

OFFICIAL STATEMENT

New Issue

This Official Statement provides information on the Notes. 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.

\$800,000,000 STATE OF WISCONSIN OPERATING NOTES OF 2001

Dated: September 20, 2001

Due: June 17, 2002

Note Ratings F-1+ Fitch
MIG 1 Moody's Investors Service, Inc.
SP-1+ Standard & Poor's Ratings Services

Coupon 3.75%

Term 267 days (on a 30/360 basis)

Closing/Settlement September 20, 2001

Maturity June 17, 2002

Interest Payment Date June 17, 2002

Tax Exemption For federal income tax purposes, interest on the Notes is excluded from gross income and is not an item of tax preference. On the other hand, interest on the Notes is subject to State of Wisconsin income and franchise taxes—*See pages 13-14.*

Redemption Not subject to redemption prior to maturity.

Security The State of Wisconsin is obligated to use all General Fund revenues, other than those required to pay State general obligations, to make impoundment payments into the Operating Note Redemption Fund for payment of principal and interest on the Notes—*See pages 2-3.*

Purpose General Fund cash-flow needs—*See page 2.*

Denominations \$25,000

Bond Counsel Foley & Lardner

Trustee/Registrar/Paying Agent Wells Fargo Bank Minnesota, N.A.

Issuer Contact Wisconsin Capital Finance Office; (608) 266-2305; capfin@doa.state.wi.us

Book-Entry-Only Form The Depository Trust Company—*See pages 4-6.*

Annual Report This Official Statement incorporates by reference **Parts I and II** of the State of Wisconsin Continuing Disclosure Annual Report, dated December 22, 2000.

Sale Information Competitive sale on September 10, 2001—*See page 12.*

September 10, 2001

This document is the “official” statement—that is, it contains the only authorized information about the offering of the Notes. This document isn’t an offer or solicitation for the Notes, 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 Notes, 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 Notes 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 Notes does not imply that there has been no change in the matters contained in this document since its date. Material referred to in this document is not part of this document unless expressly included.

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STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF THE NOTES

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

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SUMMARY DESCRIPTION OF THE NOTES

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

Description:	State of Wisconsin Operating Notes of 2001
Principal Amount:	\$800,000,000
Denominations:	\$25,000 and integral multiples thereof
Date of Issue:	September 20, 2001
Term:	267 days (on a 30/360 basis)
Maturity:	June 17, 2002
Interest Payment:	June 17, 2002
Redemption:	Not subject to redemption prior to maturity.
Form:	Book-entry-only— <i>See pages 4-6.</i>
Paying Agent:	All payments of principal and interest on the Notes will be made by Wells Fargo Bank Minnesota, N.A., as Trustee. All payments will be made to The Depository Trust Company, which will distribute payments to Beneficial Owners as described herein.
Security:	All General Fund revenues, other than those required to pay State general obligation bonds and notes, are pledged by the Commission and will be used to make impoundment payments into the Operating Note Redemption Fund on February 28, March 29, April 30 and May 31, 2002— <i>See pages 2-3.</i>
Authority for Issuance:	The Notes are issued under Chapters 16 and 18 of the Wisconsin Statutes.
Purpose:	General Fund cash-flow needs.
Additional Notes:	The State may issue additional operating notes.
Legality of Investment:	State law provides that the Notes are legal investments for all banks, trust companies, savings banks and institutions, building and loan association, 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 Notes is not included in gross income and not an item of tax preference for federal income tax purposes— <i>See pages 13-14.</i> Interest on the Notes is subject to State of Wisconsin income and franchise taxes— <i>See page 14.</i>
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner— <i>See page B-1</i>

OFFICIAL STATEMENT
\$800,000,000
STATE OF WISCONSIN
OPERATING NOTES OF 2001

INTRODUCTION

This Official Statement sets forth information concerning the \$800,000,000 State of Wisconsin Operating Notes of 2001 (**Notes**), issued by the State of Wisconsin (**State**). This Official Statement includes by reference Parts I and II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 22, 2000 (**2000 Annual Report**).

The Notes are issued pursuant to Chapters 16 and 18 of the Wisconsin Statutes and an **Authorizing Resolution** adopted by the State of Wisconsin Building Commission (**Commission**) on August 8, 2001. All steps and actions required before adoption of the Authorizing Resolution were satisfied.

The Commission, an agency of the State, is empowered by law to authorize, issue, and sell all borrowing obligations of the State. In connection with the issuance and sale of the Notes, the Commission has authorized the State of Wisconsin Department of Administration (**Department**) 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 concerning the State and its financial condition is included as **APPENDIX A**, which includes by reference Part II 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 NOTES

General

The Notes will be dated September 20, 2001 and will bear interest from that date payable on the maturity date of the Notes, which is June 17, 2002. The Notes will bear interest at a rate of 3.75%, computed on the basis of a 30-day month and a 360-day year. Payments of principal and interest for each Note will be paid to the registered owner of the Notes. The Notes 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**).

