

OFFICIAL STATEMENT

New Issue

This Official Statement provides information about the Bonds. Some of the information appears on this cover page for ready reference. A prospective investor should read the entire Official Statement to make an informed investment decision.

\$91,620,000

STATE OF WISCONSIN

GENERAL OBLIGATION BONDS OF 2001, SERIES B

Dated: April 1, 2001

Due: May 1, as shown below

Ratings	AA+ Fitch Aa2 Moody's Investors Service, Inc. AA Standard & Poor's Ratings Services
Tax Exemption	Interest on the Bonds is, for federal income tax purposes, excluded from gross income and is not an item of tax preference but is subject to State of Wisconsin income and franchise— <i>See pages 7-9.</i>
Redemption	The Bonds are callable at par on or after May 1, 2011— <i>See page 2.</i>
Security	General obligations of the State of Wisconsin— <i>See page 2.</i>
Purpose	Proceeds from the Bonds are being used for various governmental purposes — <i>See page 2.</i>
Interest Payment Dates	May 1 and November 1
First Interest Payment Date	November 1, 2001
Denominations	\$5,000
Closing/Settlement	April 18, 2001
Bond Counsel	Foley & Lardner
Registrar/Paying Agent	State Treasurer
Issuer Contact	Wisconsin Capital Finance Office—(608) 266-2305; capfin@doa.state.wi.us
Book-Entry-Only Form	The Depository Trust Company— <i>See pages 3-5.</i>
Annual Report	This Official Statement incorporates by reference Parts I, II, and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 22, 2000.

The Bonds were sold at competitive sale on April 3, 2001. The interest rates payable by the State, which are shown below, resulted from the award of the Bonds.

CUSIP	Year (May 1)	Principal Amount	Interest Rate	First Optional Redemption Date	Call Price
977056 E71	2012	\$ 7,365,000	4.50%	5/1/2011	100%
977056 E89	2013	7,695,000	5.25	5/1/2011	100
977056 E97	2014	8,050,000	5.50	5/1/2011	100
977056 F21	2015	8,430,000	5.25	5/1/2011	100
977056 F39	2016	8,835,000	5.00	5/1/2011	100
977056 F47	2017	9,270,000	5.25	5/1/2011	100
977056 F54	2018	9,730,000	5.25	5/1/2011	100
977056 F62	2019	10,220,000	5.25	5/1/2011	100
977056 F70	2020	10,740,000	5.00	5/1/2011	100
977056 F88	2021	11,285,000	5.20	5/1/2011	100

Purchase Price: \$92,993,902.50

April 3, 2001

This document is the “official” statement—that is, it contains the only authorized information about the offering of the Bonds. This document isn’t an offer or solicitation for the Bonds, and no unlawful offer, solicitation, or sale may occur through the use of this document or otherwise. This document isn’t a contract, and it provides no investment advice. Prospective investors should consult their advisors and legal counsel with questions about this document, the Bonds, and anything else related to the offering.

The purpose of this document is to provide prospective investors with information that may be important in making an investment decision. It may not be used for any other purpose without the State’s permission. The State is the author of this document and is responsible for its accuracy and completeness. The Underwriters are not the authors of this document. In accordance with their responsibilities under federal securities laws, the Underwriters are required to review the information in this document and must have a reasonable basis for their belief in the accuracy and completeness of its key representations.

The estimates, forecasts, projections, and opinions in this document aren’t hard facts, and no one guarantees them. Some of the people who prepared, compiled, or reviewed this information had specific functions that covered some aspects of the offering but not others. For example, financial staff focused on quantitative financial information, and legal counsel focused on specific documents or legal issues assigned to them.

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the Bonds other than what is in this document. The information and expressions of opinion in this document may change without notice. Neither the delivery of this document nor any sale of the Bonds implies that there has been no change in the other matters contained in this document since its date. Material referred to in this document is not part of this document unless expressly included.

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STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF THE BONDS

BUILDING COMMISSION MEMBERS

Voting Members	Term of Office Expires
Governor Scott McCallum, Chairperson	January 6, 2003
Senator Fred A. Risser, Vice-Chairperson	January 3, 2005
Senator Mark Meyer	January 3, 2005
Senator Carol Roessler	January 3, 2005
Representative Timothy Hoven	January 6, 2003
Representative Jeffrey Plale	January 6, 2003
Representative Daniel Vrakas	January 6, 2003
Mr. Bryce Styza, Citizen Member	At the pleasure of the Governor
Nonvoting, Advisory Members	
Mr. George Lightbourn, Secretary Department of Administration	At the pleasure of the Governor
Mr. Adel Tabrizi, State Chief Engineer Department of Administration	—
Mr. Wilbert King, State Chief Architect Department of Administration	—
Building Commission Secretary	
Mr. David P. Schmiedicke (also serves as Administrator, Division of Facilities Development of the Department of Administration)	At the pleasure of the Building Commission and Secretary of Administration

OTHER PARTICIPANTS

Mr. Jack C. Voight State Treasurer	January 6, 2003
Mr. James E. Doyle State Attorney General	January 6, 2003

DEBT MANAGEMENT AND DISCLOSURE

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

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Mr. David R. Erdman
Capital Finance Officer
(608) 267-0374
david.erdman@doa.state.wi.us

SUMMARY DESCRIPTION OF BONDS

Selected information is presented on this page for the convenience of the user. To make an informed decision regarding the Bonds, a prospective investor should read the entire Official Statement.

Description:	State of Wisconsin General Obligation Bonds of 2001, Series B
Principal Amount:	\$91,620,000
Denominations:	\$5,000 and integral multiples
Date of Issue:	April 1, 2001
Record Date:	April 15 and October 15
Interest Payment:	May 1 and November 1, commencing November 1, 2001
Maturities:	May 1, 2012-2021— <i>See cover</i>
Redemption:	<i>Optional</i> — The Bonds are subject to optional redemption at par beginning May 1, 2011— <i>See page 2</i>
Form:	Book-entry-only— <i>See pages 3-5</i>
Paying Agent:	All payments of principal and interest on the Bonds will be paid by the State Treasurer. All payments will be made to The Depository Trust Company, which will distribute payments to Beneficial Owners as described herein.
Security:	The Bonds are general obligations. As of December 1, 2000, there were \$4,067,583,077 of outstanding general obligations of the State.
Additional General Obligation Debt:	The State may issue additional general obligation debt.
Authority for Issuance:	The Bonds are issued under Article VIII of the Wisconsin Constitution and Chapters 18 and 20 of the Wisconsin Statutes.
Purpose:	Acquisition, construction, development, extension, enlargement, or improvement of land, water, property, highways, buildings, equipment, or facilities for public purposes.
Legality of Investment:	State law provides that the Bonds are legal investments for all banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, credit unions, investment companies, and other persons or entities carrying on a banking business; for all executors, administrators, guardians, trustees, and other fiduciaries; and for the State and all public officers, municipal corporations, political subdivisions, and public bodies.
Tax Exemption:	Interest on the Bonds is not included in gross income and not an item of tax preference for federal income tax purposes— <i>See pages 7-9</i> Interest on the Bonds is subject to State of Wisconsin income and franchise taxes— <i>See page 9</i>
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner— <i>See page C-1</i>

OFFICIAL STATEMENT
\$91,620,000
STATE OF WISCONSIN
GENERAL OBLIGATION BONDS OF 2001, SERIES B

INTRODUCTION

This Official Statement provides information about the \$91,620,000 General Obligation Bonds of 2001, Series B (**Bonds**) issued by the State of Wisconsin (**State**). This Official Statement includes by reference Parts I, II, and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 22, 2000 (**2000 Annual Report**).

