

OFFICIAL STATEMENT

New Issue

This Official Statement has been prepared by the State of Wisconsin to provide information on the 1999 Series 1 Bonds. Selected information is presented on this cover page for the convenience of the user. To make an informed decision, a prospective investor should read this Official Statement in its entirety. Unless otherwise indicated, capitalized terms have the meanings given in APPENDIX C.

\$80,000,000
STATE OF WISCONSIN
CLEAN WATER REVENUE BONDS, 1999 SERIES 1

Dated: August 15, 1999

Due: June 1, as shown below

Bond Ratings	AA+ Fitch IBCA, Inc. Aa2 Moody's Investors Service, Inc. AA+ Standard & Poor's Ratings Services
Tax Exemption	Interest on the 1999 Series 1 Bonds is excluded from gross income for federal income tax purposes but is subject to State of Wisconsin income and franchise taxes – <i>Pages 11-13.</i>
Redemption	The 1999 Series 1 Bonds are subject to redemption prior to their stated date of maturity – <i>Pages 4-5.</i>
Security	The 1999 Series 1 Bonds are payable solely from (i) Loan repayments, (ii) the Loan Fund, Loan Credit Reserve Fund, and Subsidy Fund (which holds general obligation bonds of the State), and (iii) all other Pledged Receipts– <i>Page 3.</i>
Priority	The 1999 Series 1 Bonds are issued on a parity with all other bonds previously or hereafter issued pursuant to the General Resolution – <i>Page 3.</i>
Purpose	Proceeds are being used to make loans to Municipalities for construction or improvement of their water treatment facilities– <i>Pages 7-8.</i>
Interest Payment Dates	June 1 and December 1, commencing December 1, 1999
Closing/Settlement	On or about September 9, 1999 in New York, New York
Denominations	\$5,000
Book-Entry-Only Form	The Depository Trust Company – <i>Pages 5-7</i>
Trustee/Registrar/Paying Agent	Firstar Bank Milwaukee, National Association
Bond Counsel	Michael Best & Friedrich LLP
Issuer Contact	Wisconsin Capital Finance Office—(608) 266-2305; capfin@doa.state.wi.us
1998 Annual Report	This Official Statement incorporates by reference certain parts of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 1998.

The 1999 Series 1 Bonds were sold at competitive sale on August 17, 1999. The interest rates shown below for the 1999 Series 1 Bonds resulted from bids received at this competitive sale.

CUSIP	Year (June 1)	Principal Amount	Interest Rate	First Optional Redemption Date	Call Price
977092 FF7	2001	\$ 2,505,000	5.00%	Not Callable	-
977092 FG5	2002	2,610,000	5.00	Not Callable	-
977092 FH3	2003	2,715,000	5.00	Not Callable	-
977092 FJ9	2004	2,830,000	5.00	Not Callable	-
977092 FK6	2005	2,955,000	5.00	Not Callable	-
977092 FL4	2006	3,085,000	5.00	Not Callable	-
977092 FM2	2007	3,225,000	5.00	Not Callable	-
977092 FN0	2008	3,375,000	5.00	Not Callable	-
977092 FP5	2009	3,535,000	5.25	Not Callable	-
977092 FQ3	2010	3,710,000	5.25	6/1/2009	100%
977092 FR1	2011	3,890,000	5.25	6/1/2009	100
977092 FS9	2012	4,090,000	5.25	6/1/2009	100
977092 FT7	2013	4,300,000	5.50	6/1/2009	100
977092 FU4	2014	4,525,000	5.50	6/1/2009	100
977092 FV2	2015	4,760,000	5.50	6/1/2009	100
977092 FW0	2016	5,015,000	5.50	6/1/2009	100
977092 FX8	2017	5,280,000	5.50	6/1/2009	100
977092 FY6	2018	5,560,000	5.50	6/1/2009	100
977092 FZ3	2020 ^(a)	12,035,000	5.75	6/1/2009	100

(Accrued interest to be added)

Purchase Price: \$79,574,060.80

August 17, 1999

^(a) This maturity is a term bond. For a schedule of the installment payments, see “1999 SERIES 1 BONDS; Redemption Provisions; Mandatory Sinking Fund Redemption” herein.

No dealer, broker, sales representative or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 1999 Series 1 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the State of Wisconsin or other matters contained herein since the date hereof.

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STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF THE 1999 SERIES 1 BONDS

BUILDING COMMISSION MEMBERS

Voting Members

	Term of Office Expires
Governor Tommy G. Thompson, Chairperson	January 6, 2003
Senator Fred A. Risser, Vice-Chairperson	January 8, 2001
Senator Carol Roessler	January 8, 2001
Senator Robert Wirch	January 8, 2001
Representative Timothy Hoven	January 8, 2001
Representative Robert Turner	January 8, 2001
Representative Daniel Vrakus	January 8, 2001
Mr. Bryce Styza, Citizen Member	At the pleasure of the Governor

Nonvoting, Advisory Members

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

Building Commission Secretary

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

Mr. Jack C. Voight State Treasurer	January 6, 2003
Mr. James E. Doyle State Attorney General	January 6, 2003
Mr. George E. Meyer, Secretary Department of Natural Resources	At the pleasure of the Governor

DEBT MANAGEMENT AND DISCLOSURE

Department of Administration
Capital Finance Office
P.O. Box 7864
101 E. Wilson Street, 10th Floor
Madison, WI 53707-7864
Telefax (608) 266-7645
capfin@doa.state.wi.us

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Mr. Lawrence K. Dallia
Assistant Capital Finance Director
(608) 267-7399
larry.dallia@doa.state.wi.us

Mr. Michael D. Wolff
Finance Programs Administrator
(608) 267-2734
michael.wolff@doa.state.wi.us

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

badger.state.wi.us

(This additional information, however, is not part of this Official Statement)

SUMMARY DESCRIPTION OF THE 1999 SERIES 1 BONDS

*Selected information is presented on this page for the convenience of the user. To make an informed decision regarding the 1999 Series 1 Bonds, a prospective investor should read the entire Official Statement. Certain capitalized terms are defined in **APPENDIX C**.*

Description:	State of Wisconsin Clean Water Revenue Bonds, 1999 Series 1
Principal Amount:	\$80,000,000
Denominations:	\$5,000 or integral multiples thereof
Dated Date:	August 15, 1999
Interest Payment:	June 1 and December 1, commencing December 1, 1999
Maturities:	June 1, 2001–2018 and 2020
Record Date:	May 15 and November 15
Redemption:	<p><i>Optional</i>—1999 Series 1 Bonds maturing on or after June 1, 2010 are subject to optional redemption at par (100%) on or after June 1, 2009—See “1999 SERIES 1 BONDS; Redemption Provisions”.</p> <p><i>Mandatory Sinking Fund</i>—1999 Series 1 Bonds maturing on June 1, 2020 are subject to mandatory sinking fund redemption at par—See “1999 SERIES 1 BONDS; Redemption Provisions”.</p>
Form:	Book-entry-only form.
Trustee/Paying Agent:	All payments of principal and interest on the 1999 Series 1 Bonds will be paid by Firstar Bank Milwaukee, National Association, as successor to Firstar Trust Company.
Security for Bonds:	<p>The 1999 Series 1 Bonds, and all other parity Bonds previously issued or to be issued in the future, are secured by:</p> <ul style="list-style-type: none">• Loan Repayments,• The Loan Fund, Loan Credit Reserve Fund, and Subsidy Fund, which were each established in connection with the issuance of such Bonds, and• All other Pledged Receipts. <p>The Subsidy Fund currently holds general obligation bonds of the State. Based on Loan Fund and Subsidy Fund levels as of June 30, 1999, the State is expected to be the source of 20 percent or more of the gross cash flow servicing the 1999 Series 1 Bonds and all other parity Bonds—See “1999 SERIES 1 BONDS; Security”.</p>
Outstanding Parity Bonds:	\$489,155,000 as of June 30, 1999.
Authority for Issuance:	The 1999 Series 1 Bonds are issued under authority granted by Wisconsin Statutes.
Purpose:	The 1999 Series 1 Bonds are being issued primarily to make Loans under the Clean Water Fund Program (such Loans having terms not exceeding 20 years and interest rates at or below market interest rates) to Municipalities for the construction or improvement of their water treatment facilities—See “ PLAN OF FINANCE ”
Additional Bonds:	Additional Bonds may be issued without limitation as to the amount, subject to any applicable statutory limitation, payable on a parity with the 1999 Series 1 Bonds and all other Bonds previously issued.

OFFICIAL STATEMENT
\$80,000,000
STATE OF WISCONSIN
CLEAN WATER REVENUE BONDS, 1999 SERIES 1

INTRODUCTION

This Official Statement sets forth information about the \$80,000,000 Clean Water Revenue Bonds, 1999 Series 1 (**1999 Series 1 Bonds**) issued by the State of Wisconsin (**State**). This Official Statement includes by reference Part II and Part VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 1998 (**1998 Annual Report**).

The 1999 Series 1 Bonds are authorized in Wisconsin Statutes by Subchapter II of Chapter 18 (**Revenue Bond Act**) and Sections 281.58 and 281.59 (**Act**) and Section 281.61. The 1999 Series 1 Bonds are further authorized pursuant to a Clean Water Revenue Bond General Resolution (**General Resolution**), adopted by the State of Wisconsin Building Commission (**Commission**) on March 7, 1991, and an authorizing resolution adopted by the Commission on May 19, 1999. The General Resolution and the May 19, 1999 authorizing resolution may collectively be referred to as the **Resolution**.

In connection with the issuance and sale of the 1999 Series 1 Bonds, the Commission has authorized the State Department of Administration (**DOA**) to prepare this Official Statement. This Official Statement contains brief descriptions of the Environmental Improvement Fund, the Clean Water Fund Program, the 1999 Series 1 Bonds and certain other matters furnished by the State or obtained from the sources indicated. All references to any document or statute are qualified in their entirety by reference to such documents or statutes, copies of which are available from the Commission.

Requests for additional information about the State, the Environmental Improvement Fund or the Clean Water Fund Program may be directed to:

Contact: Capital Finance Office
Attn: Capital Finance Director
Phone: (608) 266-2305
Mail: 101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
E-mail: capfin@doa.state.wi.us

Unless otherwise indicated herein, capitalized terms not otherwise defined herein shall have the meanings given to such terms in **APPENDIX C**.

ENVIRONMENTAL IMPROVEMENT FUND

The Environmental Improvement Fund provides for three separate environmental financing programs. The three programs are the Clean Water Fund Program, the Safe Drinking Water Loan Program, and the Land Recycling Loan Program. The Clean Water Fund Program has been in existence since 1990 and the 1997-99 biennial budget created the Safe Drinking Water Loan Program and the Land Recycling Program. The Safe Drinking Water Loan Program includes the

State's implementation of the federal Safe Drinking Water Act Amendments of 1996. The Land Recycling Loan Program is a municipal loan program for remediation of contaminated lands.

Under current law the State is authorized to issue revenue obligations only to fund loans under the Clean Water Fund Program. The State intends to primarily use proceeds of the 1999 Series 1 Bonds to make loans under the Clean Water Fund Program. If changes occur to Wisconsin Statutes, proceeds of the 1999 Series 1 Bonds may be used to make loans under the Safe Drinking Water Loan Program.

CLEAN WATER FUND PROGRAM

The State Clean Water Fund Program makes loans to Municipalities for the construction or improvement of their water treatment facilities (**Clean Water Fund Program**). The Clean Water Fund Program is an environmental financing program under the Environmental Improvement Fund. Information concerning the Clean Water Fund Program is included as **APPENDIX A**, which includes by reference **Part VI of the 1998 Annual Report**. Part VI of the 1998 Annual Report includes an overview of the Clean Water Fund Program and information on the Clean Water Fund Program plan of finance, financial assistance, funding levels, management, capitalization grant and operating agreement with the United States Environmental Protection Agency (**EPA**) and the Auditor's report and financial statements as of June 30, 1998 for the Environmental Improvement Fund, which includes the Clean Water Fund Program.

The Clean Water Fund Program is composed of a Leveraged Loan Portfolio (funded with Bond proceeds), a Direct Loan Portfolio (funded with federal capitalization grants and required State match), and a Proprietary Loan Portfolio (funded with State general obligation bond proceeds). Repayments from Leveraged Loans (**Loans**), but not from Direct Loans or Proprietary Loans, are pledged to secure payment of the Bonds.

Direct Loans, Proprietary Loans and Leveraged Loans are made to Municipalities pursuant to Financial Assistance Agreements. As evidence of each loan, the Municipality is required to issue and deliver to the State a bond or note of the Municipality (**Municipal Obligation**) obligating the Municipality to repay the loan on the maturity schedule and at the interest rate set forth in the Financial Assistance Agreement. Most loans have been and are expected to be made at interest rates that are below market rates.

1999 SERIES 1 BONDS

General

The **cover of this Official Statement** sets forth the maturity dates, amounts and interest rates for the 1999 Series 1 Bonds.

The 1999 Series 1 Bonds will be dated August 15, 1999 and will bear interest from that date, payable on June 1 and December 1 of each year, beginning on December 1, 1999.

Interest on the 1999 Series 1 Bonds will be computed on the basis of a 30-day month and a 360-day year. Principal and interest on each 1999 Series 1 Bond will be payable to the registered owner of the 1999 Series 1 Bonds, which initially will be a nominee of The Depository Trust Company, New York, New York (**DTC**).

The 1999 Series 1 Bonds are issued as fully registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof.

Security

The 1999 Series 1 Bonds are issued on a parity with all other bonds previously or to be issued pursuant to the General Resolution. The 1999 Series 1 Bonds and all other bonds issued pursuant to the General Resolution are collectively referred to as the **Bonds**.

The 1999 Series 1 Bonds are the eighth Series of Bonds to be issued under the General Resolution. The legislature has authorized the issuance of \$1.298 billion of revenue bonds (not including refunding bonds) for the Clean Water Fund Program. The State has previously issued \$745,659,000 of Bonds under the General Resolution, which amount includes \$186,310,000 of refunding bonds. As of June 30, 1999, \$489,155,000 of Bonds were outstanding.

The Bonds are special obligations of the State, payable solely from the revenues, receipts, funds and moneys pledged under the General Resolution. *The State is not obligated to pay the principal of, interest on, or redemption price of the Bonds from any funds of the State other than those pledged pursuant to the General Resolution, and neither the faith and credit nor the taxing power of the State or any agency, instrumentality or political subdivision thereof is pledged to the payment of the principal of, interest on, or redemption price of the Bonds.*

Debt service on the 1999 Series 1 Bonds and all other parity Bonds is secured by a pledge of:

- Repayment of Loans made to Municipalities.
- Amounts in the Loan Fund, Loan Credit Reserve Fund, and Subsidy Fund (which includes State general obligation bonds), each established pursuant to the General Resolution.
- All other Pledged Receipts.

The 1999 Series 1 Bonds are offered on the basis of requirements established under the General Resolution, including the Subsidy Fund Requirement and the Loan Credit Reserve Fund Requirement. Prior to the issuance of additional parity Bonds the State must certify that, upon the delivery of such Bonds there will be on deposit in the Subsidy Fund an amount at least equal to the Subsidy Fund Requirement, and in the Loan Credit Reserve Fund an amount at least equal to the Loan Credit Reserve Fund Requirement.

Further information on Pledged Receipts, Loans, Subsidy Fund, Loan Credit Reserve Fund, Statutory Powers, State financial participation, Additional Bonds, General Resolution, and the Auditor's report and financial statements as of June 30, 1998 for the Environmental Improvement Fund, which includes the Clean Water Fund Program, is included as **APPENDIX A**, which incorporates by reference [Part VI of the 1998 Annual Report](#).

The State

Based on Loan Fund and Subsidy Fund levels of June 30, 1999, the State is expected to be the source of 20 percent or more of the gross cash flow servicing the 1999 Series 1 Bonds and the Bonds. This cash flow is the result of the State issuing general obligation bonds that are held in the Subsidy Fund.

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

Information concerning the State, its financial condition, and its year 2000 readiness disclosure is included as **APPENDIX B**, which includes by reference [Part II of the 1998 Annual Report](#).

