

NOTICE OF BOND INSURANCE

**STATE OF WISCONSIN
GENERAL OBLIGATION BONDS OF 2001, SERIES F
Maturing May 1, 2005-2022**

The undersigned has provided for the delivery of a municipal bond insurance policy to be issued simultaneously with the delivery of the above captioned bonds by:

FINANCIAL SECURITY ASSURANCE INC.

Insuring the payment when due of the principal of and interest on State of Wisconsin General Obligation Bonds of 2001, Series F maturing on May 1, 2005 through 2022 (Insured Bonds). The State of Wisconsin General Obligation Bonds of 2001, Series F maturing May 1, 2003 and 2004 are not insured by such policy.

This Notice includes certain information concerning Financial Security Assurance Inc. (**Financial Security**) and the terms of the Municipal Bond Insurance Policy (**Policy**) relating to the Insured Bonds. Information with respect to Financial Security and the Policy has been supplied by Financial Security. No representation is made by the undersigned as to the accuracy or adequacy of such information. The Policy does not constitute a part of the contract between the State of Wisconsin (**State**) and the holders of Insured Bonds. The undersigned has the responsibility for paying the premium on and complying with the conditions for the issuance of the Policy, and the State has no responsibility with respect to such insurance in any way, including the maintenance and enforcement of the Policy or collection of a claim submitted under the Policy.

This Notice has been prepared by the undersigned to provide certain information pertaining to Financial Security and has not been prepared or reviewed by the State, and the State makes no representation to the adequacy of the information contained herein. Each purchaser should consult the Official Statement, dated September 24, 2001, for information about the Bonds, and the undersigned assumes no responsibility with respect to the Official Statement.

The undersigned has applied for, and upon issuance of the Policy there will be assigned to the Insured Bonds, the AAA rating from Fitch, the Aaa rating from Moody's Investors Service, Inc., and the AAA rating from Standard & Poor's Ratings Services.

MORGAN STANLEY

September 24, 2001

Other than with respect to information concerning Financial Security contained in this Notice, none of the information in the Official Statement, dated September 24, 2001, has been supplied or verified by Financial Security, and Financial Security makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information, (ii) the validity of the Insured Bonds, or (iii) the tax-exempt status of the interest on the Insured Bonds.

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Financial Security Assurance Inc. (**Financial Security**) will issue its Municipal Bond Insurance Policy (**Policy**) for the Bonds maturing on May 1 of the years 2005 through 2022, inclusive (**Insured Bonds**). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included in this Notice.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut, or Florida insurance law.

Financial Security Assurance Inc.

Financial Security is a New York domiciled insurance company and a wholly-owned subsidiary of Financial Security Assurance Holdings Ltd. (**Holdings**). Holdings is an indirect subsidiary of Dexia, S.A., a publicly-held Belgian corporation. Dexia, S.A., through its bank subsidiaries, is primarily engaged in the business of public finance in France, Belgium, and other European countries. No shareholder of Holdings or Financial Security is liable for the obligations of Financial Security.

At June 30, 2001, Financial Security's total policyholders' surplus and contingency reserves were approximately \$1,481,333,000 and its total unearned premium reserve was approximately \$766,018,000 in accordance with statutory accounting principles. At June 30, 2001, Financial Security's total shareholders' equity was approximately \$1,589,409,000, and its total net unearned premium reserve was approximately \$632,823,000, in accordance with generally accepted accounting principles.

The financial statements included as exhibits to the annual and quarterly reports filed by Holdings with the Securities and Exchange Commission are hereby incorporated herein by reference. Also incorporated herein by reference are any such financial statements so filed from the date of this Notice until the termination of the offering of the Insured Bonds. Copies of materials incorporated by reference will be provided upon request to Financial Security Assurance Inc.: 350 Park Avenue, New York, New York 10022, Attention: Communications Department (telephone (212) 826-0100).

The Policy does not protect investors against changes in market value of the Insured Bonds, which market value may be impaired as a result of changes in prevailing interest rates, changes in applicable ratings or other causes. Financial Security makes no representation regarding the Insured Bonds or the advisability of investing in the Insured Bonds. Financial Security makes no representation regarding the Official Statement, nor has it participated in the preparation thereof, except that Financial Security has provided to the State the information presented under this caption for inclusion in this Notice.

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.

\$186,615,000
STATE OF WISCONSIN
GENERAL OBLIGATION BONDS OF 2001, SERIES F

Dated: October 1, 2001

Due: May 1, as shown below

Ratings	AA Fitch Aa3 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 taxes— <i>See pages 8-10.</i>
Redemption	The Bonds maturing 2003 to and including 2012 are not subject to optional redemption. The Bonds maturing on or after 2013 are callable at par at any time on or after May 1, 2012— <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 3.</i>
Interest Payment Dates	May 1 and November 1
First Interest Payment Date	May 1, 2002
Denominations	\$5,000
Closing/Settlement	October 10, 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 September 24, 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 (May 1)	Call Price
977056 M80	2003	\$ 2,675,000	5.00%	Not Callable	-
977056 M98	2004	2,730,000	5.00	Not Callable	-
977056 N22	2005	2,800,000	5.00	Not Callable	-
977056 N30	2006	2,885,000	5.00	Not Callable	-
977056 N48	2007	2,970,000	5.00	Not Callable	-
977056 N55	2008	3,070,000	5.00	Not Callable	-
977056 N63	2009	3,180,000	5.00	Not Callable	-
977056 N71	2010	3,300,000	5.00	Not Callable	-
977056 N89	2011	3,430,000	5.00	Not Callable	-
977056 N97	2012	3,570,000	5.25	Not Callable	-
977056 P20	2013	12,530,000	5.50	2012	100%
977056 P38	2014	13,100,000	5.50	2012	100
977056 P46	2015	13,705,000	5.50	2012	100
977056 P53	2016	14,360,000	5.50	2012	100
977056 P61	2017	15,050,000	5.50	2012	100
977056 P79	2018	15,795,000	5.25	2012	100
977056 P87	2019	16,570,000	5.50	2012	100
977056 P95	2020	17,405,000	5.25	2012	100
977056 Q29	2021	18,280,000	5.10	2012	100
977056 Q37	2022	19,210,000	5.10	2012	100