The Commission has appointed Wells Fargo Bank Minnesota, N.A. as the trustee for the Notes (**Trustee**). The Trustee is also the registrar (**Registrar**) and paying agent (**Paying Agent**) for the Notes.

The Notes are not subject to redemption prior to maturity.

The Notes are issued as fully registered obligations in principal denominations of \$25,000 or integral multiples thereof. Under certain conditions the Notes may be issued in certificated form.

Purpose

The State is constitutionally required to adopt a balanced budget. However, the State is issuing the Notes because of an imbalance between the timing of payments disbursed and receipts collected. The Notes are issued in an aggregate amount estimated to be sufficient with interfund borrowings and reallocations to meet General Fund cash-flow needs for the remainder of the 2001–02 fiscal year. Developments during the year may require the State to issue additional operating notes. See “**THE NOTES; Additional Notes**”.

The Notes mature before the end of the 2001–02 fiscal year. The budget for the 2001–02 fiscal year is balanced on a statutory and cash basis. **APPENDIX A** includes a summary of the budget for the 2001–02 fiscal year. Although many factors may affect the State’s financial results for the 2001–02 fiscal year, the estimates of receipts and disbursements included in the 2001–02 budget are believed to be reasonable.

The State will deposit the proceeds from the sale of the Notes into the General Fund. The State will expend the Note proceeds in anticipation of revenues to be received later in the fiscal year. Until so used, the proceeds will be invested by the State on a short-term basis. This investment activity is the responsibility of the State of Wisconsin Investment Board. See **APPENDIX A**.

Premium, if any, paid as part of the purchase price of the Notes will be deposited into the Operating Note Redemption Fund and used to pay interest on the Notes. The costs of issuance of the Notes will be paid by the State from money separately appropriated from the General Fund.

Security

General

The Notes are contractual obligations of the State to be paid solely from General Fund revenues pledged by the Commission pursuant to Wisconsin Statutes and the Authorizing Resolution and deposited into the Operating Note Redemption Fund. There has been appropriated from the General Fund to the Operating Note Redemption Fund a sum sufficient for the payment of principal and interest on the Notes. These appropriations are continuing appropriations both during and after the 2001–02 fiscal year, unless specifically amended by the Legislature. The Operating Note Redemption Fund is a separate and distinct fund established with the Trustee. All money in the Operating Note Redemption Fund may be expended only for the payment of the principal and interest on the Notes.

*The Notes are not general obligations of the State, and the Notes do not constitute “public debt” of the State as that term is used in the Constitution and Statutes of the State. General Fund revenues pledged to the payment of the Notes are subject to the first and paramount rights of the owners of the State’s general obligation bonds and notes (**General Obligations**).*

Impoundments

The Authorizing Resolution requires the Secretary of the Department (**Secretary of Administration**) to impound and transfer sums from the General Fund to the Operating Note Redemption Fund by certain dates and in certain amounts:

- 25% of the principal and interest due June 17, 2002 on the Notes must be impounded by February 28, 2002.
- 50% of the principal and interest due June 17, 2002 on the Notes must be impounded by March 29, 2002.
- 75% of the principal and interest due June 17, 2002 on the Notes must be impounded by April 30, 2002.
- 100% of the principal and interest due June 17, 2002 on the Notes must be impounded by May 31, 2002.

If on any of these impoundment dates the balance in the Operating Note Redemption Fund is less than the amount required, then all General Fund revenues (other than those required to pay General Obligations) must be set aside and deposited in the Operating Note Redemption Fund until the balance in the Operating Note Redemption Fund is equal to the amount required by that date.

General Fund Cash-Flow Projections and Determinations

The Authorizing Resolution requires the Secretary of Administration to prepare and file with the Trustee monthly projected statements of revenues, expenses, and fund balances of the State for each month remaining in the 2001–02 fiscal year. These statements must be in sufficient detail to permit the Secretary of Administration to make the following determinations required by the Authorizing Resolution:

- *Interfund Transfers*—If at any time the Secretary of Administration determines that revenues (other than those required to pay General Obligations) will be insufficient to permit the required impoundment transfers from the General Fund to the Operating Note Redemption Fund, the Secretary of Administration must, to the extent permitted by law, transfer to the General Fund other funds of the State in a sum sufficient to permit the required impoundment transfers to the Operating Note Redemption Fund. The Wisconsin Statutes allow the Secretary of Administration to transfer to the General Fund an amount up to 5% of the total general purpose revenue appropriations then in effect and an additional 3% for a period of up to 30 days. For the 2001-02 budget adopted by the Legislature, the 5% amount is approximately \$572 million and the 3% amount is approximately \$343 million. See **APPENDIX A** for a summary of balances available for interfund transfer.
- *Deferral of Expenditures*—If at any time the Secretary of Administration determines that the payment of any amount, other than payments for General Obligations, will result in the funds available in the General Fund being less than the required impoundment transfer to the Operating Note Redemption Fund, the Secretary of Administration must defer the payment of enough expenses to permit the required transfer when due.
- *Acceleration of Impoundment*—If at any time the Secretary of Administration determines that the principal and interest due on the Notes at maturity less any amounts on deposit in the Operating Note Redemption Fund equals or exceeds 85% of the amount of General Fund revenues (other than those required to pay General Obligations) estimated to be received thereafter and prior to June 17, 2002, all General Fund revenues (other than those required to pay General Obligations) thereafter received must be immediately deposited in the Operating Note Redemption Fund until the amount in such fund is equal to 100% of the principal and interest due on the Notes at maturity.

