

Legal Investment

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

Legal Opinion

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

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

Tax Matters

Series C Bonds

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

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

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of each Series C Bond maturing (collectively, the "Discount Bonds"), to the extent properly allocable to each owner of a Discount Bond, is excluded from gross income for federal income tax purposes to the same extent that any interest payable on such Discount Bond is or would be excluded from gross income for federal income tax purposes. The original issue discount is the excess of the stated redemption price at maturity of a Discount Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discount Bonds were sold (the "Issue Price").

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

close of each accrual period and properly adjusted for the length of each accrual period), less (iii) any interest payable on such Discount Bond during such accrual period.

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

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

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

Each Series C Bond maturing (collectively, the "Premium Bonds") has an issue price that is greater than the amount payable at maturity of such Bond.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the owner owned such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of such Premium Bond.

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

Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of the Premium Bonds.

The Code contains numerous provisions which could affect the economic value of the Series C Bonds to particular Bondowners. For example, (i) Section 265 of the Code denies a deduction for interest on any indebtedness incurred or continued to purchase or carry the Series C Bonds or, in the case of financial institutions, a portion of an owner's interest expense allocable to interest on the Series C Bonds, (ii) property and casualty insurance companies will be required in each taxable year to reduce the amount of their deductible losses by 15% of the amount of tax-exempt interest received or accrued during such taxable year, including interest on the Series C Bonds, and life insurance companies are subject to similar provisions under which taxable income is increased by reason of receipt or accrual of tax-exempt interest, (iii) interest on the Series C Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iv) passive investment income, including interest on the Series C Bonds, may be subject to federal income taxation under Section 1375 of the Code for S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of the S corporation is passive investment income, and (v) Section 86 of the Code requires certain recipients of social security

and railroad retirement benefits to include a portion of such benefits in gross income by reason of receipt or accrual of interest on the Series C Bonds. A portion of the original issue discount that accrues in each year to an owner of a Discount Bond may result in collateral federal income tax consequences similar to the consequences of receipt of interest on the Series C Bonds and may result in tax liability in the year of accrual, even though the owner of the Discount Bond will not receive a corresponding cash payment until a year later. The foregoing is not intended to be an exhaustive discussion of collateral tax consequences arising from ownership of the Series C Bonds. There may be other provisions of the Code which could adversely affect the value of an investment in the Series C Bonds for particular Bondowners. Investors should consult their own tax advisors with respect to the tax consequences of owning a Series C Bond.

Series D Bonds (Taxable)

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

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

For federal income tax purposes each Series D Bond (Taxable) maturing (collectively, the "Discount Series D Bonds (Taxable)") is treated as having original issue discount. Although certain other Series D Bonds (Taxable) maturing are being issued at prices that are less than their respective principal amounts, these other Series D Bonds (Taxable) are not treated as having original issue discount for federal income tax purposes, because the amount of discount is less than the applicable *di minimis* amount. The amount of original issue discount for a Discount Series D Bond (Taxable) equals the excess of the stated redemption price at maturity of such Discount Series D Bond (Taxable) over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discount Series D Bonds (Taxable) were sold (the "issue price"). The State will report annually (or more often, if required) to the Internal Revenue Service information with respect to the original issue discount accruing on the Discount Series D Bonds (Taxable).

With respect to an owner who purchases a Discount Series D Bond (Taxable) upon original issue at the issue price, the amount of original issue discount that accrues during any accrual period equals (i) the "adjusted issue price" of the Discount Series D Bond (Taxable) at the beginning of the accrual period (which price equals the issue price of such Discount Series D Bond (Taxable) plus the amount of original issue discount that has accrued on a constant-yield basis in all prior accrual periods) multiplied by (ii) the yield to maturity of such Discount Series D Bond (Taxable) (determined on the basis of compounding at the close of each accrual period and properly

adjusted for the length of each accrual period), less (iii) any interest payable on such Discount Series D Bond (Taxable) 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.

