NOTICE OF BOND INSURANCE

$200,000,000
STATE OF WISCONSIN
TRANSPORTATION REVENUE BONDS, 2002 SERIES A

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

FINANCIAL GUARANTY INSURANCE COMPANY

Insuring the payment when due of the principal of and interest on the $200,000,000 State of Wisconsin Transportation Revenue Bonds, 2002 Series A (2002 Series A Bonds).

This Notice includes certain information concerning Financial Guaranty Insurance Company (**Financial Guaranty)** and the terms of the Municipal Bond New Issue Insurance Policy (**Policy**) relating to the 2002 Series A Bonds. Information with respect to Financial Guaranty and the Policy has been supplied by Financial Guaranty. No representation is made by the undersigned as to the accuracy or adequacy of such information. The Policy does not constitute a part of the contract between the State of Wisconsin **(State)** and the holders of 2002 Series A Bonds. The undersigned has the responsibility for paying the premium on, and complying with the conditions for the issuance of the Policy, and the State has no responsibility with respect to such insurance in any way, including the maintenance and enforcement of the Policy or collection of a claim submitted under the Policy.

This Notice has been prepared by the undersigned to provide certain information pertaining to Financial Guaranty and has not been prepared or reviewed by the State, and the State makes no representations as to the adequacy of the information contained herein. Each purchaser should consult the Official Statement, dated October 8, 2002, for information about the 2002 Series A Bonds, and the undersigned assumes no responsibility with respect to the Official Statement.

The undersigned has applied for, and upon issuance of the Policy there will be assigned to the 2002 Series A Bonds, the AAA rating from Fitch Ratings, the Aaa rating from Moody's Investors Service, Inc., and the AAA rating from Standard & Poor's Ratings Services.

LEHMAN BROTHERS

October 8, 2002

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OFFICIAL STATEMENT

New Issue

This Official Statement has been prepared by the State of Wisconsin to provide information on the 2002 Series A Bonds. Some of the information appears on this cover page for ready reference. A prospective investor should read the entire Official Statement to make an informed investment decision. Unless otherwise indicated, capitalized terms have the meanings given in APPENDIX C.

$200,000,000

STATE OF WISCONSIN

TRANSPORTATION REVENUE BONDS, 2002 SERIES A

Dated: October 15, 2002 **Due: July 1, as shown below**

Underlying Ratings	AA Fitch Ratings Aa3 Moody's Investors Service, Inc. AA- Standard & Poor's Ratings Services
Tax Exemption	Interest on the 2002 Series A Bonds is, for federal income tax purposes, excluded from gross income and not an item of tax preference. Interest on the 2002 Series A Bonds is subject to State of Wisconsin income and franchise taxes—*Pages 11-13*.
Redemption	The 2002 Series A Bonds maturing on or after July 1, 2014 are subject to optional redemption at par (100%) on any date on or after July 1, 2013—*Page 2*.
Security/Priority	The 2002 Series A Bonds have a first claim on vehicle Registration Fees, which are a substantial portion of pledged Program Income. The 2002 Series A Bonds are issued on a parity with previously issued Bonds. The 2002 Series A Bonds are not general obligations of the State—*Pages 6-9*.
Purpose	Proceeds are being used to finance certain State transportation facilities and highway projects and to pay for costs of issuance—*Pages 3-4*.
Interest Payment Dates	January 1 and July 1
First Interest Payment Date	July 1, 2003
Closing/Settlement	On or about October 30, 2002
Denominations	$5,000
Book-Entry-Only Form	The Depository Trust Company—*Pages 4-5*.
Trustee/Registrar/Paying Agent	Bank One Trust Company, National Association
Bond Counsel	Michael Best & Friedrich LLP
Issuer Contact	Wisconsin Capital Finance Office; (608) 266-2305; capfin@doa.state.wi.us
Annual Report	This Official Statement incorporates by reference Parts I, II, and V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 19, 2001.

The 2002 Series A Bonds were sold at competitive sale on October 8, 2002. The interest rates payable by the State, which are shown below, resulted from the award of the 2002 Series A Bonds.

CUSIP	Year (July 1)	Principal Amount	Interest Rate	First Optional Redemption Date (July 1)	Call Price
977123 QS0	2004	$ 6,050,000	3.00%	Not Callable	-
977123 QT8	2005	6,350,000	3.00	Not Callable	-
977123 QU5	2006	6,670,000	3.00	Not Callable	-
977123 QV3	2007	7,000,000	3.00	Not Callable	-
977123 QW1	2008	7,350,000	5.00	Not Callable	-
977123 QX9	2009	7,720,000	4.00	Not Callable	-
977123 QY7	2010	8,105,000	5.00	Not Callable	-
977123 QZ4	2011	8,510,000	5.00	Not Callable	-
977123 RA8	2012	8,935,000	5.00	Not Callable	-
977123 RB6	2013	9,385,000	5.00	Not Callable	-
977123 RC4	2014	9,850,000	5.00	2013	100%
977123 RD2	2015	10,345,000	5.00	2013	100
977123 RE0	2016	10,860,000	5.00	2013	100
977123 RF7	2017	11,405,000	5.00	2013	100
977123 RG5	2018	11,975,000	5.00	2013	100
977123 RH3	2019	12,575,000	5.00	2013	100
977123 RJ9	2020	13,205,000	5.00	2013	100
977123 RK6	2021	13,865,000	4.75	2013	100
977123 RL4	2022	14,560,000	4.60	2013	100
977123 RM2	2023	15,285,000	4.75	2013	100

Purchase Price: $211,723,989.50

October 8, 2002

Note: The State has been advised by the Underwriters that they have received a Commitment for Municipal Bond Insurance from Financial Guaranty Insurance Company (FGIC) for the 2002 Series A Bonds. Further information on this Commitment and the Municipal Bond New Money Issuance Policy can be obtained from the Underwriters and FGIC.

This document is the "official" statement—that is, it contains the only authorized information about the offering of the 2002 Series A Bonds. This document is not an offer or solicitation for the 2002 Series A Bonds, and no unlawful offer, solicitation, or sale may occur through the use of this document or otherwise. This document is not a contract, and it provides no investment advice. Prospective investors should consult their advisors and legal counsel with questions about this document, the 2002 Series A Bonds, and anything else related to the offering.

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

The estimates, forecasts, projections, and opinions in this document are not 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 2002 Series A Bonds other than what is in this document. The information and expressions of opinion in this document may change without notice. Neither the delivery of this document nor any sale of the 2002 Series A Bonds implies that there has been no change in the other matters contained in this document since its date. Material referred to in this document is not part of this document unless expressly included.

TABLE OF CONTENTS

STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF THE 2002 SERIES A BONDS

BUILDING COMMISSION MEMBERS

Voting Members	**Term of Office Expires**
Governor Scott McCallum, Chairperson	January 6, 2003
Senator Fred A. Risser, Vice-Chairperson	January 3, 2005
Senator Mark Meyer	January 3, 2005
Senator Carol Roessler	January 3, 2005
Representative Jeffrey Plale	January 6, 2003
Representative Daniel Vrakas	January 6, 2003
Mr. Bryce Styza, Citizen Member	At the pleasure of the Governor
Vacant – Member from State Assembly	——
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. Dave Haley, State Chief Architect Department of Administration	——
Building Commission Secretary	
Mr. Robert G. Cramer, Administrator Division of Facilities Development 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
Mr. Thomas E. Carlsen, P.E., Acting Secretary Department of Transportation	At the pleasure of the Governor

DEBT MANAGEMENT AND DISCLOSURE

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

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

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

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

SUMMARY DESCRIPTION OF THE 2002 SERIES A BONDS

Selected information is presented on this page for the convenience of the reader. To make an informed decision regarding the 2002 Series A Bonds, a prospective investor should read the entire Official Statement.

Description:	State of Wisconsin Transportation Revenue Bonds, 2002 Series A.
Principal Amount:	$200,000,000
Denominations:	$5,000 or integral multiples.
Date of Issue:	October 15, 2002
Interest Payment:	January 1 and July 1, commencing July 1, 2003
Maturities:	July 1, 2004-2023—*See front cover.*
Record Dates:	December 15 and June 15.
Redemption:	*Optional*—The 2002 Series A Bonds maturing on or after July 1, 2014 are subject to optional redemption at par (100%) on any date on or after July 1, 2013—*See page 2.*
Form:	DTC book-entry—*See pages 4-5.*
Paying Agent:	All payments of principal and interest on the 2002 Series A Bonds will be made by Bank One Trust Company, National Association **(Trustee)**. All payments will be made to The Depository Trust Company **(DTC)**, which will distribute payments to Beneficial Owners as described herein.
Authority for Issuance:	2002 Series A Bonds are issued under Chapter 18 and Section 84.59 of the Wisconsin Statutes.
Purpose:	2002 Series A Bond proceeds are being used to finance certain State transportation facilities and highway projects and to pay costs of issuance.
Security:	2002 Series A Bonds are first claim revenue obligations payable solely from vehicle Registration Fees and any other pledged Program Income. 2002 Series A Bonds are issued on a parity with the Prior Bonds and any additional parity Bonds issued by the State pursuant to the General Resolution. A Reserve Fund also exists and is funded at a level equal to the maximum annual interest due on the Outstanding Bonds, which by definition includes the 2002 Series A Bonds—*See pages 6-9.*
Bond Insurance:	The State has been advised by the Underwriters that they have received a Commitment for Municipal Bond Insurance from Financial Guaranty Insurance Company **(FGIC)** for the 2002 Series A Bonds. Further information on the Commitment and the Municipal Bond New Issue Insurance Policy can be obtained from the Underwriters and FGIC.
Prior Bonds and Notes:	As of September 15, 2002, there were $913,120,000 outstanding Prior Bonds on parity with the 2002 Series A Bonds and $131,378,000 outstanding Notes subordinate to 2002 Series A Bonds.
Additional Bonds:	The State may issue additional transportation revenue obligations. Additional Bonds may be issued on parity with the Prior Bonds and the 2002 Series A Bonds upon meeting certain conditions—*See Page 9*.
Legality of Investment:	State law provides that the 2002 Series A Bonds are legal investments for all banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, credit unions, investment companies, and other persons or entities carrying on a banking business; for all executors, administrators, guardians, trustees, and other fiduciaries; and for the State and all public officers, municipal corporations, political subdivisions, and public bodies.
Tax Exemption:	Interest is excluded from gross income and is not an item of tax preference for federal income tax purposes—*See pages 11-13*. Interest is subject to State of Wisconsin income and franchise taxes—*See page 13.*
Legal Opinion:	Validity and tax opinion to be provided Michael Best & Friedrich LLP—*See page D-1*.

OFFICIAL STATEMENT

$200,000,000

STATE OF WISCONSIN

TRANSPORTATION REVENUE BONDS, 2002 SERIES A

INTRODUCTION

This Official Statement sets forth information concerning the $200,000,000 State of Wisconsin Transportation Revenue Bonds, 2002 Series 2 (**2002 Series A Bonds**), issued by the State of Wisconsin (**State**). This Official Statement includes by reference Parts I, II, and V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 19, 2001 **(2001 Annual Report)**.

The 2002 Series A Bonds are issued pursuant to Subchapter II of Chapter 18 of the Wisconsin Statutes, as amended (**Revenue Obligations Act**), Section 84.59 of the Wisconsin Statutes (**Act**), a General Resolution adopted by the State of Wisconsin Building Commission (**Commission**) on June 26, 1986, as supplemented on March 19, 1998 and August 9, 2000 (**General Resolution**), and a Series Resolution adopted by the Commission on August 22, 2002 (**Series Resolution**, and collectively with the General Resolution, **Resolution**).

The Commission, an agency of the State, is empowered by law to authorize, issue, and sell all debt obligations of the State. The Commission is assisted and staffed by the State of Wisconsin Department of Administration.

In connection with the issuance and sale of the 2002 Series A Bonds, the Commission has authorized the preparation of this Official Statement. This Official Statement describes the terms of and security for the 2002 Series A Bonds. All references to the Resolution, the Revenue Obligations Act and the Act are qualified by reference to such documents, copies of which are available from the Commission. All references to the 2002 Series A Bonds are qualified by reference to the forms thereof and the related information contained in the Resolution. All capitalized terms used in this Official Statement and not otherwise defined shall have the meanings provided for in APPENDIX C or the Resolution.

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 2001 Annual Report. APPENDIX A includes updated information on the State's 2001-03 biennial budget, including a summary of all fiscal bills through the budget reform bill (2001 Wisconsin Act 109).

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 DEPARTMENT OF TRANSPORTATION

The State of Wisconsin Department of Transportation (**Department** or **WisDOT**) is the State agency that is involved with all forms of transportation in the State, including the construction and reconstruction of State highways and related transportation facilities and the registration of all motor vehicles.

Information concerning the Department is included as APPENDIX B to this Official Statement, which includes by reference Part V of the 2001 Annual Report.

THE 2002 SERIES A BONDS

General

The 2002 Series A Bonds are the seventeenth Series of Bonds to be issued under the General Resolution. The Legislature has authorized the issuance of $1.753 billion of revenue bonds for this purpose, excluding revenue bonds issued to refund Outstanding Bonds. To date $1.643 billion of such bonds (not including refunding bonds) have been issued. The cover of this Official Statement sets forth the maturity dates, amounts, and interest rates for the 2002 Series A Bonds.

The 2002 Series A Bonds will be dated October 15, 2002 and will bear interest from that date payable on January 1 and July 1 of each year, beginning on July 1, 2003. Interest on the 2002 Series A Bonds will be computed on the basis of a 30-day month and a 360-day year.

The 2002 Series A Bonds are issued as fully registered bonds without coupons in the principal denominations of $5,000 or any integral multiples thereof. Principal of and interest on the 2002 Series A Bonds will be payable to the person or entity who is, as of the fifteenth day of the month preceding each Interest Payment Date, the registered owner of record which initially will be The Depository Trust Company, New York, New York (**DTC**) or its nominee.

Bank One Trust Company, National Association is the trustee for the Bonds (**Trustee**). In addition, the Trustee is the registrar (**Registrar**) and paying agent (**Paying Agent**) for the 2002 Series A Bonds.

Optional Redemption

The 2002 Series A Bonds maturing on or after July 1, 2014 shall be subject to optional redemption, at the option of the Commission, on July 1, 2013 or any date after that date, in whole or in part in integral multiples of $5,000, at a redemption price equal to par (100%). In the event of partial redemption, the Commission shall direct the amounts and maturity or maturities of the 2002 Series A Bonds to be redeemed.

Selection of 2002 Series A Bonds

The 2002 Series A Bonds shall be called for redemption in multiples of $5,000 and bonds of denominations of more than $5,000 shall be treated as representing the number of bonds obtained by dividing the denomination of the bond by $5,000, and such bonds may be selected for redemption in part. If the 2002 Series A Bonds are in book-entry form and less than all of a particular maturity are to be redeemed, selection of the ownership interests of Beneficial Owners of the 2002 Series A Bonds affected thereby shall be made solely by DTC, the Direct Participants, and the Indirect Participants in accordance with their then prevailing rules. If the 2002 Series A Bonds are in certificated form and less than all of a particular maturity are to be redeemed, selection shall be by lot.

Notice of Redemption

So long as the 2002 Series A Bonds are in book-entry form, a notice of the redemption of any of said 2002 Series A Bonds shall be sent to the securities depository not less than thirty days or more than sixty days prior to the date of redemption.

In the event that the 2002 Series A Bonds are outstanding in certificated form, a notice of the redemption of any of said 2002 Series A Bonds shall be published at least once not less than thirty days prior to the date of redemption in an Authorized Newspaper and shall be mailed not less than thirty days prior to the date of redemption to the registered owners of any 2002 Series A Bonds to be redeemed, but such mailing shall not be a condition precedent to such redemption and failure to mail any such notice or a defect therein shall not affect the validity of any proceedings for the redemption of the 2002 Series A Bonds. Interest on any 2002 Series A Bond so called for prior redemption shall cease to accrue on the redemption date provided payment thereof has been duly made or provided for.

Underlying Ratings

At the State's request, several rating agencies have provided an underlying rating on the 2002 Series A Bonds and confirmed the rating on the Outstanding Bonds:

Underlying Rating	*Rating Agency*
AA	Fitch Ratings
Aa3	Moody's Investors Service, Inc.
AA-	Standard and Poor's Ratings Services

Any explanation of the significance of a rating may only be obtained from the rating service furnishing that rating. There is no assurance a rating given will be maintained for any period of time; a rating may be lowered or withdrawn entirely by the rating service if in its judgment circumstances so warrant. Any downgrade or withdrawal of a rating may have an adverse effect on the market price of the 2002 Series A Bonds and the Outstanding Bonds.