Ratings

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

<u>Rating</u>	<u>Rating Agency</u>
F-1+	Fitch
MIG 1	Moody's Investors Service, Inc.
SP-1+	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 Notes 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 Notes.

Authority for Issuance

The Commission is authorized by the Wisconsin Statutes to issue operating notes when, in the judgment of the Department, a deficiency will occur in the funds of the State that will not permit the State to pay its operating costs. Operating notes may be issued in an amount not exceeding 10% of budgeted appropriations of general purpose and program revenues for the year in which operating notes are issued. The maximum issuance of operating notes during the 2001–02 fiscal year, based on the budget adopted by the Legislature, is nearly \$1.9 billion.

Investment of Operating Note Redemption Fund

Money deposited in the Operating Note Redemption Fund may be invested by the Trustee at the direction of the State of Wisconsin Investment Board in any of the following types of investments:

- Direct obligations of, or obligations unconditionally guaranteed by, the United States.
- Obligations issued by agencies or instrumentalities of United States.
- Obligations of the international bank for reconstruction and development.
- A money market fund that invests solely in direct obligations of the United States or obligations issued by agencies or instrumentalities of the United States.
- Repurchase agreements with banks other than the Trustee which are members of the Federal Deposit Insurance Corporation and government bond dealers, reporting to, trading with and recognized as primary dealers by the Federal Reserve Bank of New York, and having capital of at least \$250,000,000, the underlying securities of which are direct obligations of, or obligations unconditionally guaranteed by, the United States, or obligations issued or guaranteed by agencies or instrumentalities of United States. The underlying securities are required to be continuously maintained at a value (consisting of the market value of such securities and the amount of interest accrued on such securities) not less than the amount so invested plus accrued interest and to be held by the Trustee or a third party.

All investments in the Operating Note Redemption Fund must mature on or before June 17, 2002. All investments must be valued at their face amount, including any interest to be paid to maturity.

Book-Entry-Only Form

DTC will act as securities depository for the Notes. The Trustee will register all Notes in the name of Cede & Co. (DTC's partnership nominee). DTC will receive a certificate or certificates for the aggregate principal amount of the Notes.

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 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (**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 Notes 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To make the system work more smoothly, all Notes 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 Note. DTC has no idea who the Beneficial Owners of the Notes are; its records show only the identity of the Direct Participants to whose accounts the Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

The Trustee will make payments of principal and interest on the Notes 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 such Participant and not of the State, the Trustee, or DTC, subject to any legal requirements. The Trustee 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 Notes at any time by giving reasonable notice to the State. Under such circumstances, in the event that a successor securities depository is not obtained, Note certificates are required to be printed and delivered.

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

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, and Indirect Participants will promptly transfer payments or notices received with respect to the Notes. The State and the Trustee are 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 Notes.

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 the State designates a successor securities depository, the successor may establish different procedures.

Additional Notes

The Notes are issued in an aggregate amount estimated to be sufficient, together with interfund borrowings and reallocations, to meet General Fund cash-flow needs for the 2001–02 fiscal year. Any additional operating notes that may be issued must, pursuant to the Authorizing Resolution, mature on or after June 17, 2002 and will not be entitled to any priority with respect to payment or security over the Notes, or any other series of additional operating notes. Any additional operating notes would be payable from the same source, be entitled to the same security as the Notes, and be subject to the same impoundment provisions.

Defaults and Remedies

Either of the following constitutes an “Event of Default” under the Authorizing Resolution:

- A default in the due and punctual payment of the principal of or interest on any of the Notes when the same shall become due and payable.
- A default by the State in the performance of any of its obligations with respect to payments into the Operating Note Redemption Fund or in the observance and performance of any other of the covenants, conditions, and agreements of the State contained in the Authorizing Resolution.

If an Event of Default shall have occurred and continues for a period of 30 days, the Trustee must publish notice of the Event of Default in *The Bond Buyer*.

If an Event of Default has occurred and is continuing, the Trustee may proceed to institute such actions and proceedings as are authorized by Wisconsin Statutes or other law to collect all sums due in connection with the Notes and to protect and enforce its rights and the rights of the holders of the Notes. The Trustee, at the request of the holders of not less than 25% in aggregate

principal amount of the Notes then outstanding and upon being furnished with reasonable security and indemnity, must take such steps and institute such suits, actions, or proceedings for the protection and enforcement of the rights of the holders of the Notes to collect any amount due and owing from the State or by injunction, mandamus, or other appropriate proceeding in law or in equity to obtain other appropriate relief.