Except in the case of an owner who is a foreign person and who is not subject to federal income tax on income derived from a Discount Series D Bond (Taxable) (see the discussion below regarding foreign persons), an owner of a Discount Series D Bond (Taxable) must include in gross income for federal income tax purposes the amount of original issue discount accrued with respect to each day during the taxable year that the owner owns such Discount Series D Bond (Taxable). Such an inclusion in advance of receipt of the cash attributable to the income is required even if the owner is on the cash method of accounting for federal income tax purposes. The amount of original issue discount that is includable in an owner's gross income will increase the owner's tax basis in the Discount Series D Bond (Taxable). The adjusted tax basis in a Discount Series D Bond (Taxable) will be used to determine taxable gain or loss upon a disposition (e.g., upon a sale, exchange, redemption or payment at maturity) of such Discount Series D Bond (Taxable).

If a Discount Series D Bond (Taxable) is purchased for a cost that exceeds the adjusted issue price, the amount of original issue discount that is deemed to accrue thereafter to the purchaser will be reduced to reflect the amortization of such excess over the remaining life of the Discount Series D Bond (Taxable).

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

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

In the case of a sale or exchange (including a redemption) of a Series D Bond (Taxable), the owner will recognize gain or loss equal to the difference, if any, between the amount received and his/her adjusted tax basis in the Series D Bond (Taxable). With respect to a Series D Bond (Taxable) that is held as a "capital asset" within the meaning of Section 1221 of the Code and that is not held as part of "conversion transaction" within the meaning of Section 1258 of the

Code, any gain or loss will be treated as a capital gain or loss, except to the extent that any gain is treated as ordinary income under the "market discount" rules as described above.

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

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

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

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

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

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

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

A 31% backup withholding tax applies to certain payments of interest and principal on, and any proceeds of a sale or exchange (including a redemption) of the Series D Bonds (Taxable). In the case of an owner that is not a foreign person, backup withholding generally will apply only if such owner fails to furnish its correct taxpayer identification number, is notified by the Internal Revenue Service that such owner has failed to report properly payments of interest or dividends, or fails to provide a required certification under penalties of perjury.

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

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

REGARDING DISCLOSURE

Continuing Disclosure

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

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

Disclosure Certificate

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

information obtained or derived from various United States Government publications referenced in this Official Statement.

Additional Information

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

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

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

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

Dated: September 17, 1997

STATE OF WISCONSIN

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

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

Robert Brandherm, Secretary
State of Wisconsin Building Commission

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Appendix A

INFORMATION ABOUT THE STATE

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

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

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

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

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

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

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

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

Budget for 1996-97

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

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

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

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

Proposed Budget for 1997-99

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

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

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

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

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

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

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

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

STATE BUDGET—ALL FUNDS^(a)