The Bonds are authorized under the Wisconsin Constitution and the Wisconsin Statutes, as well as an authorizing resolution that the State of Wisconsin Building Commission (**Commission**) adopted on February 28, 2001.

The Commission, an agency of the State, is empowered by law to authorize, issue, and sell all the State's general obligations. The Commission is assisted and staffed by the State of Wisconsin Department of Administration (**Department of Administration**).

The Commission has authorized the Department of Administration to prepare this Official Statement. This Official Statement contains information furnished by the State or obtained from the sources indicated.

THE STATE

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

Information about the State, its operations and financial condition, and its general obligations is included as **APPENDIX A**, which includes by reference Parts II and III of the 2000 Annual Report.

Requests for additional information about the State may be directed to:

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

THE BONDS

General

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

The Bonds will be dated April 1, 2001 and will bear interest from that date payable on May 1 and November 1 of each year, beginning on November 1, 2001.

Interest on the Bonds will be computed on the basis of a 30-day month and a 360-day year. Payments of principal and interest for each Bond will be paid to the registered owner of the Bonds. The Bonds are being issued in book-entry-only form, so the registered owner will be a securities depository—initially, a nominee of The Depository Trust Company, New York, New York (DTC). See “[THE BONDS; Book-Entry-Only Form](#)”.

The Bonds are issued as fully registered bonds without coupons in principal denominations of \$5,000 or multiples of \$5,000.

Security

The Bonds are direct and general obligations of the State. The full faith, credit, and taxing power of the State are irrevocably pledged to make principal and interest payments on the Bonds. There has been irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient to make principal and interest payments on the Bonds as the payments become due. The Bonds are secured equally with all other outstanding general obligations issued by the State.

Application of Bond Proceeds

The Wisconsin Legislature has established the borrowing purposes and amounts for which public debt may be issued. [APPENDIX B](#) includes a summary of these purposes and the amounts both authorized and previously issued for each borrowing purpose. [APPENDIX B](#) also identifies the purposes and amounts that the Bonds are being issued for.

Bond proceeds will be deposited in the State's Capital Improvement Fund. Bond proceeds will be spent as the State incurs costs for the various borrowing purposes. Until the money is spent, the State of Wisconsin Investment Board will invest the Bond proceeds. See [APPENDIX A](#).

Redemption Provisions

Optional Redemption

The Bonds are subject to optional redemption before their maturity date. They may be redeemed on May 1, 2011 or any date after that date, in whole or in part in multiples of \$5,000, at a redemption price equal to par (100%) plus accrued interest to the redemption date. The Commission may decide whether to redeem Bonds, and it may direct the amounts and maturities of the Bonds to be redeemed.

Selection of Bonds

If less than all the Bonds of a particular maturity are to be redeemed, the selection of Bonds to be redeemed depends on whether the Bonds are in book-entry-only form or are in certificated form. See “[THE BONDS; Book-Entry-Only Form](#)”. If the Bonds are in book-entry-only form, selection of the beneficial owners affected by the redemption will be made by the securities depository and its participants in accordance with their rules. If the Bonds are not in book-entry-only form, selection will be by lot.

Notice of Redemption

If the Bonds are in book-entry-only form, any redemption notice will be sent to the securities depository between 30 and 45 days before the redemption date. A redemption notice may be revoked by sending notice to the securities depository at least 15 days before the proposed redemption date.

If the Bonds are not in book-entry-only form, any redemption notice will be published between 30 and 45 days before the date of redemption in a financial newspaper published or circulated in New York, New York. The notice will also be mailed, postage prepaid, between 30 and 45 days before the redemption date to the registered owners of any Bonds to be redeemed. The mailing,

however, will not be a condition to the redemption; any proceedings to redeem the Bonds will still be effective even if the notice is not given. A redemption notice may be revoked by publication of a notice at least 15 days before the proposed redemption date in a financial newspaper published or circulated in New York, New York. The revocation notice will also be mailed, postage prepaid, at least 15 days before the proposed redemption date to the registered owners of any Bonds to have been redeemed. The mailing, however, will not be a condition to the revocation; the revocation will still be effective even if the notice is not given.

Interest on any Bond called for redemption will cease to accrue on the redemption date so long as the Bond is paid or money is provided for its payment.

Ratings

At the State's request, several rating agencies have rated the Bonds:

<i>Rating</i>	<i>Rating Agency</i>
AA+	Fitch
Aa2	Moody's Investors Service, Inc.
AA	Standard & Poor's Ratings Services

Any explanation of what a rating means may only be obtained from the rating service giving the rating. No one can offer any assurance that a rating given to the Bonds will be maintained for any period of time; a rating agency may lower or withdraw the rating it gives if in its judgment circumstances so warrant. Any downgrade or withdrawal of a rating may adversely affect the market price of the Bonds.

Book-Entry-Only Form

DTC will act as securities depository for the Bonds. The State Treasurer will register all Bonds in the name of Cede & Co. (DTC's partnership nominee). DTC will receive one registered certificate for each maturity.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the same law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants (**Direct Participants**) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates.

Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants**). The rules applicable to DTC and its Direct and Indirect Participants—that is, Participants—are on file with the Securities and Exchange Commission.

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

Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction.

Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To make the system work more smoothly, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. This doesn't affect the beneficial ownership of any Bond. DTC has no idea who the Beneficial Owners of the Bonds are; its records show only the identity of the Direct Participants to whose accounts the Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

So long as Cede & Co. is the registered owner of the Bonds as nominee for DTC, references to the Bond owners means Cede & Co. and not the Beneficial Owners.

Notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any legal requirements.

The State will send redemption notices to Cede & Co. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants.