No holder of any Notes may institute any suit, action, or proceeding in equity or at law, except to enforce payment of the Notes held by such holder, for the enforcement of the Authorizing Resolution or for the execution of any trust thereof or any remedy thereunder, unless an Event of Default has occurred of which the Trustee has been notified and the holders of 25% in aggregate principal amount of the Notes then outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers granted in the Authorizing Resolution or to institute such action, suit, or proceedings in its own name, and the Trustee thereafter shall have failed or refused to exercise such powers or to institute such action, suit, or proceeding.

If the State fails to pay the Notes in accordance with its terms an action to compel such payment may be commenced against the State in the Circuit Court for Dane County, Wisconsin. If there is a final judgment against the State in such an action, the Act requires that it be paid together with interest at the rate of 10% per year from the date the payment was judged to have been due until the date of payment of the judgment. Wisconsin law requires that any such final judgment obtained against the State be filed by the Clerk of Courts with the Department. The Department is required to audit the amount of damage and costs awarded, and the amount is then required to be paid out of the State Treasury. State law contains a continuing appropriation in sum sufficient to meet judgments against the State.

GENERAL FUND INFORMATION

Information regarding the State's General Fund is included as **APPENDIX A**, which includes by reference Part II of the 2000 Annual Report. There can be no assurance that historical data with respect to such revenues and expenditures are necessarily indicative of future receipts and payments.

General Fund Cash Flow

The cash-flow tables on the following pages present the following by major categories of receipts and disbursements:

- Actual monthly cash flow of the General Fund from July 1999 through June 2000.
- Actual monthly cash flow of the General Fund from July 2000 through June 2001
- Actual monthly cash flow of the General Fund for July 2001 and projected monthly cash flow from August 2001 through June 2002

The cash-flow tables should be read in conjunction with other information concerning the 2001–02 budget summarized in **APPENDIX A** of this Official Statement. Monthly cash-flow projections for August 2001 through June 2002 are based on the budget for the 2001–02 fiscal year, as signed into law by the Governor, and upon historical experience as adjusted to reflect economic conditions, statutory and administrative changes, and anticipated payment dates for debt service, payrolls, and State aid.

The State intends, but is not obligated, to post on the Capital Finance Office web site monthly reports of the actual and projected General Fund cash flows for the 2001-02 fiscal year.

Table 1
ACTUAL GENERAL FUND CASH FLOW; JULY 1, 1999 TO JUNE 20, 2000^(a)

(In Thousands of Dollars)

	July 1999	August 1999	September 1999	October 1999	November 1999	December 1999	January 2000	February 2000	March 2000	April 2000	May 2000	June 2000
BALANCES^(b)												
Beginning Balance	736,269	340,291	780,986	1,035,273	1,334,558	974,162	436,027	838,512	1,142,439	525,627	1,164,266	1,572,657
Ending Balance	340,291	780,986	1,035,273	1,334,558	974,162	436,027	838,512	1,142,439	525,627	1,164,266	1,572,657	671,608
Lowest Balance^(c)	248,733	320,419	588,717	942,476	744,300	39,858	436,027	791,492	521,638	391,538	1,003,950	246,104
RECEIPTS												
TAX RECEIPTS												
Individual Income	452,079	433,208	532,879	440,283	403,211	422,477	845,630	442,693	421,457	908,364	503,145	686,943
Sales & Use	322,917	337,741	296,603	305,093	316,401	258,774	326,464	282,458	262,943	240,863	313,061	319,347
Corporate Income	23,173	19,720	139,377	24,836	19,795	132,956	22,402	14,974	177,541	30,213	16,256	142,160
Public Utility	0	20	267	1,935	162,807	1,230	5	0	35	2,913	100,608	97
Excise	29,786	27,616	27,941	24,620	27,253	21,620	24,357	22,810	20,643	26,764	23,935	27,435
Insurance	1,273	1,683	21,408	836	896	22,166	4,046	7,407	14,331	18,060	2,043	20,114
Inheritance	5,361	8,541	10,042	6,722	6,158	27,673	6,467	27,403	22,260	4,712	5,096	5,964
Subtotal Tax Receipts	834,589	828,529	1,028,517	804,325	936,521	886,896	1,229,371	797,745	919,210	1,231,889	964,144	1,202,060
NON-TAX RECEIPTS												
Federal	319,238	307,679	260,244	329,188	288,963	309,618	479,153	356,457	343,362	330,892	372,899	398,577
Other & Transfers	287,182	172,641	258,468	197,679	208,317	253,104	387,274	390,005	264,053	250,031	243,822	309,586
Note Proceeds ^(d)	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal Non-Tax Receipts	606,420	480,320	518,712	526,867	497,280	562,722	866,427	746,462	607,415	580,923	616,721	708,163
TOTAL RECEIPTS	1,441,009	1,308,849	1,547,229	1,331,192	1,433,801	1,449,618	2,095,798	1,544,207	1,526,625	1,812,812	1,580,865	1,910,223
DISBURSEMENTS												
Local Aids	857,170	140,280	578,286	134,140	958,731	1,050,422	249,402	195,228	1,047,583	108,902	248,602	1,657,588
Income Maintenance	247,786	235,875	253,508	231,362	270,349	328,937	245,369	282,166	314,742	272,023	293,176	363,565
Payroll and Related	330,738	186,507	202,203	278,818	246,734	295,038	292,494	248,129	334,922	248,121	247,859	366,277
Tax Refunds	100,474	63,865	41,238	35,287	62,753	96,364	622,420	243,603	211,876	147,070	111,839	156,047
Debt Service	0	11,215	280	147,723	4,015	0	0	12,986	0	192,764	11,914	5,761
Miscellaneous	300,819	230,412	217,427	204,577	251,615	216,992	283,628	258,168	234,314	205,293	259,084	262,034
Note Repayment ^(d)	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DISBURSEMENTS	1,836,987	868,154	1,292,942	1,031,907	1,794,197	1,987,753	1,693,313	1,240,280	2,143,437	1,174,173	1,172,474	2,811,272