Sources and Applications of Funds

It is expected that the proceeds of the 2002 Series A Bonds, other than accrued interest, will be applied as follows. Investment earnings on unspent 2000 Series A Bond proceeds deposited into the Program Account are not included with the amounts below, but will be applied to the cost of certain State transportation facilities and highway projects **(Projects)**.

Sources	
Principal Amount of the 2002 Series A	$200,000,000.00
Net Original Issue Premium	12,795,989.50
Total Sources	$212,795,989.50

Applications

Deposit to the Program Account to pay	
Costs of Projects	$199,770,000.00
Costs of Issuance	230,000.00
Deposit to the Principal and Interest Account	11,723,989.50
Underwriters Discount	1,072,000.00
Total Applications	$212,795,989.50

Book-Entry Form

DTC will act as securities depository for the 2002 Series A Bonds. The Trustee will register all 2002 Series A Bonds in the name of Cede & Co. (DTC's partnership nominee). DTC will receive one registered certificate for each maturity.

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

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

Purchases of the 2002 Series A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2002 Series A Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond **(Beneficial Owner)** is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction.

Transfers of ownership interests in the 2002 Series A Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2002 Series A Bonds, except in the event that use of the book-entry system for the 2002 Series A Bonds is discontinued.

To make the system work more smoothly, all 2002 Series A Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. This doesn't affect the beneficial ownership of any Bond. DTC has no idea who the Beneficial Owners of the 2002 Series A Bonds are; its records show only the identity of the Direct Participants to whose accounts the 2002 Series A Bonds are credited, which may or may not be the Beneficial Owners.

The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

So long as Cede & Co. is the registered owner of the 2002 Series A Bonds as nominee for DTC, references to the Bond owners means Cede & Co. and not the Beneficial Owners.

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

Redemption notices, if any, shall be sent to Cede & Co. If less than all of the 2002 Series A Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the 2002 Series A Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants.

The Trustee will make payments on the 2002 Series A Bonds to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of the Participant and not of the State, 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 2002 Series A Bonds at any time by giving reasonable notice to the State. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered at the State's expense.

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

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

No one can give any assurance that DTC, Direct Participants, or Indirect Participants will promptly transfer payments or notices received with respect to the 2002 Series A Bonds. The State and the Trustee assume no liability for the failure of DTC, Direct Participants, or Indirect Participants to transfer to the Beneficial Owner payments or notices received with respect to the 2002 Series A Bonds.

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

Transfer of Bonds

Any 2002 Series A Bond may be transferred by the person in whose name it is registered, in person or by his duly authorized legal representative, upon surrender of the 2002 Series A Bond to the Registrar for cancellation, together with a duly executed written instrument of transfer in a form approved by the Registrar. Whenever any 2002 Series A Bond is surrendered for transfer, the Registrar shall deliver 2002 Series A Bonds, in like series, aggregate principal amount, interest rate, maturity and with the same letter designation, if any. The Registrar may require the Bondholder requesting the transfer to pay any tax or other governmental charge required to be paid with respect to the transfer and may charge a sum sufficient to pay the cost of preparing such 2002 Series A Bond. The Registrar shall not be obliged to make any transfer or exchange of 2002 Series A Bonds:

(1) after the fifteenth day of the month preceding an Interest Payment Date on the 2002 Series A Bond,

(2) fifteen calendar days preceding the date of the mailing of a notice of redemption of 2002 Series A Bonds selected for redemption, or

(3) after such 2002 Series A Bond has been called for redemption.

SECURITY FOR THE 2002 SERIES A BONDS

General

Information concerning the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations Program (**Program**), security for the Bonds, including sources of payment, registered vehicles, past and projected Registration Fees, Registration Fee collection procedures, Reserve Fund, Additional Bonds, and the Department is included as APPENDIX B, which includes by reference Part V of the 2001 Annual Report.

Prior Bonds

The State has previously issued the following Transportation Revenue Bonds:

Bond Issue	Dated Date
Transportation Revenue Bonds, 1986 Series A (**1986 Bonds**)	June 15, 1986
Transportation Revenue Bonds, 1988 Series A (**1988 Bonds**)	April 15, 1988
Transportation Revenue Bonds, 1989 Series A (**1989 Bonds**)	April 15, 1989
Transportation Revenue Bonds, 1991 Series A (**1991 Bonds**)	October 1, 1991
Transportation Revenue Bonds, 1992 Series A (**1992 Series A Bonds**)	July 1, 1992
Transportation Revenue Bonds, 1992 Series B (**1992 Series B Bonds**)	July 1, 1992
Transportation Revenue Bonds, 1993 Series A (**1993 Bonds**)	September 1, 1993
Transportation Revenue Bonds, 1994 Series A (**1994 Bonds**)	July 1, 1994
Transportation Revenue Bonds, 1995 Series A (**1995 Bonds**)	September 1, 1995
Transportation Revenue Bonds, 1996 Series A (**1996 Bonds**)	May 15, 1996
Transportation Revenue Bonds, 1998 Series A (**1998 Series A Bonds**)	August 15, 1998
Transportation Revenue Bonds, 1998 Series B (**1998 Series B Bonds**)	October 1, 1998
Transportation Revenue Bonds, 2000 Series A (**2000 Bonds**)	September 15, 2000
Transportation Revenue Bonds, 2001 Series A (**2001 Bonds**)	November 15, 2001
Transportation Revenue Refunding Bonds, 2002 Series 1 **(2002 Series 1 Bonds)**	April 15, 2002
Transportation Revenue Refunding Bonds, 2002 Series 2 **(2002 Series 2 Bonds)**	April 15, 2002

As of the date of this Official Statement, the 1986 Bonds, 1988 Bonds, 1989 Bonds, 1991 Bonds, 1992 Series A Bonds, and 1992 Series B Bonds have been redeemed and are not Outstanding Bonds within the meaning of the General Resolution. The 1993 Bonds, 1994 Bonds, 1995 Bonds, 1996 Bonds, 1998 Series A Bonds, 1998 Series B Bonds, 2000 Bonds, 2001 Bonds, 2002 Series 1 Bonds, 2002 Series 2 Bonds (collectively, **Prior Bonds**) and the 2002 Series A Bonds together with any additional Bonds issued by the State pursuant to the General Resolution are referred to collectively as the **Bonds**.

The 2002 Series A Bonds are issued on a parity with the Prior Bonds and any additional parity Bonds to be issued by the State pursuant to the General Resolution.

As of the date of this Official Statement, there remains outstanding $131,378,000 Transportation Revenue Commercial Paper Notes of 1997, Series A (**Notes**). The Notes are issued pursuant to the General Resolution and are subordinate to the pledge granted to the Bonds. On February 28, 2001, as amended on September 19, 2001, the Commission adopted a Series Resolution that authorizes the issuance of up to $155 million of additional Bonds to pay for the funding of the Notes. This additional Series Resolution is required pursuant to the terms of a credit agreement by which a syndicate of banks provide a line of credit for the Notes. These additional Bonds, when and if issued, will be issued on a parity with the Prior Bonds, the 2002 Series A Bonds, and any additional parity Bonds issued by the State pursuant to the General Resolution, subject to meeting certain conditions.

Security

The 2002 Series A Bonds are revenue obligations of the State payable solely from the Redemption Fund created by the General Resolution. The 2002 Series A Bonds, the Prior Bonds, and any additional parity Bonds issued by the State pursuant to the General Resolution, are secured by a first lien pledge of Program Income, and the Funds created by the General Resolution pledged to the payment of interest, principal, and Redemption Price on the Bonds.

The Notes, and any other obligation to be issued on parity with the Notes, are also revenue obligations of the State payable from Program Income deposited into the Subordinated Debt Service Fund created pursuant to the General Resolution. The pledge of such Program Income to payment of the Notes is subordinate to the pledge of Program Income to payment of Bonds presently outstanding or hereafter incurred.

Program Income includes certain vehicle registration fees authorized under Section 341.25 of the Wisconsin Statutes (**Registration Fees**) or any other moneys that the State is authorized to pledge. All Program Income shall be collected by the Trustee, or the Department as agent of the Trustee, and deposited outside the State Treasury in an account with the Trustee defined as the **Redemption Fund**. Program Income is defined to include all the interest earned or gain realized from the investment of the Redemption Fund.

Program Income received or to be received by the Trustee in the Redemption Fund is to be used:

(1) to pay interest on all Outstanding Bonds,

(2) to pay the principal or Redemption Price of all Outstanding Bonds,

(3) to maintain the Debt Service Reserve Requirement in the Reserve Fund,

(4) to pay direct administrative expenses (**Program Expenses**) of the State's program of financing Projects, and

(5) to pay principal and interest on the Notes.

Program Income in excess of the amount needed for such purposes is to be transferred to the Transportation Fund held by the Department free of the lien of the pledge of the General Resolution and will be used by the Department for any of its authorized purposes.

The 2002 Series A Bonds shall be revenue obligations of the State payable solely out of the Redemption Fund and each 2002 Series A Bond shall contain on its face a statement to that

effect. The State is not generally liable on the 2002 Series A Bonds, and the 2002 Series A Bonds shall not be a debt of the State for any purpose whatsoever.

The State pledges and agrees with the Bondholders that the State will not limit or alter its powers to fulfill the terms of any agreements (made in the General Resolution or in the Bonds) with the Bondholders, or in any way impair the rights and remedies of the Bondholders until the Bonds, together with interest, including interest on any unpaid installments of interest thereon, Redemption Price and all costs and expenses in connection with any action or proceeding by or on behalf of the Bondholders, are fully met and discharged.

Reserve Fund

The General Resolution creates a Reserve Fund and provides that it shall be used to make up any deficiency in the Redemption Fund for the payment of principal of and interest on all of the then Outstanding Bonds. Each Series Resolution must set forth the Debt Service Reserve Requirement, if any, for that Series. The Debt Service Reserve Requirements for all of the Outstanding Bonds are combined to determine the aggregate Debt Service Reserve Requirement for the Reserve Fund. If all of the Bonds of a Series cease to be Outstanding, then the aggregate Debt Service Reserve Requirement may be reduced by the Debt Service Reserve Requirement attributable to that Series of Bonds. The Debt Service Reserve Requirement for the 2002 Series A Bonds shall be $3,340,000. It is generally the policy of the State to fund the aggregate Debt Service Reserve Requirement at an amount equal to the maximum annual interest due (fiscal year basis) on the Outstanding Bonds. In determining the maximum annual interest, the State does subtract any accrued interest or purchase premium that is irrevocably deposited with the Trustee for payment of interest.

The General Resolution provides that in lieu of a deposit to the Reserve Fund of an amount equal to the Debt Service Reserve Requirement, the State may provide for a letter of credit, municipal bond insurance policy, surety bond or other type of agreement or arrangement with an entity having, at the time of entering into such agreement or arrangement, a credit rating equal to or greater than the Bonds.

Surety Bond

On May 27, 1993 in conjunction with the issuance of the 1993 Bonds, the State began funding the Debt Service Reserve Requirement with an irrevocable surety bond **(Surety Bond)** issued by Ambac Assurance Corporation **(Ambac Assurance)**. In conjunction with the sale of the 1994 Bonds, the 1995 Bonds, the 1996 Bonds, the 2000 Bonds, and the 2001 Bonds, the Surety Bond was exchanged for a larger Surety Bond that funded the Debt Service Reserve Requirement for all the-then Outstanding Bonds.

In conjunction with the delivery of the 2002 Series A Bonds, the State intends to increase the amount of the Surety Bond to include the Debt Service Reserve Requirement for the 2002 Series A Bonds. Ambac Assurance will issue a new Surety Bond that reflects this larger amount. The Surety Bond will be in the amount of $51,258,600. The premium for the Surety Bond is to be fully paid at or prior to the issuance of the 2002 Series A Bonds and the Surety Bond will be noncancelable until it expires on the earlier of July 1, 2023 or when all Outstanding Bonds issued, now or in the future, are paid-in-full. As of the date of this Official Statement, July 1, 2023 is the latest maturity date of the Outstanding Bonds. See APPENDIX B for information on Ambac Assurance.

Ambac Assurance makes no representation regarding the 2002 Series A Bonds or the advisability of investing in the 2002 Series A Bonds and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by Ambac Assurance and presented in APPENDIX B.

Additional Bonds

The General Resolution authorizes the issuance of additional Bonds for the purpose of paying the costs of Projects and to refund Outstanding Bonds. Additional Bonds may be issued only if Program Income for any 12 consecutive calendar months of the preceding 18 calendar months was at least equal to 2.25 times the maximum aggregate Principal and Interest Requirement in any Bond Year for all Outstanding Bonds. The General Resolution defines Outstanding Bonds, as of any particular date, as all Bonds theretofore and thereupon being delivered except (1) any Bond canceled by the Trustee, or proven to the satisfaction of the Trustee to have been canceled by the Registrar, (2) any Bond deemed to have been defeased pursuant to the General Resolution and (3) any Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to the requirements of the General Resolution or any Series Resolution.

SUMMARY OF THE GENERAL RESOLUTION

A summary of the General Resolution is included as APPENDIX B, which includes by reference Part V of the 2001 Annual Report.

BORROWING PROGRAM

The sale of the 2002 Series A Bonds is the third issuance of transportation revenue bonds in calendar year 2002. The Commission has issued \$311 million of transportation revenue refunding bonds in calendar year 2002 to refund previously issued transportation revenue bonds.

The Commission has also authorized the issuance of additional Bonds in an amount not to exceed \$155 million for the funding of outstanding Notes. This authorization is required pursuant to a credit agreement with banks providing a line of credit for the Notes. If the Bonds are issued, they will be on parity with the Prior Bonds, the 2002 Series A Bonds, and any additional parity Bonds issued by the State pursuant to the General Resolution, subject to meeting certain conditions.

UNDERWRITING

The 2002 Series A Bonds were purchased at competitive bidding on October 8, 2002 by the following account (**Underwriters**). Lehman Brothers, book-running manager; Morgan Stanley; J.P. Morgan Securities Inc.; and Banc of America Securities LLC, managers; Advest, Inc.; Charles Schwab; A.G. Edwards & Sons, Inc.; Griffin, Kubik, Stephens & Thompson, Inc.; and Wachovia Bank, National Association. The Underwriters paid \$211,723,989.50, resulting in a true interest cost rate to the State of 4.178567%.

CUSIP NUMBERS, REOFFERING YIELDS AND PRICES

The tables appearing on the cover and below include information about the 2002 Series A Bonds. The CUSIP number for each maturity has been obtained from sources believed to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The reoffering yields and prices have been provided by the Underwriters in order to allow the computation of yield for federal tax law compliance. The reoffering prices have been calculated to the lower of maturity or call.

$200,000,000
State of Wisconsin
Transportation Revenue Bonds, 2002 Series A

Dated Date: October 15, 2002
First Interest Date: July 1, 2003
Closing/Settlement Date: October 30, 2002

CUSIP	Year (July 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Redemption Date (July 1)	Call Price
977123 QS0	2004	$ 6,050,000	3.00%	1.79%	101.979%	Not Callable	-
977123 QT8	2005	6,350,000	3.00	1.90	102.848	Not Callable	-
977123 QU5	2006	6,670,000	3.00	2.20	102.803	Not Callable	-
977123 QV3	2007	7,000,000	3.00	2.52	102.099	Not Callable	-
977123 QW1	2008	7,350,000	5.00	2.82	111.344	Not Callable	-
977123 QX9	2009	7,720,000	4.00	3.04	105.752	Not Callable	-
977123 QY7	2010	8,105,000	5.00	3.25	111.790	Not Callable	-
977123 QZ4	2011	8,510,000	5.00	3.35	112.321	Not Callable	-
977123 RA8	2012	8,935,000	5.00	3.45	112.647	Not Callable	-
977123 RB6	2013	9,385,000	5.00	3.58	112.496	Not Callable	-
977123 RC4	2014	9,850,000	5.00	3.74	110.996 [(a)]	2013	100%
977123 RD2	2015	10,345,000	5.00	3.85	109.979 [(a)]	2013	100
977123 RE0	2016	10,860,000	5.00	3.97	108.882 [(a)]	2013	100
977123 RF7	2017	11,405,000	5.00	4.06	108.068 [(a)]	2013	100
977123 RG5	2018	11,975,000	5.00	4.15	107.261 [(a)]	2013	100
977123 RH3	2019	12,575,000	5.00	4.25	106.374 [(a)]	2013	100
977123 RJ9	2020	13,205,000	5.00	4.33	105.670 [(a)]	2013	100
977123 RK6	2021	13,865,000	4.75	4.56	101.585 [(a)]	2013	100
977123 RL4	2022	14,560,000	4.60	4.66	99.226	2013	100
977123 RM2	2023	15,285,000	4.75	4.71	100.326 [(a)]	2013	100

[(a)] These bonds are priced to the July 1, 2013 call date.