Purchase Price: \$193,525,113.71

September 24, 2001

Note: The State has been advised by the Underwriters that they have received a Municipal Bond Insurance Commitment from Financial Security Assurance Inc. (**Financial Security**) for the Bonds maturing May 1, 2005-2022. Further information on this Commitment and the Municipal Bond Insurance Policy can be obtained from the Underwriters and Financial Security.

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. The delivery of this document or any sale of the Bonds does not imply that there has been no change in the matters contained in this document since the date of this document. 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. Robert G. Cramer (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

Mr. Frank R. Hoadley
Capital Finance Director
(608) 266-2305
frank.hoadley@doa.state.wi.us

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

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 reader. 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 F
Principal Amount:	\$186,615,000
Denominations:	\$5,000 and integral multiples
Date of Issue:	October 1, 2001
Record Date:	April 15 and October 15
Interest Payment:	May 1 and November 1, commencing May 1, 2002
Maturities:	May 1, 2003-2022— <i>See cover</i>
Redemption:	<i>Optional</i> — The Bonds maturing on 2003 to and including 2012 are not subject to optional redemption. The Bonds maturing on or after 2013 are subject to optional redemption at par (100%) at any time on or after May 1, 2012— <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 June 1, 2001, there were \$3,946,641,144 of outstanding general obligations of the State.
Bond Insurance	The State has been advised by the Underwriters that they have received a Municipal Bond Insurance Commitment from Financial Security Assurance Inc. (Financial Security) for the Bonds maturing May 1, 2005-2022. Further information on this Commitment and the Municipal Bond Insurance Policy can be obtained from the Underwriters and Financial Security.
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 8-10</i> Interest on the Bonds is subject to State of Wisconsin income and franchise taxes— <i>See page 10</i>
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner— <i>See page C-1</i>

OFFICIAL STATEMENT
\$186,615,000
STATE OF WISCONSIN
GENERAL OBLIGATION BONDS OF 2001, SERIES F

INTRODUCTION

This Official Statement provides information about the \$186,615,000 General Obligation Bonds of 2001, Series F (**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 authorizing resolutions that the State of Wisconsin Building Commission (**Commission**) adopted on June 20, 2001, August 8, 2001, and September 19, 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 October 1, 2001 and will bear interest from that date payable on May 1 and November 1 of each year, beginning on May 1, 2002.

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.

Redemption Provisions

Optional Redemption

The Bonds maturing on or after May 1, 2013 may be redeemed on May 1, 2012 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.

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, as designated by the Commission. 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**).

Ratings

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

<u>Rating</u>	<u>Rating Agency</u>
AA	Fitch
Aa3	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.

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.**

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.

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 \$2,343,627,800. 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

The State has sold several issues of general obligations this calendar year:

- \$35 million of general obligation bonds for the veterans housing loan program. The State intends to sell and deliver an additional issue in the amount of \$20 million in the near future.
- \$184 million of general obligation bonds for general governmental purposes.
- \$50 million of a general obligation loan for general governmental purposes.
- \$5 million of general obligation subsidy bonds purchased by the Environmental Improvement Fund.

In addition, the Commission has also authorized the following general obligations that may be issued yet this calendar year:

- Not to exceed \$275 million of additional 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 depend on market conditions.

- Approximately \$92 million of general obligation extendible municipal commercial paper in the fourth quarter for general governmental purposes.
- \$15 million of taxable general obligation bonds for the veterans housing loan program. The amount and timing of general obligation bonds for this purpose depend on activity of the veterans housing loan program.

The Commission may also authorize and issue additional general obligation bonds subsidy bonds that will be purchased by the Environmental Improvement Fund for the Clean Water Fund Program.

Other Obligations

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 depend 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 also authorized up to \$185 million of transportation revenue obligations that may be issued in the fourth quarter to fund projects in the transportation revenue bond program.

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 depend on market conditions.

The Commission has authorized up to \$125 million of petroleum inspection fee revenue refunding bonds. The amount and timing of any such issue depend on market conditions. The Commission has also authorized up to \$94 million of petroleum inspection fee revenue obligations that may be issued in the fourth quarter to fund claims under a soil remediation program.

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

Underwriting

The Bonds were purchased through competitive bidding on September 24, 2001 by the following account (Underwriters): Morgan Stanley (book running manager); J.P. Morgan Securities Inc.; Bear, Stearns & Co. Inc.; Banc of America Securities LLC; Banc One Capital Markets, Inc.; Fidelity Capital Markets; M•R• Beal & Company; Jackson Securities Inc.; Kirlin Securities, Inc.; Dain Rauscher Incorporated; Griffin, Kubik, Stephens & Thompson, Inc.; Hanifen, Imhoff, a Division of Stifel Financial Corp.; CIBC World Markets; Commerce Capital Markets, Inc.; and ABN Amro Financial Services Inc.

The Underwriters paid \$193,525,113.71, and their bid resulted in a true interest cost rate to the State of 4.943844%.

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.