(a) Excludes Inter-Fund Borrowing.

(b) The General Fund cash balances presented in this schedule are not based on Generally Accepted Accounting Principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's Universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. The designated funds ranged from \$167 to \$269 million during the 1999-2000 Fiscal Year. In addition, the General Fund is the depository for several escrow accounts pursuant to court orders or federal rulings. These funds averaged approximately \$55 million during the 1999-2000 fiscal year.

(c) Lowest daily balance within each month

(d) No operating notes were issued.

Table 2
ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2000 TO JUNE 30, 2001^(a)
(Amounts in Thousands)

	July 2000	August 2000	September 2000	October 2000	November 2000	December 2000	January 2001	February 2001	March 2001	April 2001	May 2001	June 2001
BALANCES^(b)												
Beginning Balance	671,608	402,520	757,880	934,240	1,440,499	1,005,549	270,381	1,223,296	1,378,496	446,672	1,020,110	1,415,076
Ending Balance	402,520	757,880	934,240	1,440,499	1,005,549	270,381	1,223,296	1,378,496	446,672	1,020,110	1,415,076	281,565
Lowest Balance ^(c)	201,819	250,126	453,955	908,207	786,575	-123,270	270,381	1,080,453	446,672	290,440	735,935	-102,215
RECEIPTS												
TAX RECEIPTS												
Individual Income	494,501	394,280	541,047	477,065	423,709	388,771	879,143	406,138	357,265	893,869	361,046	550,117
Sales & Use	320,539	345,830	303,249	337,381	324,407	216,307	390,146	299,176	265,610	283,056	315,954	313,425
Corporate Income	19,770	16,679	120,250	29,507	13,874	148,419	23,275	13,758	136,189	25,755	17,076	115,220
Public Utility	15	0	259	2,368	111,813	946	334	0	640	19,659	104,415	197
Excise	26,858	27,766	28,634	23,130	28,396	26,685	22,718	23,304	22,685	24,387	22,362	26,912
Insurance	1,409	2,660	18,892	2,782	1,369	21,528	1,075	7,684	16,427	19,877	4,058	20,346
Inheritance	4,502	11,522	4,472	4,585	6,531	4,174	7,282	3,640	9,574	13,260	3,852	3,391
Subtotal Tax Receipts	867,594	798,737	1,016,803	876,818	910,099	806,830	1,323,973	753,700	808,390	1,279,863	828,763	1,029,608
NON-TAX RECEIPTS												
Federal	331,020	297,966	325,188	431,915	313,248	317,348	500,863	399,483	297,545	465,337	714,954	409,031
Other & Transfers	207,197	294,897	374,857	237,135	228,571	211,027	319,025	341,394	275,077	297,331	257,231	259,678
Note Proceeds ^(d)	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal Non-Tax Receipts	538,217	592,863	700,045	669,050	541,819	528,375	819,888	740,877	572,622	762,668	972,185	668,709
TOTAL RECEIPTS	1,405,811	1,391,600	1,716,848	1,545,868	1,451,918	1,335,205	2,143,861	1,494,577	1,381,012	2,042,531	1,800,948	1,698,317
DISBURSEMENTS												
Local Aids	879,072	136,827	646,945	116,936	1,001,419	1,089,557	225,263	227,546	1,092,300	150,485	235,046	1,672,903
Income Maintenance	281,867	336,192	285,453	272,312	316,269	337,482	313,810	309,268	334,821	303,388	357,493	299,107
Payroll and Related	247,061	236,237	300,641	240,978	302,605	301,423	308,193	282,669	350,374	246,934	311,760	353,576
Tax Refunds	56,848	46,737	41,941	42,331	64,491	85,761	54,621	274,676	306,844	267,070	203,638	218,276
Debt Service	0	14,824	65	99,043	3,624	0	0	19,340	0	251,479	18,278	3,984
Miscellaneous	210,051	265,423	265,443	268,009	198,460	256,150	289,059	225,878	228,497	249,737	279,767	283,982
Note Repayment ^(d)	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DISBURSEMENTS	1,674,899	1,036,240	1,540,488	1,039,609	1,886,868	2,070,373	1,190,946	1,339,377	2,312,836	1,469,093	1,405,982	2,831,828

(a) Excludes Inter-Fund Borrowing.

