



STATE OF WISCONSIN

Notice of **Material Information** #2003-05
Dated January 6, 2003

This document provides information which may be material to financial evaluation of the State of Wisconsin, however neither the preparation nor submission of this document constitutes a Listed Event pursuant to the State's Master Agreement on Continuing Disclosure.

Issuer: State of Wisconsin
Transportation Revenue Obligations

CUSIP Numbers: Bonds—977123 Prefix (All)
Commercial Paper Notes—97712N Prefix (All) and 97712P
Prefix (All)

Type of Information: Financial Statements or CAFR Pursuant to Rule 15c2-12

Attached are the audited financial statements for the year ended June 30, 2002, together with unaudited supplementary information, for the following:

- Department of Transportation Revenue Bond Program
- Department of Transportation Commercial Paper Program

Fiscal Period Covered: July 1, 2001 through June 30, 2002

Type of Filing: Filed in both electronic and paper form with each Nationally Recognized Municipal Securities Information Repository.

The undersigned represents that he is the Capital Finance Director, State of Wisconsin Capital Finance Office, which is the office of the State of Wisconsin responsible for providing Annual Reports and giving notice of Listed Material Events when notice is required by the State's Master Agreement on Continuing Disclosure.

/S/ FRANK R. HOADLEY
Frank R. Hoadley, Capital Finance Director
State of Wisconsin Capital Finance Office
Wisconsin Department of Administration
101 East Wilson Street
Madison, WI 53702
Phone: (608) 266-2305
Fax: (608) 266-7645

**WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM**

**1991 SERIES A, 1992 SERIES A, 1992 SERIES B,
1993 SERIES A, 1994 SERIES A, 1995 SERIES A,
1996 SERIES A, 1998 SERIES A, 1998 SERIES B,
2000 SERIES A, 2001 SERIES A, 2002 SERIES 1,
AND 2002 SERIES 2**

**STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEARS ENDED JUNE 30, 2002 AND 2001,
SUPPLEMENTAL INFORMATION FOR THE YEAR ENDED
JUNE 30, 2002 AND INDEPENDENT AUDITORS' REPORT**

WISCONSIN DEPARTMENT OF TRANSPORTATION REVENUE BOND PROGRAM

TABLE OF CONTENTS

| | Page |
|---|-------------|
| INDEPENDENT AUDITORS' REPORT | 1-2 |
| STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS For the Years Ended June 30, 2002 and 2001 | 3 |
| NOTES TO STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS | 4-11 |
| SUPPLEMENTAL INFORMATION: | |
| Schedule of Monthly Motor Vehicle Registration Fees Retained by Trustee | 12 |
| Bonds Outstanding - 1992 Series A | 13 |
| Bonds Outstanding - 1992 Series B | 14 |
| Bonds Outstanding - 1993 Series A | 15 |
| Bonds Outstanding - 1994 Series A | 16 |
| Bonds Outstanding - 1995 Series A | 17 |
| Bonds Outstanding - 1996 Series A | 18 |
| Bonds Outstanding - 1998 Series A | 19 |
| Bonds Outstanding - 1998 Series B | 20 |
| Bonds Outstanding - 2000 Series A | 21 |
| Bonds Outstanding - 2001 Series A | 22 |
| Bonds Outstanding - 2002 Series 1 | 23 |
| Bonds Outstanding - 2002 Series 2 | 24 |

INDEPENDENT AUDITORS' REPORT

To the Directors of the
Wisconsin Department of Transportation
Revenue Bond Program:

We have audited the accompanying statement of cash receipts and disbursements of the 1991 Series A, 1992 Series A, 1992 Series B, 1993 Series A, 1994 Series A, 1995 Series A, 1996 Series A, 1998 Series A, 1998 Series B, 2000 Series A, 2001 Series A, 2002 Series 1 and 2002 Series 2 bonds of the Wisconsin Department of Transportation Revenue Bond Program (the "Program") for the year ended June 30, 2002. This statement and supplemental information are the responsibility of the Program's directors. Our responsibility is to express an opinion on this statement and supplemental information based on our audit. The statement of cash receipts and disbursements for the year ended June 30, 2001, before restatement, was audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on that financial statement in their report dated September 20, 2001.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by the directors of the Program, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2 to the financial statements, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the 2002 financial statement presents fairly, in all material respects, the cash receipts and disbursements of the 1991 Series A, 1992 Series A, 1992 Series B, 1993 Series A, 1994 Series A, 1995 Series A, 1996 Series A, 1998 Series A, 1998 Series B, 2000 Series A, 2001 Series A, 2002 Series 1 and 2002 Series 2 bonds of the Wisconsin Department of Transportation Revenue Bond Program for the year ended June 30, 2002, on the basis of accounting described in Note 2.

As discussed above, the statement of cash receipts and disbursements of the Program for the year ended June 30, 2001 was audited by other auditors who have ceased operations. As described in Note 2, certain reclassifications were made to this 2001 statement of cash receipts and disbursements to conform with the 2002 presentation. We audited these reclassifications that were applied to restate the 2001 statement of cash receipts and disbursements. In our opinion, such reclassifications are appropriate and have been properly applied. However, we were not engaged to audit, review, or apply any procedures to the 2001 statement of cash receipts and disbursements of the Program other than with respect to such reclassifications and, accordingly, we do not express an opinion or any other form of assurance on the 2001 statement of cash receipts and disbursements taken as a whole.

Our audit was made for the purpose of forming an opinion on the 2002 statement of cash receipts and disbursements taken as a whole. The supplemental information required by the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations General Resolution on pages 12 through 24 is presented for purposes of additional analysis and is not a required part of the basic financial statement. This information has been subjected to the auditing procedures applied in our audit of the 2002 statement of cash receipts and disbursements and, in our opinion, is fairly stated in all material respects in relation to the 2002 statement of cash receipts and disbursements taken as a whole.

Deloitte & Touche LLP

October 8, 2002

**WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM**

**STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS
YEARS ENDED JUNE 30, 2002 AND 2001**

| | 2002 | 2001 |
|---|----------------------|----------------------|
| CASH AND INVESTMENTS, BEGINNING OF YEAR | \$ 66,416,659 | \$ 54,027,808 |
| RECEIPTS: | | |
| Motor vehicle registration fees retained by Trustee | 81,112,328 | 78,570,958 |
| Investment income | 2,326,644 | 2,415,329 |
| Revenue bond proceeds - par value | 140,000,000 | 123,700,000 |
| Revenue bond proceeds - accrued interest and original issuance premium, net of underwriter's discount | 5,968,034 | 711,876 |
| Revenue refunding bond proceeds - par value | 310,795,000 | - |
| Revenue refunding bond proceeds - accrued interest and original issuance premium, net of underwriter's discount | <u>15,476,067</u> | <u>-</u> |
| Total receipts | 555,678,073 | 205,398,163 |
| DISBURSEMENTS: | | |
| Debt service - principal | 36,560,000 | 33,705,000 |
| Debt service - interest | 46,453,884 | 39,488,356 |
| Highway program expenditures | 121,878,543 | 119,202,000 |
| Program expenses | 104,913 | 116,522 |
| Advance to commercial paper program | 383,993 | 318,629 |
| Bond issue costs | 1,252,649 | 178,805 |
| Defeasance of debt - purchase of securities for escrow account | <u>324,226,838</u> | <u>-</u> |
| Total disbursements | <u>530,860,820</u> | <u>193,009,312</u> |
| CASH AND INVESTMENTS, END OF YEAR | <u>\$ 91,233,912</u> | <u>\$ 66,416,659</u> |
| Cash and investments reserved for debt service | \$ 66,795,672 | \$ 60,401,254 |
| Cash and investments reserved for program expenses | 211,972 | 208,213 |
| Cash and investments reserved for highway expenditures | <u>24,226,268</u> | <u>5,807,192</u> |
| | <u>\$ 91,233,912</u> | <u>\$ 66,416,659</u> |

See notes to statements of cash receipts and disbursements.

