-
Short-term Notes Payable	-	-	-	-	-	-
Future Benefits and Loss Liabilities	514,125	42,991	264,929	25,879	12,082	5,940
Capital Leases	-	-	-	-	-	-
Compensated Absences	20	-	-	-	-	-
General Obligation Bonds Payable	-	-	-	-	-	-
Revenue Bonds Payable	-	-	-	-	-	-
Total Liabilities	515,383	43,647	264,974	26,675	56,056	6,749
Fund Equity:						
Contributed Capital	-	-	-	-	-	-
Retained Earnings:						
Reserved for Future Benefits	-	-	-	-	-	-
Statutory Reservation for Market Value Adjustments	-	29,744	10,048	50,412	-	-
Unreserved	27,230	19,791	(189,084)	185,651	8,239	(588)
Total Fund Equity	27,230	49,535	(179,036)	236,062	8,239	(588)
Total Liabilities and Fund Equity	\$ 542,613	\$ 93,183	\$ 85,938	\$ 262,737	\$ 64,294	\$ 6,161

Environmental Improvement	Veterans Trust	Veterans Mortgage Loan Repayment	Wisconsin Education Revenue Bonds	Transportation Infrastructure Loan	Totals
\$ 196,943	\$ 36,254	\$ 145,824	\$ 266	\$ 642	897,421
118,240	-	-	-	-	942,411
-	-	-	3,239	-	3,239
-	37,036	-	-	-	37,036
-	41,197	702,219	-	-	743,416
-	-	-	-	-	3,784
946,711	-	-	-	1,218	947,929
289	481	4,271	-	-	61,891
279	1,247	51	-	-	42,637
-	-	-	-	-	12
4,875	-	-	-	-	7,719
-	44	-	-	-	7,537
3	16	48	-	-	93,727
49,723	-	-	-	-	49,723
3,023	1	4,808	-	-	8,514
4	5,859	72	-	-	126,309
-	-	164	-	-	10,491
\$ 1,320,090	\$ 122,136	\$ 857,457	\$ 3,505	\$ 1,860	\$ 3,983,795

\$ 138	\$ 1,313	\$ 12,557	\$ -	\$ -	273,294
1,521	281	1,344	393	-	52,240
-	-	-	-	-	28,147
1,941	-	-	-	-	1,942
-	44	3	-	-	10,839
-	-	646	-	-	54,602
2,471	8	6,852	6	-	9,462
-	9	-	-	-	219
-	-	-	-	-	936,613
-	-	-	-	-	603
91	122	249	-	-	6,414
-	1,079	757,244	-	-	773,140
543,618	-	-	1,140	-	544,758
549,779	2,855	778,896	1,539	-	2,692,274
768,469	158,121	-	-	-	1,114,433
-	-	-	-	-	18,653
-	-	-	-	-	90,204
1,842	(38,841)	78,561	1,966	1,860	68,232
770,311	119,281	78,561	1,966	1,860	1,291,522
\$ 1,320,090	\$ 122,136	\$ 857,457	\$ 3,505	\$ 1,860	\$ 3,983,795

State of Wisconsin

**Combining Statement of Revenues, Expenses, and Changes in Retained Earnings - All Enterprise Funds
For the Fiscal Year Ended June 30, 2000**

(In Thousands)

	State Fair Park	Home for Veterans	Mendota Mental Health Institute	Winnebago Mental Health Institute	Northern Developmental Disabilities Center	Central Developmental Disabilities Center
Operating Revenues:						
Charges for Goods and Services	\$ 15,724	\$ 37,776	\$ 16,129	\$ 15,664	\$ 30,671	\$ 50,812
Contributions	-	-	-	-	-	-
Investment and Interest Income	-	-	-	-	-	-
Other Income	30	-	-	-	-	-
Total Operating Revenues	15,754	37,776	16,129	15,664	30,671	50,812
Operating Expenses:						
Personal Services	5,213	30,463	35,446	30,383	23,655	39,666
Supplies and Services	7,837	7,325	7,050	5,883	5,060	9,257
Lottery Prize Awards	-	-	-	-	-	-
Depreciation	1,759	2,234	640	716	1,156	808
Benefit Expense	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-
Other Expenses	4	-	-	-	-	-
Total Operating Expenses	14,813	40,023	43,136	36,982	29,872	49,731
Operating Income (Loss)	941	(2,247)	(27,007)	(21,317)	799	1,081
Nonoperating Revenues (Expenses):						
Operating Grants	-	30	101	82	-	65
Investment and Interest Income	-	-	1	1	16	-
Gain (Loss) on Disposal of Fixed Assets	-	1	(1)	2	38	-
Interest Expense	(802)	(5)	(31)	-	-	-
Other Revenues	-	383	949	2,081	1,607	1,602
Other Expenses:						
Property Tax Credits	-	-	-	-	-	-
Grants Disbursed	-	-	-	-	-	-
Other	(522)	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	(1,324)	410	1,017	2,165	1,661	1,667
Income (Loss) Before Operating Transfers	(383)	(1,837)	(25,990)	(19,152)	2,460	2,748
Operating Transfers In	25	17	22,890	17,691	11	88
Operating Transfers Out	(254)	(581)	(639)	(834)	(2,555)	(2,714)
Net Income before Extraordinary Items	(612)	(2,400)	(3,739)	(2,295)	(84)	123
Extraordinary Items:						
Gain on Casualty Settlement	-	-	-	-	-	-
Net Income (Loss)	(612)	(2,400)	(3,739)	(2,295)	(84)	123
Retained Earnings, Beginning of Year	(588)	(8,618)	(15,334)	(14,277)	(16,708)	(15,049)
Retained Earnings, End of Year	\$ (1,200)	\$ (11,019)	\$ (19,073)	\$ (16,572)	\$ (16,793)	\$ (14,926)

Southern Developmental Disabilities Center	Institutional Farm Operations	Institutional Canteen Operations	Lottery	Health Insurance Risk Sharing Plan	Local Government Property Insurance	State Life Insurance
\$ 37,330	\$ 2,789	\$ 9,466	\$ 406,670	\$ 29,311	\$ 9,367	\$ 2,616
-	-	-	-	-	-	-
-	-	-	-	-	1,379	2,941
-	-	28	114	-	-	1
37,330	2,789	9,494	406,784	29,311	10,746	5,558
28,486	1,249	596	4,770	288	61	236
6,340	2,302	8,666	54,700	2,787	735	215
-	-	-	232,404	-	-	-
1,047	210	33	225	-	-	24
-	-	-	-	36,218	7,873	3,042
-	-	-	-	-	-	498
-	-	41	-	61	248	3,416
35,873	3,760	9,337	292,099	39,355	8,916	7,432
1,456	(972)	157	114,685	(10,043)	1,831	(1,874)
7	-	-	-	-	-	-
-	-	2	(2,621)	353	-	-
(88)	(38)	-	2	-	-	-
-	(9)	-	(1)	-	-	-
85	-	-	-	-	-	-
-	-	-	(199,646)	-	-	-
-	-	-	-	-	-	-
-	-	(12)	-	-	-	-
3	(47)	(10)	(202,266)	353	-	-
1,459	(1,018)	147	(87,581)	(9,690)	1,831	(1,874)
-	912	284	59,995	10,681	-	-
(2,302)	(60)	(368)	(8,200)	-	-	-
(842)	(166)	64	(35,786)	991	1,831	(1,874)
-	169	-	-	-	-	-
(842)	2	64	(35,786)	991	1,831	(1,874)
(21,690)	(15)	1,461	97,741	(2,723)	21,550	9,131
\$ (22,533)	\$ (13)	\$ 1,525	\$ 61,955	\$ (1,732)	\$ 23,381	\$ 7,257

(Continued)

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings - All Enterprise Funds For the Fiscal Year Ended June 30, 2000

(Continued)

	Patients Compensation	Income Continuation Insurance	Duty Disability	Long-term Disability Insurance	Health Insurance	Tuition Trust
Operating Revenues:						
Charges for Goods and Services	\$ 47,942	\$ -	\$ -	\$ -	\$ -	2,041
Contributions	-	8,967	30,999	-	469,895	-
Investment and Interest Income	20,053	8,650	9,347	30,539	2,633	255
Other Income	-	-	-	-	-	-
Total Operating Revenues	67,995	17,617	40,346	30,539	472,528	2,296
Operating Expenses:						
Personal Services	353	-	-	-	-	138
Supplies and Services	673	737	-	220	419,759	65
Lottery Prize Awards	-	-	-	-	-	-
Depreciation	6	-	-	-	-	3
Benefit Expense	48,694	6,637	66,933	9,870	61,585	2,226
Interest Expense	-	-	-	-	-	-
Other Expenses	-	949	762	477	349	-
Total Operating Expenses	49,727	8,323	67,695	10,567	481,693	2,432
Operating Income (Loss)	18,268	9,294	(27,349)	19,972	(9,165)	(137)
Nonoperating Revenues (Expenses):						
Operating Grants	-	-	-	-	-	-
Investment and Interest Income	-	-	-	-	-	-
Gain (Loss) on Disposal of Fixed Assets	(5)	-	-	-	-	-
Interest Expense	-	-	-	-	-	-
Other Revenues	389	29	8	-	525	-
Other Expenses:						
Property Tax Credits	-	-	-	-	-	-
Grants Disbursed	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	384	29	8	-	525	-
Income (Loss) Before Operating Transfers	18,652	9,323	(27,341)	19,972	(8,640)	(137)
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
Net Income before Extraordinary Items	18,652	9,323	(27,341)	19,972	(8,640)	(137)
Extraordinary Items:						
Gain on Casualty Settlement	-	-	-	-	-	-
Net Income (Loss)	18,652	9,323	(27,341)	19,972	(8,640)	(137)
Retained Earnings, Beginning of Year	8,577	40,212	(151,695)	216,090	16,878	(451)
Retained Earnings, End of Year	\$ 27,230	\$ 49,535	\$ (179,036)	\$ 236,062	\$ 8,239	\$ (588)

	Environmental Improvement	Veterans Trust	Veterans Mortgage Loan Repayment	Wisconsin Education Revenue Bonds	Transportation Infrastructure Loan	Totals
\$	-	\$ 206	\$ -	\$ -	\$ -	714,514
	-	-	-	-	-	509,861
	28,601	5,465	46,452	430	19	156,762
	-	-	-	-	-	174
	28,601	5,671	46,452	430	19	1,381,311
	3,054	2,598	3,260	-	-	209,917
	1,032	1,337	868	105	-	542,953
	-	-	-	-	-	232,404
	10	321	38	-	-	9,229
	-	-	-	-	-	243,078
	30,905	-	44,676	174	-	76,254
	-	158	3,076	-	-	9,542
	35,000	4,414	51,918	279	-	1,323,376
	(6,399)	1,257	(5,466)	150	19	57,935
	1,491	160	-	-	75	2,009
	16,864	1,948	5,951	4	66	22,585
	-	-	-	-	-	(90)
	-	(70)	-	-	-	(917)
	-	5	-	-	-	7,662
	-	-	-	-	-	(199,646)
	(11,078)	(5,012)	-	-	-	(16,091)
	-	-	(322)	-	-	(856)
	7,276	(2,969)	5,629	4	141	(185,344)
	877	(1,712)	163	154	159	(127,409)
	-	433	1,820	-	-	114,849
	-	(408)	-	-	-	(18,914)
	877	(1,687)	1,983	154	159	(31,475)
	-	-	-	-	-	169
	877	(1,687)	1,983	154	159	(31,306)
	965	(37,154)	76,578	1,812	1,701	208,394
\$	1,842	\$ (38,841)	\$ 78,561	\$ 1,966	\$ 1,860	\$ 177,088

State of Wisconsin

**Combining Statement of Cash Flows - All Enterprise Funds
For the Fiscal Year Ended June 30, 2000**

(In Thousands)

	State Fair Park	Home for Veterans	Mendota Mental Health Institute	Winnebago Mental Health Institute	Northern Developmental Disabilities Center	Central Developmental Disabilities Center
Cash Flows from Operating Activities:						
Cash Receipts from Customers	\$ 15,248	\$ 38,421	\$ 19,964	\$ 16,144	\$ 36,154	\$ 56,044
Cash Payments to Suppliers for						
Goods and Services	(8,357)	(8,004)	(6,975)	(5,824)	(5,093)	(9,226)
Cash Payments to Employees for Services	(5,202)	(30,349)	(33,918)	(29,129)	(23,509)	(39,518)
Cash Payments for Lottery Prizes	-	-	-	-	-	-
Cash Payments for Loans Originated	-	-	-	-	-	-
Cash Payments for Benefits	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Collection of Loans	-	-	-	-	-	-
Other Operating Revenues	30	-	-	-	-	-
Other Operating Expenses	(4)	-	-	-	-	-
Other Sources of Cash	-	374	760	1,843	252	289
Other Uses of Cash	-	-	-	-	-	-
Net Cash Provided (Used) by Operating Activities	1,716	442	(20,169)	(16,966)	7,805	7,589
Cash Flows from Noncapital						
Financing Activities:						
Operating Grants Receipts	-	30	101	82	-	65
Grants for Loans to Governments	-	-	-	-	-	-
Proceeds from Issuance of Long-term Debt	-	-	-	-	-	-
Retirement of Long-term Debt	-	-	-	-	-	-
Interest Payments	-	-	-	-	-	-
Interfund Loans Received	-	-	-	-	-	-
Interfund Loans Repaid	-	-	(2,659)	(1,104)	(5,062)	(4,748)
Operating Transfers In	25	18	22,897	18,116	11	81
Operating Transfers Out	(254)	(581)	(70)	(71)	(2,558)	(2,724)
Residual Equity Transfers In	-	-	-	-	-	-
Residual Equity Transfers Out	-	-	-	-	-	-
Other Cash Inflows from Noncapital Financing Activities	-	-	-	-	-	-
Other Cash Outflows from Noncapital Financing Activities:						
Property Tax Credits	-	-	-	-	-	-
Grants Disbursed	-	-	-	-	-	-
Other	-	-	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(229)	(533)	20,269	17,023	(7,609)	(7,326)
Cash Flows from Capital and Related						
Financing Activities:						
Proceeds from Issuance of Long-term Debt	1,345	-	-	-	-	-
Repayment of Long-term Debt	(780)	-	-	-	-	-
Interest Payments	(802)	(7)	(49)	-	-	-
Capital Lease Obligations	(9)	(36)	(41)	-	-	-
Proceeds from Sale of Fixed Assets	-	-	-	-	16	-
Payments for Purchase of Fixed Assets	(1,538)	(246)	(229)	(154)	(236)	(262)
Other Cash Inflows from Capital Financing Activities	-	-	218	91	-	-
Other Cash Outflows from Capital Financing Activities	(122)	-	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,907)	(289)	(100)	(63)	(220)	(262)
Cash Flows from Investing Activities:						
Proceeds from Sale and Maturities of Investment Securities	-	-	-	-	-	-
Purchase of Investment Securities	-	-	-	-	-	-
Cash Payments for Loans Originated	-	-	-	-	-	-
Collection of Loans	-	-	-	-	-	-
Investment and Interest Receipts	-	-	1	1	16	-
Net Cash Provided (Used) by Investing Activities	-	-	1	1	16	-
Net Increase (Decrease) in Cash and Cash Equivalents	(420)	(380)	-	(6)	(8)	1
Cash and Cash Equivalents, Beginning of Year	2,725	4,540	4	19	13	2
Cash and Cash Equivalents, End of Year	\$ 2,305	\$ 4,160	\$ 4	\$ 13	\$ 5	\$ 3

	Southern Developmental Disabilities Center	Institutional Farm Operations	Institutional Canteen Operations	Lottery	Health Insurance Risk Sharing Plan	Local Government Property Insurance	State Life Insurance
\$	35,893	\$ 2,790	\$ 9,409	\$ 421,596	\$ 31,492	\$ 9,511	\$ 2,618
	(6,797)	(2,384)	(8,623)	(24,644)	(3,496)	(781)	(235)
	(28,262)	(1,282)	(652)	(5,145)	(276)	(61)	(218)
	-	-	-	(282,769)	-	-	-
	-	-	-	-	(31,889)	(3,088)	(1,467)
	-	-	-	-	-	-	-
	-	-	24	-	-	-	1
	-	-	(42)	(27,342)	-	(255)	(2,677)
	585	248	-	-	-	-	-
	-	(5)	-	-	-	-	-
	1,420	(633)	116	81,697	(4,168)	5,326	(1,978)
	7	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	(498)
	-	-	14	-	-	-	-
	(1,053)	-	-	-	-	-	-
	-	912	284	59,995	10,681	-	-
	(20)	(60)	(356)	(13,182)	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	5	-	-	-	-
	-	-	-	(216,255)	-	-	-
	-	-	-	-	-	-	-
	-	-	-	(890)	-	-	-
	(1,066)	852	(52)	(170,332)	10,681	-	(498)
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	(10)	-	-	-	-	-
	-	(66)	-	-	-	-	-
	(360)	(143)	-	(109)	-	-	(43)
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	(360)	(219)	-	(109)	-	-	(43)
	-	-	-	47,688	-	5,964	4,588
	-	-	-	(5,311)	-	(1,977)	(8,134)
	-	-	-	-	-	-	(201)
	-	-	-	-	-	-	245
	-	-	1	3,479	353	1,531	4,758
	-	-	1	45,856	353	5,518	1,257
	(6)	-	65	(42,888)	6,866	10,844	(1,262)
	14	-	826	49,291	10,225	5,675	6,637
\$	8	\$ 0	\$ 892	\$ 6,403	\$ 17,090	\$ 16,519	\$ 5,375

(Continued)

**Combining Statement of Cash Flows - All Enterprise Funds
For the Fiscal Year Ended June 30, 2000**

(Continued)