Redemption Provisions

Mandatory Sinking Fund Redemption

1999 Series 1 Bonds due on June 1, 2020 (**Term Bonds**), are subject to redemption prior to maturity at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, from mandatory sinking fund installments which are required to be made in amounts sufficient to redeem on June 1 of each year the respective amount of the Term Bonds specified below:

Redemption Date (June 1)	Principal Amount
2019	\$5,860,000
2020	6,175,000

^(a) Stated maturity

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

Optional Redemption

The 1999 Series 1 Bonds maturing on or after June 1, 2010 are subject to optional redemption, prior to their maturity, from any source on June 1, 2009 or on any date thereafter, in whole or in part, in integral multiples of \$5,000, at a redemption price equal to par (100%) plus accrued interest to the date of redemption. This redemption is at the option of the Commission and the Commission shall direct the amounts and maturity or maturities of the 1999 Series 1 Bonds to be redeemed.

Selection of 1999 Series 1 Bonds

If the 1999 Series 1 Bonds are in book-entry-only form and less than all of a particular maturity are to be redeemed, selection of the Beneficial Owners of the 1999 Series 1 Bonds affected thereby shall be made solely by DTC and the participants in accordance with their then prevailing rules. If the 1999 Series 1 Bonds are in certificated form and less than all of a particular maturity are to be redeemed, selection shall be by lot.

Notice of Redemption

Notice of redemption of 1999 Series 1 Bonds or any portion thereof will be given by the Trustee by mailing a copy of such redemption notice by registered or first class mail, postage prepaid, not less than 30 nor more than 60 days prior to the date fixed for redemption to the owners of the 1999 Series 1 Bonds which are to be redeemed, at their last addresses appearing on the registration books of the State held by the Trustee and to the Information Services. So long as the 1999 Series 1 Bonds are in book-entry-only form, such notice shall be sent to the securities depository.

Failure to give any required notice of redemption as to any particular 1999 Series 1 Bonds will not affect the validity of the call for redemption of any 1999 Series 1 Bonds in respect of which no such failure has occurred. Any notice mailed as provided in the General Resolution shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice.

Registration and Payment of 1999 Series 1 Bonds

So long as the 1999 Series 1 Bonds are in book-entry-only form, payment of principal due on the 1999 Series 1 Bonds shall be made by wire transfer to the securities depository or its nominee upon the presentation and surrender of the 1999 Series 1 Bonds at the principal office of the Trustee, which shall be the registrar and Paying Agent on the 1999 Series 1 Bonds. Payment of interest due on the 1999 Series 1 Bonds shall be made by wire transfer to the securities depository or its nominee shown in the registration books at the close of business on the 15th day preceding such interest payment date or, if such day shall not be a business day, the immediately preceding business day (**Record Date**) in next-day funds on the payment date.

When in certificated form, payment of principal due on the 1999 Series 1 Bonds shall be made by check or draft issued upon presentation and surrender of the 1999 Series 1 Bonds at the principal office of the Trustee. Payment of interest due on the 1999 Series 1 Bonds shall be made by check or draft mailed to the registered owner shown in the registration books on the Record Date or, with respect to the owner of not less than \$1 million principal amount of 1999 Series 1 Bonds outstanding, by wire transfer to such account as the owner may designate.

No transfer or exchange by the Trustee of any 1999 Series 1 Bond shall be required during the 15 calendar days preceding the date of the sending or publication of notice of any proposed redemption of the 1999 Series 1 Bonds, or in the case of the proposed redemption of 1999 Series 1 Bonds, next preceding the date of the selection of the 1999 Series 1 Bonds to be redeemed. In the event that less than all of the principal amount of a maturity is redeemed, the Trustee shall issue a new 1999 Series 1 Bond certificate or certificates in the principal amount outstanding after redemption on the redemption date.

Book-Entry-Only Form

DTC will act as securities depository for the 1999 Series 1 Bonds. The 1999 Series 1 Bonds will be issued as fully registered securities, registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered 1999 Series 1 Bond will be issued for each maturity set forth on the front cover, each in the principal amount of such maturity, and deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants (**Direct Participants**) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants**). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the 1999 Series 1 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 1999 Series 1 Bonds on DTC's records. The ownership interest of each actual purchaser of each 1999 Series 1 Bond (**Beneficial Owner**) is in

turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 1999 Series 1 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 1999 Series 1 Bonds, except in the event that use of the book-entry system for the 1999 Series 1 Bonds is discontinued.

To facilitate subsequent transfers, all 1999 Series 1 Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of the 1999 Series 1 Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 1999 Series 1 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 1999 Series 1 Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices, if any, shall be sent to Cede & Co. If less than all of the 1999 Series 1 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the 1999 Series 1 Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 1999 Series 1 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 1999 Series 1 Bonds will be made to DTC by Firststar Bank Milwaukee, National Association, as successor to Firststar Trust Company, Milwaukee, Wisconsin (**Trustee**). DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of the State or the Trustee or DTC, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 1999 Series 1 Bonds at any time by giving reasonable notice to the State. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

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

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

No assurance can be given by the State or the Trustee that DTC, Direct Participants and Indirect Participants will promptly transfer payments or notices received with respect to the 1999 Series 1 Bonds. The State and the Trustee assume no liability for the failure of DTC, Direct Participants or Indirect Participants to transfer to the Beneficial Owner payments or notices received with respect to the 1999 Series 1 Bonds.

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

DTC's Year 2000 Efforts

DTC management is aware that some computer applications, systems, and the like for processing data (**Systems**) that are dependent upon calendar dates, including dates before, on, and after January 1, 2000, may encounter "Year 2000 problems". DTC has informed its Participants and other members of the financial community (**Industry**) that it has developed and is implementing a program so that its Systems, as the same relate to the timely payment of distributions (including principal and income payments) to securityholders, book-entry deliveries, and settlement of trades within DTC, continue to function appropriately. This program includes a technical assessment and a remediation plan, each of which is complete. Additionally, DTC's plan includes a testing phase, which is expected to be completed within appropriate time frames.

However, DTC's ability to perform properly its services is also dependent upon other parties, including but not limited to issuers and their agents, as well as third party vendors from whom DTC licenses software and hardware, and third party vendors on whom DTC relies for information or the provision of services, including telecommunication and electrical utility service providers, among others. DTC has informed the Industry that it is contacting (and will continue to contact) third party vendors from whom DTC acquires services:

- To impress upon them the importance of such services being Year 2000 compliant.
- To determine the extent of their efforts for Year 2000 remediation (and as appropriate, testing) of their services.

In addition, DTC is in the process of developing such contingency plans, as it deems appropriate.

According to DTC, the foregoing information with respect to DTC has been provided to the Industry for informational purposes only and is not intended to serve as a representation, warranty, or contract modification of any kind.

PLAN OF FINANCE

Sources and Uses of Funds

The 1999 Series 1 Bonds are being issued primarily for the purpose of making Loans under the Clean Water Fund Program to Municipalities for the construction or improvement of their water treatment facilities and making a deposit to the Loan Credit Reserve Fund. It is anticipated that the proceeds of the 1999 Series 1 Bonds, other than accrued interest, together with certain other funds shall be applied as follows:

Sources

Principal Amount of 1999 Series 1 Bonds.....	\$80,000,000.00
Net Original Issue Premium	58,060.80
State Funds.....	6,780,525.00
Total Sources	<u>\$86,838,585.80</u>

Uses

Deposit to Loan Fund	\$79,574,060.80
Deposit to Loan Credit Reserve Fund.....	6,780,525.00
Underwriters' Discount	484,000.00
Total Uses.....	<u>\$86,838,585.80</u>

Moneys for Leveraged Loan Portfolio

1999 Series 1 Bond proceeds deposited into the Loan Fund will be used to fund Loans in the Leveraged Loan Portfolio. The Leveraged Loan Portfolio and the Loans are more fully described in **“CLEAN WATER FUND PROGRAM”** and **“LOANS”**. The State may use funds deposited in the Loan Fund to purchase existing loans from the Proprietary or Direct Loan Portfolios, but is not obligated to do so. Prior to disbursement from the Loan Fund the State is required by the Resolution, to meet the Subsidy Fund Requirement by depositing cash, Subsidy Funds, or loan assets in the appropriate funds and accounts. At the time that proceeds of the 1999 Series 1 Bonds are fully disbursed, the aggregate amount of the State’s deposit in the Subsidy Fund related to Loans funded with the 1999 Series 1 Bond proceeds is estimated to be \$20 million. The State may transfer funds from the Loan Fund to the Revenue Fund to pay a portion of Debt Service on the Bonds, provided that following such transfer the Subsidy Fund Requirement is met.

LOANS

The Act sets forth certain requirements for eligibility of a Municipality to receive financial assistance from the Clean Water Fund Program. See **“LOANS” in Part VI of the 1998 Annual Report** for additional information concerning the loan application process, lending criteria, levy limit for counties, commitments, and financial assistance agreements.

OTHER MATTERS

Ratings

At the State’s request, several rating agencies have rated the 1999 Series 1 Bonds:

Rating	Rating Agency
AA+	Fitch IBCA, Inc.
Aa2	Moody’s Investors Service, Inc.
AA+	Standard & Poor’s Ratings Services

Any explanation of the significance of a rating may only be obtained from the rating service furnishing that rating. There is no assurance a rating given to the 1999 Series 1 Bonds will be maintained for any period of time; a rating may be lowered or withdrawn entirely by the rating service if in its judgment circumstances so warrant. Any such downgrade or withdrawal of such rating may have an adverse effect on the market price of the 1999 Series 1 Bonds.

Underwriting

The 1999 Series 1 Bonds were purchased at competitive bidding on August 17, 1999 by Banc One Capital Markets, Inc. (**Underwriter**). The Underwriter paid \$79,574,060.80 resulting in a true interest cost rate of 5.492%.

Reference Information About the 1999 Series 1 Bonds

The tables on the cover and below are provided for reference. The CUSIP number for each maturity has been obtained from sources believed to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The reoffering yields and prices have been provided by the Underwriter in order to allow the computation of yield for federal tax law compliance. The price has been calculated to the lower of yield to maturity or yield to call.

\$80,000,000
State of Wisconsin
Clean Water Revenue Bonds, 1999 Series 1

Dated Date: August 15, 1999

First Interest Date: December 1, 1999

Issuance Date: September 9, 1999

<u>CUSIP</u>	<u>Year (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield at Issuance</u>	<u>Price at Issuance</u>	<u>First Optional Redemption Date</u>	<u>Call Price</u>
977092 FF7	2001	\$2,505,000	5.00%	4.22%	101.280%	Not Callable	-
977092 FG5	2002	2,610,000	5.00	4.35	101.648	Not Callable	-
977092 FH3	2003	2,715,000	5.00	4.48	101.760	Not Callable	-
977092 FJ9	2004	2,830,000	5.00	4.58	101.760	Not Callable	-
977092 FK6	2005	2,955,000	5.00	4.68	101.584	Not Callable	-
977092 FL4	2006	3,085,000	5.00	4.78	101.245	Not Callable	-
977092 FM2	2007	3,225,000	5.00	4.90	100.629	Not Callable	-
977092 FN0	2008	3,375,000	5.00	5.00	100.000	Not Callable	-
977092 FP5	2009	3,535,000	5.25	5.10	101.130	Not Callable	-
977092 FQ3	2010	3,710,000	5.25	5.20	100.369 ^(a)	6/1/2009	100%
977092 FR1	2011	3,890,000	5.25	5.30	99.558	6/1/2009	100
977092 FS9	2012	4,090,000	5.25	5.40	98.623	6/1/2009	100
977092 FT7	2013	4,300,000	5.50	5.45	100.364 ^(a)	6/1/2009	100
977092 FU4	2014	4,525,000	5.50	5.50	100.000	6/1/2009	100
977092 FV2	2015	4,760,000	5.50	5.55	99.470	6/1/2009	100
977092 FW0	2016	5,015,000	5.50	5.60	98.913	6/1/2009	100
977092 FX8	2017	5,280,000	5.50	5.63	98.544	6/1/2009	100
977092 FY6	2018	5,560,000	5.50	5.66	98.157	6/1/2009	100
977092 FZ3	2020 ^(b)	12,035,000	5.75	5.70	100.359 ^(a)	6/1/2009	100

^(a) These bonds are priced to the June 1, 2009 call date.

^(b) This maturity is a term bond. For a schedule of the installment payments, see "1999 SERIES 1 BONDS; Redemption Provisions; *Mandatory Sinking Fund Redemption*" herein.

Legal Investment

The 1999 Series 1 Bonds are legal investments for all:

- Banks, trust companies, savings banks and institutions, savings and loan associations, credit unions, investment companies and other persons or entities carrying on a banking business in the State.
- Executors, administrators, guardians, trustees and other fiduciaries in the State.

- The State and all public officers, municipal corporations, political subdivisions and public bodies in the State.

Certain Legal Matters

Legal matters incident to the authorization, issuance and sale of the 1999 Series 1 Bonds are subject to the approval of Michael Best & Friedrich LLP (**Bond Counsel**), whose approving opinion, substantially in the form shown in **APPENDIX E**, will be delivered on the date of issue of the 1999 Series 1 Bonds. In the event certificated 1999 Series 1 Bonds are issued, the opinion will be printed on the reverse side of each 1999 Series 1 Bond.

As a condition to making a Loan, the State will require an opinion of counsel (which counsel need not be a nationally recognized bond counsel) to the effect that (subject to certain exceptions for bankruptcy, insolvency and similar laws affecting creditors' rights or remedies and equitable principles), among other things, the Financial Assistance Agreement and the Municipal Obligation constitute legal, valid and binding obligations of the Municipality enforceable against the Municipality in accordance with their respective terms.

Absence of Litigation

Upon delivery of the 1999 Series 1 Bonds, the State shall furnish a certificate of the Attorney General of the State, dated the date of delivery of the 1999 Series 1 Bonds, to the effect that there is no controversy or litigation of any nature pending or, to the best of the State's knowledge, threatened, to prohibit, restrain or enjoin the issuance, sale, execution or delivery of the 1999 Series 1 Bonds, or in any way contesting or affecting the validity or enforceability of the 1999 Series 1 Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the 1999 Series 1 Bonds. In addition, such certificate shall state that there is no controversy or litigation of any nature now pending or threatened by or against the State wherein an adverse judgment or ruling could have a material adverse impact on the power of the State to collect and enforce the collection of the Pledged Receipts or other revenues, receipts, funds or moneys pledged for the payment of the 1999 Series 1 Bonds which has not been disclosed in this Official Statement.

Each Municipality entering into a Financial Assistance Agreement is required, as a condition of the Loan, to deliver a certificate to the effect that there is no controversy or litigation of any nature pending or, to its knowledge, threatened against the Municipality contesting or affecting the validity or enforceability of the Financial Assistance Agreement or the Municipal Obligation or the use of the proceeds of the Municipal Obligation. In addition, such certificate shall state that there is no controversy or litigation of any nature now pending or, to its knowledge, threatened by or against the Municipality wherein an adverse ruling could have a material adverse impact on the financial condition of the Municipality or adversely affect the power of the Municipality to levy, collect and enforce the levying or collection of taxes, the imposition of rates or charges, or the collection of any of the foregoing, as applicable, for the payment of its Municipal Obligation which has not been disclosed to the State.

TAX MATTERS

Certain Requirements of Code

The Internal Revenue Code of 1986, as amended (**Code**) establishes certain requirements which must be met subsequent to the issuance and delivery of the 1999 Series 1 Bonds in order that the interest on the 1999 Series 1 Bonds be and remain excluded from gross income pursuant to Section 103 of the Code. Noncompliance could cause interest on the 1999 Series 1 Bonds to be included in gross income of the owners thereof for federal income tax purposes retroactive to the date of issue,

irrespective of the date on which such noncompliance occurs or is ascertained. The Tax Regulatory Agreement entered into by the State describes the application to be made of certain funds held under the General Resolution and sets forth certain representations, statements of intention, conditions and covenants relating to the use of proceeds of the 1999 Series 1 Bonds necessary for, or related to, compliance with the requirements of Section 103 and related provisions of the Code including the arbitrage limitations imposed with respect to the investment of 1999 Series 1 Bond proceeds pursuant to Section 148 of the Code. The State agrees generally that it will take such actions as may be necessary and within its reasonable control to ensure that the 1999 Series 1 Bonds will continue to be obligations described in Section 103(a) of the Code. The Financial Assistance Agreement for each Loan contains a provision that the Municipality will not take any action within its reasonable control which will result in (or fail to take any action within its reasonable control that will prevent) the loss of the exclusion of interest on the 1999 Series 1 Bonds from gross income for federal income tax purposes.