The State will make payments on the Bonds to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of the Participant and not of the State or DTC, subject to any legal requirements. The State is responsible for sending payments to DTC. DTC is responsible for disbursing those payments to Direct Participants. Both Direct and Indirect Participants are responsible for disbursing those payments to the Beneficial Owners.

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

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

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

No one can give any assurance that DTC, Direct Participants, or Indirect Participants will promptly transfer payments or notices received with respect to the Bonds. The State is not responsible for the failure of DTC, Direct Participants, or Indirect Participants to transfer to the Beneficial Owner payments or notices received with respect to the Bonds.

Similarly, no one can give any assurance that DTC will abide by its procedures or that its procedures will not be changed. In the event that the State designates a successor securities depository, the successor may establish different procedures.

Registration and Payment of Bonds

How the Bonds are paid depends on whether or not they are in book-entry-only form.

If the Bonds are in book-entry-only form, payment of principal will be made by wire transfer to the securities depository or its nominee upon the presentation and surrender of the Bonds at the principal office of the Paying Agent—which is the State Treasurer. Payment of interest will be made by wire transfer to the securities depository or its nominee on the payment date.

If the Bonds are not in book-entry-only form, payment of principal will be made by check or draft issued upon the presentation and surrender of the Bonds at the principal office of the Paying Agent—which is the State Treasurer. Payment of interest due on the Bonds will be made by check or draft mailed to the registered owner shown in the registration book at the close of business on the 15th day (whether or not a business day) of the calendar month before the interest payment date (**Record Date**).

OTHER INFORMATION

Limitations on Issuance of General Obligations

All general obligations issued by the State fall within a debt limit set forth in the Wisconsin Constitution and Statutes. There is an annual limit of three-quarters of one percent, and a cumulative limit of five percent, of the aggregate value of all taxable property in the State. The annual limit is currently \$2,147,411,189. A refunding obligation does not count for purposes of the annual debt limit or the cumulative debt limit. Accrued interest on any obligation that is not paid during the fiscal year that it accrues is treated as debt and taken into account for purposes of the debt limitations.

Borrowing Plans for 2001

General Obligations

This is the second series of general obligation bonds to be issued in this calendar year. The Commission has previously sold \$15 million of general obligations for the veterans housing loan program. On the delivery date of the Bonds, the Commission also intends to deliver \$5 million of general obligation subsidy bonds to the Environmental Improvement Fund. In addition, the Commission has authorized the following general obligations:

- Approximately \$92 million of general obligations, which are expected to be issued as bonds or extendible municipal commercial paper in the second quarter.
- Not to exceed \$275 million of general obligations to refund general obligations previously issued for general governmental purposes. The State intends to sell a series of refunding bonds shortly after the sale of the Bonds. The amount and timing of any additional general obligation refunding bonds depends on market conditions.
- Not to exceed \$20 million of taxable general obligation bonds for the veterans housing loan program.

In addition, the State also expects the following general obligations to be issued this calendar year, although the Building Commission has not yet acted to authorize the issuance of these general obligations:

- Additional general obligations in the form of fixed-rate bonds or variable-rate notes in the third quarter for general governmental purposes.
- Additional taxable general obligation bonds in the third quarter to fund veterans housing loans and home improvement loans.
- Additional general obligation subsidy bonds sold to the Environmental Improvement Fund, which provides funds for the Clean Water Fund Loan Program.

Other Obligations

There remains approximately \$76 million of authorized but unissued authority for transportation revenue bonds to fund projects in the transportation revenue bond program. The Commission has authorized up to \$244 million of transportation revenue refunding bonds to refund previously issued transportation revenue bonds. The amount and timing of any transportation revenue refunding bonds depends on market conditions. The Commission has also authorized \$155 million of transportation revenue bonds for the refunding of outstanding transportation revenue commercial paper notes. This authorization is required pursuant to a credit agreement with the banks providing a letter of credit for security on the transportation revenue commercial paper notes. At this time, the State does not intend to refund the currently outstanding transportation revenue commercial paper notes.

The Commission has authorized up to \$100 million of clean water revenue bonds to fund loans under the Environmental Improvement Fund. The competitive sale of \$70 million of clean water revenue bonds is expected to occur on April 4, 2001 with delivery expected on April 18, 2001. The Commission has authorized up to \$84 million of clean water revenue refunding bonds to refund previously issued clean water revenue bonds. The amount and timing of any clean water revenue refunding bonds depends on market conditions.

The State expects to issue master lease certificates of participation in the third quarter of this calendar year.

The State expects to issue operating notes in the third quarter of this calendar year.

Underwriting

The Bonds were purchased through competitive bidding on April 3, 2001 by the following account (**Underwriters**): Salomon Smith Barney, Inc., book running manager; UBS PaineWebber Inc. and First Albany Corporation, managers; Axelrod Associates, Inc.; William Blair & Company, L.L.C.; A.G. Edwards & Sons, Inc.; Isaak Bond Investments, Inc.; Morgan Keegan & Co., Inc.; Nike Securities; Pryor, Counts & Co., Inc.; Raymond James & Associates; Siebert Brandford Shank & Co.; Stephens Inc.; in association with Harris Trust and Savings Bank, manager; Ferris, Baker Watts Inc.; McDonald Investments, Inc.; Northern Trust Securities, Inc.; Securities Corporation of Iowa.

The Underwriters paid \$92,993,902.50, and their bid resulted in a true interest cost rate to the State of 5.019409%.

Reference Information About the Bonds

The table below—as well as the table on the front cover—includes information about the Bonds and is provided for reference. The CUSIP number for each maturity has been obtained from sources the State believes to be reliable, but the State is not responsible for the correctness of the

CUSIP numbers. The Underwriters have provided the reoffering yields and prices to allow the computation of yield for federal tax law compliance. The price at issuance is the lower of the price to maturity or the price to call.

\$91,620,000
State of Wisconsin
General Obligation Bonds of 2001, Series B

Dated Date: April 1, 2001
First Interest Date: November 1, 2001
Closing/Settlement Date: April 18, 2001

<u>CUSIP</u>	<u>Year (May 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield at Issuance</u>	<u>Price at Issuance</u>	<u>First Optional Redemption Date</u>	<u>Call Price</u>
977056 E71	2012	\$ 7,365,000	4.50%	4.48%	100.158% ^(a)	5/1/2011	100%
977056 E89	2013	7,695,000	5.25	4.63	104.930 ^(a)	5/1/2011	100
977056 E97	2014	8,050,000	5.50	4.68	106.505 ^(a)	5/1/2011	100
977056 F21	2015	8,430,000	5.25	4.82	103.387 ^(a)	5/1/2011	100
977056 F39	2016	8,835,000	5.00	4.88	100.941 ^(a)	5/1/2011	100
977056 F47	2017	9,270,000	5.25	4.96	102.268 ^(a)	5/1/2011	100
977056 F54	2018	9,730,000	5.25	5.04	101.636 ^(a)	5/1/2011	100
977056 F62	2019	10,220,000	5.25	5.09	101.243 ^(a)	5/1/2011	100
977056 F70	2020	10,740,000	5.00	5.11	98.669 ^(a)	5/1/2011	100
977056 F88	2021	11,285,000	5.20	5.14	100.463 ^(a)	5/1/2011	100

^(a) These bonds are priced to the May 1, 2011 call date.