\$186,615,000
State of Wisconsin
General Obligation Bonds of 2001, Series F

Dated Date: October 1, 2001
First Interest Date: May 1, 2002
Closing/Settlement Date: October 10, 2001

CUSIP	Year (May 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Redemption Date (May 1)	Call Price
977056 M80	2003	\$ 2,675,000	5.00%	2.58%	103.671%	Not Callable	-
977056 M98	2004	2,730,000	5.00	2.93	105.064	Not Callable	-
977056 N22	2005	2,800,000	5.00	3.10	106.352	Not Callable	-
977056 N30	2006	2,885,000	5.00	3.34	106.963	Not Callable	-
977056 N48	2007	2,970,000	5.00	3.59	107.045	Not Callable	-
977056 N55	2008	3,070,000	5.00	3.86	106.547	Not Callable	-
977056 N63	2009	3,180,000	5.00	3.96	106.733	Not Callable	-
977056 N71	2010	3,300,000	5.00	4.07	106.661	Not Callable	-
977056 N89	2011	3,430,000	5.00	4.18	106.404	Not Callable	-
977056 N97	2012	3,570,000	5.25	4.32	107.815	Not Callable	-
977056 P20	2013	12,530,000	5.50	4.45	108.766	^(a) 2012	100%
977056 P38	2014	13,100,000	5.50	4.58	107.630	^(a) 2012	100
977056 P46	2015	13,705,000	5.50	4.64	107.111	^(a) 2012	100
977056 P53	2016	14,360,000	5.50	4.74	106.253	^(a) 2012	100
977056 P61	2017	15,050,000	5.50	4.83	105.487	^(a) 2012	100
977056 P79	2018	15,795,000	5.25	4.97	102.275	^(a) 2012	100
977056 P87	2019	16,570,000	5.50	5.00	104.059	^(a) 2012	100
977056 P95	2020	17,405,000	5.25	5.07	101.454	^(a) 2012	100
977056 Q29	2021	18,280,000	5.10	5.17	99.141	2012	100
977056 Q37	2022	19,210,000	5.10	5.19	98.867	2012	100

^(a) These bonds are priced to the May 1, 2012 call date.

Note: The State has been advised by the Underwriters that they have received a Municipal Bond Insurance Commitment from Financial Security Assurance Inc. (Financial Security) for the Bonds maturing May 1, 2005-2022. Further information on this Commitment and the Municipal Bond Insurance Policy can be obtained from the Underwriters and Financial Security.

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, in some cases retroactive to 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, 2021-2022 (**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, 2003-2020 (**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, FLR 10
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: September 24, 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/ ROBERT G. CRAMER

Robert G. Cramer, 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 are available from the Capital Finance Office web site and 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 are available from the Capital Finance Office web site at the following addresses, respectively:

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.

General Obligations (page 72). Update the table of information with the following:

On August 28, 2001, Moody's Investors Service downgraded the rating on the State's general obligation bonds to Aa3 from Aa2.

On September 4, 2001, Fitch downgraded the rating on the State's general obligation bonds to AA from AA+.

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

Budget for 2000-01

On May 15, 2001, the Legislative Fiscal Bureau reduced the estimate of general fund tax revenues for the current 2000-01 fiscal year by \$129 million. As a result of these revised tax revenue estimates and other factors, including expenditure estimates, the ending balance on June 30, 2001 was estimated to be \$165 million. On September 6, 2001, both the Legislative Fiscal Bureau and the Department of Revenue reported that general-purpose revenue collections in the 2000-01 fiscal year were \$10,063 million, which is about \$7 million more than the estimates provided on May 15, 2001. The Annual Fiscal Report for the fiscal year ended June 30, 2001 will include the final general fund tax collections, departmental revenues and expenditures, and the ending balance for the 2000-01 fiscal year. This Annual Fiscal Report must be published by October 15, 2001.

Budget for 2001-03

On July 26, 2001, the Legislature adopted a budget for the 2001-02 and 2002-03 fiscal years. On August 30, 2001, the Governor signed into law in part, and vetoed in part, the budget for the 2001-02 and 2002-03 fiscal years. A two-thirds vote in each house is required to override any veto. A copy of the approved budget, which incorporates vetoes made by the Governor, along with the Governor's veto message can be obtained from:

State of Wisconsin Capital Finance Office
Department of Administration
101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 266-2305
capfin@doa.state.wi.us

The tables that appear below, the detailed summary of the all-funds budget on [page A-4](#), and detailed summary of the general-fund budget on [page A-5](#) only reflect the budget approved by the Legislature. Updates to the tables and summaries reflecting the fiscal effect of the Governor's actions on the legislatively adopted budget are not yet available. The Governor's vetoes that have a fiscal impact did the following, in summary:

- Eliminated approximately \$62 million of general-fund expenditures.
- Increased the required statutory reserve to 1.2% of appropriations and reserves for the 2002-03 fiscal year.
- Eliminated deferral of the \$115 million school aid payment.

The fiscal effect of the Governor's vetoes is an increase of the estimated gross ending balance on June 30, 2003 from \$92 million to approximately \$154 million and an increase of the statutory required balance from \$90 million to approximately \$141 million. As a result, the estimated net ending balance increases from \$2 million to approximately \$13 million.