	Patients Compensation	Income Continuation Insurance	Duty Disability	Long-term Disability Insurance	Health Insurance	Tuition Trust
Cash Flows from Operating Activities:						
Cash Receipts from Customers	\$ 44,513	\$ 8,948	\$ 29,495	\$ 500	\$ 474,653	\$ 2,041
Cash Payments to Suppliers for						
Goods and Services	(570)	(1,679)	(717)	(715)	(425,076)	(68)
Cash Payments to Employees for Services	(335)	-	-	-	-	(61)
Cash Payments for Lottery Prizes	-	-	-	-	-	-
Cash Payments for Loans Originated	-	-	-	-	-	-
Cash Payments for Benefits	(23,060)	(7,834)	(17,300)	(3,839)	(60,692)	-
Interest Income	-	-	-	-	-	-
Collection of Loans	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Other Operating Expenses	-	-	-	-	-	-
Other Sources of Cash	389	-	8	-	525	-
Other Uses of Cash	-	-	-	-	-	-
Net Cash Provided (Used) by Operating Activities	20,936	(565)	11,487	(4,054)	(10,590)	1,911
Cash Flows from Noncapital Financing Activities:						
Operating Grants Receipts	-	-	-	-	-	-
Grants for Loans to Governments	-	-	-	-	-	-
Proceeds from Issuance of Long-term Debt	-	-	-	-	-	-
Retirement of Long-term Debt	-	-	-	-	-	-
Interest Payments	-	-	-	-	-	-
Interfund Loans Received	-	-	-	-	-	-
Interfund Loans Repaid	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
Residual Equity Transfers In	-	-	-	-	-	-
Residual Equity Transfers Out	-	-	-	-	-	-
Other Cash Inflows from Noncapital Financing Activities	-	-	-	-	-	-
Other Cash Outflows from Noncapital Financing Activities:						
Property Tax Credits	-	-	-	-	-	-
Grants Disbursed	-	-	-	-	-	-
Other	-	-	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	-	-	-	-
Cash Flows from Capital and Related Financing Activities:						
Proceeds from Issuance of Long-term Debt	-	-	-	-	-	-
Repayment of Long-term Debt	-	-	-	-	-	-
Interest Payments	-	-	-	-	-	-
Capital Lease Obligations	-	-	-	-	-	-
Proceeds from Sale of Fixed Assets	-	-	-	-	-	-
Payments for Purchase of Fixed Assets	-	-	-	-	-	-
Other Cash Flows from Capital Financing Activities	-	-	-	-	-	-
Other Cash Outflows from Capital Financing Activities	-	-	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	-	-	-	-
Cash Flows from Investing Activities:						
Proceeds from Sale and Maturities of Investment Securities	127,304	-	-	-	-	-
Purchase of Investment Securities	(173,130)	-	-	-	-	(3,488)
Cash Payments for Loans Originated	-	-	-	-	-	-
Collection of Loans	-	-	-	-	-	-
Interest and Dividends Receipts	35,019	10,705	10,323	36,122	2,633	240
Net Cash Provided (Used) by Investing Activities	(10,807)	10,705	10,323	36,122	2,633	(3,249)
Net Increase (Decrease) in Cash and Cash Equivalents	10,129	10,140	21,809	32,068	(7,957)	(1,337)
Cash and Cash Equivalents, Beginning of Year	6,183	79,408	55,262	223,137	34,271	1,601
Cash and Cash Equivalents, End of Year	\$ 16,312	\$ 89,548	\$ 77,071	\$ 255,206	\$ 26,314	\$ 264

Environmental Improvement	Veterans Trust	Veterans Mortgage Loan Repayment	Wisconsin Education Revenue Bonds	Transportation Infrastructure Loan	Totals
\$ -	\$ 206	\$ -	\$ -	\$ -	1,255,640
(3,194)	(1,698)	(910)	(83)	-	(525,146)
(1,045)	(2,552)	(2,840)	-	-	(204,352)
-	-	-	-	-	(282,769)
-	(10,802)	(127,767)	-	(800)	(139,369)
-	-	-	-	-	(149,170)
-	5,512	46,797	430	-	52,739
-	13,737	57,169	587	-	71,493
-	-	-	-	-	56
-	(159)	(3,063)	-	-	(33,541)
-	-	-	-	-	5,274
-	-	-	-	-	(5)
(4,238)	4,245	(30,613)	934	(800)	50,849
2,503	160	-	-	75	3,021
33,740	-	-	-	-	33,740
79,859	-	64,716	-	-	144,575
(23,530)	-	(68,024)	(587)	-	(92,141)
(29,988)	-	(44,256)	(179)	-	(74,921)
-	-	-	-	-	14
-	-	-	-	-	(14,626)
-	-	1,820	-	-	114,841
-	(408)	-	-	-	(20,284)
21,000	-	-	-	-	21,000
(4,000)	-	-	-	-	(4,000)
-	5	-	-	-	10
-	-	-	-	-	(216,255)
(11,077)	(5,012)	(312)	-	-	(16,401)
-	-	-	-	-	(890)
68,507	(5,256)	(46,056)	(766)	75	(122,317)
-	10	-	-	-	1,355
-	-	-	-	-	(780)
-	-	-	-	-	(867)
-	-	-	-	-	(153)
-	-	-	-	-	16
-	(1,386)	(42)	-	-	(4,749)
-	1,495	-	-	-	1,804
-	(70)	-	-	-	(193)
-	49	(42)	-	-	(3,566)
48,616	-	-	-	-	234,160
(58,553)	-	-	-	-	(250,593)
(119,461)	-	-	-	-	(119,662)
52,460	-	-	-	-	52,705
51,017	1,948	5,896	4	71	164,118
(25,922)	1,948	5,896	4	71	80,728
38,348	987	(70,816)	172	(654)	5,694
208,318	35,267	216,640	93	1,296	941,450
\$ 246,666	\$ 36,254	\$ 145,824	\$ 266	\$ 642	\$ 947,144

(Continued)

State of Wisconsin

**Combining Statement of Cash Flows - All Enterprise Funds
For the Fiscal Year Ended June 30, 2000**

(Continued)

	State Fair Park	Home for Veterans	Mendota Mental Health Institute	Winnebago Mental Health Institute	Northern Developmental Disabilities Center	Central Developmental Disabilities Center
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations:						
Operating Income (Loss)	\$ 941	\$ (2,247)	\$ (27,007)	\$ (21,317)	\$ 799	\$ 1,081
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation	1,759	2,234	640	716	1,156	808
Amortization	-	-	-	-	-	-
Provision for Uncollectible Accounts	9	-	-	-	-	-
Operating Income (Investment Income) Classified as Investing Activity	-	-	-	-	-	-
Operating Expense (Interest Expense) Classified as Noncapital Financing Activities	-	-	-	-	-	-
Miscellaneous Nonoperating Income (Expense)	-	374	949	2,081	1,607	1,603
Changes in Assets and Liabilities:						
Decrease (Increase) in Receivables	(403)	(1,025)	(3,571)	(1,897)	1,200	(504)
Decrease (Increase) in Due from Other Funds	17	35	1,711	1,736	2,936	4,405
Decrease (Increase) in Due from Other Governments	-	1,689	-	-	-	-
Decrease (Increase) in Inventories	(3)	(112)	(2)	(5)	(37)	(72)
Decrease (Increase) in Prepaid Items	(34)	(44)	(31)	(50)	(16)	(14)
Decrease (Increase) in Other Assets	-	-	-	-	-	-
Decrease (Increase) in Deferred Charges	-	-	-	-	-	-
Increase (Decrease) in Accounts Payable and Other Accrued Liabilities	434	(723)	(1,130)	(946)	(803)	(1,093)
Increase (Decrease) in Due to Other Funds	(926)	158	8,242	2,678	946	1,196
Increase (Decrease) in Due to Other Governments	-	1	-	-	-	-
Increase (Decrease) in Tax and Other Deposits	39	14	-	-	-	-
Increase (Decrease) in Deferred Revenue	(128)	-	-	-	-	-
Increase (Decrease) in Interest Payable	-	-	-	-	-	-
Increase (Decrease) in Future Benefits and Loss Liabilities	-	-	-	-	-	-
Increase (Decrease) in Compensated Absences	11	87	32	40	16	179
Total Adjustments	775	2,689	6,838	4,351	7,005	6,508
Net Cash Provided by Operating Activities	\$ 1,716	\$ 442	\$ (20,169)	\$ (16,966)	\$ 7,805	\$ 7,589
Noncash Investing, Capital and Financing Activities:						
Capital Leases (Initial Year):						
Fair Market Value	\$ -	\$ 250	\$ -	\$ -	\$ -	\$ -
Current Year Cash Receipts (Payments)	-	(43)	-	-	-	-
Contributions/Transfer In (Out) of Noncash Assets and Liabilities from/to Other Funds	-	1,266	(733)	(67)	98	143
Net Change in Unrealized Gains and Losses	-	-	-	-	-	-
Other	-	-	-	-	-	-

Southern Developmental Disabilities Center	Institutional Farm Operations	Institutional Canteen Operations	Lottery	Health Insurance Risk Sharing Plan	Local Government Property Insurance	State Life Insurance
\$ 1,456	\$ (972)	\$ 157	\$ 114,685	\$ (10,043)	\$ 1,831	\$ (1,874)
1,047	210	33	225	-	-	24
-	-	-	-	-	(63)	-
-	-	-	-	-	-	-
-	-	-	-	-	(1,316)	(2,941)
-	-	-	-	-	-	498
585	169	(12)	-	-	-	-
(4,913)	69	(44)	12,215	1,146	5,812	3
3,505	8	-	-	13	-	-
-	-	-	-	-	1,142	-
2	165	(65)	885	-	-	-
(26)	(2)	2	464	(83)	(1,249)	(6)
-	-	-	(97)	-	-	-
-	-	-	-	-	-	(30)
(1,275)	(96)	56	(49,474)	(786)	(28)	(19)
1,039	(201)	(1)	2,641	1	(1)	20
-	-	-	-	-	-	-
-	-	(12)	164	1,626	219	770
-	-	-	-	-	-	-
-	-	-	-	3,958	(1,020)	1,575
(1)	16	2	(12)	-	-	1
(36)	339	(41)	(32,988)	5,875	3,495	(103)
\$ 1,420	\$ (633)	\$ 116	\$ 81,697	\$ (4,168)	\$ 5,326	\$ (1,978)

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	4,876	-	(152)	(1,895)
27	(38)	-	-	-	-	-

(Continued)

State of Wisconsin

**Combining Statement of Cash Flows - All Enterprise Funds
For the Fiscal Year Ended June 30, 2000**

(Continued)

	Patients Compensation	Income Continuation Insurance	Duty Disability	Long-term Disability Insurance	Health Insurance	Tuition Trust
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations:						
Operating Income (Loss)	\$ 18,268	\$ 9,294	\$ (27,349)	\$ 19,972	\$ (9,165)	(137)
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation	6	-	-	-	-	3
Amortization	-	-	-	-	-	-
Provision for Uncollectible Accounts	-	-	-	-	-	-
Operating Income (Investment Income) Classified as Investing Activity	(20,053)	(8,650)	(9,347)	(30,539)	(2,633)	(255)
Operating Expense (Interest Expense) Classified as Noncapital Financing Activities	-	-	-	-	-	-
Miscellaneous Nonoperating Income (Expense)	389	-	8	-	525	-
Changes in Assets and Liabilities:						
Decrease (Increase) in Receivables	(503)	81	(22)	(2)	-	-
Decrease (Increase) in Due from Other Funds	-	(29)	(1,503)	-	(722)	-
Decrease (Increase) in Due from Other Governments	-	-	-	-	-	-
Decrease (Increase) in Inventories	-	-	-	-	-	-
Decrease (Increase) in Prepaid Items	-	-	-	-	(5,084)	-
Decrease (Increase) in Other Assets	-	-	-	-	-	-
Decrease (Increase) in Deferred Charges	-	-	-	-	-	-
Increase (Decrease) in Accounts Payable and Other Accrued Liabilities	(387)	(127)	-	1	(500)	(6)
Increase (Decrease) in Due to Other Funds	(10)	67	45	500	126	80
Increase (Decrease) in Due to Other Governments	-	-	-	-	-	-
Increase (Decrease) in Tax and Other Deposits	-	-	-	-	-	-
Increase (Decrease) in Deferred Revenue	(2,419)	10	-	-	5,479	-
Increase (Decrease) in Interest Payable	-	-	-	-	-	-
Increase (Decrease) in Future Benefits and Loss Liabilities	25,634	(1,211)	49,655	6,013	1,382	2,226
Increase (Decrease) in Compensated Absences	12	-	-	-	-	-
Total Adjustments	2,668	(9,860)	38,835	(24,026)	(1,425)	2,048
Net Cash Provided by Operating Activities	\$ 20,936	\$ (565)	\$ 11,487	\$ (4,054)	\$ (10,590)	1,911
Noncash Investing, Capital and Financing Activities:						
Capital Leases (Initial Year):						
Fair Market Value	\$ -	\$ -	\$ -	\$ -	\$ -	-
Current Year Cash Receipts (Payments)	-	-	-	-	-	-
Contributions/Transfer In (Out) of Noncash Assets and Liabilities from/to Other Funds						
Net Change in Unrealized Gains and Losses	(14,884)	-	-	-	-	104
Other	-	-	-	-	-	-

Environmental Improvement	Veterans Trust	Veterans Mortgage Loan Repayment	Wisconsin Education Revenue Bonds	Transportation Infrastructure Loan	Totals
\$ (6,399)	\$ 1,257	\$ (5,466)	\$ 150	\$ 19	\$ 57,935
10	321	38	-	-	9,229
1,028	-	-	-	-	965
-	11	13	-	-	33
(28,601)	-	-	-	-	(104,333)
29,694	-	44,676	174	-	75,043
-	-	-	-	-	8,277
-	3,109	(66,824)	587	(819)	(56,306)
(85)	(450)	(3)	-	-	11,573
-	-	-	-	-	2,831
-	12	-	-	-	767
9	31	(1)	-	-	(6,133)
-	-	87	-	-	(11)
(192)	-	-	-	-	(222)
(33)	(139)	(3,454)	-	-	(60,526)
95	95	448	22	-	17,261
-	(14)	-	-	-	(13)
-	(15)	2	-	-	810
-	-	(173)	-	-	4,766
255	-	-	-	-	255
-	-	-	-	-	88,213
(18)	26	44	-	-	436
2,161	2,988	(25,147)	783	(819)	(7,086)
(4,238)	4,245	(30,613)	934	(800)	50,849

\$ -	\$ -	\$ -	\$ -	\$ -	250
-	-	-	-	-	(43)
-	34	-	-	-	741
(5,153)	-	-	-	-	(17,104)
-	-	-	-	-	(10)



Internal Service Funds

INTERNAL SERVICE: Internal service funds account for the operations of State agencies which render services to other State agencies, institutions, or other governmental units on a cost-reimbursement basis. The State's internal service funds are described below:

The **Information Technology Services Fund** accounts for computing services provided to the State agencies and the purchase and installation of data processing and word processing equipment for State agencies requesting this service. The moneys to finance this service come from computing service charges.

The **Fleet Services Fund** accounts for the costs associated with providing vehicle and aircraft services to State agencies. Moneys to finance these services come from user fees and the sale of used vehicles.

The **Printing and Other Services Fund** accounts for the costs associated with providing State agencies with printing services, document sales and mailing services. Moneys to cover these costs come from State agency user fees and the sale of documents.

The **State Telephone System Fund** accounts for the costs associated with providing State agencies and other governmental units with a State telecommunication system. Moneys to finance this system come from State agency user fees.

The **Financial Services Fund** accounts for the costs associated with providing accounting, auditing, payroll and other financial services to State agencies. Moneys to finance these services come from State agency user fees.

The **Facilities Operations and Maintenance Fund** accounts for the costs of operating State-owned facilities including utilities, heat, protective services, custodial and maintenance services and minor repair projects. The moneys to finance these costs are supplied from rents charged for facility and parking use and a general purpose revenue supplement for maintenance of the capitol and executive residence.

The **Risk Management Fund** accounts for the costs of losses for damage to property owned by agencies, personal injury or property damage liabilities incurred by a State officer, agent or employee, and workers' compensation costs for State employees. Moneys to finance these costs come from charges to State agencies.

The **Institutional Power Plant Fund** accounts for heat, electricity, water and sewer services provided primarily to State-owned institutions operated by the Department of Corrections and the Department of Health and Family Services. Revenues come from charges for these sales and services.

The **Central Warehouse Fund** accounts for the revenues generated in acting as the central purchasing and distribution center of commodities and certain supplies for State agencies and other governments. The revenues for this program are attributable to charges for goods and services.

The **Badger State Industries Fund** accounts for the program which gives inmates work experience in manufacturing goods and providing services. The sale of goods and services provides the moneys necessary to run the program.