Note: The State has been advised by the Underwriters that they have received a Commitment for Municipal Bond Insurance from Financial Guaranty Insurance Company (FGIC) for the 2002 Series A Bonds. Further information on the Commitment and the Municipal Bond New Issue Insurance Policy can be obtained from the Underwriters and FGIC.

LEGALITY FOR INVESTMENT

State law provides that the 2002 Series A Bonds are legal investments for the following:

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

PENDING LITIGATION

The State, its officers and employees, are defendants in numerous lawsuits. It is the opinion of the State Attorney General that the pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgement against the State which would materially affect the payment of interest, principal of or Redemption Price on the 2002 Series A Bonds. There is no litigation of any nature now pending or, to the knowledge of the State, threatened, restraining or enjoining the issuance, sale, execution or delivery of the 2002 Series A Bonds, or in any way contesting or affecting the validity of the 2002 Series A Bonds or any proceedings of the State taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the 2002 Series A Bonds, the existence of the Department or its power to charge and collect Registration Fees and pledge them for the payment of the 2002 Series A Bonds.

LEGALITY

All legal matters incident to the authorization, issuance and delivery of the 2002 Series A Bonds are subject to the opinion of Michael Best & Friedrich LLP (**Bond Counsel**).

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 2002 Series A Bonds to determine the regularity and validity of such proceedings. In the event certificated 2002 Series A Bonds are issued, the certificate of the Attorney General will be printed on the reverse side of each 2002 Series A Bond.

TAX EXEMPTION

Opinion of Bond Counsel

Michael Best & Friedrich LLP will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the 2002 Series A Bonds under existing law, substantially in the form set forth in APPENDIX D.

The State has covenanted to comply with all such requirements referenced in the legal opinion to the extent it may lawfully do so. However, the proceedings authorizing the 2002 Series A Bonds do not provide for an increase in interest rates in the event of taxability or in the event of the inclusion of interest as an item of tax preference in computing the alternative minimum tax.

Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the 2002 Series A Bonds.

Certain Additional Federal Tax Consequences

General

The following is a discussion of certain federal income tax matters under existing statutes. It is for general information only and does not purport to deal with all aspects of federal taxation that may be relevant to particular owners of the 2002 Series A Bonds. Prospective investors, particularly those who may be subject to special tax rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 2002 Series A Bonds, as well as any tax consequences arising under the laws of any foreign state or other taxing jurisdiction.

Alternative Minimum Tax

The Internal Revenue Code of 1986 **(Code)** imposes an alternative minimum tax with respect to individuals and corporations on alternative minimum taxable income. Interest on the 2002 Series A Bonds is not treated as a preference item in calculating alternative minimum taxable income. The Code provides, however, that a portion of the adjusted current earnings of certain corporations not otherwise included in the alternative minimum tax base will be included for purposes of calculating alternative minimum taxable income. The adjusted current earnings of a corporation will include the amount of any income received that is otherwise exempt from taxes.

Social Security and Railroad Retirement Payments

The Code provides that interest on tax-exempt obligations is included in the calculation of modified adjusted gross income in determining whether a portion of Social Security or railroad retirement payments is to be included in taxable income of individuals.

Branch Profits Tax

The Code provides that interest on tax-exempt obligations is included in effectively connected earnings and profits for purposes of computing the branch profits tax on certain foreign corporations doing business in the United States.

Borrowed Funds

The Code provides that interest paid on borrowed funds to purchase or carry tax-exempt obligations during a tax year is not deductible. In addition, under rules used by the Internal Revenue Service for determining when borrowed funds are considered used for the purpose of purchasing or carrying particular assets, the purchase of obligations may be considered to have been made with borrowed funds even though the borrowed funds are not directly traceable to the purchase of such obligations.

Financial Institutions

The Code provides that commercial banks, thrift institutions and other financial institutions may not deduct their cost of carrying certain obligations (other than certain "qualified" obligations). The 2002 Series A Bonds are not "qualified" obligations for this purpose.

Property and Casualty Companies

The Code contains provisions relating to property and casualty companies whereunder the amount of certain cost deductions otherwise allowed is reduced (in certain cases below zero) by a specified percentage of, among other things, interest on tax-exempt obligations.

S Corporations

The Code imposes a tax on excess net passive income of certain S corporations that have subchapter C earnings and profits. Passive investments include interest on tax-exempt obligations.

Original Issue Discount

The 2002 Series A Bonds maturing on July 1, 2022 **(Discount Bonds)** are being sold subject to original issue discount. The original issue discount is the excess of the stated redemption price at maturity of the Discount Bond over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Discount Bonds were sold. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Discount Bond who acquires the Discount Bond in this offering during any accrual period generally equals (1) the issue price of the Discount Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity of the Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (3) any interest payable on the Discount Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the owner's tax basis in the Discount Bond. Any gain realized by an owner from a sale, exchange, payment or redemption of a Discount Bond would be treated as gain from the sale or exchange of the Discount Bond.

Original Issue Premium

The 2002 Series A Bonds maturing on July 1, 2004 through 2021 and July 1, 2023 **(Premium Bonds)** are being sold at an amount in excess of the amount payable on maturity. Such excess constitutes bond premium under Section 171 of the Code. Under Section 171 of the Code, amortizable bond premium on a Premium Bond is determined on a constant yield basis (except to the extent regulations may provide otherwise) over the term of the Premium Bond. No deduction from the income of an owner of a Premium Bond is allowed with respect to the amount of amortizable bond premium. The basis of each Premium Bond will be reduced by the amount of amortizable bond premium for a taxable year required to be taken into account by an owner.

State Taxes

Interest on the 2002 Series A Bonds is not exempt from present Wisconsin income or franchise taxes. Investors should consult their own tax advisors with respect to the state and local tax consequences of owning a 2002 Series A Bond.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the 2002 Series A Bonds, to provide an annual report presenting certain financial information and operating data about the State **(Annual Reports)**. By approximately December 27 of each year, the State will send the report to each nationally recognized municipal securities information repository **(NRMSIR)** and to any state information depository **(SID).** The State will also provide notices of the occurrence of certain events specified in the undertaking to each NRMSIR, or the Municipal Securities Rulemaking Board **(MSRB),** and to any SID. As of the date of this Official Statement, no SID has been established. Part I of the 2001 Annual Report, which contains information on the undertaking, is included by reference as part of this Official Statement.

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

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

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

Dated: October 8, 2002

STATE OF WISCONSIN

By: /S/ SCOTT MCCALLUM
Governor Scott McCallum, Chairperson
State of Wisconsin Building Commission

By: /S/ ROBERT G. CRAMER
Robert G. Cramer, Secretary
State of Wisconsin Building Commission

By: /S/ THOMAS E. CARLSEN
Thomas E. Carlsen, P.E., Acting Secretary
State of Wisconsin Department of Transportation

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 19, 2001 **(2001 Annual Report)** is included by reference as part of this APPENDIX A. This appendix includes updated information on the State's 2001-03 biennial budget, including summaries of all fiscal bills through the budget reform bill (2001 Wisconsin Act 109).

Part II to the 2001 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 2000-01
- 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 2001 Annual Report are the audited general purpose financial statements for the fiscal year ending June 30, 2001, 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 2001 Annual Report has been filed with each nationally recognized municipal securities information repository **(NRMSIR)**. Copies of the 2001 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 2001 Annual Report is available from the Capital Finance Office web site at the following address:

www.doa.state.wi.us/debf/capfin/01dis2.pdf

After publication and filing of the 2001 Annual Report, certain changes or events have occurred that affect items discussed in the 2001 Annual Report. Listed below, by reference to particular sections of the 2001 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.

Ratings Table in the Transmittal Letter. Update with the following:

On May 27, 2002, Standard & Poor's lowered the State's general obligation rating from "AA" to "AA–". In addition, on March 4, 2002, Moody's Investors Service, Inc. revised the rating outlook on the State's general obligations from "stable" to "negative".

State Budget; Budget for 2001-03; *Current Budget Status* (Part II–Page 26). Add the following new sections:

Revised Revenue Estimates – January 16, 2002

On January 16, 2002, the Legislative Fiscal Bureau provided revised estimates of general-fund revenues and gross ending estimates for the 2001-02 and 2002-03 fiscal years, taking into account economic forecasts and actual tax collections and expenditures. The memorandum from the Legislative Fiscal Bureau that contains these revised revenues appears on pages A-6 to A-16 of this Official Statement.

Budget Reform Bill for 2001-03

On July 26, 2002, the Governor signed into law in part, and vetoed in part, the budget reform bill for the 2001-03 biennium that was previously approved by both the Assembly and the Senate. A two-thirds vote in each house is required to override any veto. A copy of the approved budget reform bill, 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 table on page A-3 provides a general summary, and the tables on pages A-4 and A-5 provide more detailed summaries of all fiscal bills signed into law through the budget reform bill for the 2001-03 biennium (2001 Wisconsin Act 109). The tables on pages A-3, A-4, and A-5 show that, based on all fiscal bills through 2001 Wisconsin Act 109, the budgets for the 2001-02 and 2002-03 fiscal years are balanced on a budgetary basis.

Results of 2001-02 Fiscal Year

The Department of Revenue has reported that preliminary general purpose revenue collections for the 2001-02 fiscal year were approximately $189 million less than projections made by the Legislative Fiscal Bureau in January, 2002. With regard to the major reporting categories, the Department of Revenue report shows that individual income tax collections fell short of projections by $232 million, but that general sales tax and corporate income tax collections exceeded projections by $16 million and $23 million, respectively.

The Annual Fiscal Report (Budgetary Basis) for the fiscal year ended June 30, 2002 will be published by October 15, 2002. The Annual Fiscal Report is expected to include revenues that are close to those reported by the Department of Revenue along with expenditures for the 2001-02 fiscal year, which are not yet available. The Annual Fiscal Report will also include the ending balance on a budgetary basis for the 2001-02 fiscal year.

The ending budgetary-basis balance for the 2001-02 fiscal year is expected to be positive, however, please be aware that other tables in this APPENDIX A will show ending balances for the

General Fund that are negative when reported on a cash basis. The State is required to have a budget that is balanced on a budgetary basis and Wisconsin Statutes provide certain administrative remedies, such as interfund borrowing, to deal with periods when the balance, on a cash basis, is negative.

State Budget Summary
Reflecting All Fiscal Acts Through Budget Reform Bill
(2001 Wisconsin Act 109)

General-Fund Basis
(Amounts in Millions)

	Budget 2001-2002 2001 Act 109	Budget 2002-2003 2001 Act 109
Beginning Balance	$ 208	$ 235
Tax Revenues	10,209	10,515
Tobacco Securitization Proceeds	681	0
Tobacco Settlement Payments	156	158
Nontax Revenues	243	257
Total Amount Available	$ 11,497	$ 11,165
Other Disbursements/Reserves	$ 10,166	$ 10,521
Shared Revenue Payments	1,096	509 (a)
Total Disbursements/Reserves	$ 11,262	$ 11,030
Estimated Gross Balance	$ 235	$ 135
Required Statutory Balance	138	134
Net Balance	$ 97	$ 1

All-Funds Basis
(Amounts in Millions)

	Budget 2001-2002 2001 Act 109	Budget 2002-2003 2001 Act 109
Beginning Balance	$ 208	$ 235
Tax Revenues	10,209	10,515
Tobacco Securitization Proceeds	681	0
Tobacco Settlement Payments	156	158
Nontax Revenues	20,215	20,820
Total Amount Available	$ 31,469	$ 31,728
Other Disbursements/Reserves	$ 30,138	$ 31,084
Shared Revenue Payments	1,096	509 (a)
Total Disbursements/Reserves	$ 31,234	$ 31,593
Estimated Gross Balance	$ 235	$ 135
Required Statutory Balance	138	134
Net Balance	$ 97	$ 1

(a) Tobacco securitization proceeds in the amount of approximately $598 million are used to fund a portion of the shared revenue payments to local governmental units. These payments are being made directly from the Permanent Endowment Fund and are not included as disbursements.

State Budget-All Funds[(a)]

	Actual 2000-2001[(b)]	Budget 2001-2002 2001 Act 109	Budget 2002-2003 2001 Act 109
RECEIPTS			
Fund Balance from Prior Year	$ 835,714,000	$ 207,508,000	$ 235,056,200
Tax Revenue			
Individual Income	5,156,565,000	5,211,450,000	5,310,600,000
General Sales and Use	3,609,895,000	3,680,000,000	3,830,200,000
Corporate Franchise and Income	537,159,000	480,000,000	535,000,000
Public Utility	239,238,000	253,700,000	257,400,000
Excise			
Cigarette/Tobacco Products	254,867,000	310,400,000 [(c)]	320,100,000 [(c)]
Liquor and Wine	35,543,000	35,100,000	36,200,000
Malt Beverage	9,365,000	9,400,000	9,400,000
Inheritance, Estate & Gift	77,084,000	85,000,000	67,000,000
Insurance Company	89,042,000	87,000,000	90,000,000
Other	1,089,472,000	57,600,000 [(d)]	59,600,000 [(d)]
Subtotal	11,098,230,000	10,209,650,000	10,515,500,000
Nontax Revenue			
Departmental Revenue			
Tobacco Settlement	124,389,000	155,526,000	157,602,800
Tobacco Securitization	NA	681,000,000	NA
Other	226,993,000	243,803,700	257,177,100
Total Federal Aids	5,499,440,000	5,493,709,000	5,606,106,100
Total Program Revenue	3,382,374,000	3,020,118,400	3,100,962,000
Total Segregated Funds	3,998,487,000	3,496,396,200	3,582,769,100
Bond Authority	1,012,419,000	500,000,000	383,000,000
Employee Benefit Contributions (e)	(3,065,828,000)	7,461,324,917	7,889,603,973
Subtotal	11,178,274,000	21,051,878,217	20,977,221,073
Total Available	$ 23,112,218,000	$ 31,469,036,217	$ 31,727,777,273
DISBURSEMENTS AND RESERVES			
Commerce	$ 450,530,000	$ 421,596,400	$ 418,614,500
Education	8,673,626,000	8,696,353,000	8,930,245,000
Environmental Resources	2,805,522,000	2,683,416,100	2,757,712,700
Human Relations and Resources	8,597,677,000	7,817,267,000	8,076,729,800
General Executive	4,360,894,000	770,619,400	774,435,400
Judicial	109,019,000	105,320,100	105,852,900
Legislative	62,220,000	64,189,400	60,590,500
General Appropriations	3,108,270,000	2,935,393,800	2,287,220,700 [(f)]
General Obligation Bond Program	583,078,000	500,000,000	383,000,000
Employee Benefit Payments (e)	2,655,528,000	3,377,515,809	3,830,081,149
Reserve for Employee Benefit Payments (e)	NA	4,083,809,108	4,059,522,824
Subtotal	31,406,364,000	31,455,480,117	31,684,005,473
Less: (Lapses)	NA	(252,921,200)	(186,675,700)
Compensation Reserves	NA	25,388,800	79,815,500
Required Statutory Balance	NA	- [(g)]	134,416,600
Transfer to Tobacco Control Board	NA	6,032,300	15,345,100
Change in Continuing Balance	(8,511,569,000)	NA	NA
Total Disbursements & Reserves	$ 22,894,795,000	$ 31,233,980,017	$ 31,726,906,973
Fund Balance	$ 217,423,000	$ 235,056,200	$ 870,300
Undesignated Balance	$ 207,508,000	$ 235,056,200	$ 135,286,900

(a) The amounts shown are based on statutorily required accounting and not on GAAP.
(b) The amounts shown are unaudited and rounded to the nearest thousand.
(c) The increase is the result of an $0.18 per pack increase on cigarettes.
(d) The budgeted amounts do not include taxes collected for segregated funds. The largest such tax is the motor fuel tax. The State collected $827 million of motor fuel taxes in the 2000-2001 fiscal year.
(e) 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 2001 Annual Report.
(f) Tobacco securitization proceeds in the amount of approximately $598 million are used to fund a portion of the shared revenue payments to local governmental units. These payments are being made directly from the Permanent Endowment Fund and are not included as disbursements.
(g) A required balance for the 2001-2002 fiscal year was not specified.

Sources: Legislative Fiscal Bureau and Wisconsin Department of Administration.