**Adopted Legislature Budget
Does Not Reflect Governor's Vetoes
General-Fund Basis
(Amounts in Millions)**

	<u>Adopted Legislative Budget 2001-02</u>	<u>Adopted Legislative Budget 2002-03</u>
Beginning Balance	\$ 198	\$ 248
Tax Revenues	10,661	11,132
Tobacco Securitization Proceeds	450	n/a
Tobacco Settlement Payments	156	158
Nontax Revenues	<u>8,013</u>	<u>8,071</u>
Total Amount Available	<u>\$ 19,477</u>	<u>\$ 19,669</u>
Total Disbursements/Reserves	<u>\$ 19,229</u>	<u>\$ 19,576</u>
Estimated Gross Balance	\$ 248	\$ 92
Required Statutory Reserve	<u>139</u>	<u>90</u>
Net Balance	\$ 109	\$ 2

**Adopted Legislature Budget
Does Not Reflect Governor's Vetoes
All-Funds Basis
(Amounts in Millions)**

	<u>Adopted Legislative Budget 2001-03</u>	<u>Adopted Legislative Budget 2002-03</u>
Beginning Balance	\$ 198	\$ 248
Tax Revenues	10,661	11,132
Tobacco Securitization Proceeds	450	n/a
Tobacco Settlement Payments	156	158
Nontax Revenues	<u>19,904</u>	<u>20,127</u>
Total Amount Available	<u>\$ 31,368</u>	<u>\$ 31,664</u>
Total Disbursements/Reserves	<u>\$ 31,120</u>	<u>\$ 31,572</u>
Estimated Gross Balance	\$ 248	\$ 92
Required Statutory Reserve	<u>139</u>	<u>90</u>
Net Balance	\$ 109	\$ 2

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

State Budget—All Funds^(a)
Does Not Reflect Governor's Vetoes

	Actual 1999-2000 ^(b)	Budget 1999-2000	Budget 2000-2001	Legislature Adopted Budget 2001-2002	Legislature Adopted Budget 2002-2003
RECEIPTS					
Fund Balance from Prior Year.....	\$ 701,293,000	\$ 701,293,000	\$ 658,784,800 ^(c)	\$ 197,829,200	\$ 248,478,300
Tax Revenue					
Individual Income.....	5,962,010,000	5,825,000,000	5,158,800,000 ^(d)	5,455,527,500	5,687,655,500
General Sales and Use.....	3,501,659,000	3,500,000,000	3,710,000,000	3,750,485,400	3,975,016,000
Corporate Franchise and Income.....	644,625,000	660,000,000	658,300,000	594,297,100 ^(e)	606,418,500 ^(e)
Public Utility.....	259,984,000	250,000,000	220,000,000 ^(f)	244,000,000	249,977,500
Excise					
Cigarette/Tobacco Products.....	257,896,000	258,000,000	255,200,000 ^(g)	314,900,000 ^(h)	322,850,000
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 ⁽ⁱ⁾	110,000,000	91,000,000
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 ^(j)	61,000,000 ^(j)	56,600,000 ^(j)	60,300,000 ^(j)
Subtotal.....	11,965,438,000	10,793,300,000	10,281,100,000	10,661,210,000	11,131,517,500
Nontax Revenue					
Departmental Revenue					
Tobacco Settlement.....	167,362,000	167,886,100	124,763,700	155,526,000	157,602,800
Tobacco Securitization.....	NA	NA	NA	450,000,000	NA
Other.....	257,040,000	260,087,900	190,946,100	229,090,300	205,937,300
Total Federal Aids.....	4,170,531,000	5,085,572,200	4,703,374,700	5,483,569,000	5,588,806,400
Total Program Revenue.....	2,633,267,000	2,658,535,300	2,734,917,200	3,016,854,100	3,081,504,600
Total Segregated Funds.....	4,194,291,000	2,275,967,300	2,292,791,500	3,212,998,200	2,977,846,900
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 ^(k)	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	20,509,362,517	20,284,301,973
Total Available.....	\$ 33,574,603,000	\$ 29,076,924,500	\$ 28,438,072,300	\$ 31,368,401,717	\$ 31,664,297,773
DISBURSEMENTS AND RESERVES					
Commerce.....	\$ 570,282,000	\$ 418,915,100	\$ 415,866,300	\$ 424,747,000	\$ 425,552,500
Education.....	8,018,963,000	7,860,268,900	8,223,303,400	8,724,070,200	8,897,913,700
Environmental Resources.....	2,626,896,000	2,493,567,700	2,437,927,900	2,683,249,500	2,766,164,900
Human Relations and Resources.....	7,978,636,000	6,850,265,900	6,733,347,000	7,803,582,700	8,081,757,300
General Executive.....	3,741,255,000	673,415,700	669,656,800	773,694,100	769,763,000
Judicial.....	102,487,000	104,156,900	104,709,200	105,350,100	105,723,500
Legislative.....	59,820,000	60,511,900	59,086,500	63,929,500	63,231,300
General Appropriations.....	3,346,300,000	2,891,183,500	2,163,488,700	2,695,544,400	2,268,108,300
General Obligation Bond Program.....	505,472,000	458,000,000	400,000,000	500,000,000	383,000,000
Employee Benefit Payments ^(k)	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 ^(k)	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	31,235,492,417	31,650,818,473
Less: (Lapses).....	NA	(84,028,600)	(122,124,800)	(149,501,300)	(176,797,000)
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	139,063,800	90,000,000
Transfer to Tobacco Control Board.....	NA	23,500,000	NA	6,032,300	15,345,100
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	\$ 31,258,987,217	\$ 31,661,866,573
Fund Balance.....	\$ 872,283,000	\$ 544,901,700	\$ 49,338,400	\$ 109,414,500	\$ 2,431,200
Undesignated Balance.....	\$ 835,714,000	\$ 658,784,800	\$ 183,667,000	\$ 248,478,300	\$ 92,431,200