Opinion of Bond Counsel

Federal Taxes

In the opinion of Bond Counsel, whose approving opinion is substantially in the form shown in APPENDIX E, under existing statutes and court decisions, interest on the 1999 Series 1 Bonds is not included in gross income for federal income tax purposes pursuant to Section 103 of the Code and such interest will not be treated as a preference item to be included in calculating alternative minimum taxable income under the Code with respect to individuals and corporations. As summarized in “TAX MATTERS; Certain Additional Federal Tax Consequences”, such interest, however, is to be taken into account in the computation of certain taxes that may be imposed with respect to corporations, including, without limitation, the alternative minimum tax, the environmental tax and the foreign branch profits tax.

State Taxes

Interest on the 1999 Series 1 Bonds is subject to State of Wisconsin income and franchise taxes.

Basis of Federal Income Tax Opinion

In rendering the foregoing opinion, Bond Counsel has relied upon and assumed compliance by the State and the Municipalities with the procedures and covenants set forth respectively in the Tax Regulatory Agreement entered into by the State and the Financial Assistance Agreement executed by each Municipality.

Certain Additional Federal Tax Consequences

General

The following is a discussion of certain federal income tax matters under existing statutes. It is for general information only and does not purport to deal with all aspects of federal taxation that may be relevant to particular owners of the 1999 Series 1 Bonds. Prospective investors, particularly those who may be subject to special tax rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 1999 Series 1 Bonds, as well as any tax consequences arising under the laws of any foreign state or other taxing jurisdiction.

Alternative Minimum Tax

The Code imposes an alternative minimum tax with respect to individuals and corporations on alternative minimum taxable income. Interest on the 1999 Series 1 Bonds is not treated as a preference item in calculating alternative minimum taxable income. The Code provides, however,

that a portion of the adjusted current earnings of certain corporations not otherwise included in the alternative minimum tax base will be included for purposes of calculating alternative minimum taxable income. The adjusted current earnings of a corporation will include the amount of any income received that is otherwise exempt from taxes.

Social Security and Railroad Retirement Payments

The Code provides that interest on tax-exempt obligations is included in the calculation of modified adjusted gross income in determining whether a portion of Social Security or railroad retirement payments is to be included in taxable income of individuals.

Branch Profits Tax

The Code provides that interest on tax-exempt obligations is included in effectively connected earnings and profits for purposes of computing the branch profits tax on certain foreign corporations doing business in the United States.

Borrowed Funds

The Code provides that interest paid on borrowed funds to purchase or carry tax-exempt obligations during a tax year is not deductible. In addition, under rules used by the Internal Revenue Service for determining when borrowed funds are considered used for the purpose of purchasing or carrying particular assets, the purchase of obligations may be considered to have been made with borrowed funds even though the borrowed funds are not directly traceable to the purchase of such obligations.

Financial Institutions

The Code provides that commercial banks, thrift institutions and other financial institutions may not deduct their cost of carrying certain obligations (other than certain “qualified” obligations), effective for obligations acquired after August 7, 1986. The 1999 Series 1 Bonds are not “qualified” obligations for this purpose.

Property and Casualty Companies

The Code contains provisions relating to property and casualty companies whereunder the amount of certain cost deductions otherwise allowed is reduced (in certain cases below zero) by a specified percentage of, among other things, interest on tax-exempt obligations acquired after August 7, 1986.

S Corporations

The Code imposes a tax on excess net passive income of certain S corporations that have subchapter C earnings and profits. Passive investments include interest on tax-exempt obligations.

Original Issue Discount

The 1999 Series 1 Bonds maturing on June 1, 2011, 2012, and 2015 through 2018 (**Discount Bonds**) are being sold subject to original issue discount. The original issue discount is the excess of the stated redemption price at maturity of the Discount Bond over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Discount Bonds were sold. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Discount Bond who acquires the Discount Bond in this offering during any accrual period generally equals (1) the issue price of the Discount Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity of the

Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (3) any interest payable on the Discount Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the owner's tax basis in the Discount Bond. Any gain realized by an owner from a sale, exchange, payment or redemption of a Discount Bond would be treated as gain from the sale or exchange of the Discount Bond.

Original Issue Premium

The 1999 Series 1 Bonds maturing on June 1, 2001 through 2007, 2009, 2010, 2013 and 2020 are being sold at an amount in excess of the amount payable on maturity. Such excess constitutes bond premium under Section 171 of the Code. Under Section 171 of the Code, amortizable bond premium on a Bond is determined on a constant yield basis (except to the extent regulations may provide otherwise) over the term of the Bond. No deduction from the income of an owner of a Bond is allowed with respect to the amount of amortizable bond premium. The basis of each Bond will be reduced by the amount of amortizable bond premium for a taxable year required to be taken into account by an owner.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the 1999 Series 1 Bonds, to provide an annual report, providing certain financial information and operating data relating to the State (**Annual Report**), not later than 180 days following the close of the State's fiscal year, to each nationally recognized municipal securities information repository (**NRMSIR**) and to the state information depository (**SID**), if any, and to provide notices of occurrence of certain events specified in the Rule to each NRMSIR or the Municipal Securities Rulemaking Board (**MSRB**) and the SID, if any. As of the date of this Official Statement, no SID has been established.

Copies of the Annual Report and notices may be obtained from:

State of Wisconsin Capital Finance Office
Department of Administration
101 East Wilson Street
P.O. Box 7864
Madison, WI 53707-7864
capfin@doa.state.wi.us

www.doa.state.wi.us/debf/scf.htm

Based on Loan Fund and Subsidy Fund levels of June 30, 1999, the State is the only entity that is expected to be the source of 20 percent or more of the gross cash flow servicing the 1999 Series 1 Bonds and other parity Bonds.

The undertaking also describes the consequences of any failure to provide the required information. The undertaking requires that a failure to provide the required information must be reported to the NRMSIRS or the MSRB, and to any SID. In the last five years, there has been no failure to comply in any material respect with a similar undertaking by the State.

FURTHER INFORMATION

The references and summaries in this Official Statement of federal, State and local laws, and documents, agreements and court decisions do not purport to be complete and are qualified in their entirety by reference to such acts, laws, documents, agreements or decisions. Copies of the General Resolution and the Series Resolution, the Financial Assistance Agreements, and the Municipal Obligations are available for inspection during normal business hours at the offices of DOA.

The State has covenanted to file with the Trustee, and to make generally available from DOA upon request, a copy of its audited financial report with respect to the Clean Water Fund Program for each fiscal year. The State has not otherwise committed to update information in this Official Statement or to provide any other continuing disclosure concerning the Clean Water Fund Program, except as provided herein under “**CONTINUING DISCLOSURE**”.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. Neither this Official Statement nor any statement that may have been made orally or in writing shall be construed as a contract or as a part of a contract with the original purchasers or any owners of the 1999 Series 1 Bonds.

This Official Statement is submitted only in connection with the sale of the 1999 Series 1 Bonds by the State and may not be reproduced or used in whole or in part for any other purpose, except with express permission.

Dated: August 17, 1999

STATE OF WISCONSIN

/S/ TOMMY G. THOMPSON

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

/S/ MARK D. BUGHER

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

/S/ ROBERT BRANDHERM

Robert Brandherm, Secretary
State of Wisconsin Building Commission

Appendix A

INFORMATION ABOUT THE CLEAN WATER FUND PROGRAM

This Appendix includes information concerning the State of Wisconsin Clean Water Fund Program. [Part VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 1998 \(1998 Annual Report\)](#) is included by reference as part of this APPENDIX A.

[Part VI to the 1998 Annual Report](#) contains certain general information on the Clean Water Fund Program. Specifically this part presents information on Pledged Revenues, Loans, Subsidy Fund, Loan Credit Reserve Fund, Statutory Powers, State financial participation, Additional Bonds, Loans, and Municipalities. Included as [APPENDIX A to Part VI](#) are the audited financial statements as of June 30, 1998 for the Environmental Improvement Fund, which includes the Clean Water Fund Program.

The 1998 Annual Report has been filed with each nationally recognized municipal securities information repository (NRMSIR). As of the date of this Official Statement, the 1998 Annual Report can be found on the world wide web at:

www.doa.state.wi.us/debf/capfin/annreport/98condis.htm

After publication and filing of the 1998 Annual Report, certain changes or events have occurred that affect items discussed in the 1998 Annual Report. Listed below, by reference to particular sections of the 1998 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes have not been filed with the NRMSIRs. However, the State has filed, and expects to continue to file, certain informational notices with the NRMSIRs. These informational notices do not constitute listed material events under the State's Master Agreement on Continuing Disclosure.

SECURITY AND SOURCE OF PAYMENT FOR BONDS; Loans (Page 180). Add the following:

As of June 30, 1999, \$541.1 million of Bond proceeds have been disbursed for Loans and \$440.9 million is the principal balance of these Loans. In addition, \$16.3 million remain in the Loan Fund.

Table VI-1; State of Wisconsin Clean Water Fund Program Outstanding Loans (Pages 182-185). Replace the table with the following:

**State of Wisconsin Clean Water Fund Program
Outstanding Loans
June 30, 1999
(Amounts in Thousands)**

Municipality	Financial Assistance Loan Amounts ^(b)	Total Disbursed	Leveraged Loan Balance	Direct and Proprietary Loan Balance	Total Outstanding Loan Balance ^(c)	Loan Amount Remaining to Fund	Leveraged Loans Percent of 1991, 1993, 1995, 1997 and 1998 Revenue Bond Payment ^(d)
LEVERAGED LOANS ^(a)							
Milwaukee MSD	\$271,017	\$266,178	\$113,141	\$69,418	\$182,559	\$3,870	18.48%
Madison MSD	48,231	45,176	32,616	5,192	37,808	1,468	5.83%
Green Bay MSD	44,368	41,476	11,103	20,776	31,879	328	1.91%
Fort Atkinson	14,594	14,266	10,407		10,407		1.90%
Stevens Point	13,560	13,117	10,372		10,372		1.84%
Waupaca	10,465	9,780	8,247	442	8,689	372	1.49%
Menomonie	8,732	8,303	7,860		7,860	394	1.56%
Sussex	11,029	10,605	7,637		7,637		1.32%

State of Wisconsin Clean Water Fund Program
Outstanding Loans
June 30, 1999
(Amounts in Thousands)

Municipality	Financial Assistance Loan Amounts ^(b)	Total Disbursed	Leveraged Loan Balance	Direct and Proprietary Loan Balance	Total Outstanding Loan Balance ^(c)	Loan Amount Remaining to Fund	Leveraged Loans
							Percent of 1991, 1993, 1995, 1997 and 1998 Revenue Bond Payment ^(d)
Sparta	10,726	10,043	7,038		7,038		1.24%
Green Lake SD	8,674	8,388	6,813		6,813		1.13%
Marshall	7,744	6,966	6,728		6,728	779	1.22%
Bloomer	6,694	6,627	6,365		6,365	67	1.15%
Jackson	6,130	5,582	5,582		5,582	548	0.99%
Brodhead	6,021	5,666	5,440		5,440	356	0.98%
Oconomowoc	5,449	5,414	5,196		5,196		0.92%
Hudson	7,242	5,790	4,896		4,896	1,448	0.87%
Chippewa Falls	5,335	4,994	4,600		4,600		0.83%
Stoughton	5,590	5,449	4,385	184	4,570	141	0.76%
Racine	17,926	16,746	4,025	11,572	15,598	563	0.70%
Black Creek	4,332	4,332	3,995		3,995		0.72%
Rhineland	5,136	5,123	3,942		3,942		0.70%
Salem - KENOSHA	4,604	4,525	3,879		3,879	74	0.67%
Antigo	4,317	4,235	3,836		3,836	68	0.69%
Manitowoc	20,216	3,747	3,747		3,747	16,469	0.70%
Richland Center	4,998	4,750	3,721		3,721		0.68%
West Salem	4,990	3,675	3,675		3,675	1,315	0.64%
Lodi	4,050	3,907	3,604		3,604		0.65%
Dodgeville	4,995	3,520	3,520		3,520	1,475	0.63%
Bristol - KENOSHA	4,211	3,995	3,185		3,185		0.57%
Sheboygan	7,626	7,626	3,014	3,853	6,867		0.54%
Neillsville	3,238	3,210	2,957		2,957		0.53%
Marshfield - WOOD	24,170	10,524	2,910	7,491	10,401	13,646	0.51%
New Richmond	3,320	3,050	2,898		2,898	270	0.51%
Edgerton	3,693	2,994	2,891		2,891	700	0.51%
South Milwaukee	3,410	3,410	2,871		2,871		0.51%
Allouez	3,072	3,062	2,827		2,827		0.50%
Merrill	4,044	4,033	2,790		2,790		0.49%
Wautoma	6,848	6,847	2,706	3,450	6,156	1	0.42%
Black Wolf SD #1	4,327	4,065	2,676		2,676		0.43%
New Glarus	3,503	3,404	2,659		2,659		0.47%
Tomahawk	3,026	2,864	2,618		2,618		0.46%
Reedsville	2,768	2,755	2,465		2,465		0.44%
Freedom SD #1	2,748	2,645	2,441		2,441		0.43%
Colby - CLARK	2,837	2,647	2,225		2,225		0.39%
Belleville - DANE	2,563	2,409	2,217		2,217		0.40%
Weyauwega	3,285	3,108	2,204		2,204		0.40%
Beloit	2,927	2,610	2,181		2,181	318	0.36%
Shorewood	2,512	2,232	2,146		2,146	280	0.38%
Amery	2,431	2,359	2,076		2,076	72	0.37%
Kenosha	31,513	27,840	2,054	20,005	22,059	3,673	0.37%
Poynette	2,288	2,112	1,860		1,860		0.33%
Chain O'Lakes SD #1	2,082	2,063	1,840		1,840		0.36%
Union Grove	2,192	2,166	1,835		1,835		0.34%
Monticello	2,345	2,319	1,820		1,820		0.27%
Janesville	2,066	1,936	1,747		1,747	116	0.31%
Pewaukee	8,191	6,848	1,736	5,485	7,221	1,343	0.31%
Fremont	1,867	1,815	1,674		1,674		0.30%
North Fond du Lac	1,741	1,655	1,592		1,592	86	0.28%
Baraboo	2,382	1,946	1,559		1,559	418	0.26%
Mount Horeb	3,436	3,338	1,532	799	2,331		0.25%
Whitewater - WALWORTH	1,564	1,564	1,443		1,443		0.26%
Trempealeau	1,559	1,544	1,382		1,382		0.25%
Lake Nebagamon	1,539	1,456	1,352		1,352		0.25%