WISCONSIN DEPARTMENT OF TRANSPORTATION REVENUE BOND PROGRAM

NOTES TO STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS YEARS ENDED JUNE 30, 2002 AND 2001

1. NATURE OF PROGRAM

The Wisconsin Department of Transportation Revenue Bond Program (the "Program") originated in April 1984 pursuant to the adoption of the General Resolution by the State of Wisconsin Building Commission. The purpose of the program is to provide financing for the construction, maintenance and repair of certain major highway projects and administrative facilities. Receipts provided from motor vehicle registration fees are used to service the Program's debt.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash Receipts and Disbursements Basis of Accounting - The statements of cash receipts and disbursements present the Program's cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, cash receipts are recorded when received and disbursements are recorded when paid. The Program's assets consist of money market funds, investment contracts and U.S. treasury notes.

The Wisconsin Department of Transportation ("Department") has entered into trust agreements with Bank One Trust Company National Association (the "trustee"), relating to the creation and administration of the State of Wisconsin Transportation Revenue Bonds, 1991 Series A, 1992 Series A, 1992 Series B, 1993 Series A, 1994 Series A, 1995 Series A, 1996 Series A, 1998 Series A, 1998 Series B, 2000 Series A, 2001 Series A, 2002 Series 1 and 2002 Series 2. Among other provisions, the trust agreements, in conjunction with the General Resolution, specify those funds to be created and maintained, the timing and flow of monies through the funds, the formula for computing the Debt Service Reserve requirements and the procedure to be followed for the redemption of the bonds. It is the Program directors' view that the statements of cash receipts and disbursements along with the related notes meet the reporting requirements of the trust agreements.

Receipts and Disbursements:

Motor Vehicle Registration Fees Retained by Trustee - Motor vehicle registration fees retained by trustee are recorded at time of impounding, when transfer of possession occurs.

Investment Income - Investment income is recorded when received and includes realized gains and losses on sales or maturities of investments.

Bond Proceeds - Bond proceeds are recorded as receipts on the date of closing at gross value of the issuance. All related fees are reported as bond issue costs within disbursements.

Debt Service - Principal and Interest - Debt service payments are recorded when paid.

Highway Program Expenditures - Highway program expenditures are recorded when paid by the Program to the Transportation Fund of the State of Wisconsin.

Program Expenses - Program expenses are recorded when paid.

Advance to Commercial Paper Program - Advance to Commercial Paper Program represents payments made by the Program for expenses on behalf of the Commercial Paper Program.

Cash and Investments - The Program's investment policies are governed by the General Resolution and Wisconsin Statutes. The Program is authorized by statute to invest in direct obligations of the United States maturing no more than one year from the date of investment. In addition, statutes allow those funds not reserved for debt service to be invested in direct obligations of the United States, its agencies and corporations, certain banks, high-quality corporate commercial paper, and certificates of deposit.

For fiscal years 2002 and 2001, the trustee invested the Program's funds in money market funds, guaranteed investment contracts, and U.S. government securities. These program assets are reported at cost. At June 30, 2002, the cost of the Program's investments exceeded their fair market value by approximately \$640,000. As of June 30, 2002, \$64,855,500 was invested in the Bank One Group Treasury Only Money Market Fund Class I, and \$26,378,412 was invested in U.S. Treasury Notes. As of June 30, 2001, \$31,355,771 was invested in the Bank One Group Treasury Only Money Market Fund Class I, \$5,806,888 was invested in guaranteed investment contracts, and \$29,254,000 was invested in U.S. Treasury Notes. Money market funds are categorized as risk category 3 in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, as the investments are not insured or collateralized. The U.S. Treasury Notes were registered and held by the Program's agent in the Program's name. Therefore, these investments are categorized as risk category 1. Under GASB Statement No. 3, guaranteed investment contracts are not classified in categories of credit risk as they are direct contractual investments and are not securities.

Reclassifications - Certain reclassifications have been made to the 2001 statement of cash receipts and disbursements to conform with the current year presentation.

3. REVENUE BONDS

The Program's revenue obligations are issued pursuant to Subchapter II of Chapter 18 of the Wisconsin Statutes as amended, Section 84.59 of the Wisconsin Statutes and a general bond resolution and series resolutions adopted by the State of Wisconsin Building Commission. The bonds are revenue obligations of the State of Wisconsin ("State"), payable solely from the Bond Redemption Funds created by the General Resolution. The bonds are collateralized by a first lien pledge of income derived from vehicle registration fees ("Program Income") under Section 341.25 of the Wisconsin Statutes, as collected by the Trustee. The State has covenanted in the General Resolution that it will charge registration fees sufficient to pay principal and interest on the bonds, as they become due, to pay program expenses and to maintain the Debt Service Reserve requirement. Vehicle registration fees collected in excess of the amount needed to service this Program are transferred to the Department free of the first lien pledge of the General Resolution. The State is not generally liable on the bonds nor are the projects financed by the bonds pledged as collateral.

A summary of these revenue obligations outstanding as of June 30, 2002 and 2001 is as follows:

| | 2002 | 2001 |
|--|---------------|--------------|
| Transportation Revenue Bonds, 1991 Series A, fixed interest rate of 6.1%, interest payable semiannually, annual principal payments of variable amounts through 2001 | | \$ 4,735,000 |
| Transportation Revenue Bonds, 1992 Series A and B, varying fixed interest rates from 5.1% to 5.2%, interest payable semiannually, annual principal payments of variable amounts through 2002 | \$ 15,800,000 | 229,420,000 |
| Transportation Revenue Bonds, 1993 Series A, varying fixed interest rates from 4.2% to 5.0%, interest payable semiannually, annual principal payments of variable amounts through 2012 | 88,720,000 | 89,355,000 |
| Transportation Revenue Bonds, 1994 Series A, varying fixed interest rates from 5.0% to 7.5%, interest payable semiannually, annual principal payments of variable amounts through 2005 | 17,860,000 | 42,550,000 |
| Transportation Revenue Bonds, 1995 Series A, varying fixed interest rates from 4.45% to 6.25%, interest payable semiannually, annual principal payments of variable amounts through 2007 | 28,230,000 | 80,610,000 |
| Transportation Revenue Bonds, 1996 Series A, varying fixed interest rates from 5.0% to 6.0%, interest payable semiannually, annual principal payments of variable amounts through 2008 | 35,475,000 | 52,340,000 |
| Transportation Revenue Refunding Bonds, 1998 Series A and B, varying fixed interest rates from 4.0% to 5.5%, interest payable semiannually, annual principal payments of variable amounts through 2019 | 221,255,000 | 236,435,000 |
| Transportation Revenue Bonds, 2000 Series A, varying fixed interest rates from 5.3% to 5.5%, interest payable semiannually, annual principal payments of variable amounts from 2012 through 2021 | 93,100,000 | 123,700,000 |