Legal Investment

State law provides that the Bonds are legal investments for the following:

- Banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, credit unions, investment companies, and other persons or entities carrying on a banking business.
- Executors, administrators, guardians, trustees, and other fiduciaries.
- The State and all public officers, municipal corporations, political subdivisions, and public bodies.

Legal Opinion

Legal matters relating to the authorization, issuance, and sale of the Bonds are subject to the approval of Foley & Lardner (**Bond Counsel**). Bond Counsel will deliver an approving opinion when the Bonds are delivered, in substantially the form shown in **APPENDIX C**. If 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 leading to issuance of the Bonds. The Attorney General will deliver an opinion on the regularity and validity of the proceedings. In the event certificated Bonds are issued, a certificate of the Attorney General will be printed on the reverse side of each Bond.

Tax Exemption

Federal Income Tax

In the opinion of Bond Counsel, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes. Interest also is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. For the purpose of computing the alternative minimum tax imposed on certain corporations, however, interest on the Bonds is taken into account in determining adjusted current earnings. Moreover, the State must comply with all requirements of the Internal Revenue Code of 1986, as amended

(Code), that must be satisfied after the Bonds are issued for interest on the Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has promised to comply with those requirements to the extent it may lawfully do so. Its failure to do so may cause interest on the Bonds to be included in gross income for federal income tax purposes, perhaps even starting from the date the Bonds were issued. Bond Counsel expresses no opinion about other federal tax consequences arising regarding the Bonds. The proceedings authorizing the 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 Bond maturing May 1, 2020 (**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 (**Issue Price**).

Under Section 1288 of the Code, original issue discount on Discount 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:

- The Issue Price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods, *multiplied by*
- 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*
- 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 Bond.

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 Bond maturing May 1, 2012 to May 1, 2019 and May 1, 2021 (**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.

The Code contains many provisions that could affect the economic value of the Bonds to particular Bond owners. For example:

- Section 265 of the Code denies a deduction for interest on any indebtedness incurred or continued to purchase or carry the Bonds or, in the case of financial institutions, a portion of an owner's interest expense allocable to interest on the Bonds.
- 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 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.
- Interest on the 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.
- Passive investment income, including interest on the 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.
- 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 Bonds.
- A portion of the original issue discount, if any, 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 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 later year.

This section does not present an exhaustive discussion of collateral tax consequences arising from ownership of the Bonds. There may be other federal tax law provisions that could adversely affect the value of an investment in the Bonds for particular owners of Bonds. Prospective investors should consult their own tax advisors about the tax consequences of owning a Bond.

State of Wisconsin Income and Franchise Taxes

Interest on the Bonds is subject to State of Wisconsin income and franchise taxes. Prospective investors should consult their own tax advisors about the state and local tax consequences of owning a Bond.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the Bonds, to provide an annual report presenting certain financial information and operating data about the State (**Annual Reports**). By approximately December 27 of each year, the State will send the

report to each nationally recognized municipal securities information repository (**NRMSIR**) and to any state information depository (**SID**). The State will also provide notices of the occurrence of certain events specified in the undertaking to each NRMSIR, or the Municipal Securities Rulemaking Board (**MSRB**), and to any SID. As of the date of this Official Statement, no SID has been established. [Part I of the 2000 Annual Report, which contains information on the undertaking, is included by reference as part of this Official Statement.](#)

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

State of Wisconsin Capital Finance Office
Department of Administration
101 East Wilson Street
P.O. Box 7864
Madison, WI 53707-7864
(608) 266-2305
capfin@doa.state.wi.us

The undertaking also describes the consequences if the State fails to provide any required information. The State must report the failure to the NRMSIRS, or the MSRB, and to any SID. In the last five years, the State has not failed to comply in any material respect with this or any similar undertaking.

Dated: April 3, 2001

STATE OF WISCONSIN

/s/ SCOTT MCCALLUM

Governor Scott McCallum, Chairperson
State of Wisconsin Building Commission

/s/ GEORGE LIGHTBOURN

George Lightbourn, Secretary
State of Wisconsin Department of Administration

/s/ DAVID P. SCHMIEDICKE

David P. Schmiedicke, Secretary
State of Wisconsin Building Commission

APPENDIX A

INFORMATION ABOUT THE STATE

This appendix includes information concerning the State of Wisconsin (**State**). Parts II and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 22, 2000 (**2000 Annual Report**) are included by reference as part of this APPENDIX A.

[Part II to the 2000 Annual Report](#) contains general information about the State. More specifically, that part presents information on the following matters:

- State's operations and financial procedures
- State's accounting and financial reporting
- Organization of, and services provided by, the State
- Results of fiscal year 1999-2000
- State budget
- Obligations of the State
- State Investment Board
- Statistical information about the State's population, income, and employment

Included as [APPENDIX A to Part II of the 2000 Annual Report](#) are the audited general purpose financial statements for the fiscal year ending June 30, 2000, 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 2000 Annual Report](#) contains information concerning general obligations issued by the State. That part presents a discussion of the security provisions for general obligation debt (including the flow of funds to pay debt service on general obligations), data pertaining to the State's outstanding general obligation debt, and the portion of that general obligation debt that is revenue-supported general obligation debt.

The 2000 Annual Report has been filed with each nationally recognized municipal securities information repository (NRMSIR). Copies of the 2000 Annual Report may also be obtained from:

State of Wisconsin Capital Finance Office
Department of Administration
101 East Wilson Street
P.O. Box 7864
Madison, WI 53707-7864
(608) 266-2305
capfin@doa.state.wi.us

As of the date of this Official Statement, Parts II and III of the 2000 Annual Report can also be found on the world wide web respectively at:

www.doa.state.wi.us/debf/capfin/2000dis2.pdf

www.doa.state.wi.us/debf/capfin/2000dis3.pdf

After publication and filing of the 2000 Annual Report, certain changes or events have occurred that affect items discussed in the 2000 Annual Report. Listed below, by reference to particular

sections of the 2000 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes have not been filed with the NRMSIRS. However, the State has filed, and expects to continue to file, certain informational notices with the NRMSIRS. These informational notices do not constitute listed material events under the State's Master Agreement on Continuing Disclosure.