	Actual ^(b) 1995-96	Budget 1995-96	Budget 1996-97	Governor's Proposed Budget 1997-98	Governor's Proposed Budget 1998-99
RECEIPTS					
Fund Balance from Prior Year.....	\$ 400,881,000	\$ 408,880,400	\$ 579,943,800	\$ 138,980,800	\$ 129,646,900
Tax Revenue					
Individual Income.....	4,183,604,000	4,160,100,000	4,465,000,000	4,740,000,000	5,014,800,000
General Sales and Use.....	2,704,226,000	2,710,000,000	2,860,000,000	3,017,500,000	3,191,500,000
Corporate Franchise and Income.....	636,010,000	630,000,000	640,000,000	637,000,000	658,500,000
Public Utility.....	285,288,000	284,600,000	295,600,000	273,700,000	269,600,000
Excise					
Cigarette/Tobacco Products.....	205,350,000	206,300,000	206,400,000	225,400,000	225,000,000
Liquor and Wine.....	30,813,000	30,500,000	30,800,000	30,500,000	30,500,000
Malt Beverage.....	9,187,000	9,000,000	9,000,000	9,000,000	9,000,000
Inheritance, Estate & Gift.....	45,602,000	41,000,000	44,000,000	45,000,000	45,000,000
Insurance Company.....	92,285,000	96,000,000	92,500,000	93,000,000	93,500,000
Other.....	830,664,000	43,900,000 ^(c)	45,200,000 ^(c)	47,200,000 ^(c)	48,300,000
Subtotal.....	9,023,029,000	8,231,400,000	8,688,500,000	9,118,300,000	9,585,700,000
Nontax Revenue					
Departmental Revenue.....	128,256,000	174,683,100	150,409,000	141,949,100	141,805,900
Total Federal Aids.....	3,275,795,000	3,850,830,600	3,891,800,700	4,179,363,600	4,174,821,800
Total Program Revenue.....	2,179,107,000	2,185,416,200	1,975,161,400	2,304,377,500	2,374,351,500
Total Segregated Funds.....	2,705,320,000	1,908,291,300	1,910,832,300	2,073,543,800	1,962,670,500
Fund Transfers In.....	NA	NA	NA	261,605,900	NA
Bond Authority.....	330,950,000	305,000,000	330,000,000	415,000,000	430,000,000
Employee Benefit Contributions ^(d)	6,200,903,000	3,737,890,089	3,976,959,649	4,542,998,211	4,840,878,164
Subtotal.....	14,820,331,000	12,162,111,289	12,235,163,049	13,918,838,111	13,924,527,864
Total Available.....	\$ 24,244,241,000	\$ 20,802,391,689	\$ 21,503,606,849	\$ 23,176,118,911	\$ 23,639,874,764
DISBURSEMENTS AND RESERVES					
Commerce.....	\$ 575,240,000	\$ 305,755,800	\$ 361,145,100	\$ 398,186,300	\$ 375,757,600
Education.....	5,978,715,000	6,008,360,200	6,645,449,700	7,071,045,800	7,191,194,600
Environmental Resources.....	2,057,321,000	1,966,661,500	1,955,734,400	2,018,992,800	2,037,057,400
Human Relations and Resources.....	5,623,499,000	5,507,561,200	5,446,078,300	5,808,085,700	5,955,695,400
General Executive.....	2,146,487,000	437,336,900	568,192,600	594,291,600	595,914,900
Judicial.....	82,503,000	82,558,300	87,716,700	87,927,900	88,178,300
Legislative.....	50,048,000	50,169,100	50,119,600	51,840,600	51,799,900
General Appropriations.....	2,191,850,000	1,827,543,400	1,816,969,400	2,062,722,100	1,955,825,000
General Obligation Bond Program.....	309,320,000	305,000,000	330,000,000	415,000,000	430,000,000
Employee Benefit Payments ^(d)	1,317,768,000	1,695,305,629	1,843,607,584	1,889,607,836	2,019,386,350
Reserve for Employee Benefit Payments ^(d)	4,883,135,000	2,042,584,460	2,133,352,065	2,653,390,375	2,821,491,814
Subtotal.....	25,215,886,000	20,229,036,489	21,238,365,449	23,051,091,011	23,522,301,264
Less: (Lapses).....	NA	(41,322,800)	(193,300,300)	(39,144,100)	(46,698,800)
Compensation Reserves.....	NA	18,235,000	46,382,400	32,307,900	63,730,700
Required Statutory Balance.....	NA	82,598,400	91,999,900	95,681,200	98,033,100
Fund Transfers Out.....	NA	3,503,800	260,078,500	2,217,200	2,108,600
Federal Retiree Reserve.....	NA	26,600,000	13,100,000	NA	NA
Other.....	NA	NA	NA	NA	NA
Change in Continuing Balance.....	(1,553,335,000)	NA	NA	NA	NA
Total Disbursements & Reserves.....	\$ 23,662,551,000	\$ 20,318,650,889	\$ 21,456,625,949	\$ 23,142,153,211	\$ 23,639,474,864
Fund Balance.....	\$ 581,690,000	\$ 483,740,800	\$ 46,980,900	\$ 33,965,700	\$ 399,900
Undesignated Surplus.....	\$ 581,690,000	\$ 566,339,200	\$ 138,980,800	\$ 129,646,900	\$ 98,433,000

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

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

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

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

Source: Wisconsin Department of Administration.