**State of Wisconsin Clean Water Fund Program
Outstanding Loans
June 30, 1999
(Amounts in Thousands)**

Municipality	Financial Assistance Loan Amounts ^(b)	Total Disbursed	Leveraged Loan Balance	Direct and Proprietary Loan Balance	Total Outstanding Loan Balance ^(c)	Loan Amount Remaining to Fund	Leveraged Loans
							Percent of 1991, 1993, 1995, 1997 and 1998 Revenue Bond Payment ^(d)
Lancaster	1,688	1,601	1,348		1,348		0.24%
Crandon	1,537	1,454	1,338		1,338	83	0.24%
Menasha SD #4	1,659	1,642	1,330		1,330		0.23%
Newburg - WASHINGTON	1,549	1,430	1,328		1,328		0.24%
Ashland	11,685	10,214	1,324	5,523	6,847	1,470	0.23%
Luxemburg	2,053	1,323	1,323		1,323	730	0.23%
Wrightstown	1,427	1,355	1,301		1,301	71	0.23%
Potosi/Tennyson SC	1,543	1,543	1,231		1,231		0.21%
Manawa	1,408	1,391	1,228		1,228		0.22%
Fond du Lac	2,022	1,732	1,216		1,216		0.21%
Saukville	1,578	1,554	1,210		1,210		0.22%
Valders	1,538	1,538	1,183	104	1,287		0.21%
Black River Falls	1,894	1,767	1,169		1,169		0.19%
Tomah	13,298	9,186	1,152	8,305	9,457	4,112	0.20%
Mount Calvary	1,430	1,430	1,145		1,145		0.16%
Monroe	1,580	1,527	1,121		1,121		0.20%
De Pere	1,973	1,743	1,116		1,116	167	0.19%
Dane	1,228	1,129	1,099		1,099	99	0.19%
Mosinee	1,383	1,297	1,087		1,087		0.19%
Columbus - COLUMBIA	1,235	1,235	1,086		1,086		0.19%
Bay City	1,224	1,200	1,055		1,055	24	0.20%
Viroqua	1,353	1,314	1,044		1,044		0.18%
Boscobel	1,337	1,182	1,042		1,042	105	0.19%
Watertown - JEFFERSON	1,141	1,101	1,020		1,020		0.18%
Wisconsin Dells - Lake Delton SC	1,486	1,476	1,015		1,015		0.18%
Hewitt	1,467	1,298	1,009		1,009		0.16%
Blue Mounds	1,152	1,064	980		980		0.18%
Argyle	1,467	1,380	939		939		0.15%
Wolf TPC	1,274	1,274	909		909		0.16%
River Falls - PIERCE	1,009	1,009	891		891		0.16%
Wrightstown SD #1	1,081	1,036	868		868		0.15%
Kewaunee	1,017	1,017	851		851		0.15%
Fontana	2,725	1,884	840	1,520	2,360	840	0.15%
Spring Green	950	920	818		818		0.15%
Galesville	1,143	1,111	816		816		0.14%
Rockland	967	867	805		805		0.15%
Silver Lake SD - WASHINGTON	1,063	1,063	754		754		0.11%
Muscoda - GRANT	898	749	749		749	149	0.13%
Redgranite	997	997	734		734		0.11%
Plover	3,404	724	724		724	2,680	0.13%
Highland	825	772	717		717	53	0.13%
Cross Plains	896	731	703		703	165	0.12%
Brazeau SD #1	793	758	701		701		0.13%
Mercer SD #1	787	787	683		683		0.14%
Montfort - GRANT	779	756	666		666		0.12%
Cudahy	886	839	651		651		0.12%
Neenah SD #2	1,057	1,057	642		642		0.09%
Rosholt	662	649	624		624		0.11%
Iron River SD #1	717	710	616		616		0.11%
Plymouth	4,586	4,308	610	2,852	3,462	278	0.12%
Knapp	669	616	590		590	53	0.10%
Beaver Dam	819	798	588		588		0.10%
Abbotsford - CLARK	722	660	587		587	62	0.11%
Shullsburg	687	599	575		575	88	0.10%
Laona SD #1	746	746	528		528		0.09%
Cumberland	928	507	507		507	421	0.09%

State of Wisconsin Clean Water Fund Program
Outstanding Loans
June 30, 1999
(Amounts in Thousands)

Municipality	Financial Assistance Loan Amounts ^(b)	Total Disbursed	Leveraged Loan Balance	Direct and Proprietary Loan Balance	Total Outstanding Loan Balance ^(c)	Loan Amount Remaining to Fund	Leveraged Loans
							Percent of 1991, 1993, 1995, 1997 and 1998 Revenue Bond Payment ^(d)
Silver Lake SD - WAUSHARA	722	722	500		500		0.07%
Sextonville SD	589	537	499		499	53	0.09%
Brownsville	588	504	486		486	84	0.09%
Hartford-Town	742	742	482		482		0.07%
Chetek	528	499	480		480	29	0.08%
Two Rivers	733	603	477		477	33	0.08%
New Lisbon	1,053	777	463	155	618	24	0.08%
Prescott	5,349	4,956	436	3,736	4,171		0.08%
Sunset Point SD	686	655	422		422		0.08%
Almond	530	504	406		406		0.07%
Prentice	544	447	396		396	97	0.07%
North Freedom	498	473	383		383		0.07%
Pulaski - BROWN	483	483	382		382		0.07%
Westby	417	395	379		379		0.07%
Slinger	480	480	373		373		0.07%
Adams	457	390	362		362	67	0.07%
Iowa County	486	486	360		360		0.06%
Belmont	458	416	353		353		0.06%
Random Lake	464	441	350		350		0.06%
Cottage Grove	506	360	346		346	146	0.06%
Goodman SD #1	463	463	342		342		0.05%
Ellsworth	373	373	330		330		0.06%
Coleman	507	449	312		312		0.06%
Cassville	442	401	310		310		0.06%
Prairie du Chien	4,106	4,050	307	2,987	3,294		0.05%
Walworth	332	299	288		288	33	0.05%
Mattoon	628	522	284	227	511	106	0.05%
Chilton	3,418	281	281		281	3,137	0.05%
Osceola	298	298	264		264		0.05%
Hustisford	446	438	264	48	312		0.05%
Pepin	363	281	262		262	82	0.05%
Potosi	291	259	242		242	33	0.04%
Baldwin	262	262	233		233		0.04%
Grand Chute - Manasha West SC	11,835	11,227	218	8,803	9,021		0.04%
Blue River	281	272	207		207		0.04%
Plum City	249	249	203		203		0.04%
Prairie du Sac	205	183	169		169		0.03%
Gays Mills	180	173	160		160		0.03%
Little Elkhart Lake Rehab District	217	217	141		141		0.02%
Webster	204	194	134		134		0.02%
Brokaw	197	190	126		126		0.02%
Hillsboro	160	129	120		120		0.02%
Linden	165	153	118		118		0.02%
Spring Valley - PIERCE	120	120	107		107		0.02%
Roberts	81	81	73		73		0.01%
Bowler	115	107	70		70		0.01%
Wycocena	389	33	33		33	356	0.01%
SUBTOTALS	\$868,547	\$787,456	\$440,874	\$182,928	\$623,802	\$66,583	76.51%

DIRECT AND PROPRIETARY LOANS

Adell	\$566	\$566		\$372	\$372		
Algoma	5,547	5,432		3,831	3,831		
Appleton - OUTAGAMIE	16,474	13,989		10,556	10,556	2,485	

State of Wisconsin Clean Water Fund Program
Outstanding Loans
June 30, 1999
(Amounts in Thousands)

Municipality	Financial Assistance Loan Amounts ^(b)	Total Disbursed	Leveraged Loan Balance	Direct and Proprietary Loan Balance	Total Outstanding Loan Balance ^(c)	Loan Amount Remaining to Fund	Leveraged Loans Percent of 1991, 1993, 1995, 1997 and 1998 Revenue Bond Payment ^(d)
Aurora SD #1	15	15		8	8		
Avoca	359	344		304	304		
Bagley	229	209		209	209	20	
Bayshore SD	947	899					
Bear Creek	432	387		343	343		
Blue Spring Lake Mgmt Dist	380	361					
Boaz	106	106		69	69		
Bohners Lake SD #1	8,007	7,829		10,865	10,865	178	
Brookfield SD #4-Fox River WPCC	5,750	4,836		5,306	5,306	914	
Brookfield-Fox River WPCC	23,195	19,746		21,676	21,676	3,449	
Burlington - RACINE	18,488	17,855		12,249	12,249		
Butte des Morts Consolidated SD #1	2,144	2,144		1,081	1,081		
Calumet SD #1	505	505		400	400		
Caroline SD	83	83		54	54		
Cleveland	3,610	3,452		3,033	3,033		
Cloverleaf Lakes SD #1	1,022	977		696	696		
Consolidated S.D. #1 Town of Friendship	155	155		103	103		
Crivitz	1,725	1,725		1,239	1,239		
Denmark	2,241	2,223		1,727	1,727		
Dyckesville SD	3,127	3,127		1,421	1,421		
Eagle River	3,563	3,401		3,390	3,390		
Eastman	323	323		211	211		
Edgewood-Shangri La SD	1,011	950		1,867	1,867	61	
Egg Harbor	508	476		458	458	32	
Elcho SD #1	1,418	485		485	485	933	
Elk Mound	419	418		296	296		
Fairchild	575	575		552	552		
Germantown SD	34	34		22	22		
Gordon SD #1	395	395		270	270		
Green Valley SD #1	188	183		159	159	5	
Hartford - WASHINGTON	13,168	12,510		13,205	13,205	571	
Hatfield SD #1	1,135	1,135		846	846		
Hilbert	1,955	1,955		1,649	1,649		
Hub-Rock SD #1	494	494		468	468		
Ironton	107	107		57	57		
Island View SD	2,764	2,480		2,303	2,303		
Ithaca SD #1	412	412		388	388		
Juneau	271	237		457	457		
Kiel - MANITOWOC	2,470	2,470		4,742	4,742		
Lake Como Beach SD	4,459	4,459		8,694	8,694		
Lake Tomahawk SD #1	1,317	933		1,758	1,758	384	
Lannon	3,824	3,326		2,925	2,925		
Lisbon SD #1	2,849	2,706		1,814	1,814		
Little Suamico SD #1	1,349	1,243		1,479	1,479	67	
Lomira	1,932	1,784		1,497	1,497		
Menomonee Falls-Fox River WPCC	887	773		865	865	114	
Milltown	337	302		283	283	34	
Milwaukee - MILWAUKEE	19,358	11,492		16,366	16,366	7,866	
Morrison SD #1	294	294		81	81		
Morrisonville SD #1	252	252		240	240		
Mukwonago - WAUKESHA	1,886	223		420	420	1,663	
Nekoosa	2,435	2,314		2,055	2,055	122	
Nelson	640	640		544	544		
Niagara	181	181		119	119		
North Hudson	641	620		121	121		
Norway SD #1	680	672		156	156		

**State of Wisconsin Clean Water Fund Program
Outstanding Loans
June 30, 1999
(Amounts in Thousands)**

Municipality	Financial Assistance Loan Amounts ^(b)	Total Disbursed	Leveraged Loan Balance	Direct and Proprietary Loan Balance	Total Outstanding Loan Balance ^(c)	Loan Amount Remaining to Fund	Leveraged Loans Percent of 1991, 1993, 1995, 1997 and 1998 Revenue Bond Payment ^(d)
Oakdale	45	45		27	27		
Oconto	3,844	3,725		3,120	3,120		
Ogema SD #1	190	181		135	135		
Oliver	588	588		531	531		
Omro SD #1	992	992		841	841		
Oneida Tribe of Indians	1,210	1,210		764	764		
Onion River Sewage Commission/Adell	721	721		473	473		
Onion River Sewage Commission/Hingham	227	227		153	153		
Oregon	6,785	6,641		5,895	5,895		
Orihula SD	2,522	2,485		3,407	3,407	37	
Oshkosh	33,296	26,918		24,784	24,784	6,266	
Packwaukee SSD	242	242		242	242		
Pell Lake SD #1	5,829	5,829		11,659	11,659		
Pensaukee SD #1	1,279	1,279		1,145	1,145		
Pewaukee	8,049	6,809		7,520	7,520	1,240	
Pleasant Springs SD #1	1,029	934		801	801		
Portage	4,341	2,339		4,534	4,534	2,002	
Rockland SD #1	222	222		134	134		
Royal Scot SD	510	510					
Sherwood	1,500	1,485		2,913	2,913	15	
South Wayne	1,388	1,239		1,998	1,998	133	
Valley Ridge Clean Water Comm.	749	749		506	506		
Walworth County MSD	19,994	19,088		17,522	17,522		
Washington - DOOR	60	60					
Waukesha	42,072	40,531		29,595	29,595		
Wausaukee	1,662	1,662		1,295	1,295		
Wauzeka	128	107		95	95		
Westboro SD #1	51	51		46	46		
Wheeler	37	37					
Williams Bay	885	747		722	722	138	
Winneconne	1,669	462		877	877	1,205	
Winneconne SD #3	2,079	1,598		3,185	3,185	481	
Wisconsin Rapids	11,670	11,348		8,201	8,201		
SUBTOTAL	\$325,500	\$289,280		\$279,899	\$279,899	\$30,414	
TOTAL	\$1,194,047	\$1,076,736	\$440,874	\$462,827	\$903,701	\$96,998	76.51%

- (a) Municipalities which have received Financial Assistance Agreements that are funded with both Leveraged Loans and Direct or Proprietary Loans are included in their entirety within the group of Leveraged Loans.
- (b) The amount of financial assistance depicts only loans. Grants awarded are not included.
- (c) The principal balance may be less than the total amount disbursed due to repayment of loans.
- (d) Total repayments of outstanding Leveraged Loans (excluding amounts payable after the retirement of the previously issued and Outstanding Bonds) are shown as a percentage of total 1991 Series 1 Bonds, 1993 Series 1 and 2 Bonds, 1995 Series 1 Bonds, 1997 Series 1 Bonds, 1998 Series 1 Bonds and 1998 Series 2 Bonds, less those Bonds that are defeased. Loans with amortization periods of shorter duration than the Bonds will reflect a lower comparative percentage of the Bonds' debt service. Other revenues expected to be available for payment of the Bonds consist of Subsidy Fund transfers and repayments on Loans to be originated in the future from the remaining undisbursed 1998 Series 1 Bond proceeds.

SECURITY AND SOURCE OF PAYMENT FOR BONDS; Subsidy Fund (Page 187). Add the following:

As of June 30, 1999, the Subsidy Fund held \$90.4 million, which were invested in general obligations issued by the State.

SECURITY AND SOURCE OF PAYMENT FOR BONDS; Loan Credit Reserve Fund (Page 188). Add the following:

As of June 30, 1999, the Loan Credit Reserve Fund balance was \$51.9 million. This amount exceeded the Loan Credit Reserve Fund Requirement as of that date, which was \$46.2 million.

As of June 30, 1999, the Loan Credit Reserve Fund was invested as follows:

- \$21.8 million were invested in an investment agreement with AIG Matched Funding Corp. (AIGMFC) with the payment obligations of AIGMFC guaranteed by American International Group, Inc., which policy does not guarantee or otherwise provide for payment of amounts due in the event of non-payment by the State
- \$6.3 million were invested in an investment agreement with MBIA Investment Management Corp. (IMC) with the payment obligations of IMC guaranteed by the MBIA Insurance Corporation, which policy does not guarantee or otherwise provide for payment of amounts due in the event of non-payment by the State
- \$7.6 million were invested in a collateralized investment repurchase agreement with Bayerische Landesbank Girozentrale (**Bayerische**), with the collateral held by Norwest Bank Minnesota, National Association as custodian
- \$13.9 million were invested in direct obligations of the United States under two forward delivery agreements with First Union National Bank of North Carolina (**First Union**); and
- \$2.2 million were invested by the State of Wisconsin Investment Board in a daily investment account of the State Investment Fund.

The investment agreement with AIGMFC, the investment agreement with IMC, the investment repurchase agreement with Bayerische, the forward delivery agreements with First Union, and the daily investment account with the State of Wisconsin Investment Board each provide for liquidation of the investments if and when required by the terms of the General Resolution.

Appendix B

INFORMATION ABOUT THE STATE

This appendix includes information concerning the State of Wisconsin (**State**). [Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 1998 \(1998 Annual Report\)](#) is included by reference as part of this APPENDIX B.

[Part II to the 1998 Annual Report](#) contains general information about the State. More specifically, this part presents information on the following matters:

- State's operations and financial procedures
- State's accounting and financial reporting
- Organization and description of services provided by the State
- Results of fiscal year 1997-98
- State budget
- Obligations of the State
- State Investment Board
- Statistical information about the State's population, income and employment

Included as [APPENDIX A to Part II](#) are the audited general purpose financial statements for the fiscal year ending June 30, 1998, prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Government Accounting Standards Board, and the State Auditor's report.