State Budget (pages 25-28). Add the following:

Budget for 2000-01

On January 25, 2001, the Legislative Fiscal Bureau provided revised general-fund estimates for the 2000-2001 fiscal year, taking into account economic forecasts and actual tax collections and expenditures. As a result of these revisions, the estimated gross balance for June 30, 2001 (before taking into account the statutory reserve) was estimated to be \$277 million, which is \$94 million greater than the amount included in the 2000-2001 budget and \$16 million greater than the amount included in the 2000 Annual Report.

Proposed Budget for 2001-03

The Governor has introduced the executive budget for the 2001-02 and 2002-03 fiscal years. The following tables summarize this proposed budget for each fiscal year on a general-fund basis and all-funds basis. A detailed summary of the all-funds budget is on [page A-4](#). A detailed summary of the general-fund budget is on [page A-5](#).

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

	<u>Proposed Budget 2001-02</u>	<u>Proposed Budget 2002-03</u>
Beginning Balance	\$ 293	\$ 237
Tax Revenues	10,789	11,436
Tobacco Securitization Proceeds	350	n/a
Nontax Revenues	<u>7,777</u>	<u>8,198</u>
Total Amount Available	\$19,209	\$19,870
Total Disbursements/Reserves	<u>\$18,973</u>	<u>\$19,726</u>
Estimated Balance	237	144
Required Statutory Reserve*	<u>140</u>	<u>143</u>
Undesignated (Net) Balance	\$ 97	\$ 1

* Current law requires a Statutory Reserve of 1.2% of general purpose revenue (GPR) appropriations for the 2001-02 fiscal year, 1.4% for the 2002-03 fiscal year, and 1.6% for the 2003-04 fiscal year. This table reflects the Governor's proposed executive budget, which changes the current law so that the Statutory Reserve would be 1.2% for the 2002-03 fiscal year yet leaves in place the scheduled increase to 1.6% in the 2003-04 fiscal year.

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

	<u>Proposed Budget 2001-02</u>	<u>Proposed Budget 2002-03</u>
Beginning Balance	\$ 293	\$ 237
Tax Revenues	10,789	11,436
Tobacco Securitization Proceeds	350	n/a
Nontax Revenues	<u>19,829</u>	<u>20,008</u>
Total Amount Available	\$31,261	\$31,680
Total Disbursements/Reserves	<u>\$31,025</u>	<u>\$31,536</u>
Estimated Balance	237	144
Required Statutory Reserve*	<u>140</u>	<u>143</u>
Undesignated (Net) Balance	\$ 97	\$ 1

* Current law requires a Statutory Reserve of 1.2% of general purpose revenue (GPR) appropriations for the 2001-02 fiscal year, 1.4% for the 2002-03 fiscal year, and 1.6% for the 2003-04 fiscal year. This table reflects the Governor's proposed executive budget, which changes the current law so that the Statutory Reserve would be 1.2% for the 2002-03 fiscal year yet leaves in place the scheduled increase to 1.6% in the 2003-04 fiscal year.

Additional information on the executive budget for the 2001-02 and 2002-03 fiscal years can be obtained from:

State of Wisconsin Capital Finance Office
 Department of Administration
 101 East Wilson Street
 P.O. Box 7864
 Madison, WI 53707-7864
 (608) 266-2305
 capfin@doa.state.wi.us

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

State Budget–All Funds^(a)

	Actual 1999-2000 ^(b)	Budget 1999-2000	Budget 2000-2001	Governor's Proposed Budget 2001-2002	Governor's Proposed Budget 2002-2003
RECEIPTS					
Fund Balance from Prior Year.....	\$ 701,293,000	\$ 701,293,000	\$ 658,784,800 ^(c)	\$ 293,200,000	\$ 236,279,200
Tax Revenue					
Individual Income.....	5,962,010,000	5,825,000,000	5,158,800,000 ^(d)	5,506,000,000	5,831,400,000
General Sales and Use.....	3,501,659,000	3,500,000,000	3,710,000,000	3,830,200,000	4,124,300,000
Corporate Franchise and Income.....	644,625,000	660,000,000	658,300,000	644,200,000	648,300,000
Public Utility.....	259,984,000	250,000,000	220,000,000 ^(e)	244,000,000	250,000,000
Excise					
Cigarette/Tobacco Products.....	257,896,000	258,000,000	255,200,000 ^(d)	257,900,000	258,200,000
Liquor and Wine.....	34,564,000	33,000,000	33,500,000	35,900,000	36,800,000
Malt Beverage.....	9,392,000	9,300,000	9,300,000	9,500,000	9,500,000
Inheritance, Estate & Gift.....	133,261,000	95,000,000	75,000,000 ^(g)	115,000,000	125,000,000
Insurance Company.....	86,878,000	105,000,000	100,000,000	90,000,000	92,000,000
Other.....	1,075,169,000	58,000,000 ^(h)	61,000,000 ^(h)	56,600,000	60,200,000
Subtotal.....	11,965,438,000	10,793,300,000	10,281,100,000	10,789,300,000	11,435,700,000
Nontax Revenue					
Departmental Revenue					
Tobacco Settlement.....	167,362,000	167,886,100	124,763,700	153,400,000	155,400,000
Tobacco Securitization.....	NA	NA	NA	350,000,000	NA
Other.....	257,040,000	260,087,900	190,946,100	178,200,000	182,200,000
Total Federal Aids.....	4,170,531,000	5,085,572,200	4,703,374,700	5,511,131,800	5,579,063,400
Total Program Revenue.....	2,633,267,000	2,658,535,300	2,734,917,200	2,976,114,400	3,020,662,200
Total Segregated Funds.....	4,194,291,000	2,275,967,300	2,292,791,500	3,048,332,800	2,798,507,800
Fund Transfers In.....	NA	64,000,000	NA	NA	NA
Bond Authority.....	702,676,000	458,000,000	400,000,000	500,000,000	383,000,000
Employee Benefit Contributions ⁽ⁱ⁾	8,782,705,000	6,612,282,700	7,051,394,300	7,461,324,917	7,889,603,973
Subtotal.....	20,907,872,000	17,582,331,500	17,498,187,500	20,178,503,917	20,008,437,373
Total Available.....	\$ 33,574,603,000	\$ 29,076,924,500	\$ 28,438,072,300	\$ 31,261,003,917	\$ 31,680,416,573
DISBURSEMENTS AND RESERVES					
Commerce.....	\$ 570,282,000	\$ 418,915,100	\$ 415,866,300	\$ 446,519,400	\$ 456,008,200
Education.....	8,018,963,000	7,860,268,900	8,223,303,400	8,742,758,300	8,974,907,600
Environmental Resources.....	2,626,896,000	2,493,567,700	2,437,927,900	2,652,804,100	2,755,852,000
Human Relations and Resources.....	7,978,636,000	6,850,265,900	6,733,347,000	7,753,229,100	7,872,914,600
General Executive.....	3,741,255,000	673,415,700	669,656,800	776,913,000	784,419,000
Judicial.....	102,487,000	104,156,900	104,709,200	104,785,200	104,830,500
Legislative.....	59,820,000	60,511,900	59,086,500	63,972,100	63,246,900
General Appropriations.....	3,346,300,000	2,891,183,500	2,163,488,700	2,587,818,600	2,259,632,900
General Obligation Bond Program.....	505,472,000	458,000,000	400,000,000	500,000,000	383,000,000
Employee Benefit Payments ⁽ⁱ⁾	2,311,624,000	2,504,993,800	2,695,311,400	3,377,515,809	3,830,081,149
Reserve for Employee Benefit Payments ⁽ⁱ⁾	6,471,081,000	4,107,288,900	4,356,082,900	4,083,809,108	4,059,522,824
Subtotal.....	35,732,816,000	28,422,568,300	28,258,780,100	31,090,124,717	31,544,415,673
Less: (Lapses).....	NA	(84,028,600)	(122,124,800)	(105,300,000)	(112,300,000)
Compensation Reserves.....	NA	56,100,000	117,750,000	27,900,000	82,500,000
Required Statutory Balance.....	NA	113,883,100	134,328,600	139,500,000	143,400,000
Transfer to Tobacco Control Board.....	NA	23,500,000	NA	12,000,000	21,200,000
Other.....	NA	NA	NA	NA	NA
Change in Continuing Balance.....	(3,030,496,000)	NA	NA	NA	NA
Total Disbursements & Reserves.....	\$ 32,702,320,000	\$ 28,532,022,800	\$ 28,388,733,900	\$ 31,164,224,717	\$ 31,679,215,673
Fund Balance.....	\$ 872,283,000	\$ 544,901,700	\$ 49,338,400	\$ 96,779,200	\$ 1,200,900
Undesignated Balance.....	\$ 835,714,000	\$ 658,784,800	\$ 183,667,000	\$ 236,279,200	\$ 144,600,900