- (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 re-estimates of revenues.
- (f) The decrease results from the continued effect of prior years' tax changes.
- (g) The decrease results from an anticipated decline in consumption.
- (h) The increase results from an 18 cent per pack increase on cigarettes.
- (i) The decrease results from an expected one-time collection in the 1999-2000 fiscal year.
- (j) 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.
- (k) 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 2000 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)
Does Not Reflect Governor’s Vetoes**

	Actual 1999-2000 ^(b)	Budget 1999-2000	Budget 2000-2001	Legislature Adopted Budget 2001-2002	Legislature Adopted Budget 2002-2003
RECEIPTS					
Fund Balance from Prior Year.....	\$ 701,293,000	\$ 701,293,000	\$ 658,784,800 ^(c)	\$ 197,829,200	\$ 248,478,300
Tax Revenue					
State Taxes Deposited to General Fund					
Individual Income.....	5,962,010,000	5,825,000,000	5,158,800,000 ^(d)	5,455,527,500	5,687,655,500
General Sales and Use.....	3,501,659,000	3,500,000,000	3,710,000,000	3,750,485,400	3,975,016,000
Corporate Franchise and Income.....	644,625,000	660,000,000	658,300,000	594,297,100 ^(e)	606,418,500 ^(e)
Public Utility.....	259,984,000	250,000,000	220,000,000 ^(f)	244,000,000	249,977,500
Excise					
Cigarette/Tobacco Products.....	257,896,000	258,000,000	255,200,000 ^(g)	314,900,000 ^(h)	322,850,000 ^(h)
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 ⁽ⁱ⁾	110,000,000	91,000,000
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	60,300,000
Subtotal.....	10,957,780,000	10,793,300,000	10,281,100,000	10,661,210,000	11,131,517,500
Nontax Revenue					
Departmental Revenue					
Tobacco Settlement.....	167,362,000 ^(b)	167,886,100	124,763,700	155,526,000	157,602,800
Tobacco Securitization.....	NA	NA	NA	450,000,000	NA
Other.....	257,040,000	260,087,900	190,946,100	229,090,300	205,937,300
Program Revenue-Federal.....	4,170,531,000	4,453,148,300	4,121,351,700	4,766,889,000	4,843,682,800
Program Revenue-Other.....	2,633,267,000	2,658,535,300	2,734,917,200	3,016,854,100	3,081,504,600
Fund Transfers In.....	NA	64,000,000	NA	NA	NA
Subtotal.....	7,228,200,000	7,603,657,600	7,171,978,700	8,618,359,400	8,288,727,500
Total Available.....	\$ 18,887,273,000	\$ 19,098,250,600	\$ 18,111,863,500	\$ 19,477,398,600	\$ 19,668,723,300
DISBURSEMENTS AND RESERVES					
Commerce.....	\$ 209,393,000	\$ 218,959,300	\$ 220,214,600	\$ 229,909,200	\$ 235,439,000
Education.....	7,769,121,000	7,798,220,600	8,163,838,300	8,655,045,700	8,825,072,200
Environmental Resources.....	270,101,000	261,344,100	259,939,200	254,725,800	266,097,200
Human Relations and Resources.....	6,742,655,000	6,684,959,800	6,541,581,500	7,450,283,800	7,551,798,300
General Executive.....	631,485,000	634,410,900	569,934,100	639,385,700	636,301,600
Judicial.....	102,156,000	103,499,100	104,051,400	104,641,000	105,014,400
Legislative.....	59,820,000	60,511,900	59,086,500	63,929,500	63,231,300
General Appropriations.....	2,548,903,000	2,681,988,700	2,013,925,700	1,946,568,600	1,972,290,000
Subtotal.....	18,333,634,000	18,443,894,400	17,932,571,300	19,344,489,300	19,655,244,000
Less: (Lapses).....	NA	(84,028,600)	(122,124,800)	(149,501,300)	(176,797,000)
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	139,063,800	90,000,000
Transfer to Tobacco Control Board.....	NA	23,500,000	NA	6,032,300	15,345,100
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	\$ 19,367,984,100	\$ 19,666,292,100
Fund Balance.....	\$ 872,283,000	\$ 544,901,700	\$ 49,338,400	\$ 109,414,500	\$ 2,431,200
Undesignated Balance.....	\$ 835,714,000	\$ 658,784,800	\$ 183,667,000	\$ 248,478,300	\$ 92,431,200

- (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 re-estimates of revenues.
- (f) The decrease results from the continued effect of prior years' tax changes.
- (g) The decrease results from an anticipated decline in consumption.
- (h) The increase results from an 18 cent per pack increase on cigarettes.
- (i) The decrease results from an expected one-time collection in the 1999-2000 fiscal year.

Source: Wisconsin Department of Administration.

Table II-8; General Fund Monthly Position (Page 37). Update the table with the following:

GENERAL FUND MONTHLY CASH POSITION^(a)
July 1, 1999 through August 31, 2001 — Actual
September 1, 2001 through June 30, 2002 — Estimated^(b)
 (Amounts in Thousands)