State of Wisconsin

**Combining Balance Sheet - All Internal Service Funds
June 30, 2000**

(In Thousands)

	Information Technology Services	Fleet Services	Printing and Other Services	State Telephone System	Financial Services
Assets					
Cash and Cash Equivalents	\$ 7,603	\$ -	\$ 75	\$ -	215
Receivables (net of estimated uncollectible accounts):					
Other Receivables	-	1	8	406	-
Due from Other Funds	8,146	1,849	1,658	9,398	975
Due from Component Units	-	4	113	63	-
Due from Other Governments	-	1	25	269	-
Inventories	-	114	875	-	-
Prepaid Items	2,132	12	26	31,144	17
Advances to Other Funds	-	-	-	3,183	-
Deferred Charges	-	-	-	-	-
Fixed Assets (net of accumulated depreciation)	5,213	30,009	1,397	6,558	3,821
Total Assets	\$ 23,094	\$ 31,989	\$ 4,176	\$ 51,021	\$ 5,027
Liabilities and Fund Equity					
Liabilities:					
Accounts Payable and Other					
Accrued Liabilities	\$ 2,042	\$ 975	\$ 601	\$ 27,486	240
Due to Other Funds	555	143	94	449	177
Interfund Loans Payable	-	30,420	2,997	9,829	-
Due to Other Governments	-	-	-	-	-
Deferred Revenue	-	-	-	9,543	-
Interest Payable	63	-	-	543	12
Short-term Notes Payable	-	-	-	-	-
Future Benefits and Loss Liabilities	-	-	-	-	-
Capital Leases	3,996	-	-	2,780	941
Compensated Absences	503	62	106	285	185
General Obligation Bonds Payable	-	-	-	-	-
Total Liabilities	7,160	31,600	3,798	50,914	1,554
Fund Equity:					
Contributed Capital	10,472	3	1,779	-	-
Retained Earnings:					
Unreserved	5,462	386	(1,401)	107	3,473
Total Fund Equity	15,934	389	378	107	3,473
Total Liabilities and Fund Equity	\$ 23,094	\$ 31,989	\$ 4,176	\$ 51,021	\$ 5,027

	Facilities Operations and Maintenance	Risk Management	Institutional Power Plants	Central Warehouse	Badger State Industries	Totals
\$	3,233	\$ 10,991	\$ 411	\$ 891	\$ 793	24,213
	13	-	3	4	709	1,144
	4,100	-	932	480	3,240	30,777
	-	-	-	-	57	237
	83	-	-	92	21	490
	828	-	145	1,630	3,970	7,562
	103	10	22	3	82	33,551
	-	-	-	-	-	3,183
	462	-	-	-	2	464
	165,750	255	6,562	1,293	3,026	223,883
\$	174,573	\$ 11,256	\$ 8,074	\$ 4,392	\$ 11,901	325,504
\$	2,555	\$ 382	\$ 152	\$ 302	\$ 745	35,481
	7,490	135	329	38	424	9,832
	-	-	301	-	-	43,547
	-	-	-	-	1	1
	-	-	-	-	28	9,572
	1,043	-	1	-	19	1,681
	534	-	-	-	-	534
	-	81,335	-	-	-	81,335
	-	-	43	-	676	8,435
	564	36	87	34	176	2,039
	107,343	-	-	-	716	108,059
	119,529	81,888	912	374	2,786	300,515
	2,731	20	10,737	805	1,826	28,373
	52,313	(70,651)	(3,576)	3,213	7,289	(3,385)
	55,044	(70,632)	7,162	4,018	9,115	24,988
\$	174,573	\$ 11,256	\$ 8,074	\$ 4,392	\$ 11,901	325,504

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings - All Internal Service Funds For the Fiscal Year Ended June 30, 2000

(In Thousands)

	Information Technology Services	Fleet Services	Printing and Other Services	State Telephone System	Financial Services
Operating Revenues:					
Charges For Goods and Services	\$ 48,947	\$ 11,274	\$ 16,383	\$ 45,979	\$ 10,179
Investment and Interest Income	-	-	-	-	-
Other Income	-	358	-	198	-
Total Operating Revenues	48,947	11,633	16,383	46,177	10,179
Operating Expenses:					
Personal Services	9,896	1,278	2,612	2,938	2,527
Supplies and Services	25,279	6,303	14,235	45,970	5,056
Depreciation	6,734	5,226	458	2,189	1,294
Benefit Expense	-	-	-	-	-
Total Operating Expenses	41,909	12,807	17,306	51,097	8,877
Operating Income (Loss)	7,038	(1,174)	(923)	(4,920)	1,302
Nonoperating Revenues (Expenses):					
Operating Grants	-	-	382	-	-
Investment and Interest Income	-	-	-	-	-
Gain (Loss) on Disposal of Fixed Assets	(47)	714	(16)	(3)	-
Interest Expense	(229)	(6)	(1)	(1,259)	(58)
Other Revenues	58	55	78	8,000	13
Total Nonoperating Revenues (Expenses)	(219)	763	443	6,738	(45)
Income (Loss) Before Operating Transfers	6,819	(411)	(480)	1,818	1,257
Operating Transfers In	-	-	250	-	-
Operating Transfers Out	-	(94)	-	-	(769)
Net Income (Loss)	6,819	(505)	(230)	1,818	488
Retained Earnings, Beginning of Year	(1,357)	891	(1,171)	(1,711)	2,984
Retained Earnings, End of Year	\$ 5,462	\$ 386	\$ (1,401)	\$ 107	\$ 3,473

	Facilities Operations and Maintenance	Risk Management	Institutional Power Plants	Central Warehouse	Badger State Industries	Totals
\$	39,026	\$ 20,511	\$ 5,567	\$ 8,432	\$ 21,049	\$ 227,348
	-	-	-	-	6	6
	-	-	-	-	-	556
	39,026	20,511	5,567	8,432	21,055	227,910
	12,733	1,080	2,159	331	4,598	40,153
	16,368	2,532	3,257	7,873	14,194	141,065
	4,475	56	394	89	378	21,294
	-	19,239	-	-	-	19,239
	33,576	22,907	5,810	8,294	19,170	221,752
	5,451	(2,396)	(243)	138	1,885	6,158
	-	-	-	-	-	382
	-	-	-	-	2	3
	(211)	-	-	-	(10)	428
	(7,172)	-	(3)	-	(47)	(8,777)
	350	26	-	8	-	8,588
	(7,033)	26	(3)	8	(55)	623
	(1,583)	(2,370)	(246)	147	1,831	6,781
	8,162	-	-	-	180	8,592
	(1,612)	-	(41)	(10)	(143)	(2,669)
	4,967	(2,370)	(287)	136	1,868	12,704
	47,346	(68,281)	(3,288)	3,077	5,421	(16,089)
	52,313	\$ (70,651)	\$ (3,576)	\$ 3,213	\$ 7,289	\$ (3,385)

**Combining Statement of Cash Flows - All Internal Service Funds
For the Fiscal Year Ended June 30, 2000**

(In Thousands)

	Information Technology Services	Fleet Services	Printing and Other Services	State Telephone System	Financial Services
Cash Flows from Operating Activities:					
Cash Receipts from Customers	\$ 48,137	\$ 10,813	\$ 17,069	\$ 46,065	9,251
Cash Payments to Suppliers for Goods and Services	(30,443)	(6,237)	(13,920)	(47,578)	(5,135)
Cash Payments to Employees for Services	(9,987)	(1,257)	(2,595)	(2,579)	(2,515)
Cash Payments for Benefits	-	-	-	-	-
Other Operating Revenues	-	340	-	-	-
Other Operating Expenses	-	-	-	(101)	-
Other Sources of Cash	70	53	78	10,041	13
Net Cash Provided (Used) by Operating Activities	7,777	3,713	632	5,848	1,613
Cash Flows from Noncapital Financing Activities:					
Operating Grants Receipts	-	-	382	-	-
Interest Payments	-	-	-	-	-
Interfund Loans Received	-	6,995	-	-	-
Interfund Loans Repaid	-	-	(765)	(2,808)	-
Interfund Advances	-	-	-	125	-
Operating Transfers In	-	-	250	-	-
Operating Transfers Out	-	(94)	-	-	(769)
Net Cash Provided (Used) by Noncapital Financing Activities	-	6,901	(133)	(2,683)	(769)
Cash Flows from Capital and Related Financing Activities:					
Proceeds from Issuance of Long-term Debt	-	-	-	-	-
Repayment of Long-term Debt	-	-	-	-	-
Repayment of Short-term Notes	-	-	-	-	-
Interest Payments	(264)	(6)	(1)	(1,028)	(80)
Capital Lease Obligations	(3,305)	-	-	(835)	(1,558)
Proceeds from Sale of Fixed Assets	23	1,823	-	-	-
Payments for Purchase of Fixed Assets	(687)	(12,431)	(525)	(1,302)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,233)	(10,614)	(526)	(3,165)	(1,638)
Cash Flows from Investing Activities:					
Investment and Interest Receipts	-	-	-	-	-
Net Cash Flows from Investing Activities	-	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	3,544	-	(27)	-	(793)
Cash and Cash Equivalents, Beginning of Year	4,059	-	102	-	1,008
Cash and Cash Equivalents, End of Year	\$ 7,603	\$ 0	\$ 75	\$ 0	215

	Facilities Operations and Maintenance	Risk Management	Institutional Power Plants	Central Warehouse	Badger State Industries	Totals
\$	40,614	\$ 20,647	\$ 4,908	\$ 8,254	\$ 21,137	\$ 226,895
	(16,823)	(2,630)	(3,022)	(8,102)	(14,708)	(148,597)
	(12,578)	(1,075)	(2,162)	(299)	(4,677)	(39,724)
	-	(18,434)	-	-	-	(18,434)
	9	-	-	-	118	467
	-	-	-	-	-	(101)
	(1,045)	26	-	8	-	9,245
	10,178	(1,465)	(276)	(138)	1,871	29,752
	-	-	-	-	-	382
	-	-	(2)	-	-	(2)
	-	-	289	-	-	7,284
	-	-	-	-	(501)	(4,073)
	-	-	-	-	-	125
	8,164	-	-	-	176	8,590
	(1,612)	-	(42)	(10)	(143)	(2,670)
	6,552	-	245	(10)	(467)	9,636
	10,796	-	-	-	3	10,799
	(9,103)	-	-	-	(43)	(9,146)
	(33)	-	-	-	-	(33)
	(7,505)	-	-	-	(35)	(8,920)
	-	-	(12)	-	(89)	(5,798)
	-	-	-	-	-	1,846
	(11,463)	(142)	(104)	(123)	(455)	(27,232)
	(17,307)	(142)	(116)	(123)	(619)	(38,484)
	-	-	-	-	2	3
	-	-	-	-	2	3
	(578)	(1,608)	(147)	(272)	787	907
	3,811	12,599	558	1,163	6	23,306
\$	\$ 3,233	\$ 10,991	\$ 411	\$ 891	\$ 793	\$ 24,213

(Continued)

**Combining Statement of Cash Flows - All Internal Service Funds
For the Fiscal Year Ended June 30, 2000**

(Continued)

	Information Technology Services	Fleet Services	Printing and Other Services	State Telephone System	Financial Services
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	\$ 7,038	\$ (1,174)	\$ (923)	\$ (4,920)	\$ 1,302
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	6,734	5,226	458	2,189	1,294
Miscellaneous Nonoperating Income (Expense)	70	53	78	10,041	13
Changes in Assets and Liabilities:					
Decrease (Increase) in Receivables	-	1	-	49	-
Decrease (Increase) in Due from Other Funds	(810)	(477)	617	(267)	(929)
Decrease (Increase) in Due from Component Units	-	(2)	82	7	-
Decrease (Increase) in Due from Other Governments	-	-	(12)	(2)	-
Decrease (Increase) in Inventories	-	7	163	-	-
Decrease (Increase) in Prepaid Items	(2,079)	(3)	277	(10,787)	-
Increase (Decrease) in Accounts Payable and Other Accrued Liabilities	(1,026)	45	(25)	9,170	57
Increase (Decrease) in Due to Other Funds	(2,165)	65	(90)	289	(162)
Increase (Decrease) in Due to Other Governments	-	(39)	(10)	(1)	-
Increase (Decrease) in Deferred Revenue	-	-	-	-	-
Increase (Decrease) in Future Benefits and Loss Liabilities	-	-	-	-	-
Increase (Decrease) in Compensated Absences	16	12	17	80	37
Total Adjustments	739	4,887	1,555	10,768	311
Net Cash Provided by Operating Activities	\$ 7,777	\$ 3,713	\$ 632	\$ 5,848	\$ 1,613

Noncash Investing, Capital and Financing Activities:

Capital Leases (Initial Year):					
Fair Market Value	\$ -	\$ -	\$ -	\$ -	\$ -
Current Year Cash Receipts (Payments)	-	-	-	-	-
Contributions/Transfer In (Out) of Noncash Assets and Liabilities from/to Other Funds	-	-	-	-	-
Other	-	-	-	-	-

	Facilities Operations and Maintenance	Risk Management	Institutional Power Plants	Central Warehouse	Badger State Industries	Totals
\$	5,451	\$ (2,396)	\$ (243)	\$ 138	\$ 1,885	\$ 6,158
	4,475	56	394	89	378	21,294
	(1,045)	26	-	8	118	9,363
	(9)	-	25	(4)	(136)	(73)
	1,661	135	(401)	(145)	466	(150)
	-	-	-	-	(57)	29
	(55)	-	-	(28)	7	(91)
	205	-	12	(222)	(397)	(232)
	(12)	(1)	(1)	1	(6)	(12,612)
	(365)	(69)	10	(7)	(388)	7,404
	(115)	(32)	(81)	19	-	(2,271)
	(44)	-	-	-	(14)	(108)
	-	-	-	-	(6)	(6)
	-	806	-	-	-	806
	30	9	8	12	21	241
	4,727	931	(33)	(276)	(15)	23,593
\$	10,178	\$ (1,465)	\$ (276)	\$ (138)	\$ 1,871	\$ 29,752

\$	-	\$ -	\$ -	\$ -	\$ 418	\$ 418
	-	-	-	-	(3)	(3)
	-	-	3,055	-	-	3,055
	-	-	-	-	(10)	(10)



Trust and Agency Funds

TRUST AND AGENCY: Trust and agency funds are fiduciary in nature and are maintained to account for assets held by the State acting in the capacity as a trustee or agent. The State's trust and agency funds, consisting of expendable trust, nonexpendable trust, pension trust, investment trust and agency funds, are described below:

EXPENDABLE TRUST: Expendable trust funds are trust funds whose resources, including both principal and earnings, may be expended by the State. The State's expendable trust funds are described below:

The **Unclaimed Property Program Fund** accounts for unclaimed stocks, bank accounts, insurance proceeds, utility deposits and uncashed checks which are deposited with the State after five years of abandonment. Upon an unsuccessful attempt to locate the owner, the funds are deposited in the Common School Fund where they are loaned to local governments. These funds may be claimed at any time by the owners or their heirs.

The **Children's Trust Fund** accounts for the program which provides information and encourages the development of child abuse and neglect prevention programs. This fund is supported primarily with investment income and moneys received as contributions, grants, gifts and bequests.

The **Accumulated Sick Leave Fund** accounts for the prefunding payment of group health insurance premiums for retired employees or the surviving spouse/dependent minor children if the employee had accumulated unused sick leave upon retirement.

The **State Capitol Restoration Fund** accounts for gifts, grants and bequests received and costs incurred for the maintenance, restoration, preservation and rehabilitation of the buildings and grounds of the State Capitol, and associated artifacts and other historic objects.

The **Special Death Benefits Fund** accounts for transactions and activities for members of the former Milwaukee Teacher Retirement Fund who have elected to participate in a special death benefit fund.

The **Employee Reimbursement Accounts Fund** was created under Internal Revenue Code Section 125 to account for moneys deposited by State employee participants as pre-tax earnings for use in paying eligible dependent care and medical expenses.

The **Life Insurance Fund** accounts for transactions related to the collection and payment of premiums for State and local participating employees' group life insurance contracts with a life insurance carrier.

The **Deferred Compensation Plan Fund** accounts for participant earnings deferred in accordance with Internal Revenue Code Section 457. Amounts deferred are invested through an independent agent and are not subject to federal income taxes until paid to participants upon termination or retirement from employment, death, or for an unforeseeable emergency.

The **Common School Income Fund** accounts for the distribution of earnings of the Common School Fund. Distributions aid local school districts and cover administrative costs incurred by the Public Lands Commission.

The **Unemployment Insurance Reserve Fund** accounts for unemployment contributions made by employers, federal program receipts, benefit payment recoveries and unemployment benefits paid to laid off workers in the State.

(Continued)

Trust and Agency Funds

(Continued)

NONEXPENDABLE TRUST: Nonexpendable trust funds are trust funds, the principal of which may not be expended by the State. The State's nonexpendable trust funds are described below:

The **Agricultural College Fund** accounts for federal land grant revenues used as public purpose loans for municipalities and school districts.

The **Common School Fund** accounts for revenues received from the sale of federally granted land, fines and forfeitures from penal law breaches, and the disposal of escheated property. These moneys are used for public purpose loans to municipalities and school districts.

The **Normal School Fund** accounts for public purpose loans to municipalities and school districts. These loans are financed with revenues derived from the sale of federally granted land and timber. The interest generated from this fund is used to support and maintain State universities.

The **University Fund** accounts for federal land grant revenues used for public loans to municipalities and school districts.

The **Historical Society Fund** accounts for investment income and donations received by the State Historical Society to assist in the operations of the State's archives, research and library services, museums, historic preservation, and executive and administrative services.

The **Benevolent Fund** accounts for investment income used for the care, custody and education of residents committed to the Lincoln Hills School.

PENSION TRUST FUNDS: Pension trust funds account for activities of the public employee retirement system.

Retirement contributions made by and on behalf of participants in the **Wisconsin Retirement System** are deposited in two trusts. The fixed retirement investment trust is a pooled investment trust consisting of fixed-income securities and equity securities. The variable retirement investment trust primarily accounts for investment in stock. The Wisconsin Retirement System also receives employer payments and provides benefits to certain local police officers and firefighters, which are recorded in the police and firefighters trust.

INVESTMENT TRUST FUND: Investment trust funds account for assets invested on a commingled basis by the State on behalf of other governmental entities. The State's investment trust funds are described below:

The **Local Government Pooled Investment Fund** was established to enable local governments in Wisconsin to voluntarily invest any idle local moneys. The sources of this fund are local government investment deposits and their share of the investment earnings of the fund. Deductions occur as withdrawals are requested by local governments.

The **Milwaukee Retirement Systems Fund** accounts for funds of the city of Milwaukee Retirement System and the Milwaukee Public Schools invested as part of the fixed retirement investment trust of the Wisconsin Retirement System.

AGENCY FUNDS: Agency funds report those assets for which the State acts solely in a custodial capacity. The State's agency funds are described below:

The **Insurance Company Liquidation Account Fund** accounts for the assets of insurance companies that are liquidated. These assets are used to pay claims and administrative costs associated with the liquidation.

The **Inmate and Resident Fund** accounts for the assets of inmates and residents in State institutions.

The **Bank and Insurance Company Deposits Fund** accounts for the statutorily required deposits of securities with the State by banks and insurance companies doing business in Wisconsin.

The **Support Collection Trust Fund** accounts for the centralized receipt and disbursement of court ordered temporary or permanent maintenance, child support or family support and related fees.

