

CA 82-106

CERTIFICATE

STATE OF WISCONSIN)
OFFICE OF THE) SS
COMMISSIONER OF SECURITIES)

RECEIVED

AUG 20 1982

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS: Revisor of Statutes
Bureau

I, Richard R. Malmgren, Commissioner of the State of Wisconsin Office of the Commissioner of Securities and custodian of the official records of said agency do hereby certify that the annexed rules relating to the Rules of the Commissioner of Securities with respect to designating alternative accounting guidelines for the preparation of financial statements for certain governmental issuers of securities, adopting registration exemptions for certain kinds of governmental securities, and prescribing an exemption examination fee, were duly approved and adopted by this agency on August 20, 1982.

I further certify that said copy has been compared by me with the original on file in this agency and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of the Office of the Commissioner of Securities in the city of Madison, this 20th day of August, 1982.

(SEAL)

Richard R. Malmgren
RICHARD R. MALMGREN
Commissioner of Securities
State of Wisconsin

10-1-82

ORDER OF
THE OFFICE OF THE
COMMISSIONER OF SECURITIES
STATE OF WISCONSIN
AMENDING AND ADOPTING RULES

To amend SEC 7.01(2)(f); and to create SEC 2.01(1)(c) and (d), SEC 2.01(9), (10) and (11), and SEC 2.02(10)(h), relating to the Rules of the Commissioner of Securities with respect to designating alternative accounting guidelines for the preparation of financial statements for certain governmental issuers of securities, adopting registration exemptions for certain kinds of governmental securities, and prescribing an exemption examination fee.

Pursuant to authority vested in the Office of the
Commissioner of Securities by secs. 551.63(1),
551.22(1), 551.22(17), 551.23(18) and 551.52(3), Wis.
Stats., the Wisconsin Commissioner of Securities adopts
rules interpreting secs. 551.22(1), 551.22(17), 551.23(18)
and 551.52(3), Wis. Stats. as follows:

1 SECTION 1. Section SEC 2.01(1)(c) of the Wis. Adm. Code
2 is created to read:

3 SEC 2.01(1)(c) For purposes of the registration exemption
4 provision of s. 551.22(1), Stats., requiring the financial
5 statements of certain issuers to be prepared according to
6 generally accepted accounting principles or guidelines which
7 the Commissioner of Securities designates by rule, a security is
8 exempted from registration thereunder if:

9 1. The issuer's annual financial statements for fiscal
10 years commencing on or after January 1, 1982, are prepared according
11 to generally accepted accounting principles as established by the
12 National Council on Governmental Accounting, Statement 1,
13 "Governmental Accounting and Financial Reporting Principles"
14 (March 1979) or other rule-making body designated under
15 rule 203 of The Professional Ethics Code of the American
16 Institute of Certified Public Accountants; or

17 2. The issuer's annual financial statements relating
18 to fiscal years ending on or before December 31, 1985, are
19 prepared according to generally accepted accounting principles

1 as provided in subd. 1., but where the auditor's opinion is
2 qualified with respect to the fixed asset account group; or
3 3. The issuer's annual financial statements relating
4 to fiscal years ending on or before December 31, 1985, are
5 prepared in compliance with accounting guidelines or procedures
6 mandated by state law or by rule of any state agency, or
7 recommended by any state agency.

8
9 SECTION 2. Section SEC 2.01(1)(d) of the Wis. Adm. Code is
10 created to read:

11
12 SEC 2.01(1)(d). Determination of accounting principles or
13 guidelines. Whether financial statements meet the requirements
14 of par. (c), shall be conclusively determined by the last
15 available auditor's opinion relating to the issuer's financial
16 statements for a fiscal year ending not more than 21 months prior
17 to the offering. The auditor's opinion may be conclusively
18 relied upon by third parties for purposes of such determination.
19 The opinion shall meet the requirements of rule 2.02 of
20 regulation S-X of the U.S. securities and exchange commission in
21 17 CFR §210.2-02 and provide that:

- 22 1. With respect to par. (c)1, the financial statements
23 are prepared in accordance with generally accepted
24 accounting principles, or equivalent language;
25 2. With respect to par. (c)2, the financial statements
26 are prepared in accordance with generally accepted
27 accounting principles, but qualified with respect

1 to the fixed asset account group, or equivalent language;

- 2 3. With respect to par. (c)3, the financial statements
3 are prepared on the basis of accounting guidelines or
4 procedures mandated by state law or by rule of any
5 state agency, or recommended by any state agency,
6 or equivalent language.

7 SECTION 3. Sections SEC 2.01(9), (10), and (11) of the
8 Wis. Adm. Code are created to read:

9
10 SEC 2.01(9) Any government security, other than a
11 revenue obligation and other than a security issued or
12 guaranteed by the United States or an agency or corporate
13 instrumentality of the United States, is exempted under s.
14 551.22(17), Stats., if it is a security which matures within
15 16 months of date of issue and the issuer has levied a
16 direct annual irrepealable tax under Art. XI, s. 3, Wis.
17 Const. or otherwise pledged levied taxes sufficient in
18 amount to pay the interest on the securities as it falls due
19 and also to pay and discharge the principal on the securities at
20 maturity.