| | 2002 | 2001 |
|---|-----------------------|-----------------------|
| Transportation Revenue Bonds, 2001 Series A, varying fixed interest rates from 3.0% to 5.0%, interest payable semiannually, annual principal payments of variable amounts through 2022 | \$ 140,000,000 | \$ 0 |
| Transportation Revenue Refunding Bonds, 2002 Series 1 and 2, varying fixed interest rates from 3.0% to 5.75%, interest payable semiannually, annual principal payments of variable amounts through 2022 | <u>310,795,000</u> | <u>0</u> |
| | 951,235,000 | 859,145,000 |
| Less: current maturities | <u>38,115,000</u> | <u>36,560,000</u> |
| | <u>\$ 913,120,000</u> | <u>\$ 822,585,000</u> |

Additional series of bonds may be issued on a parity with the current bond series outstanding and collateralized by an equal charge and lien on the Program income. However, no additional series may be issued unless, among other things, Program Income, including interest, for 12 consecutive months within the preceding 18-month period is at least 2.25 times the maximum aggregate principal and interest requirement in any bond year for all outstanding bonds.

Future maturities of bonds payable as of June 30, 2002 are as follows:

Year Ending June 30,

| | |
|------------|-----------------------|
| 2003 | \$ 38,115,000 |
| 2004 | 46,870,000 |
| 2005 | 51,835,000 |
| 2006 | 54,410,000 |
| 2007 | 56,675,000 |
| Thereafter | <u>703,330,000</u> |
| | <u>\$ 951,235,000</u> |

4. DEFEASED REVENUE BONDS

From time to time, the Program issues revenue bonds to defease older revenue bonds in order to take advantage of market conditions. The proceeds from the issuance of revenue bonds, together with assets transferred from the refunded bond series, are deposited with a trustee bank in a separate Escrow Account. These funds are invested by an escrow agent in U.S. Treasury obligations and certain other government securities so that sufficient monies are available to pay the principal, interest and redemption price of the defeased bonds. The defeased bonds are not included in the outstanding revenue bonds summarized in Note 3. Also, the related securities in the Escrow Accounts are not included in the Program's cash and investments. Once defeased, no related activity in the Escrow Accounts is reported in the Program's Statement of Cash Receipts and Disbursements. The following is a summary of these defeased bonds at June 30, 2002.

The revenue bonds defeased by the 1992 Series A Refunding that remain outstanding were as follows:

| Series | Maturity | Principal Amount | Redemption Date | Redemption Price |
|---------------|-----------------|-------------------------|------------------------|-------------------------|
| 1991 Series A | July 1, 2010 | \$ 8,495,000 | | |
| | July 1, 2011 | <u>9,085,000</u> | | |
| | | <u>\$ 17,580,000</u> | Maturity | Par |

The revenue bonds defeased by the 1998 Series A Refunding issued in fiscal 1999 that remain outstanding were as follows:

| Series | Maturity | Principal Amount | Redemption Date | Redemption Price |
|---------------|-----------------|-------------------------|------------------------|-------------------------|
| 1992 Series A | July 1, 2005 | \$ 4,295,000 | | |
| | July 1, 2006 | 4,880,000 | | |
| | July 1, 2009 | 735,000 | | |
| | July 1, 2010 | 1,110,000 | | |
| | July 1, 2011 | 1,170,000 | | |
| | July 1, 2012 | 1,240,000 | | |
| | July 1, 2013 | <u>1,310,000</u> | | |
| | | 14,740,000 | July 1, 2002 | Par |
| 1992 Series B | July 1, 2005 | 5,195,000 | | |
| | July 1, 2006 | 5,480,000 | | |
| | July 1, 2013 | <u>8,110,000</u> | | |
| | | 18,785,000 | July 1, 2002 | Par |
| 1994 Series A | July 1, 2007 | 5,375,000 | | |
| | July 1, 2008 | 5,685,000 | | |
| | July 1, 2009 | 6,020,000 | | |
| | July 1, 2010 | 6,375,000 | | |
| | July 1, 2011 | 6,760,000 | | |
| | July 1, 2012 | <u>7,170,000</u> | | |
| | | 37,385,000 | July 1, 2004 | Par |
| 1995 Series A | July 1, 2012 | 7,070,000 | July 1, 2005 | Par |
| 1996 Series A | July 1, 2011 | 6,885,000 | | |
| | July 1, 2012 | 7,270,000 | | |
| | July 1, 2013 | 7,685,000 | | |
| | July 1, 2014 | 8,130,000 | | |
| | July 1, 2015 | 8,600,000 | | |
| | July 1, 2016 | <u>9,100,000</u> | | |
| | | <u>47,670,000</u> | July 1, 2006 | Par |
| | | <u>\$ 125,650,000</u> | | |

The revenue bonds defeased by the 2002 Series 1 Refunding issued in fiscal 2002 that remain outstanding were as follows:

| Series | Maturity | Principal Amount | Redemption Date | Redemption Price |
|---------------|--------------|----------------------|-----------------|------------------|
| 1992 Series A | July 1, 2003 | \$ 11,945,000 | | |
| | July 1, 2004 | 16,695,000 | | |
| | July 1, 2005 | 13,290,000 | | |
| | July 1, 2006 | 13,675,000 | | |
| | July 1, 2007 | 8,560,000 | | |
| | July 1, 2008 | 9,060,000 | | |
| | July 1, 2009 | 3,905,000 | | |
| | July 1, 2014 | 1,385,000 | | |
| | July 1, 2015 | 1,460,000 | | |
| | July 1, 2016 | 1,540,000 | | |
| | July 1, 2017 | 1,625,000 | | |
| | July 1, 2018 | 1,715,000 | | |
| | July 1, 2019 | <u>1,810,000</u> | | |
| | | 86,665,000 | July 1, 2002 | Par |
| 1992 Series B | July 1, 2003 | 4,685,000 | | |
| | July 1, 2004 | 4,930,000 | | |
| | July 1, 2014 | 8,555,000 | | |
| | July 1, 2015 | 9,025,000 | | |
| | July 1, 2016 | 9,520,000 | | |
| | July 1, 2017 | 10,040,000 | | |
| | July 1, 2018 | 10,595,000 | | |
| | July 1, 2019 | <u>11,180,000</u> | | |
| | | 68,530,000 | July 1, 2002 | Par |
| 1994 Series A | July 1, 2006 | 5,090,000 | | |
| | July 1, 2013 | 7,605,000 | | |
| | July 1, 2014 | <u>8,075,000</u> | | |
| | | 20,770,000 | July 1, 2004 | Par |
| 1995 Series A | July 1, 2009 | 5,950,000 | | |
| | July 1, 2010 | 6,295,000 | | |
| | July 1, 2011 | 6,670,000 | | |
| | July 1, 2013 | 7,495,000 | | |
| | July 1, 2014 | 7,955,000 | | |
| | July 1, 2015 | <u>8,440,000</u> | | |
| | | 42,805,000 | July 1, 2005 | Par |
| 1996 Series A | July 1, 2009 | 6,180,000 | | |
| | July 1, 2010 | <u>6,520,000</u> | | |
| | | 12,700,000 | July 1, 2006 | Par |
| 1998 Series B | July 1, 2010 | 5,400,000 | | |
| | July 1, 2011 | <u>5,645,000</u> | | |
| | | 11,045,000 | July 1, 2009 | Par |
| 2000 Series A | July 1, 2012 | <u>9,700,000</u> | July 1, 2010 | Par |
| | | <u>\$252,215,000</u> | | |