**Combining Balance Sheet - Trust and Agency Funds
June 30, 2000**

(In Thousands)

	Expendable Trust	Non- expendable Trust	Pension Trust	Investment Trust	Agency	Totals
Assets						
Cash and Cash Equivalents	\$ 2,205,868	\$ 216,924	\$ -	\$ 2,662,884	\$ 71,630	\$ 5,157,306
Investments	1,233,181	12,680	64,325,762	-	1,005	65,572,629
Securities Lending Collateral Receivables (net of estimated uncollectible accounts):	-	-	3,727,271	-	-	3,727,271
Loans to Local Governments	-	200,477	-	-	-	200,477
Prior Service Contributions Receivable	-	-	2,051,162	-	-	2,051,162
Other Receivables	124,031	76	890,528	-	572	1,015,207
Due from Other Funds	34,791	32,482	42,430	3,397	8,617	121,716
Interfund Loans Receivable	282,783	-	-	-	-	282,783
Due from Other Governments	5,708	-	103,485	-	-	109,193
Prepaid Items	5,498	2	1,409	-	-	6,910
Fixed Assets	-	635	-	-	-	635
Other Assets:						
Assets Held in Custody for Others	9,999	-	-	-	252,063	262,062
Other	159	-	-	-	-	159
Total Assets	\$ 3,902,019	\$ 463,276	\$ 71,142,048	\$ 2,666,280	\$ 333,887	\$ 78,507,510
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable and Other Accrued Liabilities	\$ 24,332	\$ 49	\$ 627,278	\$ -	\$ 64,195	\$ 715,853
Due to Other Funds	34,343	197	60,790	1,976	1,996	99,302
Interfund Loans Payable	126	-	282,783	-	-	282,909
Due to Other Governments	1,919	2,158	19,173	-	5,621	28,872
Tax and Other Deposits	-	7	99	-	262,076	262,182
Deferred Revenue	1,869	-	391	-	-	2,260
Securities Lending Collateral Liability	-	-	3,727,271	-	-	3,727,271
Compensated Absences	551,106	-	-	-	-	551,106
Total Liabilities	613,695	2,411	4,717,786	1,976	333,887	5,669,755
Fund Balances:						
Reserved for Encumbrances	6	-	-	-	-	6
Reserved for Prepaid Items	3,435	-	1,409	-	-	4,844
Reserved for Employee Benefits	-	-	52,024,647	-	-	52,024,647
Reserved for Pool Participants	-	-	-	2,664,304	-	2,664,304
Reserved for Market Value Adjustments	126,561	-	14,398,206	-	-	14,524,766
Reserved for Unemployment Insurance	1,902,184	-	-	-	-	1,902,184
Unreserved: Undesignated	1,256,138	460,866	-	-	-	1,717,004
Total Fund Balances	3,288,324	460,866	66,424,262	2,664,304	-	72,837,755
Total Liabilities and Fund Balances	\$ 3,902,019	\$ 463,276	\$ 71,142,048	\$ 2,666,280	\$ 333,887	\$ 78,507,510

**Combining Balance Sheet - All Expendable Trust Funds
June 30, 2000**

(In Thousands)

	Unclaimed Property Program	Children's Trust	Accumulated Sick Leave	State Capitol Restoration	Special Death Benefits
Assets					
Cash and Cash Equivalents	\$ 6,594	\$ 50	\$ 360,606	\$ 18	\$ 1,371
Investments	-	-	-	-	-
Receivables (net of estimated uncollectible accounts):					
Other Receivables	-	-	-	-	-
Due from Other Funds	-	15	33,881	-	40
Interfund Loans Receivable	-	-	282,783	-	-
Due from Other Governments	-	-	-	-	-
Prepaid Items	3	-	3,432	-	-
Other Assets:					
Assets Held in Custody for Others	9,999	-	-	-	-
Other	-	-	-	-	-
Total Assets	\$ 16,596	\$ 65	\$ 680,702	\$ 18	\$ 1,411
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable and Other					
Accrued Liabilities	\$ 4,581	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	10	13	21	-	-
Interfund Loans Payable	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Compensated Absences	-	-	551,106	-	-
Total Liabilities	4,590	13	551,127	-	-
Fund Balances:					
Reserved for Encumbrances	-	6	-	-	-
Reserved for Prepaid Items	3	-	3,432	-	-
Reserved for Market Value Adjustments	-	-	126,143	-	417
Reserved for Unemployment Insurance	-	-	-	-	-
Unreserved:					
Undesignated	12,002	45	-	18	994
Total Fund Balances	12,005	51	129,575	18	1,411
Total Liabilities and Fund Balances	\$ 16,596	\$ 65	\$ 680,702	\$ 18	\$ 1,411

Employee Reimbursement Accounts	Life Insurance	Deferred Compensation	Common School Income	Unemployment Insurance Reserve	Totals
2,202 \$	1,336 \$	1,995 \$	34,973 \$	1,796,723 \$	2,205,868
-	-	1,233,181	-	-	1,233,181
-	-	335	-	123,697	124,031
461	13	153	-	227	34,791
-	-	-	-	-	282,783
-	-	-	3,483	2,225	5,708
195	1,869	-	-	-	5,498
-	-	-	-	-	9,999
-	-	-	-	159	159
2,858 \$	3,218 \$	1,235,664 \$	38,456 \$	1,923,030 \$	3,902,019
1,580 \$	- \$	- \$	- \$	18,171 \$	24,332
7	1,040	13	32,484	756	34,343
-	-	126	-	-	126
-	-	-	-	1,919	1,919
-	1,869	-	-	-	1,869
-	-	-	-	-	551,106
1,587	2,909	139	32,484	20,847	613,695
-	-	-	-	-	6
-	-	-	-	-	3,435
-	-	-	-	-	126,561
-	-	-	-	1,902,184	1,902,184
1,271	309	1,235,526	5,972	-	1,256,138
1,271	309	1,235,526	5,972	1,902,184	3,288,324
2,858 \$	3,218 \$	1,235,664 \$	38,456 \$	1,923,030 \$	3,902,019

State of Wisconsin

**Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - All Expendable Trust Funds
For the Fiscal Year Ended June 30, 2000**

(In Thousands)

	Unclaimed Property Program	Children's Trust	Accumulated Sick Leave	State Capitol Restoration	Special Death Benefits
Revenues:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	-
Charges for Goods and Services	1	-	-	-	-
Contributions	-	-	72,567	-	-
Investment and Interest Income	-	2	74,947	1	119
Gifts and Donations	-	45	-	20	-
Other Revenues:					
Escheat Revenue	5,370	-	-	-	-
Reimbursable Financing Revenue	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	5,371	47	147,514	21	119
Expenditures:					
Current:					
Education	-	-	-	-	-
Human Relations and Resources	-	26	-	-	-
General Executive	867	-	132,926	-	38
Total Expenditures	867	26	132,926	-	38
Excess of Revenues Over (Under) Expenditures	4,504	21	14,589	21	81
Other Financing Sources (Uses):					
Operating Transfers Out	(1,000)	-	-	(20)	-
Total Other Financing Sources (Uses)	(1,000)	-	-	(20)	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	3,504	21	14,589	1	81
Fund Balances, Beginning of Year	8,502	30	114,986	17	1,330
Fund Balances, End of Year	\$ 12,005	\$ 51	\$ 129,575	\$ 18	\$ 1,411

	Employee Reimbursement Account	Life Insurance	Deferred Compensation	Common School Income	Unemployment Insurance Reserve	Totals
\$	-	\$ -	-	\$ -	9,918	\$ 9,918
	-	-	-	-	-	1
	14,622	28,437	87,914	-	443,084	646,624
	167	55	127,777	24,658	114,827	342,554
	-	-	-	-	-	65
	-	-	-	-	-	5,370
	-	-	-	-	26,262	26,262
	-	15	1,066	-	3,041	4,122
	14,790	28,507	216,757	24,658	597,132	1,034,916
	-	-	-	27,000	-	27,000
	-	-	-	-	519,764	519,790
	14,278	28,323	34,183	-	-	210,614
	14,278	28,323	34,183	27,000	519,764	757,404
	512	184	182,575	(2,342)	77,368	277,512
	-	-	-	-	-	(1,020)
	-	-	-	-	-	(1,020)
	512	184	182,575	(2,342)	77,368	276,492
	759	125	1,052,951	8,315	1,824,816	3,011,831
\$	1,271	\$ 309	\$ 1,235,526	\$ 5,972	\$ 1,902,184	\$ 3,288,324

**Combining Balance Sheet - All Nonexpendable Trust Funds
June 30, 2000**

(In Thousands)

	Agricultural College	Common School	Normal School	University	Historical Society	Benevolent	Totals
Assets							
Cash and Cash Equivalents	\$ 305	\$ 197,860	\$ 17,946	\$ 234	\$ 565	\$ 14	\$ 216,924
Investments	-	-	-	-	12,680	-	12,680
Receivables (net of estimated uncollectible accounts):							
Loans to Local Governments	-	199,870	607	-	-	-	200,477
Other Receivables	-	16	-	-	60	-	76
Due from Other Funds	-	32,297	185	-	-	-	32,482
Prepaid Items	-	-	-	-	2	-	2
Fixed Assets	-	5	630	-	-	-	635
Total Assets	\$ 305	\$ 430,048	\$ 19,367	\$ 234	\$ 13,308	\$ 14	\$ 463,276
Liabilities and Fund Balances							
Liabilities:							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 49	\$ -	\$ 49
Due to Other Funds	-	72	-	-	125	-	197
Due to Other Governments	-	2,158	-	-	-	-	2,158
Tax and Other Deposits	-	-	7	-	-	-	7
Total Liabilities	-	2,230	7	-	174	-	2,411
Fund Balances:							
Unreserved:							
Undesignated	305	427,819	19,361	234	13,133	14	460,866
Total Fund Balances	305	427,819	19,361	234	13,133	14	460,866
Total Liabilities and Fund Balances	\$ 305	\$ 430,048	\$ 19,367	\$ 234	\$ 13,308	\$ 14	\$ 463,276

State of Wisconsin

**Combining Statement of Revenues, Expenses, and Changes in Fund Balances -
All Nonexpendable Trust Funds
For the Fiscal Year Ended June 30, 2000**

(In Thousands)

	Agricultural College	Common School	Normal School	University	Historical Society	Benevolent	Totals
Operating Revenues:							
Charges for Goods and Services	\$ -	\$ 5	\$ 336	\$ -	\$ -	\$ -	341
Investment and Interest Income	-	-	-	-	1,463	-	1,463
Fines and Forfeitures	-	19,325	-	-	-	-	19,325
Gifts and Donations	-	-	-	-	42	-	42
Other Income	-	5	-	-	-	-	5
Total Operating Revenues	-	19,335	336	-	1,505	-	21,177
Operating Expenses:							
Personal Services	-	-	-	-	232	-	232
Supplies and Services	-	-	-	-	179	-	179
Total Operating Expenses	-	-	-	-	411	-	411
Operating Income	-	19,335	336	-	1,095	-	20,766
Nonoperating Revenues:							
Operating Grants	-	3	-	-	-	-	3
Total Nonoperating Revenue	-	3	-	-	-	-	3
Income Before Operating Transfers	-	19,338	336	-	1,095	-	20,769
Operating Transfers In	-	1,000	-	-	59	-	1,059
Operating Transfers Out	-	-	-	-	(77)	-	(77)
Net Income	-	20,338	336	-	1,077	-	21,751
Fund Balances, Beginning of Year	305	407,481	19,024	234	12,057	14	439,115
Fund Balances, End of Year	\$ 305	\$ 427,819	\$ 19,361	\$ 234	\$ 13,133	\$ 14	\$ 460,866

**Combining Statement of Cash Flows - All Nonexpendable Trust Funds
For the Fiscal Year Ended June 30, 2000**

(In Thousands)

	Agricultural College	Common School	Normal School	University	Historical Society	Benevolent	Totals
Cash Flows from Operating Activities:							
Cash Receipts from Customers	\$ -	\$ 5	\$ 343	\$ -	\$ -	\$ -	348
Cash Payments to Suppliers for Goods and Services	-	-	-	-	(195)	-	(195)
Cash Payments to Employees for Services	-	-	-	-	(234)	-	(234)
Fines and Forfeitures	-	19,252	-	-	-	-	19,252
Other Operating Revenues	-	5	-	-	42	-	47
Net Cash Provided (Used) by Operating Activities	-	19,262	343	-	(387)	-	19,218
Cash Flows from Noncapital Financing Activities:							
Operating Grants Receipts	-	3	-	-	-	-	3
Operating Transfers In	-	1,000	-	-	59	-	1,059
Operating Transfers Out	-	-	-	-	(77)	-	(77)
Net Cash Provided (Used) by Noncapital Financing Activities	-	1,003	-	-	(18)	-	985
Cash Flows from Investing Activities:							
Proceeds from Sale and Maturities of Investment Securities	-	-	-	-	15,848	-	15,848
Purchase of Investment Securities	-	-	-	-	(16,688)	-	(16,688)
Cash Payments for Loans Originated	-	(47,732)	-	-	-	-	(47,732)
Investment and Interest Receipts	-	-	-	-	935	-	935
Net Cash Provided (Used) by Investing Activities	-	(47,732)	-	-	95	-	(47,638)
Net Increase (Decrease) in Cash and Cash Equivalents	-	(27,467)	343	-	(311)	-	(27,435)
Cash and Cash Equivalents, Beginning of Year	305	225,327	17,603	234	876	14	244,359
Cash and Cash Equivalents, End of Year	\$ 305	\$ 197,860	\$ 17,946	\$ 234	\$ 565	\$ 14	\$ 216,924
Reconciliation of Operating Income to Net Cash Provided by Operations:							
Operating Income	\$ -	\$ 19,335	\$ 336	\$ -	\$ 1,095	\$ -	20,766
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:							
Operating Income (Investment Income)							
Classified as Investing Activity	-	-	-	-	(1,463)	-	(1,463)
Changes in Assets and Liabilities:							
Decrease (Increase) in Receivables	-	(16)	-	-	-	-	(16)
Decrease (Increase) in Due from Other Funds	-	3	-	-	25	-	28
Decrease (Increase) in Prepaid Items	-	-	-	-	(1)	-	(1)
Increase (Decrease) in Accounts Payable and Other Accrued Liabilities	-	-	-	-	(107)	-	(107)
Increase (Decrease) in Due to Other Funds	-	(60)	-	-	65	-	5
Increase (Decrease) in Tax and Other Deposits	-	-	7	-	-	-	7
Total Adjustments	-	(73)	7	-	(1,482)	-	(1,548)
Net Cash Provided by Operating Activities	\$ 0	\$ 19,262	\$ 343	\$ 0	\$ (387)	\$ 0	19,218
Noncash Investing, Capital and Financing Activities:							
Net Change in Unrealized Gains and Losses	\$ -	\$ -	\$ -	\$ -	\$ 529	\$ -	529

State of Wisconsin

Statement of Plan Net Assets - Pension Trust Fund
June 30, 2000

(In Thousands)

	Wisconsin Retirement System
Assets	
Securities Lending Collateral	\$ 3,727,271
Prepaid Items	1,409
Receivables (net of estimated uncollectible accounts):	
Prior Service Contributions Receivable	2,051,162
Benefits Overpayment Receivable	2,110
Due from Other Funds	42,430
Due from Other Governments	103,485
Interest and Dividends Receivable	238,510
Investment Sales Receivable	642,822
Other Receivables	7,086
Total Receivables	3,087,605
Investments:	
Bonds	15,243,778
Private Placements	3,282,711
Stocks	42,002,446
Limited Partnerships	2,943,724
Mortgages	396,258
Real Estate	456,797
Other Investments	49
Total Investments	64,325,762
Total Assets	71,142,048
Liabilities	
Accounts Payable	43,798
Securities Lending Collateral Liability	3,727,271
Annuities Payable	122,253
Advance Contributions	391
Due to Other Funds	60,790
Interfund Loans Payable	282,783
Due to Other Governments	19,173
Tax and Other Deposits	99
Investment Payable	461,226
Total Liabilities	4,717,786
Fund Balance	
Fund Balance Reserved for Pension Benefits	\$ 66,424,262

Combining Statement of Net Assets - Investment Trust Funds
June 30, 2000

(In Thousands)

	Local Government Pooled Investment	Milwaukee Retirement Systems	Totals
Assets			
Cash and Cash Equivalents	\$ 2,563,945	\$ 98,939	\$ 2,662,884
Due from Other Funds	-	3,397	3,397
Total Assets	<u>2,563,945</u>	<u>102,335</u>	<u>2,666,280</u>
Liabilities and Net Assets			
Due to Other Funds	24	1,952	1,976
Total Liabilities	<u>24</u>	<u>1,952</u>	<u>1,976</u>
Net Assets Held in Trust for Pool Participants	<u>\$ 2,563,921</u>	<u>\$ 100,383</u>	<u>\$ 2,664,304</u>

**Combining Statement of Changes in Net Assets - Investment Trust Funds
For the Fiscal Year Ended June 30, 2000**

(In Thousands)

	Local Government Pooled Investment	Milwaukee Retirement Systems	Totals
Additions:			
Deposits	\$ 8,875,524	\$ 2,500	\$ 8,878,024
Investment Income of Investment Trust Funds	152,472	12,566	165,038
Less: Investment Expense	(542)	(24)	(566)
Net Investment Income	151,930	12,542	164,472
Total Additions	9,027,454	15,042	9,042,496
Deductions:			
Distributions	9,326,871	33,601	9,360,472
Administrative Expenses	154	2	156
Total Deductions	9,327,025	33,603	9,360,628
Net Increase (Decrease) In Net Assets	(299,571)	(18,561)	(318,132)
Net Assets - Beginning of Year	2,863,491	118,945	2,982,436
Net Assets - End of Year	\$ 2,563,921	\$ 100,383	\$ 2,664,304

**Combining Balance Sheet - All Agency Funds
June 30, 2000**

(In Thousands)

	Insurance Company Liquidation Account	Inmate and Resident	Bank and Insurance Company Deposits	Support Collection Trust	Totals
Assets					
Cash and Cash Equivalents	\$ 37,233	\$ 8,284	\$ -	\$ 26,114	71,630
Investments	-	1,005	-	-	1,005
Receivables (net of estimated uncollectible accounts):					
Other Receivables	-	572	-	-	572
Due from Other Funds	-	442	-	8,175	8,617
Other Assets:					
Assets Held in Custody for Others	-	-	252,063	-	252,063
Total Assets	\$ 37,233	\$ 10,303	\$ 252,063	\$ 34,288	\$ 333,887
Liabilities					
Accounts Payable and Other					
Accrued Liabilities	\$ 37,233	\$ -	\$ -	\$ 26,962	64,195
Due to Other Funds	-	290	-	1,706	1,996
Due to Other Governments	-	-	-	5,621	5,621
Tax and Other Deposits	-	10,012	252,063	-	262,076
Total Liabilities	\$ 37,233	\$ 10,303	\$ 252,063	\$ 34,288	\$ 333,887

**Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Fiscal Year Ended June 30, 2000**

(In Thousands)