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

STATE BUDGET—GENERAL FUND^(a)

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

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

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

Source: Wisconsin Department of Administration.

STATE BUDGET; Potential Effect of Litigation; Special Performance Dividend (Page Part II-17).

Add the following:

On January 17, 1997, the State Supreme Court ruled that the Special Investment Performance Dividend (the "SIPD"), which has been paid from January 1988 to the present, is unconstitutional. The case was remanded to the Circuit Court, with directions that the Circuit Court order defendants to pay from the State treasury to the fixed annuity reserve account of the Wisconsin Retirement System an amount equal to all disbursed SIPD payments (including a \$3.8 million reimbursement to the State for State funds advanced to finance the SIPD), plus interest at the "effective rate" for the fixed annuity division of the Wisconsin Retirement System on all SIPD payments from the date that the payments left the annuity reserve account. The Circuit Court must approve any settlement as well as the mode and timing of the settlement.

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

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

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

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

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

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

GENERAL FUND MONTHLY CASH POSITION
July 1, 1995 through July 31, 1997 — Actual
August 1, 1997 through June 30, 1998 — Estimated^(a)
(Amounts in Thousands)

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

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

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

Source: Wisconsin Department of Administration.

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

BALANCES IN FUNDS AVAILABLE FOR INTERFUND BORROWING^(a)

July 1, 1995 to August 1, 1997 — Actual
 September 1, 1997 to June 1, 1998 — Estimated^(b)
 (Amounts in Millions)

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

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

Source: Wisconsin Department of Administration.

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

General Obligations

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

Operating Notes

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

Master Lease Program

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

State Revenue Obligations

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

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

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

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

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

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

- (a) The amounts shown are based on the statutory accounting basis and not on GAAP. See "STATE GOVERNMENT ORGANIZATION AND FINANCIAL PROCEDURES; Accounting and Financial Reporting" in the Annual Report.
- (b) The amounts shown are the sum of all revenues for fiscal year 1995-96 based on the data used in the preparation of the Annual Fiscal Report, Budgetary Basis, for the year ending June 30, 1996.
- (c) The statutory basis of accounting requires that certain transfers between General Fund appropriations be recorded as both revenues and expenditures of the General Fund. The amount of these transfers may vary greatly between fiscal years, and therefore, this category may not be comparable on a historical basis.
- (d) The amounts shown do not reflect receipt of \$250 million principal amount in fiscal year 1995-96 and \$150 million principal amount in fiscal year 1996-97 from the sale of operating notes.

Source: Wisconsin Department of Administration.

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

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

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

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

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

Source: Wisconsin Department of Administration.

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

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

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

Average Maturity for the Last Six Months

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

Summary of Investment Fund Participants

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

Source: State of Wisconsin Investment Board

Table III-2; Outstanding General Obligations by Issue (Pages Part III-9 through Part III-12).
 Replace the table with the following:

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

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

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

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

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

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

<u>Financing</u>	<u>Date of Financing</u>	<u>Maturity</u>	<u>Amount of Issuance</u>	<u>Amount Outstanding</u> ^(a)
1995- Bonds Series A.....	1/15/95	1996-2015	231,315,000	120,840,000
Refunding Bonds, Series 1.....	2/15/95			
Serial Bonds.....		1999-2000	4,350,000	4,350,000
Serial Bonds.....		2004	860,000	860,000
Serial Bonds.....		2007-	10,525,000	10,525,000
Bonds Series B.....	2/15/95			
Term Bonds.....		2016	4,215,000	4,215,000
Term Bonds.....		2020	7,920,000	7,920,000
Term Bonds.....		2025	17,130,000	17,130,000
Note, Series B.....	7/6/95	2005	361,623	308,130
Bonds CWF Series 1.....	8/23/95	1996-2015	5,000,000	4,635,703
Bonds Series C.....	6/15/95	1997-2016	97,480,000	92,535,000
Refunding Bonds Series 2.....	10/15/95			
Serial Bonds.....		1997-2000	5,780,000	5,780,000
Serial Bonds.....		2004-2005	2,715,000	2,715,000
Serial Bonds.....		2007-2015	34,355,000	34,355,000
1996- Bonds Series A.....	1/15/96	1997-2016	158,080,000	152,630,000
Refunding Bonds, Series 1.....	2/15/96	1996-2015	104,765,000	102,760,000
Bonds Series B.....	5/15/96			
Serial Bonds.....		1998-1999	4,215,000	4,215,000
Serial Bonds.....		2007-2014	16,550,000	16,550,000
Term Bonds.....		2021	10,305,000	10,305,000
Term Bonds.....		2026	13,930,000	13,930,000
Bonds Series C.....	9/1/96	1998-2017	115,230,000	115,230,000
Bonds CWF Series A.....	8/29/96	2001-2011	5,000,000	4,683,144
Bonds Series D.....	10/15/96			
Serial Bonds.....		2007-2009	8,550,000	8,550,000
Term Bonds.....		2014	3,700,000	3,700,000
Term Bonds.....		2020	6,405,000	6,405,000
Term Bonds.....		2027	11,345,000	11,345,000
1997- Bonds CWF Series 1.....			5,000,000	5,000,000
Bonds Series A.....	3/15/97			
Serial Bonds.....		2006-2015	17,880,000	17,880,000
Serial Bonds.....		2017	5,760,000	5,760,000
Bonds Series 1.....	3/15/97			
Term Bonds.....		2021	8,065,000	8,065,000
Term Bonds.....		2028	13,295,000	13,295,000
<i>Total Long-Term General Obligations</i>			<u>\$8,797,537,196</u>	<u>\$3,143,095,460</u>
<i>Short-Term General Obligations</i>				
1997- Commercial Paper Series A.....	4/3/97		99,270,000	92,203,000
Commercial Paper Series B.....	7/15/97		\$ 82,670,000	\$ 25,001,000
<i>Total Short-Term General Obligations</i>			<u>\$ 181,940,000</u>	<u>\$ 117,204,000</u>
TOTAL GENERAL OBLIGATIONS			<u>\$8,979,477,196</u>	<u>\$3,260,299,460</u>

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

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

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

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

Source: Wisconsin Department of Administration.

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

DEBT STATEMENT
July 31, 1997

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

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

^(b) Includes the Transportation Fund and certain administrative facilities for the Department of Natural Resources.

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

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

Source: Wisconsin Department of Administration.

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

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

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

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

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

Source: State of Wisconsin Department of Administration.

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

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

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

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

Source: Wisconsin Department of Administration.

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

VETERANS HOUSING LOAN PROGRAM
60+ DAY LOAN DELINQUENCIES

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

Source: Wisconsin Department of Veterans Affairs.

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

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

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

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

Source: Wisconsin Department of Administration.

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

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

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

Source: Wisconsin Department of Veterans Affairs.