	<u>Starting Date</u>	<u>Starting Balance</u>	<u>Receipts^(c)</u>	<u>Disbursements^(c)</u>
1999	July.....	\$ 736,269	\$ 1,441,009	\$ 1,836,987
	August.....	340,291	1,308,849	868,154
	September.....	780,986	1,547,229	1,292,942
	October.....	1,035,273	1,331,192	1,031,907
	November.....	1,334,558	1,433,801	1,794,197
	December.....	974,162	1,449,618	1,987,753
2000	January.....	436,027	2,095,798	1,693,313
	February.....	838,512	1,544,207	1,240,280
	March.....	1,142,439	1,526,625	2,143,437
	April.....	525,627	1,812,812	1,174,173
	May.....	1,164,266	1,580,865	1,172,474
	June.....	1,572,657	1,910,223	2,811,272
	July.....	671,608	1,405,811	1,674,899
	August.....	402,520	1,391,600	1,036,240
	September.....	757,880	1,716,848	1,540,488
	October.....	934,240	1,545,868	1,039,609
	November.....	1,440,499	1,451,918	1,886,868
	December.....	1,005,549	1,335,205	2,070,373
2001	January.....	270,381	2,143,861	1,190,946
	February.....	1,223,296	1,494,577	1,339,377
	March.....	1,378,496	1,381,012	2,312,836
	April.....	446,672	2,042,531	1,469,093
	May.....	1,020,110	1,800,948	1,405,982
	June.....	1,415,076	1,698,317	2,831,828
	July.....	281,565	1,575,450	1,853,617
	August.....	3,398	1,497,565	1,103,304
	September.....	397,659	2,649,708	1,517,771
	October.....	1,529,596	1,539,588	1,225,969
	November.....	1,843,215	1,540,188	2,357,800
	December.....	1,025,603	1,533,197	2,070,692
2002	January.....	488,108	2,148,824	1,243,763
	February.....	1,393,169	1,527,633	1,543,009
	March.....	1,377,793	1,646,899	2,476,089
	April.....	548,603	1,922,739	1,651,186
	May.....	820,156	1,616,493	1,767,001
	June.....	669,648	2,334,466	2,705,123

(a) The General Fund balances presented in this table are not based on Generally Accepted Accounting Principles (GAAP).

(b) The monthly receipt and disbursement projections for September 1, 2001 through June 30, 2002 are based on estimates provided by the Division of Executive Budget and Finance and reflect the budget signed into law by the Governor.

(c) The amounts shown in September 2001 include receipts from the planned issuance of operating notes and amounts shown in February–May 2002 include disbursements for impoundment payments required in connection with the planned issuance of operating notes. No operating notes were issued in the 1999-2000 or 2000-01 fiscal years. In addition, the receipt amounts shown in June 2002 include receipt of \$450 million from proceeds of the expected securitization of tobacco settlement revenues due the State under the Master Settlement Agreement.

Source: Wisconsin Department of Administration.

Table II-9; Balances in Funds Available for Interfund Borrowing (Page 38). Update the table with the following:

BALANCES IN FUNDS AVAILABLE FOR INTERFUND BORROWING^(a)

July 1, 1999 to September 1, 2001 — Actual
October 1, 2001 to June 1, 2002 — Estimated^(b)

(Amounts in Millions)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
January		\$ 3,735	\$ 3,701	\$ 1,654
February		4,159	4,435	1,726
March		4,262	4,786	1,798
April		4,267	5,212	1,821
May		3,961	4,952	1,725
June		3,636	4,680	1,680
July	\$ 4,017	3,733	4,925	
August	4,245	4,084	5,275	
September	3,865	3,743	4,785	
October	3,820	3,796	1,650 ^(b)	
November	3,374	3,378	1,530	
December	3,411	3,489	1,578	

^(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	Environmental Improvement Fund
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 October 1, 2001 and succeeding months include only 20% of the amount estimated to be available for the local government investment pool. The local government investment pool is composed of funds deposited by local units of government that may be withdrawn without notice. Balances in the local government investment pool ranged from a low of \$63 million on July 1, 1983 to a high of \$4.426 billion on March 1, 1994. Under Section 20.002 (11), Wisconsin Statutes, interfund borrowing is limited to 5% of the total general-purpose revenue appropriations then in effect, which based on the 2000-2001 budget adopted by the Legislature, is approximately \$572 million, and an additional 3% (approximately \$343 million) for a period of up to 30 days.

Source: Wisconsin Department of Administration.

Table II-10; Revenues Deposited to the General Fund (Page 39). Update the table with the following:

REVENUES DEPOSITED TO THE GENERAL FUND^(a)
July 1, 2000 to June 30, 2001 compared with previous year
(Unaudited)

	Actual Receipts 1999–2000 FY^(b)	Projected Receipts 2000–01 FY	Actual Receipts July 1, 1999 to June 30, 2000^(c)	Actual Receipts July 1, 2000 to June 30, 2001^(c)
Individual Income Tax ^(d)	\$ 5,962,010,000	\$ 5,158,800,000	\$ 5,548,285,658	\$ 4,725,971,194
General Sales and Use Tax ..	3,501,659,000	3,710,000,000	3,143,543,283	3,251,963,963
Corporate Franchise and Income Tax	644,625,000	658,300,000	652,374,471	542,395,802
Public Utility Taxes	259,984,000	220,000,000	259,709,059	239,628,753
Excise Taxes	301,852,000	298,000,000	275,346,243	271,939,928
Inheritance Taxes	133,261,000	75,000,000	133,515,018	77,348,470
Miscellaneous Taxes	154,389,000	161,000,000	65,977,524	65,446,092
SUBTOTAL.....	<u>10,957,780,000</u>	<u>10,281,100,000</u>	<u>10,078,751,256</u>	<u>9,174,694,202</u>
Federal Receipts.....	4,170,531,000	4,121,351,700	4,082,365,231	4,774,563,490
Dedicated and Other Revenues ^(e)	<u>3,057,669,000</u>	<u>3,050,627,000</u>	<u>3,144,058,331</u>	<u>4,409,432,922</u>
TOTAL.....	<u>\$ 18,185,980,000</u>	<u>\$ 17,453,078,700</u>	<u>\$ 17,305,174,818</u>	<u>\$ 18,358,690,614</u>

(a) The amounts shown are based on the statutory accounting basis and not on GAAP. See “ACCOUNTING AND FINANCIAL REPORTING” in Part II of the 2000 Annual Report.