State Budget-General Fund[a]

	Actual 2000-2001[b]	Budget 2001-2002 2001 Act 109	Budget 2002-2003 2001 Act 109
RECEIPTS			
Fund Balance from Prior Year	$ 835,714,000	$ 207,508,000	$ 235,056,200
Tax Revenue			
State Taxes Deposited to General Fund			
Individual Income	5,156,565,000	5,211,450,000	5,310,600,000
General Sales and Use	3,609,895,000	3,680,000,000	3,830,200,000
Corporate Franchise and Income	537,159,000	480,000,000	535,000,000
Public Utility	239,238,000	253,700,000	257,400,000
Excise			
Cigarette/Tobacco Products	254,867,000	310,400,000 [c]	320,100,000 [c]
Liquor and Wine	35,543,000	35,100,000	36,200,000
Malt Beverage	9,365,000	9,400,000	9,400,000
Inheritance, Estate & Gift	77,084,000	85,000,000	67,000,000
Insurance Company	89,042,000	87,000,000	90,000,000
Other	70,573,000	57,600,000	59,600,000
Subtotal	10,079,331,000	10,209,650,000	10,515,500,000
Nontax Revenue			
Departmental Revenue			
Tobacco Settlement	124,389,000	155,526,000	157,602,800
Tobacco Securitization	NA	681,000,000	NA
Other	226,993,000	243,803,700	257,177,100
Program Revenue-Federal	5,472,647,000	4,777,029,000	4,860,982,500
Program Revenue-Other	3,382,374,000	3,020,118,400	3,100,962,000
Subtotal	9,206,403,000	8,877,477,100	8,376,724,400
Total Available	$ 20,121,448,000	$ 19,294,635,100	$ 19,127,280,600
DISBURSEMENTS AND RESERVES			
Commerce	$ 221,297,000	227,466,600	229,610,200
Education	8,353,243,000	8,627,420,500	8,857,403,500
Environmental Resources	272,918,000	255,966,000	256,362,000
Human Relations and Resources	7,287,626,000	7,414,039,100	7,546,331,400
General Executive	651,970,000	636,302,000	640,955,900
Judicial	108,676,000	104,611,000	105,143,800
Legislative	62,220,000	64,189,400	60,590,500
General Appropriations	2,490,467,000	1,951,084,400	1,387,111,500 [d]
Subtotal	19,448,417,000	19,281,079,000	19,083,508,800
Less: (Lapses)	NA	(252,921,200)	(186,675,700)
Compensation Reserves	NA	25,388,800	79,815,500
Required Statutory Balance	NA	- [e]	134,416,600
Transfer to Tobacco Control Board	NA	6,032,300	15,345,100
Changes in Continuing Balance	455,608,000	NA	NA
Total Disbursements & Reserves	$ 19,904,025,000	$ 19,059,578,900	$ 19,126,410,300
Fund Balance	$ 217,423,000	$ 235,056,200	$ 870,300
Undesignated Balance	$ 207,508,000	$ 235,056,200	$ 135,286,900

(a) The amounts shown are based on statutorily required accounting and not on GAAP.
(b) The amounts shown are unaudited and rounded to the nearest thousand.
(c) The increase is the result of an $0.18 per pack increase on cigarettes.
(d) Tobacco securitization proceeds in the amount of approximately $598 million are used to fund a portion of the shared revenue payments to local governmental units. These payments are being made directly from the Permanent Endowment Fund and are not included as disbursements.
(e) A required balance for the 2001-2002 fiscal year was not specified.

Sources: Legislative Fiscal Bureau and Wisconsin Department of Administration.

Legislative Fiscal Bureau Robert Wm. Lang, Director

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State of Wisconsin

January 16, 2002

Representative John Gard, Assembly Chair
Senator Brian Burke, Senate Chair
Joint Committee on Finance
State Capitol
Madison, WI 53702

Dear Representative Gard and Senator Burke:

This office has now completed its review of the status of the state's general fund for the remainder of the 2001-03 biennium. Our analysis includes an examination of economic forecasts and tax collection and expenditure data for the first six months of the current fiscal year.

Based upon our review, we now project the closing, gross general fund balance at the end of the biennium to be -$974.5 million. This is $1,024.3 million below the level ($49.8 million) that was indicated upon enactment of the state's 2001-03 biennial budget (2001 Act 16).

The $1,024.3 million is the result of decreased estimated tax collections of $1,039.2 million, a decrease of $9.7 million in departmental revenues and an estimated decrease in net expenditures (sum sufficient appropriations and lapses) of $24.6 million.

In addition to the projected gross general fund deficit of -$974.5 million, provisions of Act 16, as partially vetoed, require that the state maintain a statutory balance of $142.8 million. Thus, to address the projected deficit and maintain the required statutory balance, the general fund will need to be improved by $1,117.3 million.

The following table reflects the estimated general fund condition statement which incorporates our revenue and expenditure projections.

TABLE 1

2001-03 General Fund Condition Statement

	2001-02	2002-03
Revenues		
Opening Balance, July 1	$207,508,000	-$125,867,400
Estimated Taxes	10,218,200,000	10,534,700,000
Departmental Revenues		
Tobacco Settlement	155,526,000	157,602,800
Tobacco Securitization	450,000,000	0
Other	218,904,900	205,452,800
Total Available	$11,250,138,900	$10,771,888,200
Appropriations, Transfers and Reserves		
Gross Appropriations	$11,534,187,200	$11,809,293,000**
Sum Sufficient Reestimates	17,290,300	10,485,900
Compensation Reserves	27,900,000	82,500,000
Transfer to Tobacco Control Fund	6,032,300	15,345,100
Less Estimated Lapses	-209,403,500	-171,230,800
Net Appropriations	$11,376,006,300	$11,746,393,200
Balances		
Gross Balance	-$125,867,400	-$974,505,000
Less Required Statutory Balance*	-138,952,500	-142,827,300
Net Balance, June 30	-$264,819,900	-$1,117,332,300

*The statutes do not specify a required balance for 2001-02. The $138.9 million figure shown for 2001-02 is 1.2% of gross appropriations and compensation reserves. Although not required by statute, the 1.2% calculation was used in condition statements during 2001-03 budget deliberations. 2001 Act 16 requires a balance of 1.2% of gross appropriations and compensation reserves for 2002-03.

**Assumes that the $115 million of general school aid that would have been paid in 2003-04 under Enrolled SB 55 (the 2001-03 budget adopted by the Legislature) will be paid in 2002-03 because of a veto of the $115 million payment delay.

General Fund Taxes

The following section provides information on general fund tax revenues for the 2001-03 biennium, including a discussion of the national economic forecast for 2001 through 2003 and general fund tax revenue projections for 2001-02 and 2002-03.

National Economic Forecast. This office first prepared revenue estimates for the 2001-03 biennium in January, 2001, based on the January, 2001, forecast of the economy prepared by Standard & Poor's Data Resources, Inc. (DRI). At that time, no recession was forecast. Positive economic growth was expected to continue in 2001, although at a lower rate than in recent years, followed by a rebound in growth in 2002 and 2003. It was believed that the primary risk to the forecast was that corporate earnings would continue to be depressed by high energy prices, deteriorating global competitiveness and reduced sales, in which case a bear market, lower household wealth and reduced consumer spending could lead to a recession in 2001. DRI placed the probability of this sequence of events at 40%.

In May, 2001, this office revised its 2001-03 tax collections estimates downward by 2.2%. The revision was based on 2000-01 general fund tax collections through April, 2001, and on revised national economic forecasts that were less favorable than those at the start of the year. The May, 2001, U.S. economic forecast prepared by DRI-WEFA (a subsidiary of Global Insight, Inc. that was formed by integrating DRI and Wharton Econometric Forecasting Associates) reported growth in nominal gross domestic product (GDP) in 2000 of 7.1% and projected increases of 4.4% in 2001, 4.5% in 2002 and 5.8% in 2003. The May forecast was for lower growth rates for each year, as compared to the January, 2001, forecast. Other indicators (including real GDP, personal income, consumption and corporate profits) were also generally lower in the May forecast, while unemployment and inflation were generally higher. As in the January, 2001, forecast, DRI assigned a 40% probability that a recession would occur in 2001.

By July, 2001, the forecasts for growth during 2001 were again being revised downward. That trend accelerated in the aftermath of the terrorist attacks on September 11. On November 26, 2001, the National Bureau of Economic Research (NBER), a non-profit research organization that tracks dates of business cycles, officially declared that the expansion was over and that the economy was in a recession. NBER placed the start of the recession in March, 2001. The debate over whether or not there would be a recession was replaced with the question of how long and severe the downturn would be.

The January, 2002, forecast by DRI-WEFA anticipates that the first quarter of 2002 will see the bottom of the recession, with gradually accelerating growth during the rest of the year, followed by relatively strong growth in 2003. However, as compared to the May forecast, economic activity is expected to be significantly weaker throughout the forecast period, especially in 2002. Growth in nominal GDP is expected to be 3.3% in 2001, 1.9% in 2002 and 6.0% in 2003 (as compared to the May figures of 4.4% in 2001, 4.5% in 2002 and 5.8% in 2003). Growth in real GDP is projected at 1.0% in 2001, 0.6% in 2002 and 3.7% in 2003, in contrast to the May, 2001, forecast of 2.0%, 2.4% and 4.0% growth for the same periods, respectively.

Under the current forecast, personal income is projected to grow at rates of 4.8% in 2001, 2.2% in 2002 and 5.2% in 2003. The estimate for 2001 is slightly higher (0.2%) than the May forecast. However, growth for the next two years is lower than the May forecast, by 2.2% in 2002 and by 0.5% in 2003. The low personal income growth in 2002 reflects the significant job losses that have already occurred as well as anticipated future layoffs. However, there are signs that the worst of the job losses may be nearing an end. The average workweek increased in December, and initial claims of unemployment have been trending downward. It is anticipated that employment will stop falling in early 2002 and then slowly recover during the rest of this year and into the next. This improvement is reflected in the personal income growth rate projected in 2003, which exceeds the projected rate in 2002 by 3.0%.

The January forecast assumes growth in personal consumption expenditures of 4.8% in 2001, 2.3% in 2002 and 6.1% in 2003. These growth rates are lower than the May forecast by 0.5% in 2001 and 2.6% in 2002, but exceed the May forecast for 2003 by 0.4%. Following a slow holiday season for retailers, DRI-WEFA expects consumer demand to remain sluggish going into 2002. On the positive side, taxes have been cut, energy prices are down and interest costs are lower, raising household disposable income. However, unemployment has risen and layoffs are continuing. Mortgage interest rates have recently gone up. The decreased use of zero-percent financing on new vehicles, which led to strong consumer spending in the fourth quarter of 2001, will bring a downturn in automobile sales at the start of 2002. Given these factors, DRI-WEFA expects a drop in real consumer expenditures in the first quarter of 2002. While it is projected that recovery in consumer markets will be underway in the spring, the outlook changes when considering only consumer goods that are generally subject to the sales tax. Sales of such taxable goods are expected to decline by approximately 1.0% for the entire first six months of 2002, with only slow growth throughout the second half of the year.

Pre-tax corporate profits are expected to decline 16.2% in 2001, followed by growth of 2.6% in 2002 and 11.8% in 2003. The estimates for 2001 and 2002 are significantly lower than the May forecast (which was -5.0% in 2001 and 5.3% in 2002), reflecting weakness in trade and business investment. Industrial production fell in 13 of the last 14 months, as consumer demand weakened and inventory liquidation occurred. Continued declines in nonresidential construction are projected throughout 2002 and into the first quarter of 2003. However, it is expected that businesses will soon start rebuilding inventories (which DRI-WEFA estimates will begin in the first quarter of 2002). Investments in equipment and software are expected to show positive growth by the third quarter of the year, with investments in structures recovering in the fourth quarter. It is anticipated that these influences will help pre-tax corporate profits rebound in 2003 with growth that is 5% higher than the 6.8% rate projected in May.

Inflation is expected to remain relatively low. The consumer price index is estimated at 2.9% for 2001, 1.9% in 2002 and 2.6% in 2003. The estimates are slightly lower for 2001 and 2002, by 0.4% and 0.1%, respectively, and 1.0% higher for 2003 than the May projections. The unemployment rate is projected at 4.8% in 2001, 6.2% in 2002 and 5.9% in 2003. The estimates for 2002 and 2003 exceed the May projections by 0.6% in 2002 and 0.3% in 2003. The jobless rate is expected to peak in the summer of 2002.

DRI-WEFA anticipates that the magnitude of both the economic downturn and the recovery will be relatively modest. Under the baseline forecast, it is assumed that the bottom of the recession will occur during the first quarter of 2002. The peak-to-trough decline in real GDP is estimated at 0.6%, which is relatively small compared to past recessions. It is expected that the federal tax cuts approved before the terrorist attacks, the increased federal spending on education, security, defense and intelligence approved after September 11 and monetary policy that has enhanced liquidity and kept interest rates low will all aid in the economic turn-around. The forecast also assumes a reversal in business inventory liquidation, which has been underway since February, 2001, starting in the first quarter of 2002. In addition, DRI-WEFA projects that expenditures on travel and leisure activities will rebound as the impact of September 11 begins to fade.

The major risks to the forecast are for a more protracted downturn in investment, resulting in additional layoffs and inventory liquidation, and that federal spending will not be able to be ramped up as quickly as is expected. A deeper U.S. recession could also aggravate the global recession and cause already sliding U.S. exports to fall further. Under this scenario, DRI-WEFA assumes that the beginning of the recovery would be pushed back until summer and would follow a deeper drop in real GDP than is assumed under the baseline forecast. The forecast assigns a probability of 30% to this scenario. An additional significant risk is that consumer and business confidence could be shaken by further terrorist attacks or other negative developments in the war on terrorism.

Table 2 shows a summary of national economic indicators drawn from the January, 2002, forecast by DRI-WEFA.

TABLE 2

Summary of National Economic Indicators
DRI-WEFA, January, 2002
($ in Billions)

	2000	2001	2002	2003
Nominal Gross Domestic Product	$9,872.9	$10,196.5	$10,387.1	$11,007.0
% Change	6.5%	3.3%	1.9%	6.0%
Real Gross Domestic Product	$9,224.0	$9,319.2	$9,374.4	$9,721.2
% Change	4.1%	1.0%	0.6%	3.7%
Consumer Price Index	3.4%	2.9%	1.9%	2.6%
Personal Income	$8,319.2	$8,720.5	$8,910.5	$9,374.3
% Change	7.0%	4.8%	2.2%	5.2%
Personal Consumption Expenditures	$6,728.4	$7,050.3	$7,213.4	$7,650.9
% Change	7.7%	4.8%	2.3%	6.1%
Pre-Tax Corporate Profits	$845.4	$708.2	$726.8	$812.2
% Change	2.7%	-16.2%	2.6%	11.8%
Unemployment Rate	4.0%	4.8%	6.2%	5.9%

General Fund Tax Projections. Our estimates of general fund tax revenues for the 2001-03 biennium are based on tax collections to date and the January, 2002, DRI-WEFA forecast of national economic growth. In addition, all of the tax law changes adopted by the Legislature in Act 16 are reflected in these estimates. Projections of general fund tax collections for the 2001-03 biennium are shown in Table 3.

TABLE 3

Projected General Fund Tax Collections
($ in Millions)

Source	2000-01 Tax Collections	Budget Estimates (Act 16) 2001-02	Budget Estimates (Act 16) 2002-03	Revised Estimates January, 2002 2001-02	Revised Estimates January, 2002 2002-03
Individual Income	$5,156.5	$5,455.5	$5,687.1	$5,220.0	$5,330.0
General Sales and Use	3,609.9	3,750.6	3,975.1	3,680.0	3,830.0
Corporate Income & Franchise	537.2	594.2	606.3	480.0	535.0
Public Utility	239.2	244.0	250.0	253.7	257.4
Excise					
Cigarette	243.5	300.4	306.6	296.4	304.6
Liquor and Wine	35.5	35.9	36.8	35.1	36.2
Beer	9.4	9.5	9.5	9.4	9.4
Tobacco Products	11.4	14.5	16.2	14.0	15.5
Insurance Company	89.0	90.0	92.0	87.0	90.0
Estate	77.1	110.0	91.0	85.0	67.0
Miscellaneous Taxes	54.7	56.6	60.3	57.6	59.6
TOTAL	$10,063.4	$10,661.2	$11,130.9	$10,218.2	$10,534.7
Increase Over Prior Year					
Amount		$597.8	$469.7	$154.8	$316.5
Percent		5.9%	4.4%	1.5%	3.1%

As shown in Table 3, general fund tax revenues are estimated to total $10,218.2 million in 2001-02 and $10,534.7 million in 2002-03. These amounts are lower than the estimates used in Act 16 by $443.0 million in the first year and $596.2 million in the second year of the biennium. Individual income taxes, sales taxes, corporate taxes and estate taxes have all been revised downward significantly, based on recent collections data and the new economic forecast, while utility tax estimates are slightly higher. Small decreases are projected for most of the other tax sources.