(b) The General Fund cash balances presented in this schedule are not based on Generally Accepted Accounting Principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's Universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. The designated funds ranged from \$178 to \$235 million during the 2000-01 Fiscal Year. In addition, the General Fund is the depository for several escrow accounts pursuant to court orders or federal rulings. These funds averaged approximately \$50 million during the 2000-01 fiscal year.

(c) Lowest daily balance of each month.

(d) No operating notes were issued.

Table 3
ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2001 TO JULY 31, 2001
PROJECTED GENERAL FUND CASH FLOW; AUGUST 1, 2001 TO JUNE 30, 2002^(a)

	(In Thousands of Dollars)											
	July 2001	August 2001	September 2001	October 2001	November 2001	December 2001	January 2002	February 2002	March 2002	April 2002	May 2002	June 2002
BALANCES^(b)												
Beginning Balance	281,565	3,398	286,001	1,410,938	1,724,557	906,895	369,400	1,274,461	1,259,085	429,895	701,448	550,940
Ending Balance	3,398	286,001	1,410,938	1,724,557	906,895	369,400	1,274,461	1,259,085	429,895	701,448	550,940	180,283
Lowest Balance^(c)	-139,612	-173,055	-66,845	1,194,023	649,141	-121,470	335,787	1,050,884	428,643	264,240	361,649	-428,556
RECEIPTS												
TAX RECEIPTS												
Individual Income	507,468	385,015	591,523	465,805	414,995	435,531	845,077	430,041	443,860	811,393	429,834	627,011
Sales & Use	313,425	357,607	328,283	337,170	338,462	288,662	369,900	289,719	293,399	282,828	350,012	326,873
Corporate Income	12,421	18,046	128,082	23,329	16,693	128,032	23,626	13,605	164,286	28,166	15,822	128,507
Public Utility	0	12	205	1,591	134,988	644	222	17	27	1,915	103,839	256
Excise	29,231	27,828	28,040	31,990	33,508	31,051	31,271	28,280	26,644	31,160	30,130	32,735
Insurance	999	1,215	19,485	675	773	19,567	2,426	7,049	15,109	16,744	1,591	18,461
Inheritance	6,638	6,830	9,220	8,512	5,244	20,818	6,188	11,962	9,291	7,573	9,516	7,951
Subtotal Tax Receipts	870,182	796,553	1,104,838	869,072	944,663	924,305	1,278,710	780,673	952,616	1,179,779	940,744	1,141,794
NON-TAX RECEIPTS												
Federal	343,646	331,974	361,187	415,762	333,833	369,088	512,306	424,688	403,006	397,870	407,317	419,409
Other & Transfers ^(d)	361,622	297,526	376,683	254,754	261,692	239,804	357,808	322,272	291,277	345,090	268,432	773,263
Note Proceeds ^(e)	0	0	800,000	0	0	0	0	0	0	0	0	0
Subtotal Non-Tax Receipts	705,268	629,500	1,537,870	670,516	595,525	608,892	870,114	746,960	694,283	742,960	675,749	1,192,672
TOTAL RECEIPTS	1,575,450	1,426,053	2,642,708	1,539,588	1,540,188	1,533,197	2,148,824	1,527,633	1,646,899	1,922,739	1,616,493	2,334,466
DISBURSEMENTS												
Local Aids	878,438	123,682	682,286	130,177	1,028,838	1,134,988	193,985	232,404	1,134,613	123,724	252,270	1,733,478
Income Maintenance	363,315	378,274	326,051	364,874	338,852	324,309	357,080	331,234	331,237	338,696	375,622	330,367
Payroll and Related	215,318	304,153	201,292	319,015	423,124	238,815	314,948	285,089	289,629	320,024	445,620	213,875
Tax Refunds	105,487	51,041	38,898	46,101	68,891	88,035	52,116	222,728	265,435	216,812	164,905	138,378
Debt Service	7	16,135	0	94,207	3,463	0	0	15,112	0	218,650	32,861	0
Miscellaneous ^(f)	291,052	270,165	269,244	271,595	494,682	284,545	325,634	252,735	251,468	229,573	292,016	289,025
Note Repayment ^(e)	0	0	0	0	0	0	0	203,707	203,707	203,707	203,707	0
TOTAL DISBURSEMENTS	1,853,617	1,143,450	1,517,771	1,225,969	2,357,850	2,070,692	1,243,763	1,543,009	2,476,089	1,651,186	1,767,001	2,705,123

(a) Excludes Inter-Fund Borrowing.