	Balance July 1, 1999	Additions	Deductions	Balance June 30, 2000
Insurance Company Liquidation Account				
Assets:				
Cash and Cash Equivalents	\$ 36,488	\$ 1,892	\$ 1,147	\$ 37,233
Total Assets	\$ 36,488	\$ 1,892	\$ 1,147	\$ 37,233
Liabilities:				
Accounts Payable and Other Accrued Liabilities	\$ 36,488	\$ 1,892	\$ 1,147	\$ 37,233
Total Liabilities	\$ 36,488	\$ 1,892	\$ 1,147	\$ 37,233
Inmate and Resident				
Assets:				
Cash and Cash Equivalents	\$ 6,745	\$ 77,949	\$ 76,411	\$ 8,284
Investments	988	754	738	1,005
Receivables (net of estimated uncollectible accounts):				
Other Receivables	120	4,734	4,283	572
Due from Other Funds	461	8,292	8,310	442
Total Assets	\$ 8,315	\$ 91,730	\$ 89,742	\$ 10,303
Liabilities:				
Accounts Payable and Other Accrued Liabilities	\$ -	\$ 6	\$ 5	\$ -
Due to Other Funds	79	10,272	10,061	290
Tax and Other Deposits	8,236	52,727	50,951	10,012
Total Liabilities	\$ 8,315	\$ 63,005	\$ 61,017	\$ 10,303
Bank and Insurance Company Deposits				
Assets:				
Other Assets:				
Assets Held in Custody for Others	\$ 240,837	\$ 17,342	\$ 6,116	\$ 252,063
Total Assets	\$ 240,837	\$ 17,342	\$ 6,116	\$ 252,063
Liabilities:				
Tax and Other Deposits	\$ 240,837	\$ 17,342	\$ 6,116	\$ 252,063
Total Liabilities	\$ 240,837	\$ 17,342	\$ 6,116	\$ 252,063
Support Collection Trust				
Assets:				
Cash and Cash Equivalents	\$ 20,329	\$ 881,761	\$ 875,976	\$ 26,114
Receivables (net of estimated uncollectible accounts):				
Other Receivables	776	4,504	5,280	-
Due from Other Funds	-	8,175	-	8,175
Total Assets	\$ 21,105	\$ 894,439	\$ 881,256	\$ 34,288
Liabilities:				
Accounts Payable and Other Accrued Liabilities	\$ 2,577	\$ 879,128	\$ 854,743	\$ 26,962
Due to Other Funds	6,361	3,232	7,888	1,706
Due to Other Governments	12,167	7,205	13,751	5,621
Total Liabilities	\$ 21,105	\$ 889,565	\$ 876,382	\$ 34,288

(Continued)

**Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Fiscal Year Ended June 30, 2000**

(Continued)

	Balance July 1, 1999		Additions		Deductions		Balance June 30, 2000
Total - All Agency Funds							
Assets:							
Cash and Cash Equivalents	\$ 63,562	\$	961,602	\$	953,534	\$	71,630
Investments	988		754		738		1,005
Receivables (net of estimated uncollectible accounts):							
Other Receivables	897		9,238		9,563		572
Due from Other Funds	461		16,466		8,310		8,617
Other Assets:							
Assets Held in Custody for Others	240,837		17,342		6,116		252,063
Total Assets	<u>\$ 306,745</u>	\$	<u>1,005,402</u>	\$	<u>978,260</u>	\$	<u>333,887</u>
Liabilities:							
Accounts Payable and Other Accrued Liabilities	\$ 39,064	\$	881,025	\$	855,895	\$	64,195
Due to Other Funds	6,440		13,504		17,949		1,996
Due to Other Governments	12,167		7,205		13,751		5,621
Tax and Other Deposits	249,073		70,068		57,066		262,076
Total Liabilities	<u>\$ 306,745</u>	\$	<u>971,803</u>	\$	<u>944,661</u>	\$	<u>333,887</u>

General Fixed Assets Account Group

The **General Fixed Assets Account Group** accounts for the land, buildings and improvements, and machinery and equipment of the governmental funds.

*State of Wisconsin***Schedule of General Fixed Assets by Function
June 30, 2000**

(In Thousands)

Function	Land	Buildings	Equipment	Totals
Commerce	\$ -	\$ 880	\$ 16,209	\$ 17,089
Education	906	33,373	88,469	122,747
Transportation	11,371	67,900	80,540	159,810
Environmental Resources	384,440	72,918	66,048	523,406
Human Relations and Resources	28,557	579,740	81,677	689,973
General Executive	1,705	38,786	19,518	60,010
Judicial	-	-	32,328	32,328
Legislative	-	-	8,292	8,292
Other General	-	6	-	6
Total by Function	<u>\$ 426,979</u>	<u>\$ 793,602</u>	<u>\$ 393,081</u>	1,613,662
Construction in Progress				208,774
Total General Fixed Assets				<u>\$ 1,822,436</u>

*State of Wisconsin***Schedule of Changes in General Fixed Assets by Function
For the Year Ended June 30, 2000**

(In Thousands)

Function	Balance July 1, 1999	Additions	Retirements	Completed Construction	Transfers to/from Other Funds	Balance June 30, 2000
Commerce	\$ 14,714	\$ 2,879	\$ (504)	\$ -	\$ -	\$ 17,089
Education	119,845	1,370	(281)	1,814	-	122,747
Transportation	149,681	20,079	(10,106)	157	-	159,810
Environmental Resources	468,804	55,848	(7,368)	6,122	-	523,406
Human Relations and Resources	627,413	12,035	(3,872)	54,398	-	689,973
General Executive	52,040	6,438	(1,132)	2,664	-	60,010
Judicial	31,828	3,991	(3,491)	-	-	32,328
Legislative	7,117	1,222	(47)	-	-	8,292
Other General	6	-	-	-	-	6
Total by Function	1,471,448	103,862	(26,801)	65,154	-	1,613,662
Construction in Progress	156,604	117,323	-	(65,154)	-	208,774
Total General Fixed Assets	<u>\$ 1,628,052</u>	<u>\$ 221,185</u>	<u>\$ (26,801)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,822,436</u>

University of Wisconsin System

The funds of the **University of Wisconsin System** account for the 13 universities, 13 two-year colleges, the University of Wisconsin Extension and System Administration. In addition, the University of Wisconsin System balance sheet includes the accounts of the Wisconsin State Colleges Building Corporation.

State of Wisconsin

**Combining Balance Sheet - University of Wisconsin System
June 30, 2000**

(In Thousands)

	Current Funds		Loan Funds	Endowment and Similar Funds	Plant Funds	Agency Funds	Totals
	Unrestricted	Restricted					
Assets							
Cash and Cash Equivalents	\$ 314,435	\$ 5,759	\$ 11,350	\$ 6,680	\$ -	\$ 1,504	\$ 339,728
Investments	-	8,635	-	310,702	2,156	-	321,493
Student Loans Receivable	-	-	169,330	-	-	-	169,330
Other Receivables	36,974	32,513	76	4,774	-	-	74,337
Due from Other Funds	10,625	11,562	-	-	738	-	22,925
Due from Component Units	-	7,289	-	-	-	-	7,289
Due from Other Governments	1,200	51,522	352	-	-	-	53,074
Inventories	25,667	-	-	-	-	-	25,667
Prepaid Items	16,173	151	-	-	127	-	16,451
Capital Lease Receivable - Component Unit	-	-	-	-	30,987	-	30,987
Deferred Charges	6,607	174	-	-	3,908	-	10,688
Plant and Equipment	-	-	-	-	3,925,176	-	3,925,176
Total Assets	\$ 411,680	\$ 117,605	\$ 181,108	\$ 322,157	\$ 3,963,092	\$ 1,504	\$ 4,997,145
Liabilities and Fund Equity							
Liabilities:							
Accounts Payable and Other Accrued Liabilities	\$ 30,025	\$ 14,437	\$ 35	\$ 6,131	\$ 36,981	\$ -	\$ 87,609
Due to Other Funds	50,781	1,537	-	-	4,564	-	56,882
Due to Component Units	1,116	-	-	-	-	-	1,116
Interfund Loans Payable	-	-	-	-	1,285	-	1,285
Due to Other Governments	7,782	415	418	-	-	-	8,615
Deferred Revenue	52,453	35,605	-	-	-	-	88,057
Advances from Other Funds	-	-	-	-	2,000	-	2,000
Short-term Notes Payable	-	-	-	-	47,844	-	47,844
Deposits Held in Custody for Others	-	-	-	-	-	1,504	1,504
Compensated Absences	49,416	11,746	-	-	-	-	61,162
Capital Leases	-	-	-	-	15,336	-	15,336
Installment Contracts Payable	-	-	-	-	9	-	9
General Obligation Bonds Payable	-	-	-	-	769,954	-	769,954
Other Bonds Payable	-	-	-	-	125	-	125
Total Liabilities	191,573	63,740	453	6,131	878,099	1,504	1,141,500
Equity and Funds Balances:							
Fund Balances - Reserved:							
Encumbrances	40,580	39,026	-	-	125,014	-	204,619
Inventories and Prepaid Items	41,840	151	-	-	127	-	42,117
Auxiliary Operations	105,651	-	-	-	-	-	105,651
Current Restricted Funds	-	14,688	-	-	-	-	14,688
Loan Funds	-	-	180,655	-	-	-	180,655
Endowment and Similar Funds	-	-	-	316,026	-	-	316,026
Plant Funds	-	-	-	-	2,959,851	-	2,959,851
Fund Balances - Unreserved:							
Designated for Contingent Fund	3,949	-	-	-	-	-	3,949
Undesignated	28,088	-	-	-	-	-	28,088
Total Equity and Funds Balances	220,106	53,865	180,655	316,026	3,084,993	-	3,855,645
Total Liabilities and Funds Equity	\$ 411,680	\$ 117,605	\$ 181,108	\$ 322,157	\$ 3,963,092	\$ 1,504	\$ 4,997,145

Component Units

The **Wisconsin Housing and Economic Development Authority** administers programs to facilitate the purchase, construction and rehabilitation of housing for families of low and moderate income by providing or participating in the providing of construction and mortgage loans. Over the years, its mission has been expanded to include financing for farmers and for economic development projects.

The **Wisconsin Health Care Liability Insurance Plan** provides health care liability insurance and liability coverages normally incidental to health care liability insurance to eligible health care providers in the State of Wisconsin. The insurance is financed with premiums collected from policyholders and investment earnings.

The **University of Wisconsin Hospitals and Clinics Authority** operates an acute-care hospital, numerous specialty clinics and ambulatory facilities. It provides health care to patients, education programs, research and community service primarily to residents of southern Wisconsin.

State of Wisconsin

**Combining Balance Sheet - Component Units
June 30, 2000**

(In Thousands)

	Wisconsin Housing and Economic Development Authority	Wisconsin Health Care Liability Insurance Plan	University of Wisconsin Hospitals and Clinics Authority	Totals
Assets				
Cash and Cash Equivalents	\$ 219,456	\$ 8,552	\$ 16,682	\$ 244,690
Investments	287,496	132,159	44,152	463,807
Receivables (net of estimated uncollectible accounts):				
Mortgage Loans	1,887,286	-	-	1,887,286
Patients Accounts Receivable	-	-	72,239	72,239
Other Receivables	15,673	2,808	6,213	24,694
Due from Primary Government	-	-	2,622	2,622
Due from Other Governments	-	7,230	-	7,230
Inventories	-	-	7,923	7,923
Prepaid Items	-	-	2,340	2,340
Restricted and Limited Use Assets:				
Investments	200,005	-	137,466	337,471
Deferred Charges	14,732	-	-	14,732
Fixed Assets (net of accumulated depreciation)	22,909	-	140,994	163,903
Other Assets	3,994	-	4,160	8,154
Total Assets	\$ 2,651,551	\$ 150,749	\$ 434,791	\$ 3,237,090
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable and Other Accrued Liabilities	\$ 17,950	\$ 20,356	\$ 40,784	\$ 79,090
Due to Primary Government	92	12	7,441	7,544
Due to Other Governments	-	-	269	269
Tax and Other Deposits	116,023	-	-	116,023
Deferred Revenue	-	938	-	938
Interest Payable	36,251	-	-	36,251
Future Benefits and Loss Liabilities	-	102,030	-	102,030
Capital Leases	-	-	346	346
Capital Leases - Primary Government	-	-	30,987	30,987
Compensated Absences	391	-	2,456	2,847
Revenue Bonds and Notes Payable	2,189,250	-	106,500	2,295,750
Total Liabilities	2,359,957	123,336	188,783	2,672,076
Fund Equity:				
Retained Earnings:				
Reserved for Future Benefits	4,010	-	-	4,010
Reserved for Bonds	139,776	-	-	139,776
Reserved by Donors for Operations	-	-	2,562	2,562
Unreserved	147,808	27,412	243,446	418,667
Total Fund Equity	291,594	27,412	246,008	565,014
Total Liabilities and Fund Equity	\$ 2,651,551	\$ 150,749	\$ 434,791	\$ 3,237,090

State of Wisconsin

**Combining Statement of Revenues, Expenses, and Changes in
Retained Earnings - Component Units
For the Fiscal Year Ended June 30, 2000**

(In Thousands)

	Wisconsin Housing and Economic Development Authority	Wisconsin Health Care Liability Insurance Plan	University of Wisconsin Hospitals and Clinics Authority	Totals
Operating Revenues:				
Charges for Goods and Services	\$ 3,354	\$ 2,158	\$ 384,258	\$ 389,770
Investment and Interest Income	134,625	10,963	-	145,588
Other Income	11,293	-	8,224	19,517
Total Operating Revenues	149,272	13,121	392,482	554,875
Operating Expenses:				
Personal Services	10,210	-	204,105	214,315
Supplies and Services	11,872	741	159,355	171,968
Depreciation	5,267	-	17,950	23,217
Benefit Expense	-	(11,874)	-	(11,874)
Interest Expense	134,448	-	3,655	138,103
Other Expenses:				
Grant Programs	54,059	-	-	54,059
Insurance Dividends	-	19,943	-	19,943
Federal Income Tax Expense	-	278	-	278
Other	898	43	9,902	10,843
Total Operating Expenses	216,754	9,130	394,967	620,851
Operating Income (Loss)	(67,482)	3,991	(2,485)	(65,976)
Nonoperating Revenues (Expenses):				
Operating Grants	54,059	-	-	54,059
Investment and Interest Income	40,829	-	13,719	54,548
Gain (Loss) on Disposal of Fixed Assets	6	-	-	6
Other Revenues	-	-	1,488	1,488
Other Expenses	-	-	(382)	(382)
Total Nonoperating Revenues (Expenses)	94,894	-	14,825	109,719
Income (Loss) before Operating Transfers	27,412	3,991	12,341	43,743
Operating Transfers to Primary Government	-	-	(2,400)	(2,400)
Net Income before Extraordinary Items	27,412	3,991	9,941	41,343
Extraordinary Items:				
Gain (Loss) from Extinguishment of Debt	(108)	-	-	(108)
Net Income	27,304	3,991	9,941	41,235
Retained Earnings, Beginning of Year	264,290	23,422	236,067	523,779
Retained Earnings, End of Year	\$ 291,594	\$ 27,412	\$ 246,008	\$ 565,014

Combining Statement of Cash Flows - Component Units *
For the Fiscal Year Ended June 30, 2000

(In Thousands)

	Wisconsin Housing and Economic Development Authority	Wisconsin Health Care Liability Insurance Plan	Totals *
Cash Flows from Operating Activities:			
Cash Receipts from Customers	\$ -	\$ 1,898	\$ 1,898
Cash Payments to Suppliers for Goods and Services	(3,848)	(775)	(4,623)
Cash Payments to Employees for Services	(10,242)	-	(10,242)
Cash Payments for Loans Originated	(271,873)	-	(271,873)
Cash Payments for Benefits	-	(1,871)	(1,871)
Interest Income	135,438	-	135,438
Collection of Loans	148,520	-	148,520
Other Operating Revenues	15,501	87	15,588
Other Operating Expenses:			
Grant Programs	(54,059)	-	(54,059)
Insurance Dividends	-	(14,646)	(14,646)
Other	(14,477)	-	(14,477)
Other Uses of Cash	(8,919)	(1,687)	(10,606)
Net Cash Provided (Used) by Operating Activities	(63,959)	(16,993)	(80,952)
Cash Flows from Noncapital Financing Activities:			
Operating Grants Receipts	54,059	-	54,059
Proceeds from Issuance of Long-term Debt	601,242	-	601,242
Retirement of Long-term Debt	(466,724)	-	(466,724)
Interest Payments	(146,841)	-	(146,841)
Other Cash Outflows from Noncapital Financing Activities	(4,584)	-	(4,584)
Net Cash Provided (Used) by Noncapital Financing Activities	37,152	-	37,152
Cash Flows from Capital and Related Financing Activities:			
Payments for Purchase of Fixed Assets	(597)	-	(597)
Net Cash Provided (Used) by Capital and Related Financing Activities	(597)	-	(597)
Cash Flows from Investing Activities:			
Proceeds from Sale and Maturities of Investment Securities	610,803	18,277	629,080
Purchase of Investment Securities	(758,280)	(17,440)	(775,720)
Interest and Dividends Receipts	39,873	9,209	49,082
Net Cash Provided (Used) by Investing Activities	(107,604)	10,046	(97,558)
Net Increase (Decrease) in Cash and Cash Equivalents	(135,008)	(6,947)	(141,955)
Cash and Cash Equivalents, Beginning of Year	354,464	15,499	369,963
Cash and Cash Equivalents, End of Year	\$ 219,456	\$ 8,552	\$ 228,008

* The Wisconsin Housing and Economic Development Authority and the Wisconsin Health Care Liability Insurance Plan prepare the statement of cash flows using the direct method of reporting cash flows, as presented on Pages 178 and 179 of the CAFR. The University of Wisconsin Hospitals and Clinics Authority prepares this statement using the indirect method, as presented on Page 180.

(Continued)

**Combining Statement of Cash Flows - Component Units *
For the Fiscal Year Ended June 30, 2000**

(Continued)

	Wisconsin Housing and Economic Development Authority	Wisconsin Health Care Liability Insurance Plan	Totals *
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations:			
Operating Income (Loss)	\$ (67,482)	\$ 3,991	\$ (63,491)
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	1,552	-	1,552
Amortization	3,715	-	3,715
Operating Income (Investment Income) Classified as Investing Activity	-	(10,963)	(10,963)
Operating Expense (Interest Expense) Classified as Noncapital Financing Activity	129,092	-	129,092
Miscellaneous Nonoperating Income (Expenses)	(152)	-	(152)
Changes in Assets and Liabilities:			
Decrease (Increase) in Receivables	(121,597)	99	(121,498)
Decrease (Increase) in Other Assets	12,173	-	12,173
Increase (Decrease) in Accounts Payable and Other Accrued Liabilities	(21,349)	4,707	(16,642)
Increase (Decrease) in Compensated Absences	37	-	37
Increase (Decrease) in Due to Primary Government	52	(2)	50
Increase (Decrease) in Due to Other Governments	-	(790)	(790)
Increase (Decrease) in Deferred Revenue	-	(289)	(289)
Increase (Decrease) in Future Benefits and Loss Liabilities	-	(13,746)	(13,746)
Total Adjustments	3,523	(20,984)	(17,461)
Net Cash Provided by Operating Activities	\$ (63,959)	\$ (16,993)	\$ (80,952)
Noncash Investing, Capital and Financing Activities:			
Net change in unrealized gains and losses	\$ (608)	-	\$ (608)

* The Wisconsin Housing and Economic Development Authority and the Wisconsin Health Care Liability Insurance Plan prepare the statement of cash flows using the direct method of reporting cash flows, as presented on Pages 178 and 179 of the CAFR. The University of Wisconsin Hospitals and Clinics Authority prepares this statement using the indirect method, as presented on Page 180.