The 1998 Annual Report has been filed with each nationally recognized municipal securities information repository (NRMSIR). As of the date of this Official Statement, the 1998 Annual Report can be found on the world wide web at:

www.doa.state.wi.us/debf/capfin/annreport/98condis.htm

After publication and filing of the 1998 Annual Report, certain changes or events have occurred that affect items discussed in the 1998 Annual Report. Listed below, by reference to particular sections of the 1998 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes have not been filed with the NRMSIRS. However, the State has filed, and expects to continue to file, certain informational notices with the NRMSIRS. These informational notices do not constitute listed material events under the State's Master Agreement on Continuing Disclosure.

Year 2000 Readiness Disclosure

(Page 23-25). Replace with the following:

Overview

The Department of Administration, which has overall responsibility for the coordination of information technology in State government, is coordinating the State's Year 2000 compliance efforts.

The Department of Administration created an interagency executive taskforce to advise on ways to coordinate Year 2000 compliance oversight activities and has developed a detailed Year 2000 project plan to manage the Year 2000 compliance efforts. As a result of this approach, the State can focus on the highest priority Year 2000 compliance needs.

In 1996, the Department of Administration identified 100 critical business applications, which are applications that support core state government operations and services. The Department of Administration, working with a multi-agency oversight group, has refined the list to 85 applications that are considered to be the most critical.

The Department of Administration requires agencies to report monthly on:

- Efforts to ensure operation of critical business functions within the agency.
- Compliance progress on the information technology systems supporting those critical business functions.
- Efforts to address issues related to equipment with embedded microprocessors that support critical business functions.

The reporting on information technology systems measures progress in five stages: (1) analysis, (2) design, (3) modification, (4) testing, and (5) implementation.

As of July 27, 1999, the following information is available from this reporting:

- 70% of the most critical applications have been completed.
- All of the most critical applications have had Year 2000 modifications made, or modifications are in progress, although testing and implementation of the modifications is not completed yet. The completion dates for these remaining critical applications vary for each critical application.

The Department of Administration continues to work with all agencies to ensure full reporting of critical business functions and the work needed to remedy Year 2000 problems. In addition, as part of the enterprise Year 2000 project plan, the Department of Administration has instituted independent risk assessment studies of the State's most critical business functions. Risk assessments have been completed in all 11 agencies scheduled for review.

The State has not identified any significant Year 2000 consequences or unbudgeted costs to make the critical business applications Year 2000 compliant. The costs to the State to become Year 2000 compliant have been and will continue to be absorbed within existing base operating budgets because most Year 2000 compliance work is being completed by State agencies as part of ongoing maintenance and upgrades previously identified and budgeted for by the State.

In addition to the assessments, the following is a summary of the efforts currently being undertaken by the State:

- On July 27, 1998 the Governor issued an executive order that directs all state agencies to make Year 2000 compliance activities their top technology priority. In addition, this executive order creates a blue ribbon commission to recommend ways to enhance communication and coordination between public and private efforts to address Year 2000 issues.
- The State has created a central Year 2000 test environment for use by State agencies to verify the effectiveness of Year 2000 compliance activities. The State maintains a web site that provides specific technical information to assist agency Year 2000 compliance efforts. The Internet address for this site is: y2k.state.wi.us/.
- Prior to May 14, 1999, agencies prepared contingency plans designed to address possible problems arising from failures of information technology systems or other disruptions of business processes. The Department of Administration provided agencies with instructions and templates for their contingency planning efforts and offered use of standardized software for documenting contingency planning. This last element will allow the

Department of Administration to consolidate agencies' plans and provide an enterprise contingency plan for the State that will allow for better coordination with local government and the private sector. The Department of Administration is reviewing and completing testing of these contingency plans.

Internal Year 2000 Issues

Examples of the highest priority critical applications that can be considered "internal year 2000 issues" include the following. WiSMART, the State's accounting system, has recently been updated for Year 2000 and testing for Year 2000 compliance has been completed successfully. The Department of Revenue, the agency responsible for the collection of State taxes, has completed modification of 100% of its critical applications and has completed or is in the process of going through final acceptance testing. This department continues to modify and test its critical applications with all work scheduled for completion by mid-August.

External Year 2000 Issues

The State contacted each of its paying agents, registrars, escrow agents, trustees, and depositories and was informed by each of these firms that they intended to meet federal regulations that all securities processing institutions be Year 2000 compliant by December 31, 1998. The State will continue to monitor these compliance activities and take appropriate steps to ensure timely compliance, as needed. The Department of Health and Family Services is the State agency that interfaces with the Federal government for Medicare and Medicaid reimbursement payments. This department has completed modifications to 94% of its most critical applications. All but one critical application was scheduled for completion by July 31, 1999, with the remaining application scheduled for completion by September 30, 1999. This department continues to address Year 2000 efforts with the Federal government and work on contingency plans in the event of a problem. The Federal government recently concluded an audit of several primary programs in the Departments of Health and Family Services and Workforce Development. The results of this audit are not yet available.

Mechanical Year 2000 Issues

With respect to debt service payments, the State maintains paper records of all its debt service schedules. In the event computer payment systems fail, the State is prepared to provide manual payment checks to paying agents and DTC. Debt service payments due on State obligations for the first six months of calendar year 2000 are:

<u>Date</u>	<u>Obligation</u>	<u>Parties Involved</u>
January 3, 2000	General Obligation Bonds	State Treasurer's Office/DTC or State Street Bank and Trust Company, N.A.
January 3, 2000	Transportation Revenue Bonds	Bank One Trust Company, NA (Trustee)/DTC
February 14, 2000	Master Lease Certificates of Participation	State Treasurer's Office/Firststar Bank Milwaukee, National Association (Trustee)
March 1, 2000	Master Lease Certificates of Participation	Firststar Bank Milwaukee, National Association (Trustee)/DTC
May 1, 2000	General Obligation Bonds	State Treasurer's Office/DTC
June 1, 2000	Clean Water Revenue Bonds	Firststar Bank Milwaukee, National Association (Trustee)/DTC

As a contingency, the State is further considering sending the payments due on January 3, 2000 to DTC on or before December 31, 1999.

The State cannot provide any assurances that all Year 2000 problems will be corrected by January 1, 2000 nor that all information technology systems will continue to work efficiently on January 1, 2000. There remains a possibility that some Year 2000 problems will not be identified or corrected by January 1, 2000. However, the actions that the State is currently completing should minimize such potential problems, especially for critical business applications. Agencies are preparing contingency plans designed to address possible problems arising from failures of information technology systems or other disruptions of business processes.

State Budget

(Page 34–37). Add the following:

Proposed Budget for 1999-2001

The Governor has introduced the executive budget for the 1999-2000 and 2000-2001 fiscal years.

The Assembly and Senate have approved versions of this budget that differ from each other and the Governor's executive budget. A conference committee of Assembly and Senate members is currently meeting to discuss these differences.

In addition, in July 1999, general fund tax collections for the 1998-99 fiscal year and general fund revenue estimates for the 1999-2000 and 2000-2001 fiscal years were reviewed and revised taking into account actual tax collections and updated national economic forecasts. Based on this review, the following are changes from the general fund tax collections and estimates used in the executive budget for the 1999-2000 and 2000-2001 fiscal years:

- General fund tax collections for the 1998–99 fiscal year are now estimated to be \$189 million greater.
- 1999-2000 general fund tax collections are now estimated to be \$195.5 million greater.
- 2000-2001 general fund tax collections are now estimated to be \$183.6 million greater.

The budget tables below and on pages **B-6** and **B-7** do not reflect these updated July 1999 revenue estimates.

Although the budgets approved by the Assembly and Senate are different, the following tables summarize the Governor's proposed executive budget for each fiscal year on a general-fund basis and all-funds basis.

**Proposed Executive Budget
General-Fund Basis
(Amounts in Millions)**

	<u>Proposed Budget 1999-2000</u>	<u>Proposed Budget 2000-2001</u>
Beginning Balance	\$ 551	\$ 545
Tax Revenues	10,120	10,228
Nontax Revenues	<u>7,071</u>	<u>7,357</u>
Total Amount Available	\$17,741	\$18,130
Total Disbursements/Reserves	\$17,302	\$18,126
Balance	\$ 545	126
Statutory Required Reserve*	<u>105</u>	<u>121</u>
Net Balance	\$ 440	\$ 5

* Amount of Statutory Required Reserve is currently 1% of general purpose revenue (GPR) appropriations for that fiscal year. The proposed executive budget increases this amount to 1.1% beginning in the 2000-2001 fiscal year.

**Proposed Executive Budget
All-Funds Basis
(Amounts in Millions)**

	<u>Proposed Budget 1999-2000</u>	<u>Proposed Budget 2000-2001</u>
Beginning Balance	\$ 551	\$ 545
Tax Revenues	10,120	10,228
Nontax Revenues	<u>17,026</u>	<u>17,560</u>
Total Amount Available	\$27,697	\$28,334
Total Disbursements/Reserves	\$27,258	\$28,329
Balance	\$ 545	126
Statutory Required Reserve*	<u>105</u>	<u>121</u>
Net Balance	\$ 440	\$ 5

* Amount of Statutory Required Reserve is currently 1% of general purpose revenue (GPR) appropriations for that fiscal year. The proposed executive budget increases this amount to 1.1% beginning in the 2000-2001 fiscal year.

A detailed summary of the all-funds budget is on [page B-6](#). A detailed summary of the general-fund budget is on [page B-7](#). In addition, the complete executive budget and certain summaries can, as of the date of this Official Statement, be found on the World Wide Web at the following address; however, the information at this address is not part of this Official Statement:

www.doa.state.wi.us/debf/sbo/9901_state_budget.htm

Table II-3; State Budget--All Funds (Page 36). Amend the table with the following:

State Budget--All Funds^(a)

	Actual ^(b) 1997-98	Budget 1997-98	Budget 1998-99	Governor's Proposed Budget 1999-2000	Governor's Proposed Budget 2000-2001
RECEIPTS					
Fund Balance from Prior Year.....	\$ 327,145,000	\$ 331,145,100	\$ 352,243,400	\$ 550,580,700 ^(c)	\$ 545,141,400
Tax Revenue					
Individual Income.....	5,047,325,000	4,916,000,000	5,052,400,000	5,340,000,000	5,301,000,000
General Sales and Use.....	3,047,406,000	2,999,850,000	3,134,030,000	3,432,675,300	3,609,307,700
Corporate Franchise and Income.....	627,024,000	644,800,000	654,700,000	618,603,200	617,206,300
Public Utility.....	288,358,000	277,300,000	272,600,000	239,925,000	209,850,000
Excise					
Cigarette/Tobacco Products.....	257,096,000	257,000,000	268,900,000	247,200,000	242,100,000
Liquor and Wine.....	32,735,000	32,000,000	32,300,000	33,000,000	33,500,000
Malt Beverage.....	9,260,000	9,500,000	9,500,000	9,300,000	9,300,000
Inheritance, Estate & Gift.....	80,111,000	73,000,000	55,000,000	57,000,000	59,000,000
Insurance Company.....	88,065,000	95,000,000	95,000,000	84,000,000	86,000,000
Other.....	1,025,774,000	46,025,000 ^(d)	88,237,500 ^(d)	58,600,000 ^(d)	61,000,000 ^(d)
Subtotal.....	10,503,154,000	9,350,475,000	9,662,667,500	10,120,303,500	10,228,264,000
Nontax Revenue					
Departmental Revenue.....	428,998,000	159,375,900	151,226,600	295,443,600	312,487,100
Total Federal Aids.....	3,462,744,000	4,323,934,400	4,339,196,600	4,797,850,200	4,913,435,500
Total Program Revenue.....	2,272,046,000	2,284,115,900	2,353,325,400	2,650,496,400	2,704,688,600
Total Segregated Funds.....	2,851,387,000	2,175,818,200	2,229,010,500	2,148,305,000	2,178,323,900
Fund Transfers In.....	NA	261,605,900	NA	64,000,000	NA
Bond Authority.....	444,985,000	415,000,000	430,000,000	458,000,000	400,000,000
Employee Benefit Contributions ^(e)	9,634,618,000	4,542,998,211	4,840,878,164	6,612,282,698	7,051,394,299
Subtotal.....	19,094,778,898	14,162,848,511	14,343,637,264	17,026,377,898	17,560,329,399
Total Available.....	\$ 29,925,077,000	\$ 23,844,468,611	\$ 24,358,548,164	\$ 27,697,262,098	\$ 28,333,734,799
DISBURSEMENTS AND RESERVES					
Commerce.....	\$ 355,424,000	\$ 399,608,700	\$ 390,029,300	\$ 417,065,400	\$ 419,727,700
Education.....	7,102,297,000	7,046,047,900	7,332,883,400	7,832,184,100	8,107,574,600
Environmental Resources.....	2,225,495,000	2,153,578,600	2,183,076,800	2,394,571,100	2,424,591,600
Human Relations and Resources.....	5,867,267,000	5,889,776,700	6,120,171,500	6,637,682,200	6,910,227,500
General Executive.....	3,250,801,000	818,817,000	613,160,900	643,058,300	648,538,200
Judicial.....	91,027,000	89,630,900	90,209,800	98,640,200	98,597,600
Legislative.....	55,051,000	55,274,500	55,994,700	58,719,300	58,877,500
General Appropriations.....	2,633,902,000	2,107,286,500	2,012,329,700	2,024,461,600	2,076,474,500
General Obligation Bond Program.....	386,312,000	415,000,000	430,000,000	458,000,000	400,000,000
Employee Benefit Payments ^(e)	1,759,164,000	1,889,607,836	2,019,386,350	2,504,993,829	2,695,311,352
Reserve for Employee Benefit Payments ^(e)	7,875,454,000	2,653,390,375	2,821,491,814	4,107,288,869	4,356,082,947
Subtotal.....	31,602,194,000	23,518,019,011	24,068,734,264	27,176,664,898	28,196,003,499
Less: (Lapses).....	NA	(62,926,600)	(60,255,000)	(68,644,200)	(83,221,500)
Compensation Reserves.....	NA	34,915,600	66,338,400	44,100,000	94,750,000
Required Statutory Balance.....	NA	98,110,700	99,426,600	105,538,300	121,472,000
Fund Transfers Out.....	NA	2,217,200	166,108,600	NA	NA
Change in Continuing Balance.....	(2,285,220,000)	NA	NA	NA	NA
Total Disbursements & Reserves.....	\$ 29,316,974,000	\$ 23,590,335,911	\$ 24,340,352,864	\$ 27,257,658,998	\$ 28,329,003,999
Fund Balance.....	\$ 608,103,000	\$ 254,132,700	\$ 18,195,300	\$ 439,603,100	\$ 4,730,800
Undesignated Balance.....	\$ 552,311,000	\$ 352,243,400	\$ 117,621,900	\$ 545,141,400	\$ 126,202,800

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

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

(c) The beginning balance for the Governor's proposed fiscal year 1999-2000 budget includes various budget adjustments and revenue re-estimates that were completed prior to release of the Governor's proposed budget.

(d) The budgets do not include taxes collected for segregated funds. The largest such tax is the motor vehicle tax. The State collected \$740 million of those motor vehicle taxes in the 1997-98 fiscal year. The amount included for the budget 1998-99 includes an estimate of revenues to be collected via a tax amnesty program. This program is now complete.

(e) State law separates the accounting of employee benefits from the budget. They are included for purposes of comparability to the figures presented in this table and Tables II-1 and II-2 in the 1998 Annual Report.

Source: Wisconsin Department of Administration.