(b) The General Fund cash balances presented in this schedule are not based on Generally Accepted Accounting Principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's Universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. These designated funds are expected to range from \$150 to \$300 million during the 2001-02 fiscal year. In addition, the General Fund is the depository for several escrow accounts pursuant to court orders or federal rulings. These funds are expected to average approximately \$50 million during the 2001-02 fiscal year.

(c) Lowest daily balance within each month.

(d) The projections assume that \$450 million of proceeds from the securitization of tobacco payments due the State under the Master Settlement Agreement will be received on June 3, 2002.

(e) Includes \$800 million in operating note proceeds to be received in September, 2001 and impoundment payments to be made in February, March, April, and May 2002.

(f) The projections assume that \$278 million in federal intergovernmental transfer funds will be transferred to the Medical Assistance Trust Fund on November 16, 2001.

There has been and will continue to be differences in the amounts shown for the cash-flow basis and the budgetary basis presentations. For example, the cash-flow basis presentation on the previous pages includes all tax receipts as revenues and tax refunds as disbursements. The budgetary basis presentation in **APPENDIX A** includes tax revenues that are net of tax refunds. In addition, Wisconsin counties have the authority to impose a county sales tax. The State receives all county sales tax collections and then returns to the counties their respective portion. The cash-flow basis presentation includes the gross sales tax receipts and the disbursement to the counties, which in fiscal year 2001–02 are estimated to be approximately \$221 million. The county sales tax is not included in the budgetary basis presentation. There are other items that are treated differently between the cash-flow basis and budgetary basis that prevent a direct reconciliation of the cash and budgetary presentations.

Unforeseen events or variations from underlying assumptions may cause a decrease in receipts or an increase in disbursements from those projected for a given month, and thus may adversely affect the projection of cash flow projected for the time shown. Additionally, the timing of transactions from month to month may vary from the forecast. The State updates its projection of the remaining fiscal year cash flow each month as a result of actual revenues and expenditures received, from unforeseen events, or from revised forecasts of month-to-month timing of transactions.

OTHER INFORMATION

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. An additional issue in the amount of \$20 million is expected to be sold and delivered in the near future.
- \$184 million of general obligation bonds for general governmental purposes. An additional issue in the amount of \$110 million is expected to be sold and delivered in the near future.
- \$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:

- Approximately \$92 million of general obligation extendible municipal commercial paper in the fourth quarter for general governmental purposes.
- Not to exceed \$275 million of general obligations to refund general obligations previously issued for general governmental purposes. The amount and timing of any general obligation refunding bonds depend on market conditions.
- Not to exceed \$15 million of taxable general obligation bonds for the veterans housing loan program. The amount and timing of the 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 for general governmental purposes and general obligation 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 may also authorize and issue transportation revenue bonds 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 may also authorize and issue petroleum inspection fee revenue obligations 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 Notes were purchased at competitive bidding on September 10, 2001. Information about the public reoffering of the Notes may be obtained only from the successful bidders (**Underwriters**). The Notes were awarded to the following Underwriters, pursuant to separate bids, in the amounts shown. The Underwriters paid an aggregate amount of \$807,421,000, resulting in a weighted net interest cost rate to the State of 2.4993%.

<u>Underwriter</u>	<u>Amount</u>	<u>Purchase Price</u>
Lehman Brothers	\$100,000,000	\$100,939,000
Lehman Brothers	400,000,000	403,712,000
J.P. Morgan Securities, Inc. with Ramirez & Co., Inc.	100,000,000	100,928,000
J.P. Morgan Securities, Inc. with Ramirez & Co., Inc.	100,000,000	100,921,000
Lehman Brothers	100,000,000	100,921,000

Legal Investment

The Notes are legal investments for all of 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 incident to the authorization, issuance and sale of the Notes are subject to the approval of Foley & Lardner, Bond Counsel, whose approving opinion, substantially in the form shown in **APPENDIX B**, will be delivered on the date of issue of the Notes. In the event certificated Notes are issued, the opinion will be printed on the reverse side of each Note.

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

Tax Exemption

Federal Income Tax

In the opinion of Bond Counsel, under existing law, the interest on the Notes is excluded from gross income for federal income tax purposes and the interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; it should be noted, however, that with respect to certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations.

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

The Code contains numerous provisions that could affect the economic value of the Notes to particular owners of the Notes. The following are examples:

- Section 265 of the Code denies a deduction for interest on any indebtedness incurred or continued to purchase or carry the Notes or, in the case of financial institutions, that portion of an owner's interest expense allocable to interest on the Notes.
- 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 Notes, and life insurance companies are subject to similar provisions under which taxable income is increased by reason of receipt or accrual tax-exempt interest.
- Interest on the Notes 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 Notes, 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 receipts or accruals of interest on the Notes.

This section does not present an exhaustive discussion of collateral tax consequences arising from ownership of the Notes. There may be other provisions of the Code that could adversely affect the value of an investment in the Notes for particular owners. Investors should consult their own tax advisors with respect to the tax consequences of owning a Note.