(Continued)

**Combining Statement of Cash Flows - Component Units *
For the Fiscal Year Ended June 30, 2000**

(Continued)

	University of Wisconsin Hospitals and Clinics Authority
Cash Flows from Operating Activities:	
Operating Income	\$ (2,485)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:	
Depreciation and Amortization	17,950
Provision for Bad Debt	9,902
Other Sources	754
Other Uses	(382)
Changes in Assets and Liabilities:	
Decrease (Increase) in Net Patient Receivables	(19,818)
Decrease (Increase) in Other Receivables	(3,326)
Decrease (Increase) in Due from Primary Government	(1,196)
Decrease (Increase) in Inventories	(1,685)
Decrease (Increase) in Prepaid Items	615
Decrease (Increase) in Other Assets	46
Increase (Decrease) in Accounts Payable and Other Accrued Expenses	(576)
Increase (Decrease) in Due to Other Governments	(2,454)
Increase (Decrease) in Due to Primary Government	2,329
Increase (Decrease) in Compensated Absences	345
Net Cash Provided (Used) by Operating Activities	<u>19</u>
Cash Flows from Noncapital Financing Activities:	
Operating Transfers to Primary Government	(2,400)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(2,400)</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from Issuance of Long-term Debt	56,500
Deferred Financing Costs	(2,130)
Payments for Purchase of Fixed Assets	(27,205)
Capital Leases Payable - Primary Government	(2,319)
Capital Leases Payable	(329)
Proceeds from Sale of Fixed Assets	22
Loss on Disposal of Fixed Assets	410
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>24,948</u>
Cash Flows from Investing Activities:	
Increase in Investments	(44,053)
Interest and Dividends Receipts	7,121
Decrease in Investment in Affiliate	1,000
Net Cash Provided (Used) by Investing Activities	<u>(35,932)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(13,365)
Cash and Cash Equivalents at Beginning of Year	30,047
Cash and Cash Equivalents at End of Year	<u>\$ 16,682</u>
Noncash Investing, Capital and Financing Activities:	
Net change in unrealized gains and losses	\$ 6,781

* The **University of Wisconsin Hospitals and Clinics Authority** prepares the statement of cash flows using the indirect method of reporting cash flows, as presented on this page. The **Wisconsin Housing and Economic Development Authority** and the **Wisconsin Health Care Liability Insurance Plan** prepare the statement of cash flows using the direct method, as presented on Pages 178 and 179 of the CAFR.





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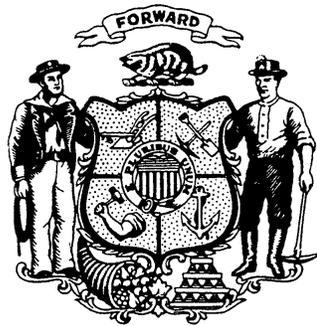
COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the fiscal year ended June 30, 2000

STATE OF **WISCONSIN**

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the fiscal year ended June 30, 2000

Tommy G. Thompson, Governor

Department of Administration
George Lightbourn, Secretary
William J. Raftery, State Controller

Prepared by the State Controller's Office

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**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2000**

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For the Fiscal Year Ended June 30, 2000**

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STATISTICAL SECTION

State of Wisconsin

**Revenues by Source and Expenditures by Function -
All Governmental Fund Types**

For the Last Ten Fiscal Years

(In Thousands)

	2000	1999	1998	1997	1996
Revenues and Proceeds from					
Sale of Bonds:					
Taxes	\$ 11,974,334	\$ 11,158,516	\$ 10,218,307	\$ 9,662,514	\$ 8,974,484
Intergovernmental	4,375,513	3,813,275	3,704,247	3,587,981	3,555,666
Fees	-	-	-	-	-
Licenses and Permits	731,668	687,766	631,870	584,825	684,330
Charges for Goods and Services	239,050	217,145	193,964	282,612	158,432
Services General	-	-	-	-	-
Contributions	-	-	-	-	-
Sale of Products	-	-	-	-	-
Investment Income	97,682	95,089	85,647	70,150	65,004
Gifts and Donations	14,601	14,885	5,461	3,177	5,940
Proceeds from Sale of Bonds	451,886	249,007	160,470	80,535	344,334
Other Revenues:					
Tobacco Settlement	167,362	-	-	-	-
Other	207,002	133,405	149,400	86,453	73,724
Total Revenues and Other Sources	\$ 18,259,098	\$ 16,369,088	\$ 15,149,366	\$ 14,358,247	\$ 13,861,914
Expenditures:					
Current:					
Commerce	\$ 205,008	\$ 194,893	\$ 181,559	\$ 183,581	\$ 161,923
Education	4,900,287	4,542,339	4,397,970	4,125,946	3,283,511
Transportation	1,765,534	1,601,962	1,468,365	1,418,262	1,343,563
Environmental Resources	530,586	476,985	552,423	588,714	507,420
Human Relations and Resources	5,889,413	5,323,054	5,116,259	4,906,367	5,033,062
General Executive	410,603	333,034	308,736	325,433	246,561
Judicial	103,216	95,705	91,450	87,525	82,505
Legislative	60,424	62,789	55,144	53,277	50,165
Tax Relief and Other General Expenditures	1,440,464	831,526	725,316	694,871	574,771
Intergovernmental	1,073,434	1,008,617	1,008,572	1,008,590	1,010,618
Capital Outlay	230,151	164,360	143,467	170,693	153,809
Debt Service	316,889	308,103	295,848	285,157	270,555
Total Expenditures	\$ 16,926,009	\$ 14,943,367	\$ 14,345,109	\$ 13,848,416	\$ 12,718,463

In 1992-2000, revenues previously reported as Contributions are classified in various other revenue sources. Prior to 1993, Intergovernmental Expenditures were combined with Tax Relief and Other General Expenditures. In 1994-2000, revenues previously reported as Fees, Services General, and Sale of Products are classified as Licenses and Permits, and Charges for Goods and Services.

SOURCE: Wisconsin Department of Administration

	1995		1994		1993		1992		1991
\$	8,587,733	\$	7,912,596	\$	7,546,879	\$	6,987,448	\$	6,705,114
	3,171,714		3,157,723		2,947,034		2,820,409		2,348,336
	-		-		173,356		132,381		68,449
	635,731		616,541		390,104		364,919		272,862
	131,804		88,462		-		-		-
	-		-		89,211		79,563		70,725
	-		-		-		-		78,739
	-		-		10,208		10,340		10,129
	64,198		38,120		48,929		53,049		64,327
	3,908		1,695		2,488		7,310		6,621
	277,203		293,733		502,368		322,112		278,582
	-		-		-		-		-
	58,538		72,659		71,571		73,305		78,426
\$	12,930,829	\$	12,181,529	\$	11,782,148	\$	10,850,836	\$	9,982,310

\$	146,571	\$	130,412	\$	129,862	\$	129,207	\$	158,526
	3,005,096		2,709,922		2,481,956		2,376,760		2,241,173
	1,303,450		1,278,579		1,282,226		1,166,691		1,156,282
	499,482		414,530		358,584		375,902		368,270
	4,635,202		4,425,288		4,217,673		3,989,859		3,793,621
	246,086		231,075		221,026		177,761		166,952
	71,981		74,369		56,207		54,275		49,822
	50,732		47,142		44,357		43,939		40,646
	616,891		599,794		617,323		1,519,388		1,428,387
	992,437		950,467		919,821		-		-
	190,307		174,087		184,112		139,994		45,507
	257,649		231,816		202,367		199,663		183,292
\$	12,015,884	\$	11,267,481	\$	10,715,514	\$	10,173,439	\$	9,632,478

State of Wisconsin

Assessed and Equalized Value of Taxable Property

For the Last Ten Years

(In Thousands)

Year (A)	Real Property		Personal Property		Total		Ratio of Total Assessed Value To Total Equalized Value
	Assessed Value (B)	Equalized Value	Assessed Value (B)	Equalized Value	Assessed Value (B)	Equalized Value	
1999	\$ 232,669,301	\$ 258,023,890	\$ 8,031,429	\$ 8,543,624	\$ 240,700,730	\$ 266,567,514	90%
1998	217,599,762	238,769,117	9,694,739	10,225,798	227,294,501	248,994,915	91
1997	201,938,959	223,570,764	8,956,300	9,503,469	210,895,259	233,074,233	90
1996	186,902,000	207,896,469	8,473,140	9,047,289	195,375,140	216,943,759	90
1995	173,908,997	192,505,594	8,394,885	9,032,516	182,303,882	201,538,109	90
1994	159,967,395	176,376,443	7,999,884	8,618,423	167,967,279	184,994,866	91
1993	147,624,892	163,188,926	7,737,267	8,488,238	155,362,159	171,677,164	91
1992	139,519,248	151,692,717	7,546,524	7,894,286	147,065,772	159,587,003	92
1991	132,063,360	143,206,294	7,207,672	7,721,462	139,271,032	150,927,756	92
1990	126,015,435	134,138,146	6,947,656	7,232,162	132,963,091	141,370,307	94

(A) Represents values certified to the Department of Revenue on August 15 of each year. Assessed values for 2000 are not yet available.

(B) Municipalities assess property for tax purposes at different percentages of market value. Each community's assessment percentage is multiplied by the State-established market value of manufacturing property to determine the local assessed value of such property.

SOURCE: Wisconsin Department of Revenue

State of Wisconsin

State Forestation Tax

For the Last Ten Years

(In Thousands)

Year	Total Equalized Value (A)	State Forestation Tax Levy (B)	State Forestation Tax Collections (C)
2000	\$ 286,321,492	\$ 57,264	\$ 53,310
1999	266,567,514	53,314	49,814
1998	248,994,915	49,799	44,252
1997	233,074,233	46,615	42,661
1996	216,943,759	43,389	39,104
1995	201,538,109	40,308	36,335
1994	184,994,866	36,998	34,632
1993	171,677,164	34,335	43,044
1992	159,587,003	31,917	26,590
1991	150,927,756	30,186	27,799

(A) Represents values certified to the Department of Revenue on August 15 of each year.

(B) Tax levy equals two-tenths of one mill for each dollar of the equalized value certified by the Department of Revenue.

(C) Collections reported in fiscal year ended June 30.

SOURCES: Wisconsin Department of Administration, Division of Executive Budget and Finance
 Wisconsin Department of Revenue
 Wisconsin Office of the State Treasurer

State of Wisconsin

Legal Debt Margin

For the Last Ten Calendar Years

(In Thousands)

Calendar Year	Annual Debt Limit	Actual Borrowing (A)	Legal Debt Margin	Legal Debt Margin as a Percentage of Debt Limit
2000	\$ 2,147,411	\$ 538,795	\$ 1,608,616	74.9 %
1999	1,999,256	482,360	1,516,896	75.9
1998	1,867,462	475,485	1,391,977	74.5
1997	1,748,057	404,310	1,343,747	76.9
1996	1,627,078	353,295	1,273,783	78.3
1995	1,511,536	368,322	1,143,214	75.6
1994	1,387,461	289,810	1,097,651	79.1
1993	1,287,579	129,325	1,158,254	90.0
1992	1,196,903	427,655	769,248	64.3
1991	1,131,958	359,716	772,242	68.2

Wis. Stat. Sec. 18.05 limits the amount of public debt contracted in any calendar year to the lesser of:

(a) Three-fourths of one percent of the aggregate value of taxable property;

or

(b) Five percent of aggregate value of taxable property

Less: Net indebtedness at January 1

(A) Consists of bonds issued less refundings.

SOURCE: Wisconsin Department of Administration

State of Wisconsin

**Ratio of Net General Obligation Bonded Debt to Assessed Value
And Net General Obligation Bonded Debt Per Capita**

For the Last Ten Fiscal Years

(In Thousands)

Year	Population	Assessed Value (A)	Gross Bonded Debt (B)	General Obligation Bonded Debt			Ratio To Assessed Value (Percent)	Per Capita
				Debt Service Moneys Available (C)	Payable From Proprietary Fund Revenues	Net Bonded Debt (D)		
1999	5,250	\$ 240,700,730	\$ 3,379,351	\$ 2,492	\$ 880,666	\$ 2,496,193	1.04	\$ 475
1998	5,224	227,294,501	3,296,169	3,777	818,277	2,474,115	1.09	474
1997	5,170	210,895,259	3,083,955	2,515	673,715	2,407,725	1.14	466
1996	5,146	195,375,140	3,085,526	5,588	635,930	2,444,008	1.25	475
1995	5,113	182,303,882	2,986,486	-	624,355	2,362,131	1.30	462
1994	5,075	167,967,279	2,870,941	2,774	578,608	2,289,559	1.36	451
1993	5,038	155,362,159	2,800,863	319	623,320	2,177,224	1.40	432
1992	4,991	147,065,772	2,646,374	6,851	694,557	1,944,966	1.32	390
1991	4,956	139,271,032	2,489,676	6,841	750,738	1,732,097	1.24	349
1990	4,902	132,963,091	2,245,595	7,822	757,176	1,480,597	1.11	302

(A) Current values certified on August 15. Assessed values for 2000 are not yet available.

(B) Includes gross general obligation bonded debt for all fund types.

(C) Represents moneys available in Debt Service Fund reserved for retirement of general obligation bonded debt.

(D) Excludes general obligation bonds expected to be repaid from revenues of five proprietary funds; includes general obligation bonds reported for the University of Wisconsin System.

SOURCES: Wisconsin Department of Administration, Wisconsin Department of Revenue
U.S. Department of Commerce, Bureau of Census

State of Wisconsin

Ratio of Annual Debt Service for General Bonded Debt to Total Governmental Expenditures

For the Last Ten Fiscal Years

Year	General Obligation Debt Service Expenditures	Total Governmental Expenditures	Ratio (Percent)
2000	\$ 227,567	\$ 16,926,009	1.34
1999	224,288	14,943,367	1.50
1998	218,175	14,345,109	1.52
1997	213,982	13,848,416	1.55
1996	210,643	12,718,463	1.66
1995	205,097	12,015,884	1.71
1994	174,718	11,267,481	1.55
1993	155,025	10,715,514	1.45
1992	174,138	10,173,439	1.71
1991	157,203	9,632,478	1.63

SOURCE: Wisconsin Department of Administration

State of Wisconsin

Department of Transportation Revenue Bond Coverage

For the Last Ten Fiscal Years

(In Thousands)

Year	Gross Revenues (A)	Operating Expenses (B)	Net Revenues	Debt Service		Total Debt Service	Revenue Bond Coverage
				Principal	Interest		
2000	\$ 312,681	\$ 66	\$ 312,615	\$ 30,860	\$ 41,063	\$ 71,923	4.35
1999	295,938	49	295,889	30,750	47,063	77,813	3.80
1998	282,850	56	282,794	29,710	45,733	75,443	3.75
1997	257,590	80	257,510	25,385	52,982	78,367	3.29
1996	249,339	37	249,302	21,590	46,421	68,011	3.67
1995	247,819	33	247,786	19,080	44,837	63,917	3.88
1994	237,401	86	237,315	15,035	39,201	54,236	4.38
1993	232,567	29	232,538	13,455	29,257	42,712	5.44
1992	210,427	19	210,408	10,480	14,558	25,038	8.40
1991	160,356	20	160,336	10,410	15,235	25,645	6.25

The State of Wisconsin, Department of Transportation finances certain state highway projects and related transportation facilities through the issuance of revenue bonds. The revenue bonds, \$769.2 million outstanding at June 30, 2000, are secured by a pledge of the registration fees collected under Wis. Stat. Sec. 341.25 and investments.

(A) Includes revenues from Wis. Stat. Sec. 341.25 registration fees including fees collected under the International Registration Plan, a multi-state plan for the collection of registration fees from interstate trucking, and interest earnings.

(B) Includes administrative operating expenses.

SOURCE: Wisconsin Department of Transportation

State of Wisconsin

**Higher Education Revenue Bonds
Health Education Assistance Loans**

For the Last Ten Fiscal Years

(In Thousands)

Year	Gross Revenues (A)	Direct Operating Expenses	Net Revenues	Debt Service		Total Debt Service	Revenue Bond Coverage
				Principal	Interest		
2000	\$ 1,016	\$ 105	\$ 911	\$ 587	\$ 174	\$ 761	1.20
1999	1,779	124	1,655	1,755	353	2,108	0.79
1998	2,540	101	2,439	1,825	475	2,300	1.06
1997	4,476	109	4,367	3,195	784	3,979	1.10
1996	4,916	147	4,769	3,460	1,052	4,512	1.06
1995	13,825	510	13,315	61,874	3,262	65,136	0.20
1994	18,896	573	18,323	6,030	5,943	11,973	1.53
1993	12,877	450	12,427	6,327	6,324	12,651	0.98
1992	12,773	469	12,304	16,957	8,215	25,172	0.49
1991	15,737	335	15,402	-	8,535	8,535	1.80

The State of Wisconsin Higher Education Aids Board provides loans to eligible students enrolled in Wisconsin medical and dental schools. The bonds, \$1.1 million outstanding at June 30, 2000, are to be repaid through the collection of student loans.

(A) Includes operating revenues from student loan repayment and interest income from student loans and investments.

SOURCE: Wisconsin Higher Education Aids Board

State of Wisconsin

**Wisconsin Housing and Economic Development Authority Revenue Bonds
Home Ownership Revenue Bonds**

For the Last Ten Fiscal Years

(In Thousands)

Year	Gross Revenues (A)	Direct Operating Expenses (B)	Net Revenues	Debt Service		Total Debt Service	Revenue Bond Coverage (C)
				Principal	Interest		
2000	\$ 250,352	\$ 8,379	\$ 241,973	\$ 217,333	\$ 90,506	\$ 307,839	0.79
1999	392,684	8,947	383,737	305,265	94,414	399,679	0.96
1998	298,596	8,627	289,969	213,512	96,940	310,452	0.92
1997	222,298	8,229	214,069	126,974	91,441	218,415	0.97
1996	236,521	7,823	228,698	117,311	86,571	203,882	1.12
1995	178,760	7,082	171,678	171,421	78,769	250,190	0.69 (D)
1994	549,138	8,066	541,072	444,093	94,424	538,517	1.00
1993	396,215	10,001	386,213	244,736	124,418	369,154	1.05
1992	312,646	9,924	302,722	153,343	127,952	281,295	1.08
1991	224,158	9,093	215,065	82,537	122,935	205,472	1.05

(A) Includes mortgage payments received.