Table II-4; State Budget–General Fund (Page 37). Amend the table with the following:

State Budget–General Fund^(a)

	Actual ^(b) 1997-98	Budget 1997-98	Budget 1998-99	Governor's Proposed Budget 1999-2000	Governor's Proposed Budget 2000-2001
RECEIPTS					
Fund Balance from Prior Year.....	\$ 327,145,000	\$ 331,145,100	\$ 352,243,400	\$ 550,580,700 ^(c)	\$ 545,141,400
Tax Revenue					
State Taxes Deposited to General Fund					
Individual Income.....	5,047,325,000	4,916,000,000	5,052,400,000	5,340,000,000	5,301,000,000
General Sales and Use.....	3,047,406,000	2,999,850,000	3,134,030,000	3,432,675,300	3,609,307,700
Corporate Franchise and Income.....	627,024,000	644,800,000	654,700,000	618,603,200	617,206,300
Public Utility.....	288,358,000	277,300,000	272,600,000	239,925,000	209,850,000
Excise					
Cigarette/Tobacco Products.....	257,096,000	257,000,000	268,900,000	247,200,000	242,100,000
Liquor and Wine.....	32,735,000	32,000,000	32,300,000	33,000,000	33,500,000
Malt Beverage.....	9,260,000	9,500,000	9,500,000	9,300,000	9,300,000
Inheritance, Estate & Gift.....	80,111,000	73,000,000	55,000,000	57,000,000	59,000,000
Insurance Company.....	88,065,000	95,000,000	95,000,000	84,000,000	86,000,000
Other.....	60,044,000	46,025,000	88,237,500 ^(d)	58,600,000	61,000,000
Subtotal.....	9,537,424,000	9,350,475,000	9,662,667,500	10,120,303,500	10,228,264,000
Nontax Revenue					
Departmental Revenue.....	428,998,000	159,375,900	151,226,600	295,443,600	312,487,100
Program Revenue-Federal.....	3,462,744,000	3,868,165,100	3,929,984,000	4,234,723,100	4,339,899,300
Program Revenue-Other.....	2,272,046,000	2,284,115,200	2,353,325,400	2,476,812,800	2,704,688,600
Fund Transfers In.....	NA	261,605,900	NA	64,000,000	NA
Subtotal.....	6,163,788,000	6,573,262,100	6,434,536,000	7,070,979,500	7,357,075,000
Total Available.....	\$ 16,028,357,000	\$ 16,254,882,200	\$ 16,449,446,900	\$ 17,741,863,700	\$ 18,130,480,400
DISBURSEMENTS AND RESERVES					
Commerce.....	\$ 193,084,000	\$ 207,291,600	\$ 195,817,600	\$ 112,110,000	223,439,600
Education.....	6,905,997,000	6,981,265,900	7,185,455,400	7,713,699,100	8,048,983,300
Environmental Resources.....	238,916,000	239,538,800	239,024,700	268,569,800	271,713,400
Human Relations and Resources.....	5,573,049,000	5,792,936,500	6,013,539,700	6,523,612,800	6,789,982,800
General Executive.....	716,887,000	742,911,000	533,306,400	562,081,400	564,937,300
Judicial.....	90,711,000	88,987,000	89,565,900	97,982,400	97,939,800
Legislative.....	55,051,000	55,274,500	55,994,700	58,719,300	58,877,500
General Appropriations.....	1,735,920,000	1,820,227,300	1,846,928,600	1,884,491,700	1,936,875,400
Subtotal.....	15,509,615,000	15,928,432,600	16,159,633,000	17,221,266,500	17,992,749,100
Less: (Lapses).....	NA	(62,926,600)	(60,255,000)	(68,644,200)	(83,221,500)
Compensation Reserves.....	NA	34,915,600	66,338,400	44,100,000	94,750,000
Required Statutory Balance.....	NA	98,110,700	99,426,600	105,538,300	121,472,000
Fund Transfers Out	NA	2,217,200	166,108,600	NA	NA
Changes in Continuing Balance.....	(89,361,000)	NA	NA	NA	NA
Total Disbursements & Reserves.....	\$ 15,420,254,000	\$ 16,000,749,500	\$ 16,431,251,600	\$ 17,302,260,600	\$ 18,125,749,600
Fund Balance.....	\$ 608,103,000	\$ 254,132,700	\$ 18,195,300	\$ 439,603,100	\$ 4,730,800
Undesignated Balance.....	\$ 552,311,000	\$ 352,243,400	\$ 117,621,900	\$ 545,141,400	\$ 126,202,800

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

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

^(c) The beginning balance for the Governor's proposed fiscal year 1999-2000 budget includes various budget adjustments and revenue re-estimates that were completed prior to release of the Governor's proposed budget.

^(d) The amount for budget 1998-99 includes revenues expected to be collected from a tax amnesty program. This program is now complete.

Source: Wisconsin Department of Administration.

Table II-7; General Fund Monthly Position (Page 46). Replace the table with the following:

GENERAL FUND MONTHLY CASH POSITION
July 1, 1997 through June 30, 1999 ^¾ Actual
July 1, 1999 through June 30, 2000 ^¾ Estimated^(a)
(Amounts in Thousands)

	<u>Starting Date</u>	<u>Starting Balance</u>	<u>Receipts^(b)</u>	<u>Disbursements^(b)</u>
1997	July.....	\$ 493,468	\$ 1,583,435	\$ 1,558,759
	August.....	518,144	1,092,096	868,164
	September.....	742,076	1,518,617	1,140,770
	October.....	1,119,923	1,281,159	1,220,979
	November.....	1,180,103	1,363,754	1,575,478
	December.....	968,379	1,221,439	1,810,967
1998	January.....	378,851	1,701,236	1,004,066
	February.....	1,076,021	1,222,276	1,122,065
	March.....	1,176,232	1,357,272	2,111,569
	April.....	421,935	1,536,033	1,078,050
	May.....	879,918	1,258,276	990,358
	June.....	1,147,836	1,535,006	2,240,138
	July.....	442,704	1,641,655	1,750,960
	August.....	333,399	1,200,704	803,188
	September.....	730,915	1,607,957	1,283,254
	October.....	1,055,618	1,267,513	1,035,960
	November.....	1,287,171	1,408,782	1,619,285
	December.....	1,076,668	1,333,433	1,878,358
1999	January.....	531,743	1,745,237	953,828
	February.....	1,323,152	1,267,106	1,107,154
	March.....	1,483,104	1,491,320	2,232,696
	April.....	741,728	1,648,520	1,185,032
	May.....	1,205,216	1,488,763	1,027,762
	June.....	1,666,217	1,541,035	2,470,983
	July.....	736,269	1,368,386	1,816,288
	August.....	288,367	1,248,535	849,518
	September.....	687,384	1,693,600	1,398,289
	October.....	982,695	1,462,778	1,044,046
	November.....	1,401,427	1,397,830	1,768,997
	December.....	1,030,260	1,399,963	2,034,603
2000	January.....	395,620	2,066,299	1,066,543
	February.....	1,395,376	1,409,745	1,138,233
	March.....	1,666,888	1,504,803	2,143,976
	April.....	1,027,715	1,741,973	1,165,093
	May.....	1,604,595	1,469,664	1,173,823
	June.....	1,900,436	1,701,292	2,602,891

^(a) The monthly receipt and disbursement projections for July 1, 1999 through June 30, 2000 are based on estimates provided by the Division of Executive Budget and Finance.

^(b) The receipt amounts shown in July 1997–1998 include the proceeds received at closing for the respective operating notes. See “OTHER OBLIGATIONS; Operating Notes” in the 1998 Annual Report. The disbursement amounts shown for February, March, April and May 1998–1999 include impoundment payments required in connection with the operating notes. Since operating notes were not issued in July 1999, the receipt amount in July 1999 and disbursement amounts in February, March, April and May 2000 do not include operating note receipts or impoundment payments.

Source: Wisconsin Department of Administration.

Table II-8; Balances in Funds Available for Interfund Borrowing (Page 47). Replace the table with the following:

BALANCES IN FUNDS AVAILABLE FOR INTERFUND BORROWING^(a)
July 1, 1997 to May 1, 1999 — Actual
June 1, 1999 to June 1, 2000 — Estimated^(b)
(Amounts in Millions)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
January		\$ 3,363	3,736	3,731
February		3,906	4,291	4,280
March		4,222	4,459	4,457
April		4,298	4,526	4,527
May		4,011	4,199	4,194
June		3,811	3,811 ^(b)	3,800
July	\$ 3,522	3,926	3,926	
August	3,825	4,236	4,214	
September	3,546	3,982	3,968	
October	3,456	3,822	3,821	
November	3,126	3,429	3,429	
December	3,177	3,465	3,463	

^(a) Consists of the following funds:

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

^(b) Estimated balances for June 1, 1999 and succeeding months include \$480 million (a portion of the estimated balance) for the local government pool of the available funds. The local government pool has varied from a low of \$63 million on July 1, 1983 to a high of \$4.426 billion on March 1, 1994. The pool is composed of funds deposited by local units of government that may be withdrawn without notice. Under Section 20.002(11) of the Statutes, interfund borrowing is limited to 5% of the total general-purpose revenue appropriations then in effect, which based on the proposed 1999–2000 budget is approximately \$525 million.

Source: Wisconsin Department of Administration.

Table II-9; Revenues Deposited to the General Fund (Page 48). Replace the table with the following:

REVENUES DEPOSITED TO THE GENERAL FUND^(a)
July 1, 1998 to April 30, 1999 compared with previous year
(Unaudited)

	Actual Receipts	Projected	Actual Receipts	Actual Receipts
	1997-98 FY^(b)	Receipts	July 1, 1997 to	July 1, 1998 to
		1998-99 FY	April 30, 1998	April 30, 1999
Individual Income Tax	\$ 5,047,325,000	\$ 5,052,400,000	\$ 3,898,514,084	\$ 4,074,476,065
General Sales and Use Tax ...	3,047,406,000	3,134,030,000	2,222,266,194	2,362,260,634
Corporate Franchise and Income Tax	627,024,000	654,700,000	499,419,930	486,348,664
Public Utility Taxes	288,358,000	272,600,000	165,610,876	144,019,878
Excise Taxes	299,091,000	310,700,000	217,948,251	230,258,521
Inheritance Taxes	80,111,000	55,000,000	67,421,036	108,232,908
Miscellaneous Taxes	148,109,000	183,237,500	101,683,883	113,660,754
SUBTOTAL.....	<u>9,537,424,000</u>	<u>9,662,667,500</u>	<u>7,172,864,254</u>	<u>7,519,257,424</u>
Federal Receipts.....	3,462,744,000	3,929,984,000	2,873,900,998	3,089,941,903
Dedicated and Other Revenues ^(c)	<u>2,701,044,000</u>	<u>2,504,552,000</u>	<u>2,379,138,909^(d)</u>	<u>2,183,129,249^(d)</u>
TOTAL.....	<u>\$15,701,212,000</u>	<u>\$16,097,203,500</u>	<u>\$12,425,904,161</u>	<u>\$12,792,328,576</u>

- (a) The amounts shown are based on the statutory accounting basis and not on GAAP. See "ACCOUNTING AND FINANCIAL REPORTING" in the 1998 Annual Report.
- (b) The amounts shown are the sum of all revenues for fiscal year 1997-98 based on the data used in the preparation of the Annual Fiscal Report, Budgetary Basis, for the year ending June 30, 1998.
- (c) The statutory basis of accounting requires that certain transfers between General Fund appropriations be recorded as both revenues and expenditures of the General Fund. The amount of these transfers may vary greatly between fiscal years, and therefore, this category may not be comparable on a historical basis.
- (d) The amounts shown do not reflect receipt from, the sale of operating notes, of \$450 million principal amount in fiscal year 1997-98 and \$350 million principal amount in fiscal year 1998-99 from the sale of operating notes.

Source: Wisconsin Department of Administration.

Table II-10; General Fund Expenditures by Function (Page 49). Replace the table with the following:

**GENERAL FUND EXPENDITURES BY FUNCTION^(a)
July 1, 1998 to April 30, 1999 compared with previous year
(Unaudited)**

	Actual Expenditures 1997-98 FY ^(b)	Appropriations 1998-99 FY	Actual Expenditures July 1, 1997 to April 30, 1998	Actual Expenditures July 1, 1998 to April 30, 1999
Commerce.....	\$ 193,084,000	\$ 195,817,600	\$ 150,473,443	\$ 154,187,824
Education.....	6,905,997,000	7,185,455,400	5,097,378,550	5,402,248,442
Environmental Resources.....	238,916,000	239,024,700	215,500,692	220,667,553
Human Relations & Resources...	5,573,049,000	6,013,539,700	4,442,778,167	4,683,028,809
General Executive.....	716,887,000	533,306,400	632,918,609	425,180,795
Judicial.....	90,711,000	89,565,900	77,076,926	80,936,061
Legislative.....	55,051,000	55,994,700	42,112,637	44,785,745
General Appropriations.....	<u>1,735,920,000</u>	<u>1,846,928,600</u>	<u>1,688,275,580</u>	<u>1,705,098,922</u>
TOTAL.....	<u>\$ 15,509,615,000</u>	<u>\$ 16,159,633,000</u>	<u>\$ 12,346,514,604</u>	<u>\$ 12,716,134,151</u>

(a) The amounts shown are based on the statutory accounting basis and not on GAAP. See "ACCOUNTING AND FINANCIAL REPORTING" in the 1998 Annual Report.

(b) The amounts shown are the sum of all expenditures for fiscal year 1997-98 based on the data used in the preparation of the Annual Fiscal Report, Budgetary Basis, for the year ending June 30, 1998.

Source: Wisconsin Department of Administration.

Appendix C

DEFINITIONS OF CERTAIN TERMS

The following definitions apply to capitalized terms used in this Official Statement.

Accreted Value means, with respect to any Capital Appreciation Bond, the initial principal amount at which such Capital Appreciation Bond is sold to the initial purchaser by the State without reduction to reflect underwriter's discount, compounded from the date of delivery of such Bonds semiannually on each interest payment date prior to the date of calculation (and including such date of calculation if such date of calculation shall be an interest payment date) at the original issue yield to maturity less, with respect to Bonds with interest payable on a current basis, interest paid and payable during such period plus, if such date of calculation shall not be an interest payment date, a portion of the difference between the Accreted Value as of the immediately preceding interest payment date and the Accreted Value as of the immediately succeeding interest payment date calculated based upon an assumption that Accreted Value accrues during any semiannual period in equal daily amounts (based on a 360-day year of twelve 30-day months); provided, however, that the calculation of Accreted Value for purposes of determining whether Bondowners of the requisite amount of Outstanding Bonds have given any requisite demand, authorization, direction, notice, consent or waiver under the General Resolution shall be based upon the Accreted Value calculated as of the interest payment date immediately preceding such date of calculation (unless such date of calculation shall be an interest payment date, in which case shall be calculated as of the date of calculation).

Act means Sections 281.58 and 281.59 of the Wisconsin Statutes, as amended.

Administrative Fund means the fund of that name established by the General Resolution.

Aggregate Debt Service for any period means, with respect to the Bonds, as of any date of calculation, the sum of the amounts of Debt Service for such period.

Authorized Officer means the Capital Finance Director of the State and any other person designated in writing to the Trustee by the Capital Finance Director or by the Commission as an Authorized Officer.

Bond or **Bonds** means any bond or bonds, as the case may be, authenticated and delivered under the General Resolution pursuant to a Series Resolution.

Bond Depository means, initially, The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York or any other bond depository appointed by the Commission to act as bond depository for the Bonds in connection with a book-entry-only system of distributing Bonds.

Bondowners or **Owner of Bonds** or **Owner** (when used with reference to Bonds) or any term of similar import means the person or party in whose name the Bond is registered.

Business Day means any day other than a Saturday or Sunday or other day on which commercial banks in the city in which the principal office of the Trustee is located are not open for business, except as may be provided in a Series or Supplemental Resolution.

Capital Appreciation Bond means Bonds which provide for the addition of all or any part of accrued and unpaid interest thereon to the principal due thereon upon such terms and for such periods of time as may be determined by the applicable Series Resolution.

Capitalized Interest Account means the account of that name established within the Debt Service Fund by the General Resolution.

Clean Water Fund Program means the program established pursuant to the Act and operated and administered as part of the Environmental Improvement Fund.

Code means the Internal Revenue Code of 1986, as amended from time to time, and all regulations promulgated thereunder to the extent applicable to any Bonds, Loans or Municipal Obligations, as the case may be.

Commission means the State of Wisconsin Building Commission or any successor body having the power under the Subchapter II of Chapter 18 of the Statutes to authorize and direct the issuance of Bonds.

Commitment means a notice of financial assistance commitment entered into between DNR, DOA and a Municipality.

Contribution Amount has the meaning set forth in the definition of “Loan Credit Reserve Fund Requirement.”