Revised General Fund Tax Estimates

Individual Income Tax. The current estimates of individual income tax collections are $5,220.0 million in 2001-02 and $5,330.0 million in 2002-03, which are lower than the estimates used in Act 16 by $235.5 million in 2001-02 and $357.1 million in 2002-03. Compared to prior years, the revised estimates reflect growth of 1.2% in 2001-02 and 2.1% in 2002-03. The decreases in the estimates compared to Act 16 are due to the fact that the economy is now in a recession, which was not expected under the May forecast. As noted, the current DRI-WEFA forecast of national personal income growth is 4.8% for 2001, 2.2% for 2001 and 5.2% for 2003. The earlier estimates were based on the May, 2001, forecast of personal income growth of 4.6% for 2001, 4.3% for 2002 and 5.7% for 2003. The current forecast projects that a higher proportion of personal income will come from transfer payments (such as social security, public assistance and unemployment benefits) than was projected in May. Transfer payments are generally nontaxable. The reestimates reflect both the lower growth expected in personal income and the shift toward more transfer payments.

Through December, 2001, income tax collections were 1.4% higher ($30.7 million) than at the same time last year. Withholding payments, which make up the largest source of income tax revenues, have increased by 3.1% since last year (although the Department of Revenue believes that some of this growth is a matter of faster receipt of withholding payments as a result of the electronic funds transfer system that more employers are using to remit such payments). On the other hand, estimated tax payments, which reflect non-wage incomes, are 5.1% lower than at this time last year. In addition to economic factors, the slow growth in 2001-02 also reflects the final phase of implementing the income tax reductions adopted in the 1999-01 biennial budget (1999 Act 9).

The estimates of individual income taxes do not reflect a reduction that would occur in 2002-03 if the State of Minnesota were to withdraw from the income tax reciprocity agreement it has with the State of Wisconsin. Under the agreement, taxpayers who live in one of the two states and work in the other state are only required to file a return and pay taxes in the state of legal residence. As a result, Wisconsin foregoes tax revenue from residents of Minnesota who work here and Minnesota foregoes tax revenue from Wisconsin residents who work in Minnesota. On an annual basis, in December, Wisconsin reimburses Minnesota for the estimated amount of net foregone tax revenues to Minnesota in the prior year (which results in large part because more people live in Wisconsin and work in Minnesota than vice versa, so Minnesota loses more tax revenue by not collecting it directly from Wisconsin residents). The income tax reciprocity agreement is open-ended and may be unilaterally terminated by either state through legislative repeal. Governor Jesse Ventura has proposed ending the agreement, beginning in tax year 2003. If the Minnesota Legislature approves the repeal, Wisconsin would experience revenue losses in the first two fiscal years after the change, as described below.

If the agreement were terminated effective January 1, 2003, Wisconsin would stop withholding tax from Wisconsin residents working in Minnesota and begin to withhold tax on earnings of Minnesota residents working in Wisconsin. Based on preliminary information from the Department of Revenue, the change would reduce Wisconsin income tax collections in 2002-03 by an estimated $27.5 million. In 2003-04, the cost to Wisconsin would be greater as there would be the loss in tax revenues as well as the December payment to Minnesota for calendar year 2002. The Department estimates a net loss for 2003-04 of $56.5 million. However, for 2004-05 and thereafter, the annual decrease in Wisconsin's withholding payment receipts would be balanced by the elimination of the annual reconciliation payment to Minnesota.

General Sales and Use Tax. Sales tax revenues were $3,609.9 million in 2000-01, up 3.1% over the prior year. Revenues are estimated at $3,680.0 million in 2001-02 and $3,830.0 million in 2002-03, which is a decrease of $70.6 million in the first year and $145.1 million in the second year, relative to the Act 16 estimates. The revised projections are based on current collection data and the most recent forecast of growth in personal consumption expenditures, with adjustments for expenditures on food, gas and oil, and services to more closely reflect Wisconsin's sales tax base.

Year-to-date, sales tax collections through December were up by approximately 8.5% over the level collected during the same period of the prior fiscal year. However, this figure significantly overstates actual growth, since it is based on an artificially-low collections figure for December, 2000, that resulted when revenues that normally would have been reflected in that month were instead "booked" in January, 2001. When adjusted to correct for this anomaly, the current year-to-date level of growth becomes 4.5%. It is likely that this pace of growth is due in significant part to activity generated by zero-percent financing in the motor-vehicle industry and price reductions in the retail sector during the 2001 holiday shopping season and cannot be sustained for the balance of the fiscal year. This pattern is reflected in the economic forecast, which calls for a drop in taxable consumption expenditures of about 1% during the remainder of 2001-02, with only slight growth anticipated to occur in the first two quarters of 2002-03. Growth is expected to accelerate substantially in the second half of 2002-03.

Corporate Income and Franchise Tax. Corporate income and franchise tax collections were $537.2 million in 2000-01, which was $26.8 million less than estimated last May. The reduction reflected the slowdown in the economy and a related decrease in corporate earnings and profits. Collections are projected to be $480.0 million in 2001-02 and $535.0 million in 2002-03. These amounts represent an annual decrease of 10.6% in 2001-02 and an increase of 11.5% in 2002-03 and are lower than the Act 16 estimates by $114.2 million in 2001-02 and $71.3 million in 2002-03.

The new estimates reflect lower than anticipated corporate franchise tax collections and the effects of the economic slowdown on the state's economy. Through December, collections were almost 19% lower than 2000-01 collections for the same period. Consumer spending, investment, corporate earnings and profits have all declined during the year and are expected to remain soft during the first part of 2002. However, in part due to significant doses of monetary and fiscal stimuli, the economy is projected to begin to rebound in the second quarter of 2002. Corporate profits are forecast to increase beginning in the latter part of 2002 and in 2003 and 2004. Consequently, corporate income and franchise tax revenues are estimated to increase between 2002 and 2003.

Public Utility Taxes. Public utility taxes were $239.2 million in 2000-01 and are projected to total $253.7 million in 2001-02 and $257.4 million in 2002-03. The projections are $9.7 million higher for 2001-02 and $7.4 million higher for 2002-03 than the Act 16 estimates, based on recent collections data and forecasts of energy usage.

Excise Taxes. Cigarette excise tax revenues are estimated to be $296.4 million in 2001-02 and $304.6 million in 2002-03. The first-year estimate is an increase of 21.7% over the 2000-01 actual total of $243.5 million and is due to a tax increase of $0.18 per pack that took effect on October 1, 2001. Actual volume (packs sold) continued its historical trend of moderate decline in 2000-01, with this trend expected to continue. The revenue increases now estimated are somewhat weaker than those anticipated at the time of Act 16's passage; they reflect downward revisions of $4.0 million and $2.0 million for 2001-02 and 2002-03, respectively.

Estimates of revenues from the liquor, tobacco products and beer taxes have been revised downward to reflect generally lower consumption levels than those anticipated earlier. Estimates of tobacco products tax revenues reflect an Act 16 increase in the tax rate from 20% of the manufacturer's price to 25%.

Insurance Premium Taxes. Insurance premium taxes increased from $86.9 million in 1999-00 to $89.0 million in 2000-01. Premium taxes are projected to decrease to $87.0 million in 2001-02 and then increase to $90.0 million in 2002-03. The projected decline in 2001-02 reflects year-to-date monthly premium tax collections through December, which are lower than 2000-01 for the same period. The increase in premium tax revenues in 2002-03 is based on expected moderate growth in life and property and casualty insurance sales.

Estate Tax. Estate tax revenues totaled $77.1 million in 2000-01, and are estimated at $85.0 million in 2001-02 and $67.0 million in 2002-03. The estimates are lower than the Act 16 amounts by $25.0 million in 2001-02 and $24.0 million in 2002-03.

Annual estate tax collections are significantly affected by the settlement, or lack thereof, of a small number of large estates. Collections may, therefore, vary considerably from year to year. The Act 16 estimate assumed that estate tax revenues would be $110.0 million in 2001-02 and $91.0 million in 2002-03. [The lower figure for 2002-03 reflects the reduction in state estate tax collections as a result of the federal law changes under the Economic Growth and Tax Relief Reconciliation Act of 2001.] However, actual collections for 2000-01 were $77.1 million, which was a 42.2% decrease from the prior year. Based on year-to-date collections and the current economy, estate tax revenues have been reestimated at the lower figures shown above.

Miscellaneous Taxes. Collections from the real estate transfer fee have been revised upward for 2001-02 relative to the Act 16 estimates, due to strong collections through December, 2001. The same level of growth is not expected to continue in 2002-03, however, resulting in a small downward shift in expected revenue from the fee for that year, relative to the Act 16 estimate. Anticipated collections from the court suit tax are down slightly in both years from the Act 16 estimates. In 2000-01, the two taxes brought in combined revenues of $54.7 million.

Departmental Revenues and Net Expenditures

It is projected that departmental revenues (non-tax receipts) will be lower than previous estimates by $9.7 million. Although increases are projected in a number of areas, these increases are offset by a reduction in interest earnings because of lower interest rates. It is important to note that the estimate of interest earnings factored into this memorandum assumes that the Legislature will take steps necessary to balance the 2001-03 general fund budget.

On the appropriation side, it is now anticipated that net expenditures will be below the projections of Act 16 by $24.6 million. For the biennium, sum sufficient appropriations are projected to increase by $27.8 million while appropriated amounts expected to lapse to the general fund are above the biennial budget estimates by $52.4 million. Included in the increased lapse estimate is $28.3 million, which is anticipated due to the 3.5% reduction to a number of state operations appropriations that the Governor announced in December, 2001, for the 2001-02 fiscal year.

In addition to the sum sufficient and lapse projections, mention should be made of some appropriations and programs which might require attention in the upcoming legislative floorperiods.

It is estimated that medical assistance (MA) benefit costs will exceed the amount budgeted for the program by approximately $30 million GPR in 2001-02. This estimate is based on a review of MA benefits payments to December, 2001, adjusted to reflect recent increases in the projected number of MA recipients. Most of the caseload growth is due to increases in the number of applicants that meet AFDC-related MA eligibility standards. The Act 16 MA base reestimate assumed modest growth in the number of AFDC-related MA recipients in 2001-02 and 2002-03. However, as of December 1, 2001, the number of AFDC-related MA recipients (approximately 167,100) exceeded the projected 2001-02 fiscal year average (148,800) by 18,300. In addition, projected benefit costs for some services, including nursing home and hospital services and capitation payments to health maintenance organizations, are expected to exceed Act 16 estimates. The costs of providing some services and benefits, such as home health services and prescription drugs, are expected to be somewhat less than the Act 16 projections. Based on current trends in caseload and service costs, a similar shortfall in GPR MA benefits funding is likely to occur in 2002-03. Caseload growth may also result in some spending pressure on the BadgerCare program.

Act 16 provides $25,249,000 GPR in 2001-02 and $28,097,800 GPR in 2002-03 in a sum certain appropriation to fund: (a) adoption assistance payments to families that adopt children with special needs to assist in the cost of care for these children; and (b) payments to families and facilities that provide foster care to children for whom the state serves as guardian. Based on actual payments through December, 2001, it is estimated that an additional $1.8 million GPR in 2001-02 and $2.5 million GPR in 2002-03 will be needed to fully fund state foster care and adoption assistance payments in the 2001-03 biennium.

The administration is currently negotiating with the U.S. Department of Health and Human Services, Centers for Medicaid and Medicare Services (CMS) about the state's claiming federal MA matching funds under the intergovernmental transfer (IGT) program. The results of these negotiations could significantly affect the amount of funding available to support MA costs in the current biennium and in future years. The primary issues of these negotiations are: (a) whether the state will be required to return approximately $83.2 million in federal MA matching funds the state claimed in 1999-00; and (b) the amount of federal MA matching funds the state will be able to claim in the future under the IGT program. To date, the state and CMS have not reached an agreement.

We will continue to monitor tax collections, economic forecasts and expenditures and keep you apprised if any further modifications are necessary.

Sincerely,

Bob

Robert Wm. Lang
Director

RWL/sas
cc: Members, Wisconsin Legislature

General Fund Information; General Fund Cash Flow (Part II–Pages 35-41).

The following provide updates to various tables containing general fund information. Unless noted, the following information *reflects all fiscal bills through the budget reform bill (2001 Wisconsin Act 109)*. While some of the following tables show negative cash-basis balances for June 30, 2002 and June 30, 2003, the budget reform bill for the 2001-03 biennium does provide for positive budgetary-basis balances.

Table II-8; Actual and Projected General Fund Cash Flow (Page 37). Update the table with the following:

ACTUAL GENERAL FUND CASH FLOW; JULY 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	397,659	1,290,819	1,821,610	943,651	383,667	1,104,720	969,120	-231,221	265,687	576,402
Ending Balance	3,398	397,659	1,290,819	1,821,610	943,651	383,667	1,104,720	969,120	-231,221	265,687	576,402	-421,915
Lowest Daily Balance [(c)]	-162,060	-202,246	-99,652	1,248,678	943,651	-60,419	383,667	883,723	-280,013	-359,784	-4,720	-727,357
RECEIPTS												
TAX RECEIPTS												
Individual Income	507,468	388,372	533,868	508,613	399,103	479,545	740,505	433,688	347,168	855,221	392,265	517,532
Sales & Use	343,973	356,048	342,096	348,297	358,636	323,558	383,293	303,711	260,578	305,548	325,402	326,813
Corporate Income	12,421	16,903	112,886	24,461	10,693	126,388	22,464	12,155	153,340	23,862	15,539	100,395
Public Utility	0	0	518	3,561	131,654	1,357	0	49	19	3,392	127,117	246
Excise	29,231	26,372	28,085	27,504	39,451	27,407	27,457	30,526	25,651	26,687	30,945	29,756
Insurance	999	1,657	19,935	339	887	19,336	2,245	11,471	14,959	25,486	4,329	21,984
Inheritance	6,638	6,162	13,423	5,645	5,568	4,969	7,275	8,310	4,675	10,147	3,781	8,466
Subtotal Tax Receipts	900,730	795,514	1,050,811	918,420	945,992	982,560	1,183,239	799,910	806,390	1,250,343	899,378	1,005,192
NON-TAX RECEIPTS												
Federal	343,646	452,855	365,526	452,845	346,684	378,392	457,577	444,893	390,521	443,150	426,659	479,199
Other & Transfers [(d)]	331,074	249,196	303,861	260,628	176,794	169,672	373,822	325,284	333,621	376,849	829,134	268,909
Note Proceeds [(e)]	0	0	800,000	0	0	0	0	0	0	0	0	0
Subtotal Non-Tax Receipts	674,720	702,051	1,469,387	713,473	523,478	548,064	831,399	770,177	724,142	819,999	1,255,793	748,108
TOTAL RECEIPTS	1,575,450	1,497,565	2,520,198	1,631,893	1,469,470	1,530,624	2,014,638	1,570,087	1,530,532	2,070,342	2,155,171	1,753,300
DISBURSEMENTS												
Local Aids	878,438	160,458	663,004	99,188	975,970	1,138,856	208,135	260,487	1,140,896	122,049	250,535	1,729,015
Income Maintenance	363,315	352,214	309,334	372,969	339,757	342,249	335,842	349,016	361,694	359,467	394,422	365,417
Payroll and Related	215,318	300,380	204,832	303,186	421,307	234,716	326,851	296,263	298,780	328,583	441,038	246,924
Tax Refunds	105,487	44,995	46,906	43,602	66,467	138,297	63,460	338,234	309,105	292,892	220,041	150,891
Debt Service	7	12,463	108,775	0	1,882	0	0	12,069	165,264	0	7,814	-5
Miscellaneous [(f)]	291,052	232,794	294,187	282,157	542,046	236,490	359,297	252,672	250,417	265,335	325,208	259,375
Note Repayment [(e)]	0	0	0	0	0	0	0	196,946	204,717	205,108	205,398	0
TOTAL DISBURSEMENTS	1,853,617	1,103,304	1,627,038	1,101,102	2,347,429	2,090,608	1,293,585	1,705,687	2,730,873	1,573,434	1,844,456	2,751,617

(a) Excludes interfund borrowing. The report does NOT intend to represent the State's ending budgetary-basis fund balance for FY02. The State will provide by October 15, 2002 the Annual Fiscal Report that will include the ending budgetary-basis fund balance for FY02. The report also does NOT reflect the budget reform bill (2001 Wisconsin Act 109) that was signed into law by Governor McCallum on July 26, 2002.