- (a) The amounts shown are based on statutorily required accounting and not on GAAP.
- (b) The amounts shown are unaudited and rounded to the nearest thousand.
- (c) The beginning balance for the 2000-2001 fiscal year represents information when the budget became law.
- (d) The decrease results from budgeted tax reductions becoming effective.
- (e) The decrease results from the continued effect of prior years' tax changes.
- (f) The decrease results from an anticipated decline in consumption.
- (g) The decrease results from an expected one-time collection in the 1999-2000 fiscal year.
- (h) The budgeted amounts do not include taxes collected for segregated funds. The largest such tax is the motor fuel tax. The State collected \$809 million of motor fuel taxes in the 1999-2000 fiscal year.
- (i) 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.

Source: Wisconsin Department of Administration.

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

State Budget–General Fund^(a)

	<u>Actual 1999-2000^(b)</u>	<u>Budget 1999-2000</u>	<u>Budget 2000-2001</u>	<u>Governor's Proposed Budget 2001-2002</u>	<u>Governor's Proposed Budget 2002-2003</u>
RECEIPTS					
Fund Balance from Prior Year.....	\$ 701,293,000	\$ 701,293,000	\$ 658,784,800 ^(c)	\$ 293,200,000	\$ 236,279,200
Tax Revenue					
State Taxes Deposited to General Fund					
Individual Income.....	5,962,010,000	5,825,000,000	5,158,800,000 ^(d)	5,506,000,000	5,831,400,000
General Sales and Use.....	3,501,659,000	3,500,000,000	3,710,000,000	3,830,200,000	4,124,300,000
Corporate Franchise and Income.....	644,625,000	660,000,000	658,300,000	644,200,000	648,300,000
Public Utility.....	259,984,000	250,000,000	220,000,000 ^(e)	244,000,000	250,000,000
Excise					
Cigarette/Tobacco Products.....	257,896,000	258,000,000	255,200,000 ^(f)	257,900,000	258,200,000
Liquor and Wine.....	34,564,000	33,000,000	33,500,000	35,900,000	36,800,000
Malt Beverage.....	9,392,000	9,300,000	9,300,000	9,500,000	9,500,000
Inheritance, Estate & Gift.....	133,261,000	95,000,000	75,000,000 ^(g)	115,000,000	125,000,000
Insurance Company.....	86,878,000	105,000,000	100,000,000	90,000,000	92,000,000
Other.....	67,511,000	58,000,000	61,000,000	56,600,000	60,200,000
Subtotal.....	10,957,780,000	10,793,300,000	10,281,100,000	10,789,300,000	11,435,700,000
Nontax Revenue					
Departmental Revenue					
Tobacco Settlement.....	167,362,000 ^(b)	167,886,100	124,763,700	153,400,000	155,400,000
Tobacco Securitization.....	NA	NA	NA	350,000,000	NA
Other.....	257,040,000	260,087,900	190,946,100	178,200,000	182,200,000
Program Revenue-Federal.....	4,170,531,000	4,453,148,300	4,121,351,700	4,815,882,800	4,840,184,700
Program Revenue-Other.....	2,633,267,000	2,658,535,300	2,734,917,200	2,629,077,200	3,020,662,200
Fund Transfers In.....	NA	64,000,000	NA	NA	NA
Subtotal.....	7,228,200,000	7,603,657,600	7,171,978,700	8,126,560,000	8,198,446,900
Total Available.....	\$ 18,887,273,000	\$ 19,098,250,600	\$ 18,111,863,500	\$ 19,209,060,000	\$ 19,870,426,100
DISBURSEMENTS AND RESERVES					
Commerce.....	\$ 209,393,000	\$ 218,959,300	\$ 220,214,600	\$ 237,617,800	\$ 242,674,600
Education.....	7,769,121,000	7,798,220,600	8,163,838,300	8,327,616,900	8,905,321,100
Environmental Resources.....	270,101,000	261,344,100	259,939,200	272,711,800	280,143,100
Human Relations and Resources.....	6,742,655,000	6,684,959,800	6,541,581,500	7,450,498,700	7,528,373,300
General Executive.....	631,485,000	634,410,900	569,934,100	637,937,300	648,783,600
Judicial.....	102,156,000	103,499,100	104,051,400	104,076,100	104,121,400
Legislative.....	59,820,000	60,511,900	59,086,500	63,972,100	63,246,900
General Appropriations.....	2,548,903,000	2,681,988,700	2,013,925,700	1,943,750,100	1,961,761,200
Subtotal.....	18,333,634,000	18,443,894,400	17,932,571,300	19,038,180,800	19,734,425,200
Less: (Lapses).....	NA	(84,028,600)	(122,124,800)	(105,300,000)	(112,300,000)
Compensation Reserves.....	NA	56,100,000	117,750,000	27,900,000	82,500,000
Required Statutory Balance.....	NA	113,883,100	134,328,600	139,500,000	143,400,000
Transfer to Tobacco Control Board.....	NA	23,500,000	NA	12,000,000	21,200,000
Other.....	NA	NA	NA	NA	NA
Changes in Continuing Balance.....	(318,644,000)	NA	NA	NA	NA
Total Disbursements & Reserves.....	\$ 18,014,990,000	\$ 18,553,348,900	\$ 18,062,525,100	\$ 19,112,280,800	\$ 19,869,225,200
Fund Balance.....	\$ 872,283,000	\$ 544,901,700	\$ 49,338,400	\$ 96,779,200	\$ 1,200,900
Undesignated Balance.....	\$ 835,714,000	\$ 658,784,800	\$ 183,667,000	\$ 236,279,200	\$ 144,600,900