(B) Includes administrative and general costs, mortgage insurance premiums, and lender service fees.

(C) 1997 and 1998 include gains due to the increase in fair market value of investments as a result of GASB Statement 31. The Revenue Bond Coverage excludes these amounts.

(D) \$79.3 million of mortgage prepayments on hand at the end of fiscal year 1994 were used to redeem Home Ownership Revenue Bonds in fiscal year 1995.

SOURCE: Wisconsin Housing and Economic Development Authority

State of Wisconsin

**Wisconsin Housing and Economic Development Authority Revenue Bonds
Housing Revenue Bonds**

For the Last Ten Fiscal Years

(In Thousands)

Year	Gross Revenues (A)	Direct Operating Expenses (B)	Net Revenues	Debt Service		Total Debt Service	Revenue Bond Coverage (C)
				Principal	Interest		
2000	\$ 56,091	\$ 4,139	\$ 51,952	\$ 35,279	\$ 26,176	\$ 61,455	0.85
1999	59,653	4,211	55,442	18,387	27,384	45,771	1.21
1998	67,721	5,107	62,614	12,822	25,803	38,625	1.47
1997	62,229	4,278	57,951	12,439	26,586	39,025	1.38
1996	50,625	4,320	46,305	11,818	27,962	39,780	1.16
1995	47,686	6,194	41,492	8,463	28,101	36,564	1.13
1994	48,187	5,664	42,523	7,385	30,358	37,743	1.13
1993	43,917	4,172	39,745	4,725	29,098	33,823	1.18
1992	41,529	1,770	39,759	4,990	31,783	36,773	1.08
1991	42,140	1,459	40,681	4,610	33,126	37,736	1.08

(A) Includes mortgage payments received.

(B) Includes administrative and general costs, mortgage insurance premiums, and lender service fees.

(C) 1997 thru 2000 include gains/loss due to the increase in fair market value of investments as a result of GASB Statement 31. The Revenue Bond Coverage excludes these amounts.

SOURCE: Wisconsin Housing and Economic Development Authority

State of Wisconsin

**Wisconsin Housing and Economic Development Authority Revenue Bonds
Housing Rehabilitation and Home Improvement Revenue Bonds**

For the Last Ten Fiscal Years

(In Thousands)

Year	Gross Revenues (A)	Direct Operating Expenses (B)	Net Revenues	Debt Service		Total Debt Service	Revenue Bond Coverage (C)
				Principal	Interest		
2000	\$ 2,765	\$ 122	\$ 2,643	\$ 6,125	\$ 145	\$ 6,270	0.43
1999	5,038	255	4,783	1,465	484	1,949	2.44
1998	5,199	556	4,643	550	600	1,150	4.09
1997	5,746	646	5,100	13,061	895	13,956	0.35 (D)
1996	6,654	565	6,089	2,025	1,494	3,519	1.73
1995	6,780	581	6,199	495	1,372	1,867	3.32
1994	10,603	554	10,049	7,035	1,644	8,679	1.16
1993	11,507	716	10,791	8,995	2,012	11,007	0.98
1992	11,666	832	10,834	5,770	2,169	7,939	1.36
1991	9,667	756	8,911	6,450	2,555	9,005	0.99

(A) Includes mortgage payments received.

(B) Includes administrative and general costs, mortgage insurance premiums, and lender service fees.

(C) 1997 thru 2000 include gains/losses due to the increase/decrease of fair market value of investments as a result of GASB Statement 31. The Revenue Bond Coverage excludes these amounts.

(D) Includes a scheduled redemption of \$4,881,000 of Housing and Rehabilitation Loan Revenue Bonds and \$6,025,000 of scheduled redemptions of Home Improvement Revenue Bonds.

SOURCE: Wisconsin Housing and Economic Development Authority

State of Wisconsin

**Wisconsin Housing and Economic Development Authority Revenue Bonds
Business Development Revenue Bonds**

For the Last Ten Fiscal Years

(In Thousands)

Year	Gross Revenues (A)	Operating Expenses (B)	Net Revenues	Debt Service		Total Debt Service	Revenue Bond Coverage
				Principal	Interest		
2000	\$ 11,854	\$ 12	\$ 11,842	\$ 10,905	\$ 968	\$ 11,873	1.00
1999	11,240	15	11,225	9,030	2,163	11,193	1.00
1998	11,264	25	11,239	8,495	2,800	11,295	1.00
1997	9,778	190	9,588	6,470	3,200	9,670	0.99
1996	9,769	50	9,719	6,370	3,275	9,645	1.01
1995	9,465	26	9,439	6,310	3,094	9,404	1.00
1994	12,680	24	12,656	9,240	3,385	12,625	1.00
1993	7,375	51	7,324	3,525	3,801	7,326	1.00
1992	6,469	48	6,421	2,860	3,546	6,406	1.00
1991	6,193	46	6,147	2,970	3,168	6,138	1.00

(A) Includes mortgage payments received.

(B) Includes administrative and general costs, mortgage insurance premiums, and lender service fees.

SOURCE: Wisconsin Housing and Economic Development Authority

State of Wisconsin

**Wisconsin Housing and Economic Development Authority Revenue Bonds
Single Family Drawdown Revenue Bonds**

For the Last Two Fiscal Years

(In Thousands)

Year (A)	Gross Revenues	Operating Expenses	Net Revenues	Debt Service		Total Debt Service	Revenue Bond Coverage
				Principal	Interest		
2000	\$ 7,591	\$ 5	\$ 7,586	\$ 57,345	\$ 7,382	\$ 64,727	0.12
1999	3,605	3	3,602	91,090	3,602	94,692	0.04

(A) Fiscal year 1999 was the first year of this program.

SOURCE: Wisconsin Housing and Economic Development Authority

State of Wisconsin

Environmental Improvement Fund Bonds

For the Last Nine Fiscal Years

(In Thousands)

Year (A)	Gross Revenues (B)	Operating Expenses (C)	Net Revenues	Debt Service		Total Debt Service	Revenue Bond Coverage
				Principal	Interest		
2000	\$ 58,747	\$ 1,497	\$ 57,250	\$ 23,530	\$ 30,905	\$ 54,435	1.05
1999	54,177	1,675	52,502	24,200	26,651	50,851	1.03
1998	48,124	1,322	46,802	14,270	26,192	40,462	1.16
1997	41,128	1,491	39,637	13,560	22,692	36,252	1.09
1996	38,100	966	37,134	10,100	17,193	27,293	1.36
1995	31,233	1,582	29,651	8,045	17,632	25,677	1.15
1994	27,770	1,579	26,191	8,455	16,334	24,789	1.06
1993	19,316	1,403	17,913	-	14,672	14,672	1.22
1992	18,853	1,297	17,556	-	14,672	14,672	1.20

(A) Fiscal year 1992 was the first full year of this program.

(B) Includes operating revenue from loan repayment and interest income from Revenue Bonds.

(C) Includes allocated administrative and general costs.

SOURCE: Wisconsin Department of Administration

Petroleum Inspection Fee Revenue Obligations Debt Service Coverage

For Last One Fiscal Year

(In Thousands)

Year (A)	Revenues (B) (C)	Debt Service			Revenue Bond Coverage
		Principal	Interest	Total Debt Service	
2000	\$ 43,520	\$ 1,750	\$ 3,692	\$ 5,442	8.00

(A) This program began on March 2, 2000

(B) Includes Petroleum Inspection Fees from a \$0.03 per gallon charge to suppliers on all petroleum products received for sale in the State of Wisconsin, as imposed by the State of Wisconsin under 168.12 (1), Wis. Stats., payments under s. 101.143 (4)(h) 1m, Wis. Stats., payments under s. 101.143 (5)(a), Wis. Stats., and net recoveries under s. 101.143 (5)(c), Wis. Stats.

(C) This includes only those Petroleum Inspection Fees transferred from the State of Wisconsin Program Trustee from March 2000 through Fees earned in June 2000. In contrast, the Petroleum Inspection Fees received by the State of Wisconsin for the full fiscal year 1999-2000 totaled \$104,862,192.

SOURCE: Wisconsin Department of Commerce

**Local Government Property Insurance Fund
Ten-Year Claims Development Information**

Fiscal and Policy Year Ended June 30

(In Thousands)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
1. Premium and investment revenues:										
Earned	\$ 9,204	\$ 8,986	\$ 9,315	\$ 9,665	\$ 9,982	\$ 10,347	\$ 10,633	\$ 11,241	\$ 11,396	\$ 11,801
Ceded	1,816	1,590	1,776	1,789	1,460	1,359	1,678	1,875	1,023	1,055
Net Earned	7,388	7,396	7,539	7,876	8,522	8,988	8,955	9,366	10,373	10,746
2. Unallocated expense										
	94	72	20	50	26	46	73	113	68	115
3. Estimated incurred claims and allocated expense, end of policy year										
Direct incurred	4,621	4,693	6,965	8,055	4,427	9,402	8,431	16,828	12,543	16,134
Ceded	40	664	480	2,300	2,300	1,600	1,328	8,515	4,127	7,881
Net Incurred	4,621	4,029	6,485	5,755	4,427	7,802	7,103	8,313	8,416	8,253
4. Paid (cumulative) as of:										
End of policy year	2,165	2,189	3,282	2,805	2,489	3,376	4,005	4,561	4,206	4,866
One year later	4,032	3,378	5,957	5,377	4,493	6,956	5,880	7,979	7,452	
Two years later	3,893	3,436	6,236	5,464	4,578	6,667	6,361	8,173		
Three years later	3,898	3,441	6,248	5,766	4,578	6,763	6,385			
Four years later	3,898	3,629	6,248	5,470	4,578	6,763				
Five years later	3,898	3,629	6,248	5,470	4,578					
Six years later	3,898	3,629	6,248	5,470						
Seven years later	3,898	3,629	6,248							
Eight years later	3,898	3,629								
Nine years later	3,898									

The table above illustrates how the Local Government Property Insurance Fund's earned revenues (net of insurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the fund as of the end of each of the last ten years. The rows of the table are defined as follows:

- (1) These lines show the total of each fiscal year's earned contribution revenues and investment revenues, amount of reinsurance premium ceded and net earned revenues.
- (2) This line shows each fiscal year's other operating cost of the fund including overhead and claims expense not allocable to individual claims.
- (3) This section shows the fund's incurred claims and allocated claims adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
- (4) This section of 10 rows shows the cumulative amounts paid as of the end of successive years for each policy year.

(Continued)

**Local Government Property Insurance Fund
Ten-Year Claims Development Information**

Fiscal and Policy Year Ended June 30

(Continued)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
5. Reestimated ceded losses and expenses:	\$ -	\$ 893	\$ 542	\$ 4,313	\$ -	\$ 2,150	\$ 1,020	\$ 8,339	\$ 3,653	\$ 7,881
6. Reestimated incurred claims and expense:										
End of policy year	4,621	4,029	6,485	5,755	4,427	7,802	7,103	8,313	8,416	8,253
One year later	4,114	3,491	6,230	5,552	4,674	7,095	6,357	8,180	7,785	
Two years later	3,895	3,443	6,246	5,534	4,578	6,801	6,393	8,620		
Three years later	3,898	3,629	6,248	5,771	4,578	6,763	6,460			
Four years later	3,898	3,629	6,248	5,570	4,578	6,763				
Five years later	3,898	3,629	6,248	5,570	4,578					
Six years later	3,898	3,629	6,248	5,570						
Seven years later	3,898	3,629	6,248							
Eight years later	3,898	3,629								
Nine years later	3,898									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year	(723)	(400)	(237)	(185)	151	(1,039)	(643)	307	(631)	-

(5) This line represents the reestimated losses assumed by reinsurers as of the end of the current fiscal year for each of the policy years presented.

(6) This section of 10 rows shows how each policy year's incurred claims increased or decreased as of the end of successive years. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.

(7) This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

**Health Insurance Risk Pool
Ten-Year Claims Development Information**

Calendar and Policy Year Ended December 31

(In Millions)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
1. Net earned required contributions and investment revenues	\$ 70.8	\$ 78.0	\$ 83.7	\$ 69.1	\$ 66.2	\$ 64.9	\$ 59.9	\$ 54.4	\$ 54.8	\$ 59.4
2. Unallocated expenses	3.3	2.4	2.8	2.8	2.7	2.4	2.7	2.7	2.9	3.6
3. Estimated incurred claims as of the end of the policy year	58.5	66.8	65.3	60.1	61.6	65.8	54.9	55.5	58.5	64.8
4. Paid (cumulative) as of:										
End of policy year	47.4	54.4	53.3	50.2	50.3	53.6	46.1	45.8	42.4	51.6
One year later	59.2	66.8	65.6	61.0	62.2	64.3	55.1	53.8	55.0	
Two years later	59.2	66.9	65.5	60.7	62.5	64.6	55.4	54.0		
Three years later	59.2	66.9	65.5	60.7	62.5	64.6	55.4			
Four years later	59.2	66.9	65.5	60.7	62.5	64.6				
Five years later	59.2	66.9	65.5	60.7	62.5					
Six years later	59.2	66.9	65.5	60.7						
Seven years later	59.2	66.9	65.5							
Eight years later	59.2	66.9								
Nine years later	59.2									
5. Reestimated incurred claims:										
End of policy year	58.5	66.8	65.3	60.1	61.6	65.8	54.9	55.5	58.5	64.8
One year later	59.2	66.8	65.7	60.8	62.2	64.5	54.3	54.1	55.3	
Two years later	59.2	66.9	65.5	60.7	62.5	64.6	55.4	54.0		
Three years later	59.2	66.9	65.5	60.7	62.5	64.6	55.4			
Four years later	59.2	66.9	65.5	60.7	62.5	64.6				
Five years later	59.2	66.9	65.5	60.7	62.5					
Six years later	59.2	66.9	65.5	60.7						
Seven years later	59.2	66.9	65.5							
Eight years later	59.2	66.9								
Nine years later	59.2									
6. Increase (decrease) in estimated incurred claims from end of policy year	0.7	0.1	0.2	0.6	0.9	(1.2)	0.5	(1.5)	(3.2)	-

The table above illustrates how the Health Insurance Fund Risk Pool's earned revenues and investment income compare to related costs of loss assumed by the fund as of the end of each of the last ten years. The rows of the table are defined as follows:

- (1) This line shows the total of each calendar year's earned contribution and investment revenues.
- (2) This line shows each calendar year's other operating costs of the funds including overhead and claims expenses not allocable to individual claims.
- (3) This line shows the fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
- (4) This section shows the cumulative amounts paid as of the end of successive years for each policy year.
- (5) This section shows each policy year's incurred claims as reestimated at the end of each successive policy year. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
- (6) This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

**Income Continuation Insurance Risk Pool
Ten-Year Claims Development Information**

Calendar and Policy Year Ended December 31

(In Millions)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
1. Net earned required contributions and investment revenues	\$ 0.7	\$ 10.5	\$ 5.8	\$ 9.3	\$ 0.1	\$ 11.8	\$ 11.4	\$ 17.0	\$ 17.0	\$ 19.5
2. Unallocated expenses	0.3	0.5	0.5	0.6	0.7	0.8	0.9	1.1	1.2	1.5
3. Estimated incurred claims as of the end of the policy year	16.4	13.5	13.5	16.3	17.2	19.4	18.7	19.1	19.3	17.3
4. Paid (cumulative) as of:										
End of policy year	1.6	1.8	2.0	2.2	2.0	2.7	2.4	2.5	2.5	2.4
One year later	3.4	3.7	4.0	4.2	3.9	5.1	4.6	5.4	4.5	
Two years later	4.1	4.3	4.6	4.6	4.5	5.8	5.2	5.7		
Three years later	4.4	4.7	5.0	4.9	4.9	6.2	5.5			
Four years later	4.7	5.0	5.3	5.1	5.1	6.4				
Five years later	5.0	5.3	5.6	5.3	5.3					
Six years later	5.2	5.6	5.9	5.4						
Seven years later	5.5	5.8	6.1							
Eight years later	5.8	6.0								
Nine years later	6.0									
5. Reestimated incurred claims:										
End of policy year	16.4	13.5	13.5	16.3	17.2	19.4	18.7	19.1	19.3	17.3
One year later	8.8	9.6	9.6	11.5	10.9	12.8	12.1	12.1	9.8	
Two years later	8.0	8.1	9.1	8.1	8.8	11.0	9.3	9.3		
Three years later	7.6	7.6	8.2	7.2	7.9	10.0	9.9			
Four years later	7.4	7.3	7.9	6.9	7.3	9.5				
Five years later	7.4	7.4	7.8	6.7	8.0					
Six years later	7.4	7.3	7.7	6.5						
Seven years later	7.2	7.6	7.6							
Eight years later	7.2	7.6								
Nine years later	7.2									
6. Increase (decrease) in estimated incurred claims from end of policy year	(9.2)	(5.9)	(5.9)	(9.8)	(9.2)	(9.9)	(8.9)	(9.8)	(9.5)	-

The table above illustrates how the Income Continuation Insurance Fund Risk Pool's earned revenues and investment income compare to related costs of loss assumed by the fund as of the end of each of the last ten years. The rows of the table are defined as follows:

- (1) This line shows the total of each calendar year's earned contribution and investment revenues.
- (2) This line shows each calendar year's other operating costs of the funds including overhead and claims expenses not allocable to individual claims.
- (3) This line shows the fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
- (4) This section shows the cumulative amounts paid as of the end of successive years for each policy year.
- (5) This section shows each policy year's incurred claims as reestimated at the end of each successive policy year. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
- (6) This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