(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. Ther designated funds were expected to range from $150 to $300 million during FY02. In addition, the General Fund is the depository for several escrow accounts pursuant to court orders or federal rulings. These funds were expected to average approximately $50 million during FY02.

(c) The Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds (up to 5% of the general-purpose revenue appropriations then in effect) to the General Fund. Based on the revised general fund condition statement provided by the Legislative Fiscal Bureau in January 2002, this amount was $569 million for FY02. In addition, the Secretary of Administration may also temporarily reallocate an additional amount up to 3% of the general-purpose revenue appropriations then in effect ($341 million) for a period of up to 30 days.

(d) Reflects receipt on May 23, 2002 of the $450 million of proceeds from the sale and subsequent securitization of payments due the State from tobacco manufacturers under the Master Settlement Agreement.

(e) Includes $800 million in operating note proceeds received in September, 2001 and impoundment payments made on February 28, March 29, April 30, and May 31, 2002. The February 28, 2002 impoundment payment excluded the premium that was deposited on September 20, 2001 into the operating note redemption fund.

(f) $275 million in federal intergovernmental transfer funds were transferred to the Medical Assistance Trust Fund on November 30, 2001.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2002 TO AUGUST 31, 2002
PROJECTED GENERAL FUND CASH FLOW; SEPTEMBER 1, 2002 TO JUNE 30, 2003[(a)]

(In Thousands of Dollars)

	July 2002	August 2002	September 2002	October 2002	November 2002	December 2002	January 2003	February 2003	March 2003	April 2003	May 2003	June 2003
BALANCES [(b)]												
Beginning Balance	-421,915	-616,711	-151,597	136,072	396,504	429,703	-140,483	583,929	772,532	168,742	555,801	685,145
Ending Balance [(c)]	-616,711	-151,597	136,072	396,504	429,703	-140,483	583,929	772,532	168,742	555,801	685,145	-259,511
Lowest Daily Balance [(c)]	-835,846	-682,211	-414,308	-39,096	275,042	-657,800	-170,539	418,165	-52	-29,917	239,422	-761,144
RECEIPTS												
TAX RECEIPTS												
Individual Income	515,747	350,778	561,418	455,993	406,649	422,952	801,978	421,220	434,106	772,721	419,624	596,086
Sales & Use	360,882	367,587	333,614	354,095	348,123	261,032	402,229	309,647	293,937	295,981	353,173	337,702
Corporate Income	14,037	12,214	115,454	24,656	14,442	129,070	21,589	10,866	139,619	25,385	15,475	113,814
Public Utility	197	19	255	2,198	131,354	821	319	10	358	11,550	110,080	260
Excise	32,420	32,992	34,550	29,379	33,113	31,604	29,169	27,873	26,762	29,331	28,279	31,817
Insurance	1,086	1,897	18,275	1,577	1,011	19,553	1,641	6,984	15,417	17,247	2,609	18,356
Inheritance	6,834	7,406	5,485	4,359	3,914	12,589	3,959	6,686	6,945	5,755	2,935	4,193
Subtotal Tax Receipts	931,203	772,893	1,069,051	872,257	938,606	877,621	1,260,884	783,286	917,144	1,157,970	932,175	1,102,228
NON-TAX RECEIPTS												
Federal	451,110	384,251	367,139	422,614	339,334	375,171	520,748	431,686	409,647	404,427	414,029	426,321
Other & Transfers [(d)]	318,163	479,857	385,568	260,762	267,865	245,459	365,139	329,873	298,147	352,668	274,763	330,888
Note Proceeds [(e)]	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal Non-Tax Receipts	769,273	864,108	752,707	683,376	607,199	620,630	885,887	761,559	707,794	757,095	688,792	757,209
TOTAL RECEIPTS	1,700,476	1,637,001	1,821,758	1,555,633	1,545,805	1,498,251	2,146,771	1,544,845	1,624,938	1,915,065	1,620,967	1,859,437
DISBURSEMENTS												
Local Aids [(f)]	903,055	166,454	728,394	116,646	446,464	1,200,571	217,612	283,242	1,197,945	117,616	247,682	1,807,322
Income Maintenance	357,630	355,727	298,755	359,800	327,629	292,526	384,339	302,172	300,811	377,619	337,044	307,078
Payroll and Related	289,522	317,944	207,542	373,212	420,350	218,927	411,144	298,560	221,408	333,915	435,905	249,021
Tax Refunds	46,735	41,583	40,731	47,809	72,103	39,929	55,503	221,254	262,633	214,890	163,748	138,003
Debt Service	0	1,159	0	126,322	2,840	0	0	2,840	0	255,480	29,399	0
Miscellaneous	298,330	289,020	258,667	271,412	243,220	316,484	353,761	248,174	245,931	228,486	277,845	302,669
Note Repayment [(e)]	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DISBURSEMENTS	1,895,272	1,171,887	1,534,089	1,295,201	1,512,606	2,068,437	1,422,359	1,356,242	2,228,728	1,528,006	1,491,623	2,804,093

(a) Excludes interfund borrowing and is based on all fiscal bills enacted into law through 2001 Wisconsin Act 109.

(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 are expected to range from $150 to $300 million during FY03. 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 FY03.

(c) The Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds (up to 5% of the general-purpose revenue appropriations then in effect) to the General Fund. This amount is approximately $551 million for FY03. In addition, the Secretary of Administration may also temporarily reallocate an additional amount up to 3% of the general-purpose revenue appropriations then in effect (approximately $331 million) for a period of up to 30 days. If the amount of interfund borrowing available to the general fund is not sufficient, the Secretary of Administration is authorized to prorate and defer certain payments.

(d) Reflects receipt on August 1, 2002 of $231million of proceeds from the sale and subsequent securitization of payments due the State from tobacco manufacturers under the Master Settlement Agreement.

(e) Does not include any proceeds from the issuance of operating notes and as a result does not include any impoundment payments.

(f) Reflects use in November 2002 of approximately $600 million of proceeds from the sale and subsequent securitization of payments due the State from tobacco manufacturers under the Master Settlement Agreement to make a portion of the shared revenue payment.

Table II-9; General Fund Monthly Position (Page 38). Update the table with the following:

GENERAL FUND MONTHLY CASH POSITION[a]
July 1, 2000 through August 31, 2002 — Actual
September 1, 2002 through June 30, 2003 — Estimated[b]
(Amounts in Thousands)

	Starting Date	Starting Balance		Receipts[c]	Disbursements[c]
2000	July	$ 671,608		$ 1,405,811	$ 1,674,899
	August	402,520		1,391,600	1,036,240
	September	757,880		1,716,848	1,540,488
	October	934,240		1,545,868	1,039,609
	November	1,440,499		1,451,918	1,886,868
	December	1,005,549		1,335,205	2,070,373
2001	January	270,381		2,143,861	1,190,946
	February	1,223,296		1,494,577	1,339,377
	March	1,378,496		1,381,012	2,312,836
	April	446,672		2,042,531	1,469,093
	May	1,020,110		1,800,948	1,405,982
	June	1,415,076		1,698,317	2,831,828
	July	281,565		1,575,450	1,853,617
	August	3,398		1,497,565	1,103,304
	September	397,659		2,520,198	1,627,038
	October	1,290,819		1,631,893	1,101,102
	November	1,821,610		1,469,470	2,347,429
	December	943,651		1,530,624	2,090,608
2002	January	383,667		2,014,638	1,293,585
	February	1,104,720		1,570,087	1,705,687
	March	969,120		1,530,532	2,730,873
	April	(231,221)		2,070,342	1,573,434
	May	265,687		2,155,171	1,844,456
	June	576,402		1,753,300	2,751,617
	July	(421,915)		1,700,476	1,895,272
	August	(616,711)		1,637,001	1,171,887
	September	(151,597)	(d)	1,821,758	1,534,089
	October	136,072		1,555,633	1,295,201
	November	396,504		1,545,805	1,512,606
	December	429,703		1,498,251	2,068,437
2003	January	(140,483)	(d)	2,146,771	1,422,359
	February	583,929		1,544,845	1,356,242
	March	772,532		1,624,938	2,228,728
	April	168,742		1,915,065	1,528,006
	May	555,801		1,620,967	1,491,623
	June	685,145	(d)	1,859,437	2,804,093

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

[b] The monthly receipt and disbursement projections for September 1, 2002 through June 30, 2003 are based on all fiscal bills through 2001 Wisconsin Act 109.

[c] The amounts shown in September 2001 include receipts from the issuance of operating notes and amounts shown in February–May 2002 include disbursements for impoundment payments required in connection with the issuance of operating notes. No operating notes were issued in 2000-01 fiscal year, and the amounts shown for 2002-03 fiscal year do not include receipts or impoundment payments resulting from the issuance of any operating notes.

[d] The Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds (up to 5% of the general-purpose revenue appropriations then in effect) to the General Fund. Based on 2001 Wisconsin Act 109, this amount is approximately $551 million for the 2002-03 fiscal year. In addition, the Secretary of Administration may also temporarily reallocate an additional amount up to 3% of the general-purpose revenue appropriations then in effect (approximately $331 million for the 2002-03 fiscal year) for a period of up to 30 days. If the amount of interfund borrowing available to the General Fund is not sufficient, the Secretary of Administration is authorized to prorate and defer certain payments.

Source: Wisconsin Department of Administration.

Table II-10; Balances in Funds Available for Interfund Borrowing (Page 39). Update the table with the following:

BALANCES IN FUNDS AVAILABLE FOR INTERFUND BORROWING[(a)]
July 31, 2000 to August 31, 2002 — Actual
September 30, 2002 to June 30, 2003— Estimated[(b)]
(Amounts in Millions)

Month (Last Day)	2000	2001	2002	2003
January		$ 4,435	$ 5,360	$ 1,887
February		4,786	5,463	1,976
March		5,213	5,628	2,011
April		4,952	5,135	1,825
May		4,680	4,819	1,809
June		4,925	5,001	1,882
July	$ 4,084	5,275	5,401	
August	3,743	4,785	4,844	
September	3,796	4,897	1,777[(b)]	
October	3,378	4,328	1,613	
November	3,489	4,242	1,601	
December	3,701	4,737	1,781	

[(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 September 30, 2002 and subsequent months include as an assumption 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 the past five years have ranged from a low of $2.096 billion on November 14, 1997 to a high of $4.684 billion on March 26, 2002. Under Section 20.002 (11), Wisconsin Statutes, interfund borrowing is limited to 5% of the total general-purpose revenue appropriations then in effect and an additional 3% for a period of up to 30 days. The 5% amount is approximately $551 million and the additional 3% amount for a period of up to 30 days is approximately $331 million for the 2002-03 fiscal year.

Source: Wisconsin Department of Administration.

Table II-11; General Fund Recorded Revenues (Page 40). Update the table with the following:

July 1, 2002 to August 31, 2002 compared with previous year [(a)]

	Preliminary Revenues 2001-02FY[(b)]	Projected Revenues 2002-03 FY[(c)]	Recorded Revenues July 1, 2001 to August 31, 2001[(d)]	Recorded Revenues July 1, 2002 to August 31, 2002[(e)]
Individual Income Taxes.........$	4,979,662,000	$ 5,310,600,000	$ 398,436,826	$ 375,111,551
General Sales and Use Taxes..	3,695,796,000	3,830,200,000	354,800,393	327,244,702
Corporate Franchise and Income Taxes............	503,008,000	535,000,000	19,762,110	19,733,441
Public Utility Taxes	252,237,000	257,400,000	55,969	0
Excise Taxes	348,282,000	365,700,000	26,204,191	32,563,305
Inheritance Taxes	82,635,000	67,000,000	12,635,516	13,763,162
Insurance Company Taxes.....	96,055,000	90,000,000	232,291	717,757
Miscellaneous Taxes	62,509,000	59,600,000	12,131,126	19,183,414
SUBTOTAL....................	10,020,184,000	10,515,500,000	824,258,422	788,317,332
Federal Receipts [(f)]...................	-	4,860,982,500	813,847,937	819,805,733
Dedicated and Other Revenues [(g)]..............	-	3,515,741,900	483,485,329	422,395,100
TOTAL............................	-	$ 18,892,224,400	$ 2,121,591,688	$ 2,030,518,165

(a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments.

(b) The amounts reflect preliminary general purpose revenue tax collections for the 2001-02 fiscal year, as reported on August 30, 2002 by the State of Wisconsin Department of Revenue. Final tax collections, along with Federal Receipts and Dedicated and Other Revenues, will not be available until publication of the Annual Fiscal Report, which will be no later than October 15, 2002.

(c) Projected revenues are based on all fiscal bills through 2001 Wisconsin Act 109.

(d) The amounts shown are 2001-02 fiscal year revenues as recorded by state agencies.

(e) The amounts shown are 2002-03 fiscal year revenues as recorded by state agencies.

(f) This category includes intergovernmental transfers. The amount of these transfers may vary greatly between fiscal years, and therefore, this category may not be comparable on a historical basis.

(g) Certain transfers between General Fund appropriations are 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.

Source: Wisconsin Department of Administration.

Table II-12; General Fund Recorded Expenditures By Function (Page 41). Update the table with the following:

July 1, 2002 to August 31, 2002 compared with previous year [(a)]

Final expenditures for Fiscal Year 2002 will not be available until publication of the Annual Fiscal Report, which will be no later than October 15, 2002.

	Annual Fiscal Report Expenditures 2001-02 FY	Appropriations 2002–03 FY[(b)]	Recorded Expenditures July 1, 2001 to August 31, 2001[(c)]	Recorded Expenditures July 1, 2002 to August 31, 2002[(d)]
Commerce	Not Available	$ 229,610,200	$ 39,296,526	$ 42,508,091
Education		8,857,403,500	723,113,513	726,424,510
Environmental Resources		256,362,000	14,673,097	11,409,705
Human Relations & Resources		7,546,331,400	1,221,577,294	1,276,353,271
General Executive		640,955,900	74,723,747	91,007,099
Judicial		105,143,800	11,158,037	25,540,598
Legislative		60,590,500	7,578,599	8,313,965
General Appropriations		1,387,111,500	675,281,724	678,862,995
TOTAL		$ 19,083,508,800	$ 2,767,402,535	$ 2,860,420,233

(a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments.

(b) Appropriations based on all fiscal bills through 2001 Wisconsin Act 109.

(c) The amounts shown are 2001-02 fiscal year expenditures as recorded by state agencies.

(d) The amounts shown are 2002-03 fiscal year expenditures as recorded by state agencies.

Source: Wisconsin Department of Administration.

APPENDIX B

INFORMATION ABOUT THE TRANSPORTATION REVENUE BOND PROGRAM

This Appendix includes information concerning the State of Wisconsin Transportation Revenue Bond Program. Part V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 19, 2001 (**2001 Annual Report**) is included by reference as part of this APPENDIX B.

Part V to the 2001 Annual Report contains information concerning the Transportation Revenue Bond Program, security for the Bonds, including sources of payment, Registration Fees, Registration Fee collection procedures, Reserve Fund and additional Bonds, the Transportation Projects Commission, the Wisconsin Department of Transportation, and a summary of the General Resolution.

Included as APPENDIX A to Part V are the audited financial statements for the Transportation Revenue Bond Program for the fiscal year ending June 30, 2001.

The 2001 Annual Report has been filed with each nationally recognized municipal securities information repository **(NRMSIR)**. Copies of the 2001 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 V of the 2001 Annual Report is available from the Capital Finance Office web site at the following address:

http://www.doa.state.wi.us/debf/capfin/01dis5.pdf

After publication and filing of the 2001 Annual Report, certain changes or events have occurred that affect items discussed in the 2001 Annual Report. Listed below, by reference to particular sections of the 2001 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.

Security; Reserve Fund; *Ambac Assurance* (Pages 141-142). Update with the following:

Ambac Assurance Corporation **(Ambac Assurance)** is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam and the Commonwealth of Puerto Rico, with admitted assets of approximately $5,587,000,000 (unaudited) and statutory capital of approximately $3,453,000,000 (unaudited) as of June 30, 2002. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Standard & Poor's Credit Markets Services, a Division of The McGraw-Hill Companies, Moody's Investors Service and Fitch, Inc. have each assigned a triple-A financial strength rating to Ambac Assurance.