- (a) The amounts shown are based on statutorily required accounting and not on GAAP.
- (b) The amounts shown are unaudited and rounded to the nearest thousand.
- (c) The beginning balance for the 2000-2001 fiscal year represents information when the budget became law.
- (d) The decrease results from budgeted tax reductions becoming effective.
- (e) The decrease results from the continued effect of prior years' tax changes.
- (f) The decrease results from an anticipated decline in consumption.
- (g) The decrease results from an expected one-time collection in the 1999-2000 fiscal year.

Source: Wisconsin Department of Administration.

APPENDIX B

State of Wisconsin General Obligation Issuance Status Report March 1, 2001

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date</u>	<u>Interest Earnings^(a)</u>	<u>G.O. Bonds of 2001, Series B</u>	<u>Total Authorized Unissued Debt</u>
University of Wisconsin; academic facilities.....	\$ 856,708,700	\$ 806,892,229	\$ 11,783,426	\$ 15,460,000	\$ 22,573,045
University of Wisconsin; self-amortizing facilities.....	513,941,400	348,672,621	1,556,719	13,775,000	149,937,060
Natural resources; Warren Knowles - Gaylord Nelson stewardship 2000 program.....	460,000,000	27,350,000		10,910,000	421,740,000
Natural resources; municipal clean drinking water grants.....	9,800,000	9,518,342	141,818		139,840
Clean water fund program.....	552,743,200	358,334,053		5,460,000	188,949,147
Safe drinking water loan program.....	26,210,000	14,301,520			11,908,480
Natural resources; nonpoint source grants.....	56,763,600	36,615,658	132,570	1,705,000	18,310,372
Natural resources; nonpoint source compliance.....	2,000,000	2,000,000			
Natural resources; environmental repair.....	43,000,000	25,104,900	161,017	560,000	17,174,083
Natural resources; urban nonpoint source cost-sharing.....	13,000,000	2,255,000		710,000	10,035,000
Natural resources; environmental segregated fund supported administrative facilities.....	3,050,900	136,100		10,000	2,904,800
Natural resources; segregated revenue supported dam safety projects.....	6,350,000	3,413,000		135,000	2,802,000
Natural resources; pollution abatement and sewage collection facilities, ORAP funding.....	146,850,000	145,010,325	50,000		1,789,675
Natural resources; pollution abatement and sewage collection facilities.....	902,449,800	874,129,888	18,513,076	40,000	9,766,836
Natural resources; pollution abatement and sewage collection facilities; combined sewer overflow.....	200,600,000	194,309,242	6,287,401		3,357
Natural resources; recreation projects.....	56,055,000	56,053,994	1,006		
Natural resources; local parks land acquisition and development.....	2,490,000	2,439,349	42,259		8,392
Natural resources; recreation development.....	23,061,500	22,818,110	141,227		102,163
Natural resources; land acquisition.....	45,608,600	45,115,269	491,671		1,660

GENERAL OBLIGATION ISSUANCE STATUS REPORT—CONTINUED
March 1, 2001

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date ^(a)</u>	<u>Interest Earnings ^(b)</u>	<u>G.O. Bonds of 2001, Series B</u>	<u>Total Authorized Unissued Debt ^(a)</u>
Natural resources; Wisconsin natural areas heritage program.....	2,500,000	2,442,545	17,174		40,281
Natural resources; segregated revenue supported facilities.....	23,376,600	16,039,722	45,287	180,000	7,111,591
Natural resources; general fund supported administrative facilities.....	10,882,400	7,251,075	21,432	80,000	3,529,893
Natural resources; ice age trail.....	750,000				750,000
Natural resources; dam safety projects.....	5,500,000	5,367,000	49,701	10,000	73,299
Natural resources; segregated revenue supported land acquisition.....	2,500,000	2,498,446			1,554
Natural resources; Warren Knowles - Gaylord Nelson stewardship program.....	231,000,000	196,390,000	1,293,404	2,595,000	30,721,596
Transportation; administrative facilities.....	8,890,400	8,759,479	33,943		96,978
Transportation; accelerated bridge improvements.....	46,849,800	46,849,800			
Transportation; rail passenger route development...	50,000,000			850,000	49,150,000
Transportation; accelerated highway improvements.....	185,000,000	185,000,000			
Transportation; connecting highway improvements.....	15,000,000	15,000,000			
Transportation; federally aided highway facilities.....	10,000,000	10,000,000			
Transportation; highway projects.....	41,000,000	41,000,000			
Transportation; harbor improvements.....	22,000,000	14,665,000	232,605	105,000	6,997,395
Transportation; rail acquisitions and improvements.....	23,500,000	14,400,000	16	125,000	8,974,984
Transportation; local roads for job preservation, state funds.....	10,000,000				10,000,000
Corrections; correctional facilities.....	697,679,300	622,011,762	11,019,245	12,430,000	52,218,293
Corrections; self-amortizing facilities and equipment.....	7,337,000	1,370,000	99		5,966,901
Corrections; juvenile correctional facilities.....	27,726,500	25,328,556	101,992		2,295,952
Health and family services; mental health and secure treatment facilities.....	125,705,700	116,350,268	884,003	1,215,000	7,256,429