(b) The amounts shown are the sum of all revenues for fiscal year 1999-2000 based on the data used in the preparation of the Annual Fiscal Report (Budgetary Basis) for the year ending June 30, 2000.

(c) The amounts shown are preliminary and do not reflect fiscal year-end adjustments.

(d) The decrease of individual income tax is the result of tax reductions becoming effective.

(e) 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. As an example, this category includes \$1.274 billion for an intergovernmental transfer that was processed in March 2001, and there was no comparable transaction in fiscal year 1999-2000.

Source: Wisconsin Department of Administration.

Table II-11; General Fund Expenditures by Function (Page 40). Update the table with the following:

**GENERAL FUND EXPENDITURES BY FUNCTION^(a)
July 1, 2000 to June 30, 2001 compared with previous year
(Unaudited)**

	Actual Expenditures <u>1999-2000 FY^(b)</u>	Appropriations <u>2000-01 FY</u>	Actual Expenditures July 1, 1999 to <u>June 30, 2000^(c)</u>	Actual Expenditures July 1, 2000 to <u>June 30, 2001^(c)</u>
Commerce.....	\$ 209,393,000	\$ 220,214,600	\$ 206,226,966	\$ 198,769,259
Education.....	7,769,121,000	8,163,838,300	7,725,190,799	8,260,686,345
Environmental Resources.....	270,101,000	259,939,200	261,854,525	263,226,746
Human Relations & Resources ^(d)	6,742,655,000	6,541,581,500	6,182,181,621	7,421,203,809
General Executive.....	631,485,000	569,934,100	642,412,559	647,756,285
Judicial.....	102,156,000	104,051,400	100,967,872	105,763,121
Legislative.....	59,820,000	59,086,500	56,299,928	57,909,745
General Appropriations.....	<u>2,548,903,000</u>	<u>2,013,925,700</u>	<u>2,515,772,951</u>	<u>2,470,911,322</u>
TOTAL.....	<u>\$ 18,333,634,000</u>	<u>\$ 17,932,571,300</u>	<u>\$ 17,690,907,221</u>	<u>\$ 19,426,226,632</u>

- (a) The amounts shown are based on the statutory accounting basis and not on GAAP. See "ACCOUNTING AND FINANCIAL REPORTING" in Part II of the 2000 Annual Report.
- (b) The amounts shown are the sum of all expenditures for fiscal year 1999-2000 based on the data used in the preparation of the Annual Fiscal Report (Budgetary Basis) for the year ending June 30, 2000.
- (c) The amounts shown are preliminary and do not reflect fiscal year-end adjustments.
- (d) The actual expenditures in this category for July 1, 2000 to June 30, 2001 include \$1.274 billion for an intergovernmental transfer that was processed in March 2001, and there was no comparable transaction in fiscal year 1999-2000.

Source: Wisconsin Department of Administration.

APPENDIX B

State of Wisconsin General Obligation Issuance Status Report September 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 F</u>	<u>Total Authorized Unissued Debt ^(a)</u>
University of Wisconsin; academic facilities.....	\$ 1,052,005,900	\$ 836,892,229	\$ 11,893,712	\$ 515,000	\$ 202,704,959
University of Wisconsin; self-amortizing facilities.....	732,009,800	371,397,621	1,606,912	15,475,000	343,530,267
Natural resources; Warren Knowles - Gaylord Nelson stewardship 2000 program.....	572,000,000	45,350,000		9,125,000	517,525,000
Natural resources; municipal clean drinking water grants.....	9,800,000	9,518,342	141,818		139,840
Clean water fund program.....	637,743,200	362,334,053			275,409,147
Safe drinking water loan program.....	26,210,000	14,301,520		1,270,000	10,638,480
Natural resources; nonpoint source grants.....	75,763,600	39,430,658	132,570	1,150,000	35,050,372
Natural resources; nonpoint source compliance.....	2,000,000	2,000,000			
Natural resources; environmental repair.....	48,000,000	26,024,900	161,017	495,000	21,319,083
Natural resources; urban nonpoint source cost-sharing.....	17,700,000	3,425,000		415,000	13,860,000
Natural resources; municipal flood control and riparian restoration and dame restoration.....	9,000,000				9,000,000
Natural resources; environmental segregated fund supported administrative facilities.....	6,770,400	151,100		10,000	6,609,300
Natural resources; segregated revenue supported dam safety projects.....	6,600,000	3,633,000		340,000	2,627,000
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.....	893,493,400	874,194,888	18,513,076		785,436
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	5,000	3,392
Natural resources; recreation development.....	23,061,500	22,818,110	141,227		102,163