Costs of Issuance means, except as limited in any Series Resolution, any items of expense directly or indirectly payable by or reimbursable to the State and related to the authorization, sale and issuance of Bonds or Notes and the investment of the proceeds thereof, including, but not limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of Fiduciaries, legal fees and charges, professional consultants’ fees, costs of credit ratings, premiums for insurance of the payment of Bonds or Notes, or any fees and expenses payable in connection with any entity insuring the State, the Trustee or the owners of the Bonds or Notes against loss on Loans or Municipal Obligations, fees and charges for execution, transportation and safekeeping of Bonds or Notes, costs and expenses of refunding of Bonds or Notes, fees and expenses payable in connection with any Credit Facility, remarketing agreements, tender agent agreements or interest rate indexing agreements, and other costs, charges and fees in connection with the original issuance of Bonds or Notes.

Costs of Issuance Account means the account of that name established within the Administrative Fund by the General Resolution.

Counsel’s Opinion means an opinion signed by an attorney or firm of attorneys selected by or satisfactory to the State (who may be counsel to the State); provided, however, that for the purposes of Article II of the General Resolution (addressing authorization and issuance of Bonds) such term means an opinion signed by an attorney or firm of attorneys of recognized standing in the field of law relating to municipal bonds selected by the State and provided, further, that for the purposes of Section 8.08 of the General Resolution (addressing conditions for delivery of Municipal Obligations), such term means an opinion signed by an attorney or firm of attorneys selected by the Municipality and approved by the State.

Credit Facility means a letter of credit, revolving credit agreement, standby purchase agreement, surety bond, insurance policy, guaranty or similar obligation, arrangement or instrument issued by a bank, insurance company or other financial institution or the federal government or an agency thereof which (i) provides for payment of all or a portion of the principal of, Redemption Price of, or interest on any Series of Bonds, (ii) provides funds for the purchase of such Bonds or portions thereof, (iii) provides deposits for a fund or account under the General Resolution, or (iv) provides for or further secures payment of Loans or Municipal Obligations, provided that with respect to (iii) above, the issuer of which Credit Facility is rated, or the effect of which Credit Facility would cause bonds insured or secured thereby to be rated, in a rating category by each Rating Agency no lower than the then current rating on the Bonds (without such Credit Facility).

Debt Service for any period means, as of any date of calculation and with respect to any Series, an amount equal to the sum of (i) interest payable during such period on Bonds of such Series,

(ii) that portion of the Principal Installments for such Series which are payable during such period, and (iii) any “Reimbursement Obligation” or “Parity Reimbursement Obligation” as defined in the General Resolution. Such interest and Principal Installments for such Series shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof.

Debt Service Fund means the fund of that name established by the General Resolution.

Depository means any bank, trust company, or national banking association, which may be the Trustee, selected by the Commission and approved by the Trustee as a depository of moneys and securities held under the provisions of the General Resolution and its successor or successors.

Direct Loan means loans made primarily from the proceeds of federal Capitalization Grants, the State Match, or repayments of Direct Loans, and excludes any Leveraged Loan.

DNR means the State of Wisconsin Department of Natural Resources.

DOA means the State of Wisconsin Department of Administration.

DTC means The Depository Trust Company, New York, New York.

Environmental Improvement Fund means the nonlapsible trust fund of that name created by Section 25.43 of the Statutes.

EPA means the United States Environmental Protection Agency.

Expense Account means the account of that name established within the Administrative Fund established by the General Resolution.

Fees and Charges means all fees and charges, if any, charged by the State to Municipalities pursuant to the terms and provisions of Loans or Municipal Obligations but does not include principal of and interest on such Municipal Obligations.

Fiduciary or **Fiduciaries** means the Trustee, any Paying Agent, any Depository or any or all of them, as may be appropriate.

Financial Assistance Agreement means any agreement entered into between DNR, DOA, and a Municipality for financial assistance.

Fiscal Year means any 12 consecutive calendar months commencing with the second day of June and ending on the first day of the following June.

General Resolution means the Clean Water Revenue Bond General Resolution adopted by the Building Commission on March 7, 1991, as the same may be amended and supplemented from time to time.

Information Services means an institution or other service providing information with respect to called bonds, which shall include but not be limited to those identified in the General Resolution and others designated by an Authorized Officer.

Interest Account means the account of that name established within the Debt Service Fund by the General Resolution.

Loan or Leveraged Loan means a loan heretofore or hereafter made by the State to a Municipality from the Loan Fund pursuant to a Financial Assistance Agreement and the Act and funded from the Loan Fund.

Loan Credit Reserve Fund means the fund of that name established by the General Resolution.

Loan Credit Reserve Fund Requirement means and is calculated as follows:

(1) Upon the issuance of the initial Series of Bonds, an Authorized Officer delivered to the Trustee, with respect to each Rating Agency, a schedule of credit quality categories and loan credit reserve fund requirements (a “Schedule”) approved by such Rating Agency. Each Schedule sets forth the percentage of the annual debt service attributable to each Loan disbursement from the Loan Fund to be deposited in the Loan Credit Reserve Fund with respect to each Loan disbursement. A Schedule may be amended from time to time upon the presentation to the Trustee of a certificate of an Authorized Officer, supported by a certificate from the Rating Agency to which such Schedule applies, confirming that such amendment to the Schedule will not adversely affect the then-outstanding rating assigned to the Bonds by such Rating Agency.

(2) The amount required in the Schedules for each Loan disbursement from the Loan Fund (and if the Schedules provide for different amounts, then the higher amount) is the “Contribution Amount”.

(3) The Loan Credit Reserve Fund Requirement shall be, as of any date of calculation, the total Contribution Amount derived from each Schedule (and if the Schedules provide for a different total Contribution Amount, then the higher total Contribution Amount) that would be required were all disbursements from the Loan Fund outstanding to be disbursed on that date, based on the then-current Schedules.

Loan Fund means the fund of that name established by the General Resolution.

Loan Repayments or Leveraged Loan Repayments means any payment on a Loan pursuant to a Financial Assistance Agreement, or on the Municipal Obligations evidencing and securing the same, on account of the principal, interest, and premium, if any, due on such Loan, including without limitation scheduled payments of principal and interest on such Loan or Municipal Obligation, any payment made to cure a default, prepayments of principal or interest, and any additional amounts payable upon prepayment of such Loan or Municipal Obligations, and any amounts paid with respect to such Loan or Municipal Obligation on account of (i) acceleration of the due date of such Loan or such Municipal Obligation, (ii) the sale or other disposition of such Loan or the Municipal Obligations and other collateral securing such Loan, (iii) the receipt of proceeds of any insurance or guaranty of such Loan or Municipal Obligations or any Credit Facility applicable to such Loan or Municipal Obligations, and (iv) the exercise of any right or remedy granted to the State and available under law or the applicable Financial Assistance Agreement upon default on such Loan or Municipal Obligations but specifically excluding Fees and Charges.

Municipal Obligations means the bonds, notes, or other evidence of debt issued by any Municipality and authorized by law and which have heretofore been or will hereafter be acquired by the State as evidence of indebtedness of a Loan, Direct Loan, or Proprietary Loan to the Municipality pursuant to the Act. Municipal Obligations may constitute any of a combination of the following: a revenue obligation secured by a covenant to assess user fees and a pledge of the utility’s revenues, a revenue obligation secured by special assessments and other utility revenue and a pledge of the utility’s revenues, a general obligation secured by a tax levy and a pledge of all available financial resources of the Municipality.

Municipality means a political subdivision of the State constituting a “municipality” within the meaning of the Act, duly organized and existing under the laws of the State and any successor entity or a Federally recognized American Indian tribe or band in the State.

Non-SRF Account means account of that name established within the Loan Credit Reserve Fund.

Notes means any bond anticipation notes issued by the State pursuant to the Act.

NRMSIR means nationally recognized municipal securities information repository.

Outstanding, when used with reference to Bonds, other than Bonds referred to in Section 10.05 of the General Resolution (addressing Bonds owned or held by or for the account of the State), means, as of any date, Bonds theretofore or then being delivered under the provisions of the General Resolution, except: (i) any bonds cancelled by the Trustee or any Paying Agent at or prior to such date, (ii) any Bonds for the payment or redemption of which moneys equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held by the Trustee or the Paying Agents in Trust (whether at or prior to the maturity or redemption date), provided that if such Bonds are to be redeemed, irrevocable notice of such redemption shall have been given as provided in the General Resolution or provision satisfactory to the Trustee shall have been made for the giving of such notice, (iii) any Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to the General Resolution, and (iv) Bonds deemed to have been paid as provided in Article 12 of the General Resolution (addressing defeasance). In determining whether Bondowners of the requisite amount of Outstanding Bonds have given any requisite demand, authorization, direction, notice, consent or waiver under the General Resolution, the principal amount of a Capital Appreciation Bond that shall be deemed Outstanding for such purposes shall be the Accreted Value thereof.

Paying Agent for the Bonds of any Series means the bank, trust company, or national banking association, which may be the Trustee, and its successor or successors, appointed pursuant to the provisions of the General Resolution and a Series Resolution or any other resolution of the Commission adopted prior to authentication and delivery of the Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed.

Pledged Receipts means (i) all Loan Repayments, including both timely and delinquent payments, (ii) Fees and Charges held or collected by the State, (iii) any moneys received by the State under Section 281.59 (11)(b) of the Wisconsin Statutes (that is, State payments intercepted by DOA, and taxes collected by county treasurers) upon a default under a Municipal Obligation, (iv) any moneys made available to the Clean Water Fund Program pursuant to Section 281.59 (13m) of the Wisconsin Statutes (that is, the State “moral obligation” for individual Loans), (v) any moneys collected by recourse to collateral and security devices under the Municipal Obligations, and (vi) any other moneys held or received by the State or the Trustee relating to the Municipal Obligations.

Principal Account means the account of that name established within the Debt Service Fund by the General Resolution.

Principal Installment means, as of any date of calculation and with respect to any Series of Bonds Outstanding, (i) the principal amount or Accreted Value of Bonds of such Series due on any payment date for which no Sinking Fund Installments have been established, or (ii) the Sinking Fund Installment due on a date for Bonds of such Series, or (iii) if such dates coincide, the sum of such principal amount or Accreted Value of Bonds and of such Sinking Fund Installment(s) due on such future date; in each case in the amounts and on the dates as provided in the Series Resolution authorizing such Series of Bonds; provided, however, that Principal Installments shall not include the principal of Notes.

Project means any municipal project for the design, acquisition, construction, improvement, repair, reconstruction, renovation, or expansion of any municipal wastewater collection or treatment system or water supply system that is eligible for financing by the State pursuant to the Act.

Proprietary Loan means financial assistance made primarily from the proceeds of State general obligation bonds or repayment of Proprietary Loans, and excludes any Direct Loan or Leveraged Loan.

Rating Agency means a credit rating agency which is nationally recognized for skill and expertise in rating the credit of obligations similar to the Bonds and which has assigned and currently maintains a rating on any Outstanding Bonds at the request of the State (which request may be withdrawn by the State so long as following such withdrawal of request, the Bonds are rated by at least two Rating Agencies), and any successor to any such agency by merger, consolidation or otherwise.

Rebate Fund means the fund of that name established by the General Resolution.

Record Date means, unless otherwise determined by a Series Resolution for a Series of Bonds, the close of business on the 15th day proceeding a payment date or, if such day shall not be a business day, the immediately preceding business day.

Redemption Account means the account of that name established within the Debt Service Fund by the General Resolution.

Redemption Price, when used with respect to a Bond other than a Capital Appreciation Bond, or a portion thereof to be redeemed, means the principal amount of such Bond or such portion thereof plus the applicable premium, if any, payable upon redemption thereof, plus interest to the redemption date, pursuant to the General Resolution and the applicable Series Resolution, but, when used with respect to a Capital Appreciation Bond, “Redemption Price” means the Accreted Value on the date of redemption of such Bond or portion thereof plus the applicable premium, if any.

Refunding Bonds means all Bonds constituting the whole or a part of a Series of Bonds delivered on original issuance to refund other Bonds.

Revenue Fund means the fund of that name established by the General Resolution.

Series of Bonds or Bonds of a Series or words of similar meaning means the series of Bonds authorized by a Series Resolution.

Series Resolution means a resolution of the Building Commission authorizing the issuance of a Series of Bonds in accordance with the terms and provisions of the General Resolution.

Sinking Fund Installment means, as of any particular date of calculation, (i) the amount required by the General Resolution and a Series Resolution to be deposited by the State for the retirement of Bonds which are stated to mature subsequent to such date or (ii) the amount required by the General Resolution and a Series Resolution to be deposited by the State on a date for the payment of Bonds at maturity on a subsequent date.

SRF Account means the account of that name established within the Loan Credit Reserve Fund by the General Resolution.

State means the State of Wisconsin.

State Equity Fund means the fund of that name established by the General Resolution.

Subsidy Fund means the fund of that name established by the General Resolution.

Subsidy Fund Requirement means that amount which, when invested as permitted in the General Resolution, is projected by an Authorized Officer to result in an amount being available during each period commencing immediately following the dated date of the initial Series of Bonds and thereafter an interest payment date and ending on the next interest payment date (a “Period”) which is at least equal to the amount by which Aggregate Debt Service payable during the period exceeds the sum of (i) scheduled disbursements from the Capitalized Interest Account and (ii) Loan Repayments scheduled to be received during the Period from sources other than transfers of Loan capitalized interest from the Loan Fund. In making the projections set forth above, the State may treat undisbursed amounts in the Loan Fund as if (a) such undisbursed

amounts are invested at an appropriate rate of interest to the final maturity of Bonds and (b) such undisbursed amounts and the earnings thereon are transferred from time to time to the Revenue Fund to pay debt service, and for purposes of calculating the Subsidy Fund Requirement, such amounts may be treated as if they were Loan Repayments made pursuant to clause (ii) above; provided that prior to each Loan disbursement the State recalculates the Subsidy Fund Requirement assuming for purposes of calculation that the disbursement has been made (and the amount is repayable in accordance with the applicable Municipal Obligations), and if such calculation fails to confirm that following the disbursement the Subsidy Fund Requirement is met, the State refrains from making a requisition for the disbursement.

Subsidy Fund Transfer Amount means that amount equal to the amount by which Aggregate Debt Service payable during the Period (as such term is used in the definition of Subsidy Fund Requirement) exceeds the sum of (i) Loan Repayments scheduled to be received and delinquent Loan Repayments actually received during the Period, (ii) earnings on the Loan Credit Reserve Fund deposited in the Revenue Fund during the Period, (iii) any moneys on deposit in the Revenue Fund, the Interest Account of the Debt Service Fund, or the Principal Account of the Debt Service Fund at the beginning of the Period, (iv) any amounts in the Loan Fund transferred to the Revenue Fund during the Period as directed in a certificate of an Authorized Officer, and (v) amounts scheduled to be transferred from the Capitalized Interest Account to the Interest Account during such Period.

Supplemental Resolution means a resolution supplemental to or amendatory of the General Resolution, adopted by the Commission in accordance with the General Resolution.

Trustee means Firststar Trust Company, now known as Firststar Bank Milwaukee, National Association and its successor or successors and any other bank, trust company or national banking association at any time substituted in its place pursuant to the General Resolution.

Appendix D

LOAN CREDIT RESERVE FUND SCHEDULES

Introduction

The General Resolution establishes the amount and timing of funds and securities required to be deposited or on deposit in the Loan Credit Reserve Fund, based on Schedules reviewed by no less than two Rating Agencies. The State, with the consent of a Rating Agency, may from time to time change the Schedule previously approved by such Rating Agency so long as the change does not adversely affect the then-current rating on the Bonds. To the extent the amount of the deposit or amount on deposit required by the Schedule approved by one Rating Agency differs from the amount required by the Schedule approved by another Rating Agency, the larger amount is required. As of June 30, 1999 the amount held in the Loan Credit Reserve Fund was \$51.9 million, and the amount required on such date was \$46.2 million.

Current Schedules

The Bonds are currently rated AA+ by Fitch IBCA, Inc. (**Fitch IBCA**), Aa2 by Moody's Investors Service, Inc. (**Moody's**) and AA+ by Standard & Poor's Ratings Services (**S&P**). Each of the following Schedules has been approved by the respective Rating Agency indicated.

Fitch IBCA, Inc.