GENERAL OBLIGATION ISSUANCE STATUS REPORT—CONTINUED
March 1, 2001

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Interest Earnings^(a)	G.O. Bonds of 2001, Series B	Total Authorized Unissued Debt^(a)
Agriculture; soil and water.....	6,575,000	1,430,000	1,248	790,000	4,353,752
Agriculture; conservation reserve enhancement..	40,000,000				40,000,000
Administration; Black Point Estate.....	1,600,000				1,600,000
Building commission; previous lease rental authority.....	143,071,600	143,068,654			2,946
Building commission; refunding corporation self-amortizing debt.....	870,000				870,000
Building commission; refunding tax-supported general obligation debt.....	2,125,000,000	1,896,403,677 ^(b)			228,596,323
Building commission; refunding self-amortizing general obligation debt.....	275,000,000	231,440,786 ^(b)			43,559,214
Building commission; housing state departments and agencies.....	387,646,600	305,504,121	2,279,016	4,245,000	75,618,463
Building commission; 1 West Wilson street parking ramp.....	15,100,000	14,805,521	294,479		0
Building commission; project contingencies.....	36,188,400	22,290,000	62,251	1,395,000	12,441,149
Building commission; capital equipment acquisition.....	105,370,400	77,499,191	729,518		27,141,691
Building commission; discount sale of debt.....	90,000,000	66,758,598			23,241,402
Building commission; discount sale of debt (higher education bonds).....	100,000,000	99,988,833 ^(b)			11,167
Building commission; other public purposes.....	1,056,769,500	830,683,100	5,979,251	18,660,000	201,447,149
Medical College of Wisconsin, Inc.;					
basic science education and health information technology facilities...	10,000,000	10,000,000			
Marquette University; dental clinic and education facility..	15,000,000				15,000,000
Swiss cultural center.....	1,000,000				1,000,000
Milwaukee Police Athletic League; youth activities center.....	1,000,000				1,000,000
Technology for educational achievement in Wisconsin board; school district educational technology infrastructure financial assistance.....	100,000,000	32,335,000	425,571		67,239,429

GENERAL OBLIGATION ISSUANCE STATUS REPORT—CONTINUED
March 1, 2001

Program Purpose	Legislative Authorization	General Obligations Issued to Date ^(a)	Interest Earnings ^(b)	G.O. Bonds of 2001, Series B	Total Authorized Unissued Debt ^(a)
Technology for educational achievement in Wisconsin board; public library educational technology infrastructure financial assistance.....	10,000,000	190,000			9,810,000
Educational communications board; educational communications facilities.....	8,658,100	7,764,539	36,946		856,615
Historical society; self-amortizing facilities.....	3,173,600	1,029,156	3,896		2,140,548
Historical society; historic records.....	400,000				400,000
Historical society; historic sites.....	1,839,000	1,825,756			13,244
Historical society; museum facility.....	4,384,400	4,351,000		5,000	28,400
Public instruction; state school, state center and library facilities.....	7,367,700	7,330,612	32,508		4,580
Military affairs; armories and military facilities.....	20,417,300	17,857,527	192,632	15,000	2,352,141
Veterans affairs; veterans facilities.....	10,090,100	8,948,065	50,593	5,000	1,086,442
Veterans affairs; self-amortizing mortgage loans.....	2,020,500,000	1,883,652,395	2,133,000		134,714,605
Veterans affairs; refunding bonds.....	665,000,000	632,539,245			32,460,755
Veterans affairs; self-amortizing facilities.....	15,941,000	530,000	501	120,000	15,290,499
State fair park board; board facilities.....	3,887,100	2,340,000		20,000	1,527,100
State fair park board; housing facilities.....	11,000,000	10,939,000	13	10,000	50,987
State fair park board; self-amortizing facilities.....	44,787,100	31,473,800	52,259		13,261,041
Total.....	<u>\$12,805,517,300</u>	<u>\$10,648,171,829</u>	<u>\$65,274,774</u>	<u>\$91,620,000</u>	<u>\$2,000,450,697</u>

^(a) Interest earnings reduce issuance authority by the same amount.

^(b) Interest scheduled to accrue on any obligation that is not payable during the current fiscal year is treated as debt and taken into account for purposes of the statutory authority to issue debt.

Source: Wisconsin Department of Administration.

Appendix C

EXPECTED FORM OF LEGAL OPINION

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

(Letterhead of Foley & Lardner)

\$91,620,000

**STATE OF WISCONSIN
GENERAL OBLIGATION BONDS OF 2001, SERIES B**

We have served as bond counsel in connection with the issuance by the State of Wisconsin (the "State") of its \$91,620,000 General Obligation Bonds of 2001, Series B, dated April 1, 2001 (the "Bonds").

We examined the law and a certified copy of the proceedings and certifications of public officials and others. As to questions of fact material to our opinion, we relied upon those certified proceedings and certifications without undertaking to verify them.

Based upon this examination, it is our opinion that, under existing law:

1. The Bonds are valid and binding general obligations of the State.
2. All taxable property in the State's territory is subject to *ad valorem* taxation without any limit as to rate or amount to pay the principal and interest coming due on the Bonds. The State is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent it does not use money from other sources to make those payments.
3. Interest on the Bonds is excluded from gross income for federal income tax purposes. It also is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. For the purpose of computing the alternative minimum tax imposed on certain corporations, however, interest on the Bonds is taken into account in determining adjusted current earnings. In addition, the State must comply with all requirements of the Internal Revenue Code that must be satisfied after the Bonds are issued for interest on the Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has agreed to do so. A failure to comply may cause interest on the Bonds to be included in gross income for federal income tax purposes, in some cases starting from the date the Bonds were issued. This letter expresses no opinion about other federal tax law consequences regarding the Bonds.

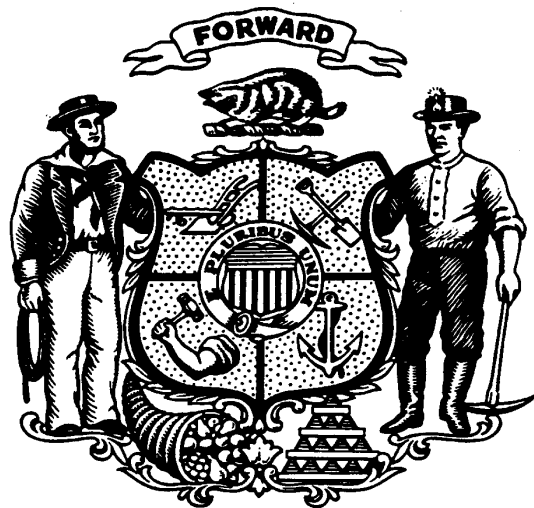
The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or an equitable proceeding). This letter expresses no opinion as to the availability of any particular form of judicial relief.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (except only the matters set forth as our opinion in the Official Statement). However, in serving as bond counsel, nothing has come to our attention that would lead us to believe that the Official Statement (except for the financial statements and other financial or statistical data included therein, as to

which we express no view), as of the date of delivery of the Bonds, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

This letter speaks as of its date. We assume no duty to change this letter to reflect any facts or circumstances that later come to our attention or any changes in law.

Very truly yours,



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