**Duty Disability Insurance Risk Pool
Ten-Year Claims Development Information**

Calendar and Policy Year Ended December 31

(In Millions)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
1. Net earned required contributions and investment revenues	\$ 9.1	\$ 10.7	\$ 12.0	\$ 14.3	\$ 16.2	\$ 22.0	\$ 23.7	\$ 27.0	\$ 32.8	\$ 38.9
2. Unallocated expenses	1.3	0.1	0.5	0.3	0.2	0.2	0.4	0.1	0.2	0.6
3. Estimated incurred claims as of the end of the policy year	21.2	6.1	8.4	7.0	5.1	4.8	15.5	14.1	16.9	21.7
4. Paid (cumulative) as of:										
End of policy year	0.3	0.3	0.4	0.1	0.0	0.0	0.1	0.1	0.1	0.1
One year later	1.1	1.1	1.3	0.6	0.4	1.1	0.4	0.5	0.6	
Two years later	1.8	2.0	2.6	1.5	1.4	2.5	0.8	1.1		
Three years later	2.6	3.0	3.9	2.1	2.5	4.0	1.4			
Four years later	3.5	4.1	4.9	2.9	3.7	5.6				
Five years later	4.4	5.0	5.8	3.7	5.0					
Six years later	5.2	5.8	6.8	4.5						
Seven years later	6.0	6.7	7.8							
Eight years later	6.8	7.6								
Nine years later	7.7									
5. Reestimated incurred claims:										
End of policy year	21.2	6.1	8.4	7.0	5.1	4.8	15.5	14.1	16.9	21.7
One year later	9.8	11.0	16.5	10.2	6.1	8.8	5.8	8.2	9.5	
Two years later	11.1	14.0	18.4	12.6	10.2	10.5	8.3	12.6		
Three years later	13.4	15.4	20.6	16.2	12.9	13.6	9.8			
Four years later	14.3	16.8	22.9	18.0	14.5	17.7				
Five years later	15.6	18.7	24.8	20.0	17.9					
Six years later	18.0	19.5	25.8	24.3						
Seven years later	19.1	20.9	29.2							
Eight years later	20.3	24.0								
Nine years later	23.2									
6. Increase (decrease) in estimated incurred claims from end of policy year	2.0	17.9	20.8	17.3	12.8	12.9	(5.7)	(1.5)	(7.4)	-

The table above illustrates how the Duty Disability Fund Risk Pool's earned revenues and investment income compare to related costs of loss assumed by the fund as of the end of each of the last ten years. The rows of the table are defined as follows:

- (1) This line shows the total of each calendar year's earned contribution and investment revenues.
- (2) This line shows each calendar year's other operating costs of the funds including overhead and claims expenses not allocable to individual claims.
- (3) This line shows the fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
- (4) This section shows the cumulative amounts paid as of the end of successive years for each policy year.
- (5) This section shows each policy year's incurred claims as reestimated at the end of each successive policy year. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
- (6) This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

**Long-term Disability Insurance Risk Pool
Eight-Year Claims Development Information**

Calendar and Policy Year Ended December 31

(In Millions)

	1992	1993	1994	1995	1996	1997	1998	1999
1. Net earned required contributions and investment revenues	\$ 6.3	\$ 36.1	\$ 30.8	\$ 47.8	\$ 36.1	\$ 38.9	\$ 37.7	\$ 36.1
2. Unallocated expenses	0.0	0.1	0.2	0.2	0.2	0.2	0.4	0.6
3. Estimated incurred claims as of the end of the policy year	0.0	1.8	3.3	5.4	4.5	4.5	7.7	9.1
4. Paid (cumulative) as of:								
End of policy year	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.1
One year later	0.0	0.3	0.4	0.5	0.7	0.4	0.8	
Two years later	0.1	0.4	0.8	0.9	1.4	0.9		
Three years later	0.1	0.6	1.2	1.3	2.0			
Four years later	0.1	0.8	1.6	1.6				
Five years later	0.2	0.9	2.0					
Six years later	0.2	1.1						
Seven years later	0.2							
5. Reestimated incurred claims:								
End of policy year	0.0	1.8	3.3	5.4	4.5	4.5	7.7	9.1
One year later	0.2	1.2	2.5	3.4	4.3	2.5	5.1	
Two years later	0.2	1.5	3.2	3.9	5.4	3.6		
Three years later	0.2	1.7	3.7	4.1	6.1			
Four years later	0.2	2.0	4.1	4.1				
Five years later	0.2	1.8	4.3					
Six years later	0.2	1.9						
Seven years later	0.2							
6. Increase (decrease) in estimated incurred claims from end of policy year	0.2	0.1	1.0	(1.3)	1.6	(0.9)	(2.6)	-

The table above illustrates how the Long-term Disability Insurance Fund Risk Pool's earned revenues and investment income compare to related costs of loss assumed by the fund as of the end of each of the last eight years. The rows of the table are defined as follows:

- (1) This line shows the total of each calendar year's earned contribution and investment revenues.
- (2) This line shows each calendar year's other operating costs of the funds including overhead and claims expenses not allocable to individual claims.
- (3) This line shows the fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
- (4) This section shows the cumulative amounts paid as of the end of successive years for each policy year.
- (5) This section shows each policy year's incurred claims as reestimated at the end of each successive policy year. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
- (6) This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The Long-term Disability Insurance Fund was initiated in 1992.

State of Wisconsin

Bank Deposits

For the Last Ten Fiscal Years

(In Thousands)

Year	State Chartered Banks	Nationally Chartered Banks	State
			Chartered Savings And Loans
2000	\$ 44,709,945	\$ 9,917,244	\$ 6,329,295 (A)
1999	45,943,028	15,797,789	10,798,405
1998	41,578,232	14,192,053	7,428,791
1997	37,949,640	13,640,277	9,334,442
1996	30,807,941	17,113,236	8,651,268
1995	26,363,116	19,235,764	8,557,009
1994	24,291,519	18,504,710	7,926,833
1993	23,996,285	18,244,506	8,318,416
1992	23,521,000	17,318,000	8,126,329
1991	23,586,124	19,513,000	8,705,007

(A) 1993-2000 include Savings Banks

SOURCES: Wisconsin Department of Financial Institutions

State of Wisconsin

Unemployment Data

For the Last Ten Years

Year	Population (Thousands)	Unemployment Rate	
		Wisconsin	U.S.
1999	5,250	3.0	4.2
1998	5,224	3.4	4.5
1997	5,170	3.7	4.9
1996	5,147	3.5	5.4
1995	5,113	3.7	5.6
1994	5,075	4.7	6.1
1993	5,038	4.7	6.8
1992	4,991	5.0	7.4
1991	4,946	4.9	6.6
1990	4,902	4.3	5.5

SOURCES: U.S. Department of Commerce, Bureau of Economic Analysis
Wisconsin Department of Workforce Development
2000 data is not available.

State of Wisconsin

Personal Income

For the Last Ten Years

Calendar Year	Personal Income (Millions)	Percentage Change From Previous Year	Dollars per Capita	Percentage of National Average
1999	\$ 143,927	4.9	\$ 27,412	96.1
1998	137,256	5.8	26,284	96.6
1997	129,697	6.4	24,941	96.2
1996	121,864	5.1	23,554	95.6
1995	115,960	8.3	22,573	95.8
1994	107,063	5.8	21,012	95.3
1993	101,159	4.6	20,078	94.6
1992	96,746	7.1	19,382	94.3
1991	90,320	4.1	18,261	93.1
1990	86,726	6.1	17,692	92.4

Information for 2000 is not yet available.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis

State of Wisconsin

Disposable Personal Income

For the Last Ten Years

Calendar Year	Disposable Personal Income (Millions)	Percentage Change From Previous Year	Dollars per Capita	Percentage of National Average
1999	\$ 121,876	4.8	\$ 23,213	95.5
1998	116,334	5.2	22,277	95.9
1997	110,546	5.8	21,258	95.3
1996	104,491	4.2	20,196	94.5
1995	100,255	9.1	19,516	94.7
1994	91,904	5.4	18,037	93.8
1993	87,180	4.2	17,303	93.3
1992	83,662	7.2	16,761	93.1
1991	78,049	4.2	15,780	92.0
1990	74,879	6.2	15,275	91.7

Information for 2000 is not yet available.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis

**Kindergarten through Grade 12
Enrollment Statistics**

For the Last Ten Years

Year	Public	Private	Total
2000	875,038	135,638	1,010,676
1999	859,387	135,039	994,426
1998	881,248	147,344	1,028,592
1997	859,469	138,658	998,127
1996	852,130	137,212	989,342
1995	860,686	148,002	1,008,688
1994	844,001	149,782	993,783
1993	829,415	146,807	976,222
1992	814,671	145,327	959,998
1991	797,621	144,215	941,836

SOURCE: Wisconsin Department of Public Instruction, Division for Management and Budget, Educational Information Services

**State of Wisconsin's Largest Employers
(Over 1000 Employees)**

Rank	Employer Name	Type of Industry
1	Wal-Mart Stores Inc.	General Merchandise Stores
2	Quad/Graphics Inc.	Printing and Publishing
3	Kohler Company	Fabricated Metal Products
4	Shopko Stores Inc.	General Merchandise Stores
5	Land's End Inc.	Catalog and Mail Order Houses
6	Kohl's Department Stores, Inc.	General Merchandise Stores
7	J C Penney Company Inc.	General Merchandise Stores
8	Menard's Inc.	Building Materials and Garden Supplies
9	Target Corporation	General Merchandise Stores
10	Consolidated Papers Inc.	Paper and Allied Products
11	K-Mart Corp.	General Merchandise Stores
12	Parisian	General Merchandise Stores
13	Kimberly-Clark Corp.	Paper and Allied Products
14	Allen-Bradley Co. Inc.	Electronic and Other Electric Equipment
15	United Parcel Services Inc.	Trucking and Warehousing
16	Fort James Operating Co.	Paper and Allied Products
17	General Motors Corporation	Transportation Equipment
18	Walgreen Company Illinois	Pharmaceutical Stores
19	Wisconsin Electric Power Company	Electric, Gas and Sanitary Services
20	Fleming Companies Inc.	Groceries and Related Products
21	Aurora Health Care Metro, Inc.	Health Services
22	Marshfield Clinic	Health Services
23	The Copps Corporation	Groceries and Related Products
24	The DACARE Inc.	Health Services
25	Brunswick Corporation	Industrial Machinery and Equipment

Note: Employee data as of March 1999
Employee data for 2000 is not yet available.

SOURCE: Wisconsin Department of Workforce Development

State of Wisconsin

Employment Trends in Wisconsin

For the Last Ten Years

(In Thousands)

Year (A)	Civilian Labor Force (B)	Unemployment	Percent of Work Force (C)	Total Employment (D)	Nonfarm Wage and Salary Employment	Manufacturing (E)
1999	2,892.0	88.1	3.0%	2,803.9	2,776.9	615.6
1998	2,952.7	99.4	3.4	2,853.3	2,718.0	618.6
1997	2,948.7	108.3	3.7	2,840.3	2,655.7	608.8
1996	2,927.3	103.3	3.5	2,824.0	2,600.5	601.1
1995	2,843.9	105.4	3.7	2,738.5	2,558.5	601.6
1994	2,798.6	132.0	4.7	2,666.6	2,490.8	583.9
1993	2,727.5	129.5	4.7	2,598.0	2,412.7	561.8
1992	2,675.6	138.1	5.2	2,537.5	2,357.9	549.6
1991	2,595.3	141.8	5.5	2,453.6	2,302.0	546.2
1990	2,581.1	114.5	4.4	2,466.6	2,291.5	558.6

(A) All data are estimates which are revised monthly and annually. Data may not be strictly comparable for various years due to changes in categories. Calendar year information for 2000 is not yet available.

(B) The civilian labor force includes both the employed and unemployed, age 16 and over, excluding current military personnel and institutionalized individuals.

(C) Percentages are not seasonally adjusted.

(D) Includes workers involved in labor disputes.

(E) Unadjusted total.

SOURCE: Wisconsin Department of Workforce Development

State of Wisconsin

Estimated Production Workers in Manufacturing - Hours and Earnings Annual Average

	Wisconsin			United States		
	1989	1999	Percentage Change	1989	1999	Percentage Change
Weekly Earnings	\$ 446.96	\$ 607.97	36.0%	\$ 429.68	\$ 580.05	35.0%
Weekly Hours	41.5	41.9	1.0	41.0	41.7	1.7
Hourly Earnings	\$ 10.77	\$ 14.51	34.7	\$ 10.48	\$ 13.91	32.7
Number of Workers (000)	397	451	13.6	13,230	12,739	-3.7

SOURCE: Wisconsin Department of Workforce Development

Annual average for 2000 is not yet available.

State of Wisconsin

Estimated Employees in Wisconsin on Nonagricultural Payrolls (A), 1999

	Wisconsin		United States	
	(Thousands)	Percent	(Thousands)	Percent
Mining	2.8	0.1%	535	0.4%
Contract Construction	121.1	4.4	6,404	5.0
Manufacturing	615.6	22.2	18,543	14.4
Transportation and Public Utilities	130.5	4.7	6,826	5.3
Wholesale Trade	137.5	5.0	6,924	5.4
Retail Trade	490.0	17.6	22,788	17.7
Finance, Insurance and Real Estate	146.4	5.3	7,569	5.9
Miscellaneous Services	735.0	26.5	39,027	30.3
Government	398.0	14.3	20,170	15.7
Total	2,776.9	100.0	128,786	100.0

(A) Not seasonally adjusted. Calendar year information for 2000 is not yet available.

Note: This table excludes agriculture, forestry and fisheries employees.

SOURCES: Wisconsin Department of Workforce Development
U.S. Department of Labor, Bureau of Labor Statistics

State of Wisconsin

Total New Housing Units Authorized in Permit-Issuing Places

For the Last Ten Years

Calendar Year	Wisconsin	Percent Change	
		Wisconsin	U.S.
1999	33,470	(0.1)	1.7
1998	35,436	1.1	1.2
1997	31,925	(4.1)	1.1
1996	33,296	2.8	7.0
1995	32,403	(6.4)	(2.8)
1994	34,619	7.8	14.4
1993	32,114	3.6	9.5
1992	30,995	23.4	15.4
1991	25,122	(7.9)	(14.6)
1990	27,282	1.4	(17.0)

Information for 2000 is not yet available.

SOURCE: U.S. Bureau of the Census, "Construction Reports C40 Housing Authorized by Building Permits and Public Contracts"

How Wisconsin Ranks Among the States In Agriculture, 1999

Commodity	Rank Among States	Units	Wisconsin 1999 Production (In Thousands)	Percent of U.S. Production	U.S. 1999 Production (In Thousands)	Leading State
Dairy						
Milk Production	2	Lbs.	23,071,000	14.2	162,711,000	California
Butter	2	Lbs.	290,132	22.8	1,275,042	California
Total Cheese	1	Lbs.	2,149,531	27.1	7,944,032	Wisconsin
American	1	Lbs.	937,633	26.2	3,576,548	Wisconsin
Swiss	3	Lbs.	33,531	15.2	220,466	Ohio
Muenster	1	Lbs.	53,436	66.7	80,101	Wisconsin
Brick	1	Lbs.	3,511	43.2	8,123	Wisconsin
Italian	1	Lbs.	865,006	27.5	3,142,647	Wisconsin
Cottage Cheese						
4% or more milkfat	6	Lbs.	14,662	4.1	361,581	New York
Less than 4% milkfat	5	Lbs.	14,913	4.1	360,340	New York
Condensed Milk, bulk						
Sweetened, whole	1	Lbs.	56,523	76.3	74,104	Wisconsin
Whey products						
Dry whey	1	Lbs.	305,820	26.3	1,163,811	Wisconsin
Lactose	2	Lbs.	95,261	20.1	473,825	Minnesota
Livestock						
All cattle and calves (A)	9	Head	3,400	3.5	98,048	Texas
Milk cows (A)	2	Head	1,360	14.8	9,188	California
Hogs and pigs, all (B)	17	Head	570	1.0	59,407	Iowa
Trout	10	Lbs.	368	0.6	60,283	Idaho
Mink pelts - 1998	1	Pelts	801	27.3	2,938	Wisconsin
Crops						
Corn for silage	1	Tons	12,045	12.5	96,169	Wisconsin
Oats	1	Bushels	18,600	12.7	146,218	Wisconsin
All Hay (dry only)	5	Tons	7,510	4.7	159,077	Texas
Potatoes, all	3	Cwt.	34,000	7.1	478,398	Idaho
Cherries, tart	5	Lbs.	10,000	3.9	255,300	Michigan
Maple syrup	5	Gals.	75	6.4	1,180	Vermont
Cranberries	1	Bbl.	3,340	52.3	6,389	Wisconsin
Mint for oil	5	Lbs.	538	5.4	9,991	Washington
Carrots	3	Tons	95.7	16.6	575.6	Washington
Beets for canning	1	Tons	53.5	45.6	117.2	Wisconsin
Cabbage for fresh market	7	Cwt.	1,105	5.0	22,069	New York
Cabbage for kraut	1	Tons	80.7	45.3	177.9	Wisconsin
Sweet corn for processing	3	Tons	699.5	21.2	3,297.9	Washington
Green peas for processing	3	Tons	81.4	17.6	461.6	Minnesota
Snap beans for processing	1	Tons	235.1	30.2	778.4	Wisconsin
Cucumbers for pickles	7	Tons	26.8	4.4	612.7	Michigan

Information for 2000 not yet available except where noted.

- (A) January 1, 2000 inventory
- (B) December 1, 1999 inventory

SOURCE: Wisconsin Department of Agriculture, Agricultural Statistics Service

Miscellaneous Data

Date Wisconsin Became Part of United States.....	1783
Inception as a State (30th State).....	1848
Form of Government.....	Legislative-Executive-Judicial
Capitol.....	Madison
State Symbols	
Flower.....	Wood Violet
Tree.....	Sugar Maple
Wildlife Animal.....	White-tailed Deer
Animal.....	Badger
Fish.....	Muskellunge
Bird.....	Robin
Total Area.....	35.8 Million Acres
Land Area.....	34.8 Million Acres
Water Area.....	1.0 Million Acres
Miles of State Highways.....	11,830 Miles
Higher Education (Students)	
University of Wisconsin System.....	152,926
University of Wisconsin Extension.....	229,854
Private.....	52,195
Vocational/Technical Colleges.....	439,068
Recreation	
Number of State Parks.....	43
Area of State Parks.....	63,003 Acres
Number of State Forests.....	12
Area of State Forests.....	495,468 Acres
Number of State Trails.....	25
Area of State Trails.....	8,550 Acres
Number of Historical Markers.....	400
Number of Historic Sites.....	7
Number of Recreational Areas.....	5
Area of Recreational Areas.....	9,052 Acres
Permanent Classified State Employees.....	37,558

SOURCE: Wisconsin Blue Book, 1999-2000

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