The parent company of Ambac Assurance, Ambac Financial Group, Inc. **(Company)**, is subject to the informational requirements of the Securities Exchange Act of 1934, as amended **(Exchange Act)**, and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission **(SEC)**. Such reports, proxy statements and other information may be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the SEC's regional office at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material can be obtained from the public reference section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the aforementioned material may also be inspected at the offices of the New York Stock Exchange, Inc. **(NYSE)** at 20 Broad Street, New York, New York 10005. The Company's Common Stock is listed on the NYSE.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices and its telephone number are One State Street Plaza, 19th Floor, New York, New York 10004 and (212) 668-0340.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in its financial guaranty insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the issuer..

Table V-2; Debt Service of Outstanding Transportation Revenue Bonds and Estimated Revenue Coverage (Page 143). Replace the table with the following:

The following table shows the forecasted coverage of annual debt service on the Outstanding Bonds following the issuance of the 2002 Series A Bonds, based on the Department's estimated Registration Fees for 2003-2012. There can be no assurance that the estimated Registration Fees will be realized in the amounts shown.

Estimated Debt Service on the 2002 Series A Bonds and Estimated Revenue Coverage for Outstanding Bonds

July 1	Principal	Coupon	Interest	Period Total	Prior Debt Service	Total Interest Requirement[(a)]	Total Debt Service[(b)]	Estimated Revenue (Millions)[(c)]	Estimated Coverage Ratio[(d)]
2003			6,592,203	0.00 [(a)]	96,315,582	49,445,582	108,106,037 [(a)]	326.20	3.02
2004	6,050,000	3.000%	9,270,285	9,802,236 [(a)]	96,600,488	48,517,724	118,204,554 [(a)]	343.20	2.90
2005	6,350,000	3.000%	9,088,785	15,438,785	96,579,700	51,258,485	123,828,628	348.30	2.81
2006	6,670,000	3.000%	8,898,285	15,568,285	96,255,553	48,478,838	123,658,755	365.00	2.95
2007	7,000,000	3.000%	8,698,185	15,698,185	95,824,503	45,477,688	123,387,418	370.60	3.00
2008	7,350,000	5.000%	8,488,185	15,838,185	90,397,635	42,355,820	118,139,450	388.60	3.29
2009	7,720,000	4.000%	8,120,685	15,840,685	85,410,420	39,166,105	113,196,535	395.30	3.49
2010	8,105,000	5.000%	7,811,885	15,916,885	73,554,185	36,046,070	101,465,250	414.70	4.09
2011	8,510,000	5.000%	7,406,635	15,916,635	73,589,786	33,256,421	101,565,114	422.70	4.16
2012	8,935,000	5.000%	6,981,135	15,916,135	71,280,649	30,311,784	99,324,089	440.10	4.43
2013	9,385,000	5.000%	6,534,385	15,919,385	71,417,629	27,357,014	99,545,844		
2014	9,850,000	5.000%	6,065,135	15,915,135	71,093,401	24,143,536	99,305,141		
2015	10,345,000	5.000%	5,572,635	15,917,635	63,103,551	20,746,186	91,420,391		
2016	10,860,000	5.000%	5,055,385	15,915,385	54,749,720	17,625,105	83,169,835		
2017	11,405,000	5.000%	4,512,385	15,917,385	45,400,145	14,807,530	73,944,285		
2018	11,975,000	5.000%	3,942,135	15,917,135	45,455,495	12,372,630	70,593,773		
2019	12,575,000	5.000%	3,343,385	15,918,385	45,595,378	9,903,763	61,513,763		
2020	13,205,000	5.000%	2,714,635	15,919,635	37,405,149	7,284,784	53,324,784		
2021	13,865,000	4.750%	2,054,385	15,919,385	37,412,564	4,876,949	53,331,949		
2022	14,560,000	4.600%	1,395,798	15,955,798	21,087,630	2,413,428	37,043,428		
2023	15,285,000	4.750%	726,038	16,011,038		726,038	16,011,038		
	200,000,000		123,272,568	311,162,316					

(a) Debt service amounts are reduced to reflect accrued interest and purchase premium that, pursuant to the General Resolution, are irrevocably deposited into the interest account and used to make all of the interest payments due on the 2002 Series A Bonds in the year ending July 1, 2003 and a portion of the interest due on the 2002 Series A Bonds in the year ending July 1, 2004.

(b) Includes debt service for assumed $131 million bond issue that could be issued to fund currently outstanding transportation revenue commercial paper notes.

(c) Excludes interest earnings.

(d) Assumes that no additional bonds will be issued and continuation of current registration fees. Estimates of revenue and coverage beyond 2012 are not shown.

Table V-5; Motor Vehicle Registrations (Page 143). Update the table with the following:

Motor Vehicle Registrations 1993 to 2002 (Millions of Vehicles)

Fiscal Year (June 30)	Automobiles	Trucks [(a)]	Other Vehicles [(a)]	Total	% Change
1993	2.45	1.25	.43	4.13	—
1994	2.43	1.31	.41	4.15	0.48%
1995	2.42	1.40	.46	4.28	3.13
1996	2.40	1.46	.40	4.26	(0.47)
1997	2.37	1.54	.43	4.34	1.88
1998	2.40	1.67	.44	4.51	3.92
1999	2.40	1.74	.47	4.61	2.22
2000	2.41	1.82	.47	4.70	1.95
2001	2.41	1.92	.53	4.86	3.40
2002	2.40	2.00	.55	4.95	1.85

[(a)] "Trucks" include minivans and sport utility vehicles.
"Other Vehicles" include mobile homes, motorcycles, mopeds, buses, and several other vehicle types..

Source: Wisconsin Department of Transportation

Table V-6; Section 341 Registration Fee Revenues (Page 144). Replace the table with the following:

Section 341.25 Registration Fee Revenues
1993 to 2002
(Amounts in Millions)

Fiscal Year (June 30)	Non-IRP Fees	Pledged IRP Fees	Total	% Change
1993	192.7	36.0	228.7	—
1994	198.5	37.1	235.6	3.0%
1995	203.7	42.3	246.0	4.4
1996	205.4	43.3	248.7	1.1
1997	207.4	46.8	254.2	2.2
1998	232.4	48.2	280.6	10.4
1999	244.6	50.2	294.8	5.1
2000	255.7	55.1	310.8	5.4
2001	258.4	55.5	313.9	1.0
2002	267.9	55.8	323.7	3.1

Source: Wisconsin Department of Transportation

The total amount of Section 341.25 registration fee revenues for fiscal year 2002 are generated from three broad categories of vehicles.

(1) 49.0% of total revenues generated from registration of passenger vehicles (automobiles, mini-van, conversion vans, and sport-utility vehicles).

(2) 16.8% of total revenues generated from registration of small trucks (8,000 pounds or less gross weight).

(3) 34.2% of total revenues generated from registration of large trucks (over 8,000 pounds gross weight plus IRP vehicles).

Table V-7; Projected Section 341.25 Registration Fee Revenues (Page 146). Replace the table with the following:

Projected Section 341.25 Registration Fee Revenues
2003 to 2012

Fiscal Year	Revenues[(a)] (Amounts in Millions)	% Change
2003	$326.2	—
2004	343.2	5.2%
2005	348.3	1.5
2006	365.0	4.8
2007	370.6	1.5
2008	388.6	4.8
2009	395.3	1.7
2010	414.7	4.9
2011	422.7	1.9
2012	440.1	4.1

[(a)] Includes both International Registration Plan (IRP) and non-IRP Section 341.25 revenues.

Source: Wisconsin Department of Transportation

APPENDIX C

GLOSSARY

This Glossary includes definitions from the General Resolution and the Series Resolutions that apply to capitalized terms used in this Official Statement.

Accountant means such reputable and experienced independent certified public accountant or firm of independent certified public accountants of nationally recognized standing as may be selected by the Department and be satisfactory to the Trustee which may be the accountant or firm of accountants who regularly audit the books and accounts of the Department.

Act means Section 84.59 of the Statutes.

Authorized Newspaper means either The Wall Street Journal or The Bond Buyer, or such other financial newspaper or financial journal of general circulation, printed in the English language and customarily published (except in the case of legal holidays) at least once a day for at least five days in each calendar week, in the Borough of Manhattan, City and State of New York.

Authorized Officer when used with reference to the Department means the Secretary or other person designated from time to time by the Secretary, and when used with reference to the Commission, means the Chairperson of the Commission or other person designated from time to time by the Chairperson of the Commission and, in the case of any act to be performed or duty to be discharged, any other member, staff, officer or employee of the foregoing Department or Commission then authorized to perform such act or discharge such duty.

Bond or **Bonds** means any bond or any other evidence of revenue obligation authorized under the General Resolution and issued pursuant to a Series Resolution.

Bond Counsel's Opinion means an opinion executed by the Attorney General of Wisconsin or an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state and public agency financing, selected by the State.

Bondholder and the term **Holder** or **holder** means the registered owner of any Outstanding Bond or Bonds, if registered to a particular person or persons, or the holder of any Outstanding Bond or Bonds in bearer form or registered as to principal only, or his duly authorized attorney in fact, representative or assigns.

1986 Bonds means the State of Wisconsin Transportation Revenue Bonds, 1986 Series A issued on July 17, 1986.

1988 Bonds means the State of Wisconsin Transportation Revenue Bonds, 1988 Series A issued on April 12, 1988.

1989 Bonds means the State of Wisconsin Transportation Revenue Bonds,1989, Series A, issued on April 19, 1989.

1991 Bonds means the State of Wisconsin Transportation Revenue Bonds,1991, Series A, issued on October 3, 1991.

1992 Series A Bonds means the State of Wisconsin Transportation Revenue Bonds, 1992 Series A, issued on August 20, 1992.

1992 Series B Bonds means the State of Wisconsin Transportation Revenue Bonds, 1992 Series B, issued on August 20, 1992.

1993 Bonds means the State of Wisconsin Transportation Revenue Bonds, 1993 Series A, issued on September 29, 1993.

1994 Bonds means the State of Wisconsin Transportation Revenue Bonds, 1994 Series A, issued on July 13, 1994.

1995 Bonds means the State of Wisconsin Transportation Revenue Bonds, 1995 Series A, issued on September 28, 1995.

1996 Bonds means the State of Wisconsin Transportation Revenue Bonds, 1996 Series A, issued on June 13, 1996.

1998 Series A Bonds means the State of Wisconsin Transportation Revenue Bonds, 1998 Series A, issued on September 17, 1998.

1998 Series B Bonds means the State of Wisconsin Transportation Revenue Bonds, 1998 Series B, issued on October 29, 1998.

2000 Bonds means the State of Wisconsin Transportation Revenue Bonds, 2000 Series A, issued on September 27, 2000.

2001 Bonds means the State of Wisconsin Transportation Revenue Bonds, 2001 Series A, issued on December 6, 2001.

2001 Annual Report means the State of Wisconsin Continuing Disclosure Annual Report, dated December 19, 2001.

2002 Series 1 Bonds means the State of Wisconsin Transportation Revenue Refunding Bonds, 2002 Series 1, issued on May 7, 2002.

2002 Series 2 Bonds means the State of Wisconsin Transportation Revenue Refunding Bonds, 2002 Series 2, issued on May 7, 2002.

Capitalized Interest Account shall mean the account established by Section 402 of the General Resolution.

Certificate means (i) a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined pursuant to the General Resolution, or (ii) the report of an Accountant as to audit or other procedures called for by the General Resolution.

Commercial Paper Notes or Notes means the State of Wisconsin Transportation Revenue Commercial Paper Notes, 1997 Series A.

Commission means the State of Wisconsin Building Commission established and existing pursuant to Section 13.48 of the Statutes and any successor thereto to whom the powers and duties granted to or imposed by the General Resolution shall be given by law.

Costs of Issuance means all items of expense, directly or indirectly payable or reimbursable by or to the State which are related to the authorization, sale, credit support, liquidity or issuance of Bonds.

Credit Support and Liquidity Fund means an account established pursuant to Section 511 of the General Resolution.

Credit Support and Liquidity Fund Requirement means as of any date of calculation, an amount equal to the aggregate Credit Support and Liquidity Fund Requirements for each Series of Outstanding Bonds as specified with respect to each such Series in the applicable Series Resolution.

Debt Service Requirement means as of any particular date of calculation, the aggregate Interest Requirement and Principal Requirement for Outstanding Bonds as specified in each Series Resolution authorizing the issuance of a Series of Bonds.

Debt Service Reserve Requirement means, as of any particular date of computation, an amount equal to the aggregate of the amounts specified in each Series Resolution authorizing the issuance of a Series of Bonds (any of which are Outstanding on the date of computation) as the amount to be the Debt Service Reserve Requirement, provided that, with respect to any Series of Bonds, in lieu of a deposit to the Reserve Fund of an amount equal to the applicable Series Debt Service Reserve Requirement, the State may provide for a letter of credit, municipal bond insurance policy, surety bond or other type of agreement or arrangement with an entity having, at the time of entering into such agreement or arrangement, a credit rating equal to or greater than the Bonds which provides for the availability, at the times required pursuant to the provisions of any Series Resolution, of an amount at least equal to such Series Debt Service Reserve Requirement and such method of funding shall be deemed to satisfy all provisions of the Series Resolution with respect to the Debt Service Reserve Requirement and the amount required to be on deposit in the Reserve Fund with respect to such Series of Bonds.

Department means the State of Wisconsin Department of Transportation established and existing pursuant to Section 15.46 of the Statutes and any successor thereto to which the powers and duties granted to or imposed by the General Resolution shall be given by law.

Fiduciary means the Trustee, the Registrar and any Paying Agent, or any or all of them as may be appropriate.

Fiscal Year means the fiscal year of the State as established from time to time.

Fund means one or more, as the case may be, of the funds or accounts created and established pursuant to the General Resolution.

General Resolution means the General Resolution as the same may from time to time be amended, modified or supplemented by a Supplemental Resolution.

Interest Payment Dates means any date on which is due the payment of interest on any Series of Bonds as specified in each Series Resolution authorizing the issuance of the Series of Bonds.

Interest Requirement means as of any particular date of calculation, the amount equal to any unpaid interest then due, plus an amount to the interest accruing or payable during the period between the date of calculation and the next Redemption Fund Deposit Day with respect to each Series of Outstanding Bonds.

Investment Obligations means and includes any of the following obligations to the extent the same are at the time legal for investment of funds of the State under the Act, the Revenue Obligations Act, or under other applicable law:

1. Direct obligations of or obligations guaranteed by the United States of America;
2. Obligations the payment of principal and interest on which, by act of Congress or in the opinion of the Attorney General of the United States in office at the time such obligations were issued, are unconditionally guaranteed by the United States of America;
3. Bonds, debentures, notes, participation certificates or other similar evidences of indebtedness issued by any of the following: Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, the Federal

Financing Bank, the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Export Import Bank of the United States, Student Loan Marketing Association, Farmer's Home Administration, Government National Mortgage Association, Small Business Administration, or any other agency or corporation which has been or may hereafter be created by or pursuant to an Act of Congress of the United States as an agency or instrumentality thereof or sponsored thereby (including but not limited to the fully guaranteed portion of an obligation partially guaranteed by any of the foregoing, if the State's ownership of such portion is acknowledged in writing by an officer of the guaranteeing agency or instrumentality);

4. Public Housing Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America or temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case, fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;
5. Obligations of any state within the United States or of any political subdivision of any state, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by a nationally recognized bond rating agency;
6. Bankers acceptances drawn on and accepted by banks (including the Trustee and Paying Agent) and certificates of deposit by banks (including the Trustee and Paying Agent), with a combined capital and surplus aggregating at least $100,000,000 and securities of which are currently rated within the two highest rating categories assigned by a nationally recognized rating agency, or the international branches or banking subsidiaries thereof;
7. Interest-bearing time deposits, or certificates of deposit of a bank (including the Trustee and Paying Agent) or trust company, continuously secured and collateralized by obligations of the type described in paragraphs (1), (2), (3) and (4) hereof, having a market value at least equal at all times to the amount of such deposit or certificate, to the extent such deposit or certificate is not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or any successors thereto;
8. Commercial paper given the highest rating by Standard & Poor's Corporation and Moody's Investors Service at the time of such investments;
9. Investment agreements with banks or bank holding companies the senior long-term debt securities of which are rated within the two highest categories by a nationally recognized rating agency and which have a capital and surplus of at least $100,000,000;
10. Repurchase agreements, with banks or other financial institutions (including the Trustee and Paying Agent) (**Repurchaser**) provided that each such repurchase agreement (a) is in a commercially reasonable form and is for a commercially reasonable period, and (b) result in transfer to the Trustee of legal and equitable title to, or the granting to the Trustee of a prior perfected security interest in, identified obligations referred to in paragraphs (1), (2), (3) and (4) above which are free and clear of any claims by third parties and are segregated in a custodial or trust account held either by the Trustee or by a third party (other than the Repurchaser) as the agency solely of, or in trust solely for the benefit of the Trustee, provided that obligations acquired pursuant to such repurchase agreements shall be valued at the lower of the then current market value of such obligations or the repurchase prices thereof set forth in the applicable repurchase

agreement, such investments shall be made so as to mature on or prior to the date or dates that the Trustee anticipates that moneys therefrom be required;

11. Shares of beneficial interests in an investment fund or trust substantially all of whose assets consist of those identified obligations referred to in paragraphs (1) and (2) above; and
12. Any short term government fund whose assets consist of those identified obligations referred to in paragraphs (1), (2), (3), (4) and (10) above.