The revenue bonds defeased by the 2002 Series 2 Refunding issued in fiscal 2002 that remain outstanding were as follows:

| Series | Maturity | Principal Amount | Redemption Date | Redemption Price |
|---|--------------|----------------------|-----------------|------------------|
| 1992 Series A | July 1, 2020 | \$ 1,905,000 | | |
| | July 1, 2021 | 2,010,000 | | |
| | July 1, 2022 | <u>2,120,000</u> | | |
| | | 6,035,000 | July 1, 2002 | Par |
| 1992 Series B | July 1, 2020 | 11,795,000 | | |
| | July 1, 2021 | 12,440,000 | | |
| | July 1, 2022 | <u>13,130,000</u> | | |
| | | 37,365,000 | July 1, 2002 | Par |
| 1995 Series A | July 1, 2008 | 5,630,000 | July 1, 2005 | Par |
| 2000 Series A | July 1, 2013 | 10,200,000 | | |
| | July 1, 2014 | <u>10,700,000</u> | | |
| | | <u>20,900,000</u> | July 1, 2010 | Par |
| | | <u>\$ 69,930,000</u> | | |
| Total of all defeased bonds outstanding at June 30, 2002: | | <u>\$465,375,000</u> | | |

On July 1, 2002, \$232,120,000 of the defeased bonds were redeemed in accordance with the call provisions of the related bonds.

5. DEBT SERVICE RESERVE FUND REQUIREMENT

The General Resolution creates a Debt Service Reserve Fund requirement which is provided from bond program proceeds and other available monies, and is intended to be used to provide for any deficiency in the Bond Redemption Fund for the payment of principal and interest. Series resolutions authorizing the issuance of additional bonds will set forth the Debt Service Reserve requirements for each issue which will be aggregated to determine the Debt Service Reserve Fund requirement for all outstanding bonds. The General Resolution provides that monies in the Debt Service Reserve Fund are to be provided for any deficiency in the Principal and Interest Account in the Bond Redemption Fund. If there is any deficiency in the Debt Service Reserve Fund, the Trustee shall, after setting aside the principal and interest amount in the Bond Redemption Fund, the principal of and interest on outstanding bonds accruing in such year and an amount in the Program Expense Fund equal to the Department's budgeted program expenses for that year, deposit Program Income into the Debt Service Reserve Fund in an amount sufficient to remedy such deficiency.

The Debt Service Reserve Fund requirements and the Bond Redemption Fund balances, with securities stated at market value, are as follows at June 30, 2002:

| | Debt Service Reserve Fund Requirement | Bond Redemption Fund Balance |
|---------------------|--|---|
| 1991 Series A | \$ 3,643,000 | \$ 1,889 |
| 1992 Series A | 3,799,800 | 14,182,822 |
| 1992 Series B | 8,921,978 | 7,459,744 |
| 1993 Series A | | 2,751,048 |
| 1994 Series A | 2,058,000 | 5,251,537 |
| 1995 Series A | 3,425,000 | 6,200,331 |
| 1996 Series A | 6,100,000 | 5,655,303 |
| 1998 Series A | | 8,581,338 |
| 1998 Series B | | 6,348,419 |
| 2000 Series A | 3,535,000 | 3,368,000 |
| 2001 Series A | 3,908,600 | 5,993,036 |
| 2002 Series 1 | | 782,451 |
| 2002 Series 2 | | 218,266 |
| Program income fund | | 1,488 |
| | <u>\$35,391,378</u> | <u>\$66,795,672</u> |

The General Resolution provides that in lieu of a deposit to Debt Service Reserve Fund, the State may provide for a letter of credit, municipal bond insurance policy or surety bond in an amount at least equal to the Debt Service Reserve Fund requirement. The Department has obtained a surety bond in an amount sufficient to meet the Debt Service Reserve requirements for each series of bonds outstanding.

6. COMMITMENTS

The Department and the State are currently authorized by State Statutes to use bond proceeds for right-of-way acquisition and construction of projects and certain transportation facilities. The Department has statutory authority (as amended) as of June 30, 2002, to issue a total of \$1,753,067,500 of obligations (including defeased bonds), in order to partially finance the costs of the authorized projects, in addition to proceeds from State general obligation debt, federal aid and other money in the Transportation Fund of the State of Wisconsin. As of June 30, 2002, the Department has remaining authority to issue \$309,700,000 of additional obligations.

7. CONCENTRATION OF CREDIT RISK

The Program's main investment as of June 30, 2002 and 2001 was in Bank One Group Treasury Only Money Market in the amount of \$64,855,500 and \$31,355,771, which represents 71% and 47%, respectively, of the Program asset balance.

8. ADMINISTRATIVE EXPENSES

The Program is not charged for certain departmental administrative expenses incurred by the State of Wisconsin related to the operation of the Program. All such costs are charged to the Transportation Fund of the State of Wisconsin. Program expenses include expenses of the trustee, audit fees and other expenses of the Program.

* * * * *

**WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM**

**SUPPLEMENTAL INFORMATION - SCHEDULE OF MONTHLY MOTOR VEHICLE REGISTRATION FEES RETAINED BY TRUSTEE
YEAR ENDED JUNE 30, 2002**

| Month | Program Income Fund | 1991 Series A | 1992 Series A | 1992 Series B | 1993 Series A | 1994 Series A | 1995 Series A | 1996 Series A | 1998 Series A | 1998 Series B | 2000 Series A | Total |
|--------------|---------------------------|------------------|---------------------|---------------------|--------------------|--------------------|--------------------|--------------------|---------------------|--------------------|--------------------|---------------------|
| July 2001* | \$ 64,341 | \$(3,023) | \$ 4,341,016 | \$ 2,653,716 | \$1,221,085 | \$1,618,447 | \$2,103,441 | \$1,779,351 | \$ 3,070,225 | \$2,244,229 | \$1,694,062 | \$20,786,890 |
| October 2001 | 185,000 | | 4,395,782 | 2,669,674 | 1,213,787 | 1,646,974 | 2,116,813 | 1,793,553 | 3,069,526 | 2,246,273 | 1,675,980 | 21,013,362 |
| January 2002 | 86,170 | | 4,012,816 | 2,484,666 | 1,158,081 | 1,504,694 | 1,957,811 | 1,639,596 | 2,855,936 | 2,086,714 | 1,616,988 | 19,403,472 |
| April 2002 | 175,925 | | 4,073,970 | 2,540,392 | 1,192,269 | 1,526,713 | 1,998,152 | 1,667,514 | 2,920,945 | 2,134,802 | 1,677,922 | 19,908,604 |
| | <u>\$511,436</u> | <u>\$(3,023)</u> | <u>\$16,823,584</u> | <u>\$10,348,448</u> | <u>\$4,785,222</u> | <u>\$6,296,828</u> | <u>\$8,176,217</u> | <u>\$6,880,014</u> | <u>\$11,916,632</u> | <u>\$8,712,018</u> | <u>\$6,664,952</u> | <u>\$81,112,328</u> |

* Amounts are net of excess motor vehicle registration fees that were returned to the Wisconsin Department of Transportation.

**WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM**

**SUPPLEMENTAL INFORMATION - BONDS OUTSTANDING - 1992 SERIES A
JUNE 30, 2002**

| Maturity July 1, | Rate | Principal |
|-------------------------|-------------|----------------------|
| 2002 | 5.20 % | <u>\$ 11,350,000</u> |
| | | <u>\$ 11,350,000</u> |

**WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM**

**SUPPLEMENTAL INFORMATION - BONDS OUTSTANDING - 1992 SERIES B
JUNE 30, 2002**

| Maturity July 1, | Rate | Principal |
|-------------------------|-------------|--------------------|
| 2002 | 5.20 % | <u>\$4,450,000</u> |
| | | <u>\$4,450,000</u> |

**WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM**

**SUPPLEMENTAL INFORMATION - BONDS OUTSTANDING - 1993 SERIES A
JUNE 30, 2002**

| Maturity July 1, | Rate | Principal |
|-------------------------|-------------|---------------------|
| 2002 | 4.30 % | \$ 665,000 |
| 2003 | 4.40 | 6,050,000 |
| 2004 | 4.50 | 6,340,000 |
| 2005 | 4.50 | 6,645,000 |
| 2006 | 4.60 | 6,955,000 |
| 2007 | 4.70 | 13,090,000 |
| 2008 | 4.75 | 13,725,000 |
| 2009 | 4.80 | 14,395,000 |
| 2010 | 4.90 | 6,620,000 |
| 2011 | 5.00 | 6,945,000 |
| 2012 | 4.75 | <u>7,290,000</u> |
| | | <u>\$88,720,000</u> |

**WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM**

**SUPPLEMENTAL INFORMATION - BONDS OUTSTANDING - 1994 SERIES A
JUNE 30, 2002**

| Maturity July 1, | Rate | Principal |
|-------------------------|-------------|---------------------|
| 2002 | 5.10 % | \$ 4,125,000 |
| 2003 | 7.50 | 4,340,000 |
| 2004 | 7.50 | 4,575,000 |
| 2005 | 5.30 | <u>4,820,000</u> |
| | | <u>\$17,860,000</u> |

**WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM**

**SUPPLEMENTAL INFORMATION - BONDS OUTSTANDING - 1995 SERIES A
JUNE 30, 2002**

| Maturity July 1, | Rate | Principal |
|-------------------------|-------------|---------------------|
| 2002 | 6.25 % | \$ 4,135,000 |
| 2003 | 6.25 | 4,345,000 |
| 2004 | 6.25 | 4,565,000 |
| 2005 | 4.80 | 4,800,000 |
| 2006 | 4.90 | 5,055,000 |
| 2007 | 5.00 | <u>5,330,000</u> |
| | | <u>\$28,230,000</u> |

**WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM**

**SUPPLEMENTAL INFORMATION - BONDS OUTSTANDING - 1996 SERIES A
JUNE 30, 2002**

| Maturity July 1, | Rate | Principal |
|-------------------------|-------------|---------------------|
| 2002 | 5.00 % | \$ 4,360,000 |
| 2003 | 5.00 | 4,570,000 |
| 2004 | 5.00 | 4,795,000 |
| 2005 | 6.00 | 5,035,000 |
| 2006 | 6.00 | 5,290,000 |
| 2007 | 5.25 | 5,565,000 |
| 2008 | 5.40 | <u>5,860,000</u> |
| | | <u>\$35,475,000</u> |

**WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM**

**SUPPLEMENTAL INFORMATION - BONDS OUTSTANDING - 1998 SERIES A
JUNE 30, 2002**

| Maturity July 1, | Rate | Principal |
|-------------------------|-------------|-----------------------|
| 2002 | 5.00 % | \$ 5,130,000 |
| 2003 | 4.00 | 35,000 |
| 2004 | 4.125 | 40,000 |
| 2005 | 5.00 | 9,530,000 |
| 2006 | 5.00 | 10,355,000 |
| 2007 | 5.00 | 5,310,000 |
| 2008 | 5.00 | 5,590,000 |
| 2009 | 5.50 | 6,625,000 |
| 2010 | 5.50 | 7,345,000 |
| 2011 | 5.50 | 14,665,000 |
| 2012 | 5.50 | 22,580,000 |
| 2013 | 5.50 | 16,915,000 |
| 2014 | 5.50 | 7,915,000 |
| 2015 | 5.50 | 8,360,000 |
| 2016 | 5.50 | <u>8,825,000</u> |
| | | <u>\$ 129,220,000</u> |

**WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM**

**SUPPLEMENTAL INFORMATION - BONDS OUTSTANDING - 1998 SERIES B
JUNE 30, 2002**

| Maturity July 1, | Rate | Principal |
|-------------------------|-------------|---------------------|
| 2002 | 4.25 % | \$ 3,900,000 |
| 2003 | 4.25 | 4,050,000 |
| 2004 | 4.50 | 4,210,000 |
| 2005 | 4.25 | 4,380,000 |
| 2006 | 4.25 | 4,565,000 |
| 2007 | 4.25 | 4,755,000 |
| 2008 | 4.25 | 4,955,000 |
| 2009 | 5.25 | 5,170,000 |
| 2012 | 5.00 | 5,905,000 |
| 2013 | 5.00 | 6,180,000 |
| 2014 | 5.00 | 6,475,000 |
| 2015 | 5.00 | 6,790,000 |
| 2016 | 5.00 | 7,125,000 |
| 2017 | 4.75 | 7,480,000 |
| 2018 | 4.75 | 7,850,000 |
| 2019 | 4.75 | <u>8,245,000</u> |
| | | <u>\$92,035,000</u> |

**WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM**

**SUPPLEMENTAL INFORMATION - BONDS OUTSTANDING - 2000 SERIES A
JUNE 30, 2002**

| Maturity July 1, | Rate | Principal |
|-------------------------|-------------|---------------------|
| 2015 | 5.50 % | \$ 11,300,000 |
| 2016 | 5.50 | 11,900,000 |
| 2017 | 5.50 | 12,500,000 |
| 2018 | 5.30 | 13,200,000 |
| 2019 | 5.40 | 14,000,000 |
| 2020 | 5.40 | 14,700,000 |
| 2021 | 5.40 | <u>15,500,000</u> |
| | | <u>\$93,100,000</u> |

**WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM**

**SUPPLEMENTAL INFORMATION - BONDS OUTSTANDING - 2001 SERIES A
JUNE 30, 2002**

| Maturity July 1, | Rate | Principal |
|-------------------------|-------------|-----------------------|
| 2003 | 3.00 % | \$ 9,420,000 |
| 2004 | 3.00 | 5,705,000 |
| 2005 | 3.00 | 6,015,000 |
| 2006 | 4.00 | 6,355,000 |
| 2007 | 5.00 | 16,675,000 |
| 2008 | 5.00 | 12,385,000 |
| 2009 | 5.00 | 13,000,000 |
| 2010 | 5.00 | 13,655,000 |
| 2011 | 5.00 | 14,330,000 |
| 2012 | 4.00 | 2,990,000 |
| 2013 | 4.10 | 3,140,000 |
| 2014 | 4.25 | 3,295,000 |
| 2015 | 4.25 | 3,460,000 |
| 2016 | 4.50 | 3,630,000 |
| 2017 | 4.50 | 3,815,000 |
| 2018 | 4.60 | 4,005,000 |
| 2019 | 4.70 | 4,205,000 |
| 2020 | 4.90 | 4,415,000 |
| 2021 | 4.90 | 4,635,000 |
| 2022 | 4.90 | <u>4,870,000</u> |
| | | <u>\$ 140,000,000</u> |

**WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM**

**SUPPLEMENTAL INFORMATION - BONDS OUTSTANDING - 2002 SERIES 1
JUNE 30, 2002**

| Maturity July 1, | Rate | Principal |
|-------------------------|-------------|----------------------|
| 2003 | 4.50 % | \$ 14,060,000 |
| 2004 | 5.00 | 21,595,000 |
| 2005 | 5.00 | 13,175,000 |
| 2006 | 5.25 | 18,090,000 |
| 2007 | 5.25 | 8,310,000 |
| 2008 | 5.50 | 8,750,000 |
| 2009 | 5.50 | 15,165,000 |
| 2010 | 5.50 | 17,685,000 |
| 2011 | 5.50 | 11,785,000 |
| 2012 | 5.50 | 9,170,000 |
| 2013 | 5.75 | 14,545,000 |
| 2014 | 5.75 | 25,035,000 |
| 2015 | 5.75 | 18,005,000 |
| 2016 | 5.75 | 10,685,000 |
| 2017 | 5.75 | 11,295,000 |
| 2018 | 5.125 | 11,950,000 |
| 2019 | 5.125 | <u>12,565,000</u> |
| | | <u>\$241,865,000</u> |

**WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM**

**SUPPLEMENTAL INFORMATION - BONDS OUTSTANDING - 2002 SERIES 2
JUNE 30, 2002**

| Maturity July 1, | Rate | Principal |
|-------------------------|-------------|----------------------------|
| 2004 | 3.00 % | \$ 10,000 |
| 2005 | 3.125 | 10,000 |
| 2006 | 3.375 | 10,000 |
| 2007 | 3.625 | 10,000 |
| 2008 | 5.00 | 5,265,000 |
| 2009 | 4.00 | 10,000 |
| 2010 | 4.125 | 15,000 |
| 2011 | 4.25 | 15,000 |
| 2012 | 4.30 | 15,000 |
| 2013 | 5.50 | 9,815,000 |
| 2014 | 5.50 | 10,295,000 |
| 2015 | 4.625 | 15,000 |
| 2016 | 4.75 | 15,000 |
| 2017 | 4.75 | 15,000 |
| 2018 | 4.875 | 20,000 |
| 2019 | 5.00 | 20,000 |
| 2020 | 5.375 | 13,720,000 |
| 2021 | 5.125 | 14,455,000 |
| 2022 | 5.125 | <u>15,200,000</u> |
| | | <u><u>\$68,930,000</u></u> |

Supplementary Information

The following information has been prepared by the Wisconsin Department of Transportation and is unaudited.

**Wisconsin Department of Transportation
Revenue Obligation Programs**

Schedule of Program Revenue (Unaudited)
For the Years Ended June 30, 2002 and 2001

| | Total Program Revenues | Section 341.25 Registration Fees | | Interest Earnings on 341.25 Revenues |
|---|---------------------------|-------------------------------------|----------------------|--|
| | | Non-IRP | IRP | |
| July 2001 | \$ 25,695,214 | \$ 22,760,235 | \$ 2,934,979 | |
| August 2001 | 23,765,611 | 20,620,519 | 3,145,092 | |
| September 2001 | 21,612,740 | 19,469,304 | 2,143,436 | |
| October 2001 | 25,118,446 | 19,324,468 | 5,793,978 | |
| November 2001 | 23,393,036 | 20,060,026 | 3,333,010 | |
| December 2001 | 28,905,265 | 26,445,888 | 2,459,377 | |
| January 2002 | 31,746,929 | 26,536,366 | 5,210,563 | |
| February 2002 | 20,839,740 | 17,906,878 | 2,932,862 | |
| March 2002 | 30,334,755 | 24,792,383 | 5,542,372 | |
| April 2002 | 30,666,816 | 26,006,562 | 4,660,254 | |
| May 2002 | 31,205,554 | 22,346,457 | 8,859,097 | |
| June 2002 | 30,478,212 | 21,672,520 | 8,805,692 | |
| Total for the Year Ended June 30, 2002 | \$ 324,966,502 | \$ 267,941,607 | \$ 55,820,712 | \$ 1,204,183 |
| July 2000 | \$ 23,251,637 | \$ 18,836,842 | \$ 4,414,795 | |
| August 2000 | 26,366,312 | 23,419,029 | 2,947,283 | |
| September 2000 | 22,963,749 | 19,101,602 | 3,862,147 | |
| October 2000 | 24,497,802 | 19,233,465 | 5,264,337 | |
| November 2000 | 17,274,755 | 14,695,236 | 2,579,519 | |
| December 2000 | 31,310,794 | 29,229,076 | 2,081,718 | |
| January 2001 | 32,830,988 | 29,257,058 | 3,573,930 | |
| February 2001 | 18,762,895 | 16,029,806 | 2,733,089 | |
| March 2001 | 30,815,301 | 24,790,957 | 6,024,344 | |
| April 2001 | 27,708,190 | 21,862,066 | 5,846,124 | |
| May 2001 | 31,222,374 | 19,476,430 | 11,745,944 | |
| June 2001 | 27,391,390 | 22,455,120 | 4,936,270 | |
| Total for the Year Ended June 30, 2001 | \$ 316,060,869 | \$ 258,386,688 | \$ 56,009,500 | \$ 1,664,681 |

IRP The International Registration Plan is a multi-state compact for the collecting and sharing of large truck registration fees. Under the IRP, the registration fees on trucks involved in multi-state commercial activity are collected by the state in which the company is headquartered and are split between the participating states on the basis of proportionate mileage.