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

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

VETERANS MORTGAGE BONDS
SUBJECT TO SPECIAL REDEMPTION-Continued

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

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

Series	Dated	Maturities	Original Par Amount		Par Amount Outstanding ^(a)		Coupon	
			January	July	January	July		
1991 Series A (continued)	04/01/91	1997	150,000	175,000			6.20	
		1998	175,000	175,000	175,000	175,000	6.30	
		1999	175,000	175,000	175,000	175,000	6.40	
		2000	200,000	200,000	200,000	200,000	6.50	
		2001	225,000	250,000	225,000	250,000	6.60	
		2002	250,000	250,000	250,000	250,000	6.75	
		2003	250,000	300,000	250,000	300,000	6.90	
		2004	275,000	300,000	275,000	300,000	7.00	
		2005	325,000	325,000	325,000	325,000	7.10	
		2006	275,000		275,000		7.10	
		2011	5,825,000 ^(b)				6.75	
2021	18,400,000			18,400,000	7.50			
1992 Series B	06/01/92	1994	175,000	175,000			5.60	
		1995	175,000	180,000			5.60	
		1996	180,000	185,000			5.60	
		1997	190,000	200,000			5.60	
		1998	200,000	200,000	75,000	70,000	5.60	
		1999	210,000	215,000	80,000	75,000	5.75	
		2000	230,000	230,000	85,000	85,000	5.90	
		2001	250,000	255,000	90,000	90,000	6.00	
		2002	270,000	280,000	100,000	100,000	6.10	
		2003	290,000	295,000	105,000	110,000	6.20	
		2004	315,000	330,000	110,000	120,000	6.30	
		2005	340,000	355,000	125,000	130,000	6.40	
		2006	365,000	370,000	130,000	135,000	6.40	
		2007	370,000	400,000	135,000	145,000	6.50	
		2008	400,000		145,000		6.50	
		2012	4,000,000 ^(b)				6.00	
2022	18,220,000			6,605,000	6.60			
1993 Series 6	10/15/93		Original Par Amount		Par Amount Outstanding ^(a) <td rowspan="14">2.70/2.80</td>		2.70/2.80	
			May	November	May	November		
		1994	210,000	165,000				3.30
		1995	170,000	170,000				3.65
		1996	175,000	175,000				3.85
		1997	180,000	185,000		185,000		4.00
		1998	185,000	195,000	185,000	195,000		4.10
		1999	195,000	195,000	195,000	195,000		4.20
		2000	205,000	210,000	205,000	210,000		4.30
		2001	210,000	220,000	210,000	220,000		4.45
		2002	220,000	230,000	220,000	230,000		4.55
		2003	230,000	240,000	230,000	240,000		4.65
		2004	240,000	250,000	240,000	250,000		4.75
		2005	255,000	260,000	255,000	260,000		4.85
2006	270,000	270,000	270,000	270,000	5.15			
2010	2,125,000		2,125,000		5.25			
2013	2,150,000		2,150,000		5.30			
2016	10,215,000			10,215,000				

VETERANS MORTGAGE BONDS
SUBJECT TO SPECIAL REDEMPTION-Continued

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

VETERANS MORTGAGE BONDS
SUBJECT TO SPECIAL REDEMPTION-Continued

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

paragraph are subject to the condition that the State comply with all requirements of the Internal Revenue Code of 1986, as amended, and other federal tax legislation that must be satisfied subsequent to the issuance of the Series C Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The State has covenanted to comply with each such requirement to the extent it may lawfully do so. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series C Bonds in gross income for federal income tax purposes retroactively to the date of issuance of the Series C Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series C Bonds.

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

Very truly yours,

FOLEY & LARDNER

Appendix C

AMORTIZATION STRUCTURE OF SERIES D BONDS (TAXABLE)

Year (November 1)	15-Year Loan Structure for HILP*	30-Year Loan Structure for Housing Loans*	Total Series D Bonds (Taxable)
1999	\$ 155,000	\$ 395,000	\$ 550,000
2000	165,000	420,000	585,000
2001	180,000	455,000	635,000
2002	190,000	490,000	680,000
2003	210,000	520,000	730,000
2004	220,000	560,000	780,000
2005	235,000	600,000	835,000
2006	255,000	645,000	900,000
2007	275,000	695,000	970,000
2008	290,000	740,000	1,030,000
2009	315,000	795,000	1,110,000
2010	340,000	855,000	1,195,000
2011	360,000	915,000	1,275,000
2012	390,000	985,000	1,375,000
2013	420,000	1,060,000	1,480,000
2014		1,140,000	1,140,000
2015		1,235,000	1,235,000
2016		1,325,000	1,325,000
2017		1,430,000	1,430,000
2018		1,545,000	1,545,000
2019		1,670,000	1,670,000
2020		1,805,000	1,805,000
2021		1,945,000	1,945,000
2022		2,105,000	2,105,000
2023		2,275,000	2,275,000
2024		2,450,000	2,450,000
2025		2,650,000	2,650,000
2026		2,865,000	2,865,000
2027		3,090,000	3,090,000
2028		3,340,000	3,340,000
TOTALS	\$ 4,000,000	\$ 41,000,000	\$ 45,000,000

* Assumes a mortgage loan rate of 6.70%