Based on certain credit characteristics, each Loan will be assigned to one of six credit categories, which are explained below. Any assignment of a Loan to a credit category other than "Not Rated; Interceptable State Aid Factor 2.0 or Greater" or "Not Rated; Interceptable State Aid Factor Less Than 2.0" is subject to review by Fitch IBCA. The amount required to be deposited or on deposit in the Loan Credit Reserve Fund with respect to a particular Loan and any amounts disbursed under that Loan differs, depending on the borrower. The Municipality with total outstanding General Resolution Leveraged Loans in a credit category below that of the Bonds, such that the Municipality's outstanding Loan amount is larger than that of any other Municipality with outstanding Loans in credit categories below that of the Bonds, is the "Largest Borrower Below Bond Credit Quality". The required deposit attributable to the Largest Borrower Below Bond Credit Quality shall equal the total of all debt service payments attributable to the Loan or Loans to that Borrower over the four-year period in which such debt service payments are the greatest. For any Loans to borrowers other than the Largest Borrower Below Bond Credit Quality, the required deposit shall equal the product of the total of all debt service payments attributable to such Loans over the four-year period in which such debt service payments are the greatest times the factor, described below, assigned to Loans of the applicable credit category.

Loans are currently assigned to credit categories based on one or more of the following characteristics, (1) the Fitch IBCA rating given to the Municipal Obligation (or its lack of a Fitch IBCA rating), (2) the credit quality estimate for the Municipal Obligation based on information available to Fitch IBCA from sources it believes to be reliable, or (3) the anticipated amount of annual State payments that can potentially be intercepted by DOA.

The State recognizes that the credit quality estimate, or "shadow rating", is not necessarily the official or public Fitch IBCA ratings for the Municipal Obligation and are used solely for purposes of analyzing the credit quality of the Bonds. The intercept power is described under "SECURITY AND SOURCE OF PAYMENT FOR BONDS; State Aid Intercept" in Part VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 1998 (**1998 Annual Report**). If the Municipal Obligation is not rated by Fitch IBCA, the State may request that Fitch IBCA assign a credit quality estimate, or "shadow rating", for the Municipal Obligation.

Credit categories to which Loans may be assigned by Fitch IBCA currently include the following:

“AAA” Credit Quality Category. A Loan is assigned to this category if its related Municipal Obligation is deemed to be of the highest credit quality, denoting the lowest expectation of credit risk. Assignments to this category are made only in cases of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

“AA” Credit Quality Category. A Loan is assigned to this category if its related Municipal Obligation is deemed to be of very high credit quality, denoting a very low expectation of credit risk. Assignments to this category are made in cases of very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

“A” Credit Quality Category. A Loan is assigned to this category if its related Municipal Obligation is deemed to be of high credit quality, denoting a low expectation of credit risk. Assignments to this category are made in cases of strong capacity for timely payment of financial commitments. Nevertheless, this capacity may be more vulnerable to changes in circumstances or in economic conditions than is the case for higher credit quality categories.

“BBB” Credit Quality Category. A Loan is assigned to this category if its related Municipal Obligation is deemed to be of good credit quality, denoting a currently low expectation of credit risk. Assignments to this category are made in cases of adequate capacity for timely payment of financial commitments. Adverse changes in circumstances and in economic conditions are more likely to impair this capacity than is the case for higher credit quality categories.

Not Rated; Interceptable State Aid Factor 2.0 or Greater. The anticipated amount of annual State payments that can potentially be intercepted by the State is determined by DOA based on the minimum of the five most recent years for which data are available of one source of State payments to the Municipality: State shared revenue. A Loan is currently assigned to this category if its related Municipal Obligation is (1) not rated by Fitch IBCA or categorized as being of speculative grade credit quality by Fitch IBCA and (2) the anticipated amount of annual State payments that can potentially be intercepted by the State equals or exceeds twice the maximum annual debt service payments on the entire amount of the Loan, whether or not the entire amount has been disbursed.

Not Rated; Interceptable State Aid Factor Less Than 2.0. A Loan is currently assigned to this category if its related Municipal Obligation is (1) not rated by Fitch IBCA or categorized as being of speculative grade credit quality and (2) the anticipated amount of annual State payments that can potentially be intercepted by the State is less than twice the maximum annual debt service payments on the entire amount of the Loan, whether or not the entire amount has been disbursed.

The following chart shows the current factor assigned to each of the six credit categories by Fitch IBCA.

<u>Category</u>	<u>Factor</u>
‘AAA’ Credit Quality Category	0%
‘AA’ Credit Quality Category	0
‘A’ Credit Quality Category	8
‘BBB’ Credit Quality Category	14
Not Rated; Interceptable State Aid Factor 2.0 or Greater	8
Not Rated; Interceptable State Aid Factor Less Than 2.0	36

The State recognizes that lower factors may be assigned to Loans related to Municipal Obligations that are deemed by Fitch IBCA to be general obligations secured by the Municipality's full faith and credit, based on Fitch IBCA's current rating guidelines for leveraged municipal loan pools. However, the State does not currently opt to assign such lower factors to such Loans, since the above factors result in a more conservative level of funding for the Loan Credit Reserve Fund.

The State recognizes that Fitch IBCA's rating on the Bonds is based only in part upon the level of funding in the Loan Credit Reserve Fund and the credit quality of borrowers from Bond funds. Other factors upon which the Bonds' rating is based currently include, but are not limited to, Fitch IBCA's general obligation bond rating for the State of Wisconsin, as well as structural and legal characteristics of the Clean Water Fund Program, Clean Water Fund Program management, Clean Water Fund Program loan underwriting practices, Clean Water Fund Program loan monitoring practices, and permitted Clean Water Fund Program investments. The State recognizes that factors upon which the Bonds' rating is based may change in the future. The State asserts that it expects to maintain the Loan Credit Reserve Fund at approximately the same proportional levels as it has since inception of the Clean Water Fund Program, and the State recognizes that the rating maintained by Fitch IBCA may be based on the maintenance of amounts greater than the amounts required under this particular Loan Credit Reserve Fund Schedule. The State agrees to maintain the Loan Credit Reserve Fund investments as either rated or ratable in the same credit rating category as the Bonds. The State further agrees that, if practicable, it will provide Fitch IBCA with at least 30 days notice of significant changes in either the credit quality or amounts maintained in the Loan Credit Reserve Fund.

Moody's Investors Service, Inc.

As part of the Schedule submitted to Moody's, the State has indicated that it will maintain the Loan Credit Reserve Requirement at a level that corresponds to certain Loan portfolio credit characteristics. The amount required to be deposited or on deposit in the Loan Credit Reserve Fund is the product of the average annual debt service of the outstanding, disbursed Loans times a factor of 120%, and is based on an evaluation of the Loans shown in APPENDIX A. A different factor may be applied if Loan portfolio credit characteristics change.

Standard & Poor's Ratings Services

Based on certain credit characteristics, each Loan will be assigned one of five categories, which are explained below. The amount required to be deposited or on deposit in the Loan Credit Reserve Fund with respect to a particular disbursement from the Loan Fund is the product of the maximum annual debt service payment on the Loan attributable to the disbursement times the factor assigned to that particular category.

The following chart shows the current factor assigned to each of the five categories by S&P. Following the chart is an explanation of the characteristics of each category.

<u>Category</u>	<u>Factor</u>
Higher Investment Grade Rating	0%
Medium Investment Grade Rating	40
Lower Investment Grade Rating	64
Not Rated; Greater State Aids	40
Not Rated; Lesser State Aids	140

Loans are categorized based on two characteristics: (1) the rating given to the Municipal Obligation (or its lack of a rating), and (2) the anticipated amount of annual State payments that can potentially be intercepted by DOA.

The intercept power is described under “SECURITY AND SOURCE OF PAYMENT FOR BONDS; State Aid Intercept” in Part VI of the 1998 Annual Report. If the Municipal Obligation is not rated by S&P, the State may request permission from S&P to assign the Municipal Obligation to a particular category.

The anticipated amount of annual State payments that can potentially be intercepted by DOA is determined by DOA based on the minimum of the five most recent years for which data are available of one source of State payments to the Municipality–State shared revenue.

Higher Investment Grade Rating. A Loan is assigned to this category if the Municipal Obligation is rated by S&P in either of the two highest rating categories (AAA;AA).

Medium Investment Grade Rating. A Loan is assigned to this category if the Municipal Obligation is rated by S&P in the third highest rating category (A). S&P may also permit a Loan to be assigned to this category, regardless of whether or not the Municipal Obligation is rated, in the event the State designates the Loan as one to which the State “moral obligation” applies. The State “moral obligation” is described in “SECURITY AND SOURCE OF PAYMENT FOR BONDS in the 1998 Annual Report.

Lower Investment Grade Rating. A Loan is assigned to this category if the Municipal Obligation is rated by S&P in the minimum investment grade rating category (BBB).

Not Rated; Greater State Aids. A Loan is assigned to this category if the Municipal Obligation: (1) either is not rated or is rated below investment grade and (2) the anticipated amount of annual State payments that can potentially be intercepted by the State equals or exceeds twice the average annual debt service payments on the entire amount of the Loan, whether or not the entire amount has been disbursed.

Not Rated; Lesser State Aids. A Loan is assigned to this category if the Municipal Obligation (1) either is not rated or is rated below investment grade and (2) the anticipated amount of annual State payments that can potentially be intercepted by the State is less than twice the average annual debt service payments on the entire amount of the Loan, whether or not the entire amount has been disbursed.

The State recognizes that the rating maintained by S&P is based in part upon the level of funds available in the Loan Credit Reserve Fund. The State asserts that it expects to maintain the Loan Credit Reserve Fund at approximately the same proportional levels as it has since inception of the Clean Water Fund Program, and the State recognizes that the rating maintained by S&P may be based on the maintenance of amounts greater than the amounts required under this Loan Credit Reserve Fund Schedule. The State agrees to maintain the Loan Credit Reserve Fund investments as either rated or ratable in the same rating category as the Bonds. The State further agrees that, if practicable, it will provide S&P with at least 30 days notice of significant changes in either the credit quality or amounts maintained in the Loan Credit Reserve Fund.

The State agrees that if the rating on or ratability of an investment in the Loan Credit Reserve Fund is based on either a credit enhancement policy or financial guarantee, the State will notify S&P not less than 30 days prior to the expiration of such policy and indicate what action, if any, is expected to be taken with respect to the credit quality of the investment.

Ratings on Municipal Obligations

Any explanation of the significance of a rating with respect to a Municipal Obligation may only be obtained from the Rating Agency furnishing the rating. There is no assurance that the rating given to a Municipal Obligation will be maintained for any period of time; a rating may be lowered or withdrawn entirely by the Rating Agency if in its judgment circumstances warrant.

Appendix E

FORM OF BOND COUNSEL OPINION

Upon delivery of the 1999 Series 1 Bonds, Michael Best & Friedrich LLP expects to deliver to the State a legal opinion in substantially the following form:

(Letterhead of Michael Best & Friedrich LLP)

\$80,000,000

State of Wisconsin

Clean Water Revenue Bonds, 1999 Series 1

We have acted as bond counsel in connection with the issuance by the State of Wisconsin (**State**) of \$80,000,000 aggregate principal amount of Clean Water Revenue Bonds, 1999 Series 1 (**1999 Series 1 Bonds**). We have examined: (1) the constitution and laws of the State, including particularly subchapter II of Chapter 18 and Sections 281.58 and 281.59 of the Wisconsin Statutes (**Act**); (2) a certified copy of the proceedings of record of the State preliminary to and in connection with the issuance of the 1999 Series 1 Bonds, including particularly 1991 State of Wisconsin Building Commission Resolution 5 dated March 7, 1991 entitled "Clean Water Revenue Bond General Resolution" (**General Resolution**), and 1999 State of Wisconsin Building Commission Resolution No. 11 dated May 19, 1999 entitled "Resolution Authorizing Not to Exceed \$120,000,000 Clean Water Revenue Bonds" (collectively, **Resolutions**); (3) the Internal Revenue Code of 1986, as amended (**Code**), including particularly Sections 103, 141 and 148 thereof; and (4) such other documents and records as we have deemed necessary to render this opinion. We have also examined one of the 1999 Series 1 Bonds and have found it to be in proper form.

The 1999 Series 1 Bonds are dated August 15, 1999; are payable as to interest on June 1 and December 1 in each year until maturity, commencing December 1, 1999; are issuable in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof; are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth in the 1999 Series 1 Bonds and in the Resolutions; and mature on the dates and in the principal amounts and will bear interest at the rates set forth below:

Maturity Schedule

<u>Year</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Year</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2001	\$2,505,000	5.00%	2010	3,710,000	5.25%
2002	2,610,000	5.00	2011	\$3,890,000	5.25
2003	2,715,000	5.00	2012	4,090,000	5.25
2004	2,830,000	5.00	2013	4,300,000	5.50
2005	2,955,000	5.00	2014	4,525,000	5.50
2006	3,085,000	5.00	2015	4,760,000	5.50
2007	3,225,000	5.00	2016	5,015,000	5.50
2008	3,375,000	5.00	2017	5,280,000	5.50
2009	3,535,000	5.25	2018	5,560,000	5.50

\$12,035,000 5.75% Term Bond Due June 1, 2020

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

and enforcement of the provisions of: (1) the Tax Regulatory Agreement, dated the date hereof, and (2) the Financial Assistance Agreement to be entered into between the State and each municipal borrower. The rights of the owners of the 1999 Series 1 Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion in accordance with general principles of equity.

Based on the foregoing, we are of the opinion that, as of the date hereof:

1. The State has the valid right and lawful authority to issue the 1999 Series 1 Bonds, to provide financial assistance to local governmental units for the improvement of publicly owned wastewater treatment facilities, to adopt the Resolutions and to perform its obligations under the terms and conditions of the Resolutions.
2. The Resolutions have been duly and lawfully adopted by the Building Commission, are in full force and effect, and constitute valid and binding obligations of the State enforceable in accordance with their terms.
3. The General Resolution creates the valid pledge that it purports to create of the "Pledged Receipts," as defined in the General Resolution, and other revenues, receipts, funds or moneys pledged under the General Resolution.
4. The 1999 Series 1 Bonds are valid and binding revenue obligations of the State secured by a pledge in the manner and to the extent set forth in the General Resolution and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the General Resolution on a parity with all other obligations that have been heretofore or may be hereafter issued under the General Resolution.
5. The 1999 Series 1 Bonds are not general obligations of the State, its agencies, instrumentalities or political subdivisions, and the 1999 Series 1 Bonds do not constitute "public debt" of the State as that term is used in the constitution and laws of the State. The State is not obligated to pay the principal or redemption price of or interest on the 1999 Series 1 Bonds from any funds of the State other than those pledged pursuant to the Resolutions, and neither the faith nor credit nor taxing power of the State or any agency, instrumentality or political subdivision thereof is pledged to the payment of the principal or redemption price of or interest on the 1999 Series 1 Bonds.
6. The provisions of the Act relating to the State's moral obligation do not violate the constitution of the State or any law of the State, but such provisions do not constitute a legally enforceable obligation or create debt on behalf of the State.
7. Interest on the 1999 Series 1 Bonds is excluded for federal income tax purposes from the gross income of the owners of the 1999 Series 1 Bonds under existing law.
8. Interest on the 1999 Series 1 Bonds will not be included as an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals and corporations, although it should be noted that interest on the 1999 Series 1 Bonds is included in a corporation's "modified alternative minimum taxable income" for the purposes of the tax imposed pursuant to Section 59A of the Code. Interest on the 1999 Series 1 Bonds is included in a corporation's "adjusted current earnings" for the purpose of adjustments to the "alternative minimum taxable income" of a corporation (other than an S corporation, a regulated investment company, a real estate investment trust or a REMIC) under Section 55 of the Code. Moreover, ownership of 1999 Series 1 Bonds may result in collateral federal income tax consequences to financial institutions, property and casualty

insurance companies, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry 1999 Series 1 Bonds. In addition, certain foreign corporations doing business in the United States may be subject to a “branch profits tax” on their effectively connected earnings and profits, including interest on the 1999 Series 1 Bonds.

Very truly yours,

MICHAEL BEST & FRIEDRICH LLP