Supplementary Information

**Wisconsin Department of Transportation
Revenue Bond Program**

Schedule of Motor Vehicle Registration Fees--Cash Basis (Unaudited)
For the Years Ended June 30, 2002 and 2001

| | <u>2002</u> | <u>2001</u> |
|---|----------------------|----------------------|
| Motor Vehicle Registration Fees Remitted to Trustee | \$ 323,762,319 | \$ 314,396,188 |
| Less: | | |
| Motor Vehicle Registration Fees Available for Commercial Paper Program | (6,842,808) | (10,522,362) |
| Motor Vehicle Registration Fees Available for Transportation Fund | <u>(235,807,183)</u> | <u>(225,302,868)</u> |
| Motor Vehicle Registration Fees Retained by Trustee | <u>\$ 81,112,328</u> | <u>\$ 78,570,958</u> |

Source: Wisconsin Department of Transportation

**WISCONSIN DEPARTMENT OF TRANSPORTATION
COMMERCIAL PAPER PROGRAM
TRANSPORTATION REVENUE COMMERCIAL PAPER
NOTES OF 1997, SERIES A**

**Statements of Cash Receipts and Disbursements
For the Years Ended June 30, 2002 and 2001
Together with Independent Auditors' Report**

**WISCONSIN DEPARTMENT OF TRANSPORTATION
COMMERCIAL PAPER PROGRAM
TRANSPORTATION REVENUE COMMERCIAL PAPER
NOTES OF 1997, SERIES A**

TABLE OF CONTENTS

| | Page |
|---|-------------|
| INDEPENDENT AUDITORS' REPORT | 1 |
| STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS For the Years Ended June 30, 2002 and 2001 | 2 |
| NOTES TO STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS | 3-5 |

INDEPENDENT AUDITORS' REPORT

To the Directors of the Wisconsin Department of Transportation
Commercial Paper Program:

We have audited the accompanying statement of cash receipts and disbursements of the Transportation Revenue Commercial Paper Notes of 1997, Series A, of the Wisconsin Department of Transportation Commercial Paper Program (the "Program") for the year ended June 30, 2002. This statement is the responsibility of the Program's directors. Our responsibility is to express an opinion on this statement based on our audit. The statement of cash receipts and disbursements for the year ended June 30, 2001 was audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on that financial statement in their report dated September 20, 2001.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by the Program's directors, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2 to the financial statements, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the 2002 financial statement presents fairly, in all material respects, the cash receipts and disbursements of the Transportation Revenue Commercial Paper Notes of 1997, Series A, of the Wisconsin Department of Transportation Commercial Paper Program for the year ended June 30, 2002, on the basis of accounting described in Note 2.

Deloitte & Touche LLP

October 8, 2002

**WISCONSIN DEPARTMENT OF TRANSPORTATION
COMMERCIAL PAPER PROGRAM
TRANSPORTATION REVENUE COMMERCIAL PAPER
NOTES OF 1997, SERIES A**

**STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS
YEARS ENDED JUNE 30, 2002 AND 2001**

| | 2002 | 2001 |
|---|--------------------|---------------------|
| CASH AND INVESTMENTS, BEGINNING OF YEAR | \$6,088,130 | \$ 7,098,000 |
| RECEIPTS: | | |
| Motor vehicle registration fees retained by trustee | 6,842,808 | 10,522,362 |
| Investment income | <u>246,112</u> | <u>55,495</u> |
| Total receipts | <u>7,088,920</u> | <u>10,577,857</u> |
| DISBURSEMENTS: | | |
| Debt service - principal | 5,060,000 | 5,583,000 |
| Debt service - interest | <u>2,616,000</u> | <u>6,004,727</u> |
| Total disbursements | <u>7,676,000</u> | <u>11,587,727</u> |
| CASH AND INVESTMENTS, END OF YEAR | <u>\$5,501,050</u> | <u>\$ 6,088,130</u> |
| Cash and investments reserved for debt service | \$5,501,050 | \$ 6,088,130 |

See notes to statements of cash receipts and disbursements.

WISCONSIN DEPARTMENT OF TRANSPORTATION COMMERCIAL PAPER PROGRAM TRANSPORTATION REVENUE COMMERCIAL PAPER NOTES OF 1997, SERIES A

NOTES TO STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS FOR THE YEARS ENDED JUNE 30, 2002 AND 2001

1. NATURE OF PROGRAM

The Transportation Revenue Commercial Paper Program (the "Program") originated on April 23, 1997, pursuant to the adoption of the Program Resolution by the State of Wisconsin Building Commission. The purpose of the Program is to provide financing for the construction, maintenance and repair of certain major highway projects and transportation facilities and to pay interest due on maturing notes. Receipts provided from vehicle registration fees are used to service the Program's debt.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash Receipts and Disbursements Basis of Accounting - The statements of cash receipts and disbursements present the Program's cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, cash receipts are recorded when received and disbursements are recorded when paid. The Program's assets consist of money market funds and U.S. Treasury notes.

The Wisconsin Department of Transportation, ("Department") has entered into trust agreements with Bank One Trust Company National Association, (the "Trustee"), relating to the creation and administration of the Transportation Revenue Commercial Paper Notes of 1997, Series A. Among other provisions, the trust agreements, in conjunction with the General Resolution, specify those funds to be created and maintained, the timing and flow of monies through the funds, the formula for computing the Debt Service Reserve requirements and the procedure to be followed for the redemption of the bonds. It is the Program directors' view that the statements of cash receipts and disbursements along with the related notes meet the reporting requirements of the trust agreements.

Receipts and Disbursements -

Motor Vehicle Registration Fees Retained by Trustee - Motor vehicle registration fees retained by trustee are recorded at time of impounding, when transfer of possession occurs.

Investment Income - Investment income is recorded when received and includes realized gains and losses on sales or maturities of investments.

Debt Service - Principal and Interest - Cash payments for debt service are recorded when paid. Notes payable that mature and are replaced with new notes are not reflected in the statements of cash receipts and disbursements as there is no cash receipt or cash disbursement.

Cash and Investments - The Program's investment policies are governed by the Program Resolution and Wisconsin Statutes. The Program is authorized by statute to invest in direct obligations of the United States maturing no more than one year from the date of investment. In addition, statutes allow those

funds not reserved for debt service to be invested in direct obligations of the United States, its agencies and corporations, certain banks, high-quality corporate commercial paper, and certificates of deposit.

For fiscal years 2002 and 2001, the trustee invested the Program's funds in money market funds and U.S. Government securities. These program assets are reported at cost. At June 30, 2002, the cost of the Program's investments exceeded their fair market value by approximately \$72,000. As of June 30, 2002, \$2,781,008 was invested in the Bank One Group Money Market Fund Class I and \$2,720,042 was invested in U.S. Treasury Notes. As of June 30, 2001, \$450,130 was invested in the Bank One Group Money Market Fund Class I, and \$5,638,000 was invested in U.S. Treasury Notes. Money market funds are categorized as risk category 3 in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, as the investments are not insured or collateralized. The U.S. Treasury Notes were registered and held by the Program's agent in the Program's name. Therefore, these investments are categorized as risk category 1 in accordance with GASB Statement No. 3.

3. NOTES PAYABLE

The notes consist of interest-bearing obligations which are issued in initial denominations of \$100,000 and additional increments of \$1,000 above \$100,000. There are notes payable outstanding of \$136,673,000 and \$141,733,000 at June 30, 2002 and 2001, respectively. At June 30, 2002, the notes had maturities ranging from August 8, 2002 to December 5, 2002 with a weighted average interest rate of 1.49%.