State Income and Franchise Taxes

Interest on the Notes is subject to State of Wisconsin income and franchise taxes. Investors should consult their own tax advisors with respect to the state and local tax consequences of owning a Note.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the Notes, to provide notices of the occurrence of certain events specified in the undertaking to each nationally recognized municipal securities information repository (**NRMSIR**), or the Municipal Securities Rulemaking Board (**MSRB**), and to any state information depository (**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 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 10, 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**). [Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 22, 2000 \(2000 Annual Report\)](#) is 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.

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, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 266-2305
capfin@doa.state.wi.us

As of the date of this Official Statement, Part II of the 2000 Annual Report is available from the Capital Finance Office web site at the following addresses:

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

After publication and filing of the 2000 Annual Report, certain changes or events have occurred that affect items discussed in the 2000 Annual Report. Listed below, by reference to particular sections of the 2000 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes have not been filed with the NRMSIRs. However, the State has filed, and expects to continue to file, certain informational notices with the NRMSIRs. These informational notices do not constitute listed material events under the State's Master Agreement on Continuing Disclosure.

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

Budget for 2000-01

On 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)**

	Adopted Legislative Budget 2001-02	Adopted Legislative Budget 2002-03
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	\$ 19,477	\$ 19,669
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)**

	Adopted Legislative Budget 2001-03	Adopted Legislative Budget 2002-03
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	\$ 31,368	\$ 31,664
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)	56,000,000 ^(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 July 31, 2001 — Actual				
August 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	1,426,053	1,143,450
	September.....	286,001	2,642,708	1,517,771
	October.....	1,410,938	1,539,588	1,225,969
	November.....	1,724,557	1,540,188	2,357,850
	December.....	906,895	1,533,197	2,070,692
2002	January.....	369,400	2,148,824	1,243,763
	February.....	1,274,461	1,527,633	1,543,009
	March.....	1,259,085	1,646,899	2,476,089
	April.....	429,895	1,922,739	1,651,186
	May.....	701,448	1,616,493	1,767,001
	June.....	550,940	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 August 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 \$450 million of proceeds from 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 June 1, 2001 — Actual
July 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	1,672 ^(b)	
August	4,245	4,084	1,659	
September	3,865	3,743	1,631	
October	3,820	3,796	1,650	
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 July 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)

	<u>Actual Receipts</u> <u>1999-2000 FY^(b)</u>	<u>Projected</u> <u>Receipts</u> <u>2000-01 FY</u>	<u>Actual Receipts</u> <u>July 1, 1999 to</u> <u>June 30, 2000^(c)</u>	<u>Actual Receipts</u> <u>July 1, 2000 to</u> <u>June 30, 2001^(c)</u>
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

EXPECTED FORM OF LEGAL OPINION

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

[Letterhead of Foley & Lardner]

\$800,000,000

STATE OF WISCONSIN

OPERATING NOTES OF 2001

We have served as bond counsel in connection with the issuance by the State of Wisconsin (**State**) of its \$800,000,000 Operating Notes of 2001, dated September 20, 2001 (**Notes**). The Notes are being issued pursuant to Chapters 16 and 18, Wisconsin Statutes (**Act**) and a resolution adopted by the State of Wisconsin Building Commission (**Commission**) on August 8, 2001 (**Resolution**).

We examined the law, a certified copy of the proceedings relating to the issuance of the Notes, 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 Notes are valid and binding limited obligations of the State, payable only from and secured solely by revenues pledged by the Commission and deposited into the Operating Note Redemption Fund established with Wells Fargo Bank Minnesota, N.A., as Trustee. The Notes and the interest on the Notes are not a general obligation of the State and do not constitute "public debt" of the State as that term is used in the Constitution and the statutes of the State.
2. The Resolution has been duly adopted by the Commission and is a valid and binding obligation of the State enforceable upon the State as provided in the Resolution.
3. The Notes are secured equally with all other notes (if any) issued under the Resolution, subordinate only to the owners of the State's general obligation bonds and notes.
4. There has been appropriated from the General Fund of the State to the Operating Note Redemption Fund an amount for the payment of the principal and interest coming due on the Notes and for the payment of certain funds required to be impounded, from time to time, in the Operating Note Redemption Fund. There has been irrevocably appropriated from the Operating Note Redemption Fund an amount to pay the principal and interest coming due on the Notes.
5. Interest on the Notes 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 Notes 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 Notes are issued for interest on the Notes 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 Notes to be included in gross income for

federal income tax purposes, in some cases retroactive to the date the Notes were issued. This letter expresses no opinion about other federal tax law consequences relating to the Notes.

6. The Notes are exempt from registration under the Securities Act of 1933, and the Resolution is exempt from qualification under the Trust Indenture Act of 1939. We have not passed upon matters pertaining to compliance with the Blue Sky laws of any state in connection with the offering and sale of the Notes.

The rights of the owners of the Notes and the enforceability of the Notes 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 Notes (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 Notes, 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 update this letter to reflect any facts or circumstances that later come to our attention or any subsequent changes in law.

Very truly yours,

FOLEY & LARDNER