GENERAL OBLIGATION ISSUANCE STATUS REPORT—CONTINUED
September 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 F</u>	<u>Total Authorized Unissued Debt ^(a)</u>
Natural resources; land acquisition.....	45,608,600	45,115,269	491,671		1,660
Natural resources; Wisconsin natural areas heritage program.....	2,500,000	2,442,545	17,174		40,281
Natural resources; segregated revenue supported facilities.....	30,576,400	16,334,722	45,287	165,000	14,031,391
Natural resources; general fund supported administrative facilities.....	10,882,400	7,381,075	21,432	45,000	3,434,893
Natural resources; ice age trail.....	750,000				750,000
Natural resources; dam safety projects.....	5,500,000	5,382,000	49,701		68,299
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	200,670,000	1,293,404	4,540,000	24,496,596
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	1,400,000			48,600,000
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.....	25,000,000	14,840,000	232,605	2,620,000	7,307,395
Transportation; rail acquisitions and improvements.....	28,000,000	14,605,000	16	190,000	13,204,984
Transportation; local roads for job preservation, state funds.....	2,000,000				2,000,000
Corrections; correctional facilities.....	787,694,900	647,011,762	11,225,678	86,890,600	42,566,860
Corrections; self-amortizing facilities and equipment.....	7,337,000	1,386,000	99		5,950,901
Corrections; juvenile correctional facilities.....	27,726,500	25,328,556	102,029	5,000	2,290,915
Health and family services; mental health and secure treatment facilities.....	128,322,900	118,350,268	893,479		9,079,153

GENERAL OBLIGATION ISSUANCE STATUS REPORT—CONTINUED
September 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 F</u>	<u>Total Authorized Unissued Debt ^(a)</u>
Agriculture; soil and water.....	13,575,000	2,730,000	1,248	60,000	10,783,752
Agriculture; conservation reserve enhancement..	40,000,000				40,000,000
Administration; Black Point Estate.....					
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 ^(c)			228,596,323
Building commission; refunding self-amortizing general obligation debt.....	275,000,000	231,440,786 ^(c)			43,559,214
Building commission; refunding tax-supported and self-amortizing general obligation debt.....	75,000,000				75,000,000
Building commission; housing state departments and agencies.....	463,367,100	312,504,121	2,312,856	31,635,000	116,915,123
Building commission; 1 West Wilson street parking ramp.....	15,100,000	14,805,521	294,479		0
Building commission; project contingencies.....	45,007,500	24,590,000	62,251	610,000	19,745,249
Building commission; capital equipment acquisition.....	115,839,400	83,499,191	729,518		31,610,691
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 ^(c)			11,167
Building commission; other public purposes.....	1,396,101,000	870,057,098	6,041,264	21,979,400	498,023,238
Medical College of Wisconsin, Inc.;					
basic science education and health information technology facilities...	10,000,000	10,000,000			
HR Academy.....	1,500,000				1,500,000
Medical College of Wisconsin, Inc.;					
biomedical research and technology incubator.....	25,000,000				25,000,000
Marquette University; dental clinic and education facility..	15,000,000			8,520,000	6,480,000
Swiss cultural center.....	1,000,000				1,000,000
Racine County; Disclvery Place museum.....	1,000,000				1,000,000
Milwaukee Police Athletic League; youth activities center.....	1,000,000				1,000,000

GENERAL OBLIGATION ISSUANCE STATUS REPORT—CONTINUED
September 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 F</u>	<u>Total Authorized Unissued Debt ^(a)</u>
Technology for educational achievement in Wisconsin board; school district educational technology infrastructure financial assistance.....	100,000,000	41,485,000	425,571		58,089,429
Technology for educational achievement in Wisconsin board; public library educational technology infrastructure financial assistance.....	3,000,000	190,000			2,810,000
Educational communications board; educational communications facilities.....	22,858,100	7,939,539	36,946		14,881,615
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	4,356,000		5,000	23,400
Historical society; Wisconsin history center.....	131,500,000				131,500,000
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.....	22,421,900	17,882,527	192,632	120,000	4,226,741
Veterans affairs; veterans facilities.....	10,090,100	8,953,065	50,593	120,000	966,442
Veterans affairs; self-amortizing mortgage loans.....	2,120,840,000	1,888,652,395	2,133,000		230,054,605
Veterans affairs; refunding bonds.....	665,000,000	632,539,245			32,460,755
Veterans affairs; self-amortizing facilities.....	29,520,900	730,000	501	305,000	28,485,399
State fair park board; board facilities.....	13,587,100	2,370,000			11,217,100
State fair park board; housing facilities.....	11,000,000	10,959,000	13	5,000	35,987
State fair park board; self-amortizing facilities.....	84,787,100	31,473,800	61,389		53,251,911
Total.....	<u>\$14,394,493,200</u>	<u>\$10,832,201,827</u>	<u>\$65,756,182</u>	<u>\$186,615,000</u>	<u>\$3,309,920,191</u>

^(a) These amounts do not include the State's \$20,000,000 General Obligation Bonds of 2001, Series E (Taxable), which is expected to be sold in the near future.

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

^(c) 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)

\$186,615,000

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

We have served as bond counsel in connection with the issuance by the State of Wisconsin (**State**) of its \$186,615,000 General Obligation Bonds of 2001, Series F, dated October 1, 2001 (**Bonds**). The Bonds are being issued pursuant to Chapter 18, Wisconsin Statutes (**Act**) and resolutions adopted by the State of Wisconsin Building Commission (**Commission**) on June 20, 2001, August 8, 2001, and September 19, 2001 (**Resolutions**).

We examined the law, a certified copy of the proceedings relating to the issuance of the Bonds, 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 independently 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. The Resolutions have been duly adopted by the Commission and are valid and binding obligations of the State enforceable upon the State as provided in the Resolutions.
3. The full faith, credit, and taxing power of the State are irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Bonds as the Bonds mature and become due. There has been irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient for such purpose.
4. 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. 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 retroactive to 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,

FOLEY & LARDNER



**FINANCIAL
SECURITY
ASSURANCE®**

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS:

Effective Date:

Premium:

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud, whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

[Countersignature]

FINANCIAL SECURITY ASSURANCE INC.

By _____

By _____
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
350 Park Avenue, New York, N.Y. 10022-6022

(212) 826-0100

Form 500NY (5/90)