The notes are issued pursuant to Subchapter II of Chapter 18 of the Wisconsin Statutes as amended, Section 84.59 of the Wisconsin Statutes and a Program Resolution and series resolutions adopted by the State of Wisconsin Building Commission. The notes are revenue obligations of the State of Wisconsin ("State"), payable solely from the Subordinated Debt Service Fund (see Note 4).

The notes are collateralized by a pledge of income derived from vehicle registration fees ("Program Income") under Section 341.25 of the Wisconsin Statutes, as collected by the Trustee. The notes are subordinate to the pledge of Program Income for payment of the State Transportation Revenue Bonds outstanding. Vehicle registration fees collected in excess of the amount needed to service this Program and the outstanding State Transportation Revenue Bonds are transferred to the Department pursuant to the General Resolution of the State of Wisconsin Building Commission.

The State expects to pay the principal on the notes with the proceeds of additional notes until the State provides permanent financing through the issuance of long-term transportation revenue bonds for the projects which are being initially financed by the notes.

In order to assure the timely payment of principal and interest on the notes, the State obtained a credit agreement on May 7, 1997, which provided a commitment for the issuance of an irrevocable letter of credit in the stated amount up to \$188,600,000. On April 19, 2000, the State reduced this commitment and the stated amount of the irrevocable letter of credit to a stated amount of up to \$155,000,000. On May 6, 2002, the State replaced the irrevocable letter of credit with a line of credit in a stated amount up to \$150,000,000. The line of credit has an initial term of one year and can be extended as provided in the line of credit agreement.

The notes will mature no later than 270 days from the date of issuance provided that a liquidity facility agreement is in effect. No notes may be issued with a maturity date after the stated expiration of the liquidity facility agreement or after the stated date of a substitute liquidity facility agreement. The

principal of and interest on the notes will be paid at maturity and are not callable prior to maturity. Each note bears interest from its date of issuance, at the rate determined on the date of issuance (which may not exceed 12% per annum).

The State is not generally liable on the notes, nor are the projects financed by the notes pledged as collateral.

4. SUBORDINATED DEBT SERVICE FUND

The General Resolution creates a Subordinated Debt Service Reserve Fund which is intended to be used to provide for the payment of principal and interest of the notes from Program Income deposited into this fund. The pledge of such Program Income to payment of the notes is subordinate to the pledge of Program Income to payment of outstanding State Transportation Revenue Bonds. The debt service reserve requirement is \$5,501,050 as of June 30, 2002.

5. COMMITMENTS

The Department and the State are currently authorized by State Statutes to use note proceeds for right-of-way acquisition and construction of projects comprising major highway projects and certain transportation facilities. The Program resolution has authority to issue notes totaling \$200,000,000 (including those issued under the 1997, Series A notes), in order to partially finance the costs of the authorized projects, in addition to proceeds from State general obligation debt, federal aid and other money in the Transportation Fund. At June 30, 2002, the remaining authority for the issuance of notes was \$63,325,000.

6. ADMINISTRATIVE EXPENSES

The Program is not charged for certain departmental administrative expenses related to the operation of the Program. All such costs are charged to the Transportation Fund of the State of Wisconsin. Expenses related to trustee fees, bond rating fees, audit fees and other expenses of the Program are paid by the Revenue Bond Program.

* * * * *

Supplementary Information

The following information has been prepared by the Wisconsin Department of Transportation and is unaudited.

**Wisconsin Department of Transportation
Revenue Obligation Programs**

Supplementary
Information

Schedule of Program Revenue (Unaudited)
For the Years Ended June 30, 2002 and 2001

| | Total Program Revenues | Section 341.25 Registration Fees | | Interest Earnings on 341.25 Revenues |
|---|---------------------------|-------------------------------------|----------------------|--|
| | | Non-IRP | IRP | |
| July 2001 | \$ 25,695,214 | \$ 22,760,235 | \$ 2,934,979 | |
| August 2001 | 23,765,611 | 20,620,519 | 3,145,092 | |
| September 2001 | 21,612,740 | 19,469,304 | 2,143,436 | |
| October 2001 | 25,118,446 | 19,324,468 | 5,793,978 | |
| November 2001 | 23,393,036 | 20,060,026 | 3,333,010 | |
| December 2001 | 28,905,265 | 26,445,888 | 2,459,377 | |
| January 2002 | 31,746,929 | 26,536,366 | 5,210,563 | |
| February 2002 | 20,839,740 | 17,906,878 | 2,932,862 | |
| March 2002 | 30,334,755 | 24,792,383 | 5,542,372 | |
| April 2002 | 30,666,816 | 26,006,562 | 4,660,254 | |
| May 2002 | 31,205,554 | 22,346,457 | 8,859,097 | |
| June 2002 | 30,478,212 | 21,672,520 | 8,805,692 | |
| Total for the Year Ended June 30, 2002 | \$ 324,966,502 | \$ 267,941,607 | \$ 55,820,712 | \$ 1,204,183 |
| July 2000 | \$ 23,251,637 | \$ 18,836,842 | \$ 4,414,795 | |
| August 2000 | 26,366,312 | 23,419,029 | 2,947,283 | |
| September 2000 | 22,963,749 | 19,101,602 | 3,862,147 | |
| October 2000 | 24,497,802 | 19,233,465 | 5,264,337 | |
| November 2000 | 17,274,755 | 14,695,236 | 2,579,519 | |
| December 2000 | 31,310,794 | 29,229,076 | 2,081,718 | |
| January 2001 | 32,830,988 | 29,257,058 | 3,573,930 | |
| February 2001 | 18,762,895 | 16,029,806 | 2,733,089 | |
| March 2001 | 30,815,301 | 24,790,957 | 6,024,344 | |
| April 2001 | 27,708,190 | 21,862,066 | 5,846,124 | |
| May 2001 | 31,222,374 | 19,476,430 | 11,745,944 | |
| June 2001 | 27,391,390 | 22,455,120 | 4,936,270 | |
| Total for the Year Ended June 30, 2001 | \$ 316,060,869 | \$ 258,386,688 | \$ 56,009,500 | \$ 1,664,681 |

IRP The International Registration Plan is a multi-state compact for the collecting and sharing of large truck registration fees. Under the IRP, the registration fees on trucks involved in multi-state commercial activity are collected by the state in which the company is headquartered and are split between the participating states on the basis of proportionate mileage.

Supplementary Information

**Wisconsin Department of Transportation
Commercial Paper Program**

Schedule of Motor Vehicle Registration Fees--Cash Basis (Unaudited)
For the Years Ended June 30, 2002 and 2001

| | <u>2002</u> | <u>2001</u> |
|---|----------------------|----------------------|
| Motor Vehicle Registration Fees Remitted to Trustee | \$ 323,762,319 | \$ 314,396,188 |
| Less: | | |
| Motor Vehicle Registration Fees Available for Revenue Bond Program | (81,112,328) | (78,570,958) |
| Motor Vehicle Registration Fees Available for Transportation Fund | <u>(235,807,183)</u> | <u>(225,302,868)</u> |
| Motor Vehicle Registration Fees Retained by Trustee | <u>\$ 6,842,808</u> | <u>\$ 10,522,362</u> |

Source: Wisconsin Department of Transportation