21 SEC 2.01(10). Until September 30, 1984, any government
22 security, other than a revenue obligation and other than a
23 security issued or guaranteed by the United States or an
24 agency or corporate instrumentality of the United States, is
25 exempted under s. 551.22(17), Stats., if it is a security
26 which is of investment quality rating as determined by the
27 Office of the Commissioner of Banking for the State of Wisconsin
28 or by the Comptroller of the Currency by virtue of credit

1 worthiness .

2 SEC 2.01(11)(a) Any government security, other than
3 a revenue obligation and other than a security issued or guaranteed
4 by the United States or an agency or corporate instrumentality of
5 the United States, is exempted under s. 551.22(17), Stats., if
6 a notice of the proposed offering containing the information in
7 par. (b) is filed with the Commissioner prior to the offering
8 and the Commissioner does not by order deny the exemption
9 within 10 days of the date the notice is filed.

10 (b) A notice filed under par. (a) shall include the
11 following information:

- 12 1. The nature and cost of the project to be financed
13 with the borrowed funds;
- 14 2. A statement of any other funds which may be needed
15 to complete the project;
- 16 3. Reference to the statutory authority for issuance
17 of the securities.
- 18 4. Whether the securities are general obligations
19 of the issuer secured by a constitutionally mandated
20 irrevocable tax levy;
- 21 5. Equalized value and, if available, assessed value
22 relating to the property located in the geographical
23 boundaries of the issuer for the preceding 5 years;
- 24 6. The issuer's debt limit and the aggregate amount
25 of existing Constitutional debt and unused borrowing
26 margin;
- 27 7. The most recent U.S. Census population and current
28 estimated population within the geographic boundaries

- 1 of the issuer;
- 2 8. The issuer's net tax rate for the last 5 years
3 based upon equalized value and, if available,
4 upon assessed value;
- 5 9. The dollar amount of tax levies of the issuer for
6 the last 5 years.
- 7 10. A statement relating to any pending litigation
8 which may have a material adverse financial impact
9 upon the issuer or upon the securities;
- 10 11. The 5 largest employers in the relevant geographic
11 area;
- 12 12. The 5 largest taxpayers in the issuer's geographic
13 boundaries;
- 14 13. The executive officers of the issuer;
- 15 14. The issuer's financial statements for the preceding
16 3 years for which such statements are available;
- 17 15. The issuer's current general fund and debt service
18 fund balances as at the end of the month preceding
19 the filing of the notice; and
- 20 16. Whether the securities will be accompanied at
21 delivery by an opinion of bond counsel to the
22 effect that the securities are validly authorized
23 and issued and are exempt from present federal
24 income taxes.

25 (c) The requirements of par. (b) may be satisfied by
26 an Official Statement or other disclosure document relating
27 to the securities being offered containing at least the

1 information required in par. (b).

2 (d) A notice filed under par. (a) shall be accompanied by:

- 3 1. A copy of any proposed resolution or resolutions
4 of the governing body of the issuer relating to
5 the authorization and issuance of the securities;
- 6 2. An opinion of bond counsel, or counsel to the issuer,
7 to the effect that all appropriate steps to date
8 necessary for the sale of the securities
9 have been duly taken;
- 10 3. A proposed form of the securities;
- 11 4. A copy of the notice of sale, if applicable,
12 relating to the securities or a reference to the
13 same indicating where it may be located;
- 14 5. A consent to service of process and resolution
15 relating to the same, certified by the secretary
16 or clerk of the issuer;
- 17 6. A copy of the disclosure document for the offering
18 to be provided to offerees containing the information
19 required in par. (b);
- 20 7. A cross-reference sheet indicating where each
21 information item listed in par. (b) can be found
22 in the Official Statement or disclosure document for the
23 offering;
- 24 8. The fee prescribed by s. 7.01(2), Wis. Adm. Code; and
- 25 9. Such additional information as the Commissioner may
26 require.

1 SECTION 4. Section SEC 2.02(10)(h) of the Wis. Adm. Code is
2 created to read:

3
4 SEC 2.02(10)(h) Any transaction, in other than the
5 initial public offering, involving any government security, other
6 than a revenue obligation and other than a security issued or guar-
7 anteed by the United States or any agency or corporate instrument-
8 ality of the United States, where the government security is of
9 investment quality rating as determined by the Office of the
10 Commissioner of Banking for the State of Wisconsin or by the
11 Comptroller of the Currency by virtue of credit worthiness, or
12 any transaction involving any government security dated prior to
13 the effective date of this paragraph.

14
15 SECTION 5. Section SEC 7.01(2)(f) of the Wis. Adm.
16 Code is amended to read:

17
18 SEC 7.01(2)(f) Notice filed under s. SEC 2.01(1)(a)3.
19 or SEC 2.01(11), Wis. Adm. Code. \$100.

* * * *

The rules and amendments contained in this order shall
take effect on the first day of the month following publi-
cation in the Wisconsin Administrative Register as provided in
sec. 227.026(1), (Intro.), Wis. Stats.

Dated this 20th day of August, 1982.

(SEAL)


RICHARD R. MALMGREN
Commissioner of Securities