Notes or Commercial Paper Notes means the State of Wisconsin Transportation Revenue Commercial Paper Notes, 1997 Series A.

Outstanding, when used with reference to Bonds and as of any particular date, describes all Bonds that have been delivered and are expected to be delivered except (a) any Bond cancelled by the Trustee, or proven to the satisfaction of the Trustee to have been cancelled by the Registrar, at or before said date, (b) any Bond deemed to have been paid in accordance with the provisions of Section 1201 of the General Resolution, and (c) any Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to the requirements of the General Resolution or any Series Resolution.

Paying Agent for the payment of the principal of, Redemption Price and interest on the Bonds of a particular Series means the Treasurer or any bank or trust company designated as paying agent for the Bonds, and its successor or successors hereafter appointed in the manner provided in the General Resolution.

Principal and Interest Account means the account established by Section 502 of the General Resolution.

Principal Installment means (a) the principal amount of Outstanding Bonds that mature on a single future date, and (b) the amount of any Sinking Fund Installment required to be paid on a single future date.

Principal Installment Dates means any dates designated in a Series Resolution as a day a Principal Installment is to be paid.

Principal Office, when used with respect to a Fiduciary, means the principal, or corporate trust, or head, or principal trust office of such Fiduciary situated in the city in which such Fiduciary is described as being located.

Principal Requirement means, as of any particular date of calculation, the amount of money equal to any unpaid Principal Installment then due with respect to each Series of Outstanding Bonds and the amount of the next succeeding Principal Installment divided by the number of Redemption Fund Deposit Days prior to the next Principal Installment Date with respect to each Series of Outstanding Bonds.

Program means the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations Program financed under the Act, the Revenue Obligations Act and the General Resolution in accordance with any other enactment of the State which may hereafter specify an extension, expansion, addition or improvement of and for said Program pursuant to the Act, the Revenue Obligations Act and the General Resolution but not financed under the provisions of any other bond resolution or indenture of trust.

Program Account means the account so designated by Section 402 of the General Resolution.

Program Capital Fund means the Fund that is established and created by Section 402 of the General Resolution and pursuant to Section 18.57 of the Revenue Obligations Act.

Program Expense Fund means the Fund that is established and created by Section 514 of the General Resolution.

Program Expenses means the reasonable and proper costs and expenses of the Department for the operation and maintenance of the Program, including, without limitation, the administrative expenses allocable to the Program and the fees and expenses of the Trustee and the Paying Agents and Registrars of the Bonds.

Program Income means moneys derived under Section 341.25 of the Statutes or any other moneys that the State is authorized to pledge, which is to be deposited by the Department under Section 18.562(3) and (5) of the Revenue Obligations Act in a separate and distinct fund outside of the State Treasury in an account maintained by the Trustee as the Redemption Fund and all interest earned or gain realized from the investment of amounts in said fund.

Program Income Account means the account established by Section 502 of the General Resolution.

Projects means the projects authorized under the Act and funded with proceeds of Bonds authorized by one or more Series Resolutions.

Record Date means with respect to any Series of Bonds, the Record Date established for such Series of Bonds under each Series Resolution pursuant to which such Series is issued (which, with respect to the Bonds, means the fifteenth day of the month preceding an Interest Payment Date on the Bonds).

Redemption Date means the date upon which Bonds are to be called for redemption.

Redemption Fund means the Fund that is established and created by Section 502 of the General Resolution pursuant to Section 18.562(3) of the Revenue Obligations Act.

Redemption Fund Deposit Day means January 1, April 1, July 1 and October 1 of each Fiscal Year.

Redemption Price when used with respect to a Bond or portion thereof, means the principal amount of such Bond or portion plus the applicable premium, if any, payable upon redemption thereof in the manner contemplated in accordance with its terms pursuant to the General Resolution and to the Series Resolution.

Registrar means, with respect to Bonds of a particular Series, the Treasurer or any person with whom he has contracted with for the performance of any of his functions under Section 18.10(5) and (7) of the Statutes.

Reserve Fund means the Fund that is established and created by Section 508 of the General Resolution pursuant to Section 18.562 of the Revenue Obligations Act.

Revenue Obligations Act means Subchapter II of Chapter 18 of the Statutes, as amended.

Secretary means the Secretary of the Department or any other officer, board, body, commission or agency succeeding to the powers, duties and functions thereof.

Serial Bonds means the Bonds so designated in a Series Resolution.

Series, when used with respect to less than all of the Bonds, means and refers to all of the Bonds delivered on original issuance in a simultaneous transaction, regardless of variations in maturity, interest rate or other provisions, and any Bond thereafter delivered in lieu of or substitution for any of such Bonds pursuant to the General Resolution or a Series Resolution.

Series Resolution means any resolution adopted by the Commission pursuant to and in accordance with the terms of Article II of the General Resolution, providing for the issuance of a particular Series of Bonds.

Sinking Fund Installment means the amount of money unconditionally required by or pursuant to a Series Resolution to be paid toward the retirement of any particular Term Bonds prior to their respective stated maturities.

State means the State of Wisconsin, including the Commission, or Department, as the case may be, acting on behalf of the State pursuant to the Act or the Revenue Obligations Act, or any body, agency or instrumentality of the State which shall hereafter succeed to the powers, duties and functions of any of the foregoing.

Statutes means the Wisconsin Statutes.

Subordinated Debt Service Fund means an account established in Section 5.1 of 1997 State of Wisconsin Building Commission Resolution 7, adopted by the Commission on April 23, 1997, as amended, pursuant to Section 714(C) of the General Resolution, and pledged to the payment of the Commercial Paper Notes.

Subordinated Debt Service Fund Requirement means, as of any date of calculation, an amount equal to the aggregate Subordinated Debt Service Fund Requirements for each Subordinated Indebtedness Series of Outstanding Bonds (or Commercial Paper Notes) as specified with respect to each such Series in the applicable Series Resolution, and as of the date of this Official Statement, is the amount specified in 1997 State of Wisconsin Building Commission Resolution 8, adopted by the Commission on April 23, 1997.

Subordinated Indebtedness means a Series of Bonds issued pursuant to Section 714 of the General Resolution, and includes the Commercial Paper Notes.

Supplemental Resolution means any resolution adopted by the Commission pursuant to and in accordance with the terms of Article VIII of the General Resolution amending or supplementing the provisions of the General Resolution as originally adopted or as amended or supplemented prior to the amending or supplementing effected by the particular Supplemental Resolution.

Term Bonds means the Bonds so designated in a Series Resolution.

Transportation Fund means the fund established in Section 25.40 of the Statutes.

Treasurer means the State Treasurer or any other officer, board, body, commission or agency succeeding to any of the powers, duties and functions thereof.

Trustee means Bank One Trust Company, National Association, as trustee appointed by or pursuant to Section 1101 of the General Resolution, and its successor or successors and any other corporation or association that may at any time be substituted in its place pursuant to the General Resolution.

APPENDIX D

FORM OF BOND COUNSEL OPINION

Upon delivery of the 2002 Series A Bonds, Michael Best & Friedrich LLP expects to deliver to the State a legal opinion in substantially the following form:

[Letterhead of Michael Best & Friedrich LLP]

$200,000,000
State of Wisconsin
Transportation Revenue Bonds, 2002 Series A

We have acted as bond counsel in connection with the issuance by the State of Wisconsin (the "State") of $200,000,000 aggregate principal amount of Transportation Revenue Bonds, 2002 Series A (the "Bonds"). We have examined: (i) the constitution and laws of the State, including particularly Subchapter II of Chapter 18 and Section 84.59 of the Wisconsin Statutes; (ii) a certified copy of the proceedings of record of the State preliminary to and in connection with the issuance of the Bonds, including particularly the resolution of the Commission adopted June 26, 1986, entitled "1986 State of Wisconsin Building Commission Resolution 9, State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations General Resolution," as amended and supplemented by the resolution of the Commission adopted March 19, 1998 entitled "1998 State of Wisconsin Building Commission Resolution 9, Supplementing the General Resolution Adopted on June 26, 1986 and Amending the Series Resolution Adopted on January 22, 1998," and as further amended and supplemented by the resolution of the Commission adopted August 9, 2000 entitled "2000 State of Wisconsin Building Commission Resolution 14, Supplementing the General Resolution Adopted on June 26, 1986" (collectively, the "General Resolution"); and the resolution of the Commission adopted August 22, 2002 entitled "2002 State of Wisconsin Building Commission Resolution 12, Authorizing Resolution for Not to Exceed $200,000,000 State of Wisconsin Transportation Revenue Obligations" (the "Series Resolution," and collectively with the General Resolution, the "Resolutions"); (iii) the Internal Revenue Code of 1986, as amended (the "Code"), including particularly Sections 103, 141 and 148 thereof; and (iv) such other documents and records as we have deemed necessary to render this opinion. We have also examined one of the Bonds and have found it to be in proper form.

As to questions of fact material to our opinion, we have relied upon the transcript of certified proceedings and other certificates of officers of the State and other public officials furnished to us, without undertaking to verify the same by independent investigation. We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement). The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion in accordance with general principles of equity.

The Bonds are dated October 15, 2002; are payable as to interest on January 1 and July 1 in each year until maturity, commencing July 1, 2003; are issuable in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof; are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth in the Bonds and in the Resolutions; and mature on the dates and in the principal amounts and will bear interest at the rates set forth below:

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2004	$ 6,050,000	3.00%	2014	$ 9,850,000	5.00%
2005	6,350,000	3.00	2015	10,345,000	5.00
2006	6,670,000	3.00	2016	10,860,000	5.00
2007	7,000,000	3.00	2017	11,405,000	5.00
2008	7,350,000	5.00	2018	11,975,000	5.00
2009	7,720,000	4.00	2019	12,575,000	5.00
2010	8,105,000	5.00	2020	13,205,000	5.00
2011	8,510,000	5.00	2021	13,865,000	4.75
2012	8,935,000	5.00	2022	14,560,000	4.60
2013	9,385,000	5.00	2023	15,285,000	4.75

The Bonds are issued to pay the costs of financing transportation facilities and major highway projects. The Bonds are issued on a parity with the Transportation Revenue Bonds currently outstanding, namely: 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 (collectively, the "Outstanding Bonds"); and the Bonds are issued on a basis senior to the Transportation Revenue Commercial Paper Notes of 1997, Series A.

Based on the foregoing, we are of the opinion that, as of the date hereof:

1. The State has valid right and lawful authority to finance State transportation facilities and major highway projects by the adoption of the Resolutions, to perform its obligations under the terms and conditions of the Resolutions, and to issue the Bonds.

2. The Resolutions have been duly and lawfully adopted by the Building Commission, are in full force and effect, and constitute valid and binding obligations of the State enforceable in accordance with their terms.

3. The Bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State, including Subchapter II of Chapter 18 and Section 84.59 of the Wisconsin Statutes, as amended to the date of this opinion, and in accordance with the Resolutions.

4. The Bonds are valid and binding revenue bonds of the State secured by a pledge in the manner and to the extent set forth in the General Resolution and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the General Resolution on a parity with the Outstanding Bonds. The General Resolution creates the valid pledge which it purports to create of the Program Income (as defined in the General Resolution) and of moneys and securities on deposit in any of the Funds (as defined in the General Resolution) established under the General Resolution, including the investments, if any thereof, subject to the application thereof to the purposes and on the conditions permitted by the General Resolution.

5. The Bonds are not general obligations of the State, its agencies, instrumentalities or political subdivisions, and the Bonds do not constitute "public debt" of the State as that

term is used in the constitution and laws of the State. The State is not obligated to pay the principal or redemption price of or interest on the Bonds from any funds of the State other than those pledged pursuant to the Resolutions, and neither the faith nor credit nor taxing power of the State or any agency, instrumentality or political subdivision thereof is pledged to the payment of the principal or redemption price of or interest on the Bonds.

6. Interest on the Bonds is excluded for federal income tax purposes from the gross income of the owners of the Bonds under existing law. Interest on the Bonds will not be included as an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals and corporations; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. Ownership of Bonds may result in collateral federal income tax consequences to financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry Bonds. In addition, certain foreign corporations doing business in the United States may be subject to a "branch profits tax" on their effectively connected earnings and profits, including interest on the Bonds. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excluded from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The State has agreed to comply with all of those requirements, to the extent it may legally do so. The opinion set forth in the first sentence of this paragraph is subject to the condition that the State comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

Very truly yours,

Michael Best & Friedrich LLP

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Bond Insurance

Concurrently with the issuance of the $200,000,000 State of Wisconsin Transportation Revenue Bonds, 2002 Series A **(2002 Series A Bonds)**, Financial Guaranty Insurance Company **(Financial Guaranty)** will issue its Municipal Bond New Issue Insurance Policy for the 2002 Series A Bonds **(Policy)**. The Policy unconditionally guarantees the payment of that portion of the principal of and interest on the 2002 Series A Bonds, which has become due for payment but shall be unpaid by reason of nonpayment by the issuer of the 2002 Series A Bonds **(Issuer)**. Financial Guaranty will make such payments to State Street Bank and Trust Company, N.A., or its successor as its agent **(Fiscal Agent)**, on the later of the date on which such principal and interest is due or on the business day next following the day on which Financial Guaranty shall have received telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from an owner of 2002 Series A Bonds or the Paying Agent of the nonpayment of such amount by the Issuer. The Fiscal Agent will disburse such amount due on any Bond to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal and interest due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal and interest shall be vested in Financial Guaranty. The term "nonpayment" in respect of a 2002 Series A Bond includes any payment of principal or interest made to an owner of a 2002 Series A Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

The Policy is non-cancellable and the premium will be fully paid at the time of delivery of the 2002 Series A Bonds. The Policy covers failure to pay principal of the 2002 Series A Bonds on their respective stated maturity dates or dates on which the same shall have been duly called for mandatory sinking fund redemption, and not on any other date on which the 2002 Series A Bonds may have been otherwise called for redemption, accelerated or advanced in maturity, and covers the failure to pay an installment of interest on the stated date for its payment.

Generally, in connection with its insurance of an issue of municipal securities, Financial Guaranty requires, among other things, (1) that it be granted the power to exercise any rights granted to the holders of such securities upon the occurrence of an event of default, without the consent of such holders, and that such holders may not exercise such rights without Financial Guaranty's consent, in each case so long as Financial Guaranty has not failed to comply with its payment obligations under its insurance policy; and (2) that any amendment or supplement to or other modification of the principal legal documents be subject to Financial Guaranty's consent. The specific rights, if any, granted to Financial Guaranty in connection with its insurance of the 2002 Series A Bonds are set forth in the description of the principal legal documents appearing elsewhere in the Official Statement. Reference should be made as well to such description for a discussion of the circumstances, if any, under which the State is required to provide additional or substitute credit enhancement, and related matters.

This Notice of Bond Insurance contains information regarding the ratings assigned to the 2002 Series A Bonds and reference should be made to this Notice of Bond Insurance for a discussion of such ratings and the basis for their assignment to the 2002 Series A Bonds. Reference should be made to the Official Statement for a discussion of the underlying ratings assigned to outstanding bonds of this credit that are not secured by credit enhancement.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation **(Corporation)**, a Delaware holding company. The Corporation is a subsidiary of General Electric Capital Corporation **(GE Capital)**. Neither the Corporation nor GE Capital is obligated to pay the debts of or the claims against Financial Guaranty. Financial Guaranty is a monoline financial guaranty insurer domiciled in the State of New York and subject to regulation by the State of New York Insurance Department. As of June 30, 2002, the total capital and surplus of Financial Guaranty was approximately $1.01 billion. Financial Guaranty prepares financial statements on the basis of both statutory accounting principles and generally accepted accounting principles. Copies of such financial statements may be obtained by writing to Financial Guaranty at 125 Park Avenue, New York, New York 10017, Attention: Communications Department (telephone number: 212-312-3000) or to the New York State Insurance Department at 25 Beaver Street, New York, New York 10004-2319, Attention: Financial Condition Property/Casualty Bureau (telephone number: 